

**NEW JERSEY NATURAL GAS MEETING WITH
RESIDENTS OF BERTRAND ISLAND**

**September 14, 2006
7:00 p.m. – Municipal Building**

Present:

Brian Klinger, NJ Natural Gas
Dave Leo, Suburban Consulting Engineers
Carolyn Rinaldi, Assistant Administrator
Linda DeSantis, Borough Clerk
Residents of Bertrand Island (sign in sheet attached)

Carolyn Rinaldi opened the meeting, thanking all in attendance, and offered apologies from the Mayor who was called out of state. Ms. Rinaldi stated that the minutes of the meeting would be prepared verbatim for anyone interested and proceeded to introduce Linda DeSantis, Dave Leo and Brian Klinger.

The following minutes are verbatim:

Brian Klinger: Basically, this came about, the Mayor contacted us awhile ago, three years ago actually we sent a survey out and we got a response back; it wasn't a large enough response to entertain the thought of running the gas on the island. So, it went by the wayside and he resurrected this about a year ago and said he was going to go to the houses throughout the island to hand deliver the survey, because a lot of people when they get something from a company they are not affiliated with, it goes in the trash can. With that being said, there are about 108 houses on the island, roughly, and we got around 50 responses back saying that people were interested in getting gas to their houses for heating and hot water. We got some surveys back saying I want it just for cooking or for a dryer or a gas fireplace, well that's well and good but that does not do anything for us because there is no consumption in that particular allocation. We are interested in the people that are committed to converting their heat and hot water to natural gas from oil, propane, electric, whatever. I'll explain how it works: we do not install gas mains throughout our franchised area just on speculation. The only way that we install our gas line is if a builder decides to build and he calls us saying he wants gas, or homeowners such as you say they want to convert from some other source to natural gas. Whether it's running a gas main 50 feet or 50 miles, we use the same calculations. Basically what we do, just to give you an overview of how this works, we take the cost of running the gas main throughout the island, and I believe it was about 3,400 feet to catch all these houses, we come up with a total cost for the main and also for the service laterals, that's the lateral from the main up to the meter location on your house. When we install the service lateral, we hit the front of your house or we parallel the left or right side of the house up to 5 feet, that's our standard application. Some people say I want the meter in the back of the house and we will do that but there is an additional charge. Basically, we take the cost of running the main, the cost of running all the service laterals, then we take the revenue generated from the houses that sent back the survey to say they were interested in converting heat and hot water and if the revenue over 10 years exceeds the cost of installation, then you get it for free. It's pretty simple, that we basically have a 10 year break even point. In order for us to break even, based upon my analysis, we need between 40 and 45 customers to be committed to converting their heat and hot water for us to do it for free. If we can't do it for free, the next step would be for you folks to get estimates or proposals from a heating contractor so that the

survey – we received 50 back, after people get estimates to convert their equipment over, that 50 may go down to 30 that are interested, maybe they can't afford it, they just paid college tuition, whatever. At that point in time, you would come back to me and say I'm a definite or no I'm not a definite; the people who are definite should call me and this way we could get a hard number. We went from 50 responses, we need between 40 and 45, and now we have that number or 30. If we have 30, how much is it going to cost the people on the island for us to our work, excluding the work on the inside of your house, via plumber. That's pretty much how the process works, as far as determining whether or not it's free or if there's a charge. That's getting it for free – say we get 45 and we decide we are going to do it, the next step would be for everyone to fill out an application; I will fill out an application at your house, I will show you where the lines go and how we are going to do it, and we would submit all the 40-45 pieces of paperwork and get the process started as far as permitting, etc.

On the flip side, if it is not for free, we have a construction deposit. Say we only have 30 houses and the fee that its going to cost would be (say) \$50,000 to bring the gas up to the island, it's a little different in this situation because we only want to get one check, say for \$50,000 in this example. We review, say there's 30 people, we run the main today, we hang the meters today, everybody is using gas today. A year from today, September 14th, we read all the meters and we see that you used actually less gas than we estimated, we don't back-bill you saying now you owe us "x" amount of dollars, we eat it. The second scenario is you use exactly what we estimated, so that's a loss. The third scenario is you use more gas than we estimated for the 30 houses, we reimburse you the difference between what we estimated and what you physically used. We do that every year for 10 years so if there is a construction deposit figure due, we give you 10 years up front and then we review your account collectively for 10 years thereafter. For example, say we estimate you are going to use 30,000 therms for these 30 houses year long and you use 32,000 therms, we reimburse you the difference between 30 and 32 and then it comes back to who ever wrote us the check. In this scenario, I don't know, is the town going to get involved and say we are looking at this as a town project and we'll write a check, I don't know, that's something that you would have to figure out on your own. But, the magic number is between 40 and 45; we would prefer not to receive any check, there is a lot more involved on your end as far as a construction deposit goes. Say you use 32,000 therms, year two the benchmark is 32,000 therms, so you would have to exceed that in order to get reimbursed because we are not going to reimburse you on something we have already paid on. You may get all your money back, you may not get any of it back, you may get a portion of it back – after 10 years whatever is left in the fund we keep, because a 20 year span if pretty generous actually.

I am going to hand out the Application (#1); I would fill this out at your house, but there are 6 items on this application that we will go through and if you have any questions, just stop me and I'll answer but a lot of this stuff I'll be answering as I'm going through it.

Resident: Somebody has to come up with a construction deposit?

Brian Klinger: If there is monies due but there may not be monies due because when we reimburse, we're not in the banking business so we only want to reimburse one person. If you formed an association of some sort, if there is monies due it would go into a fund and you split it 30 ways after it's reimbursed, that's up to you.

Resident: Most likely we, the homeowners, are going to have to come up with the construction deposit.

Brian Klinger: Correct; somebody, I don't think the town is going to do it. On the bottom of the form, item #1 really does not pertain to you, that's only if there is a gas line in already in front of your property. Item #2, the street opening permit, the town charges us \$100 road opening permit for every job we do in Mount Arlington; some towns charge us \$400, some towns charge us nothing, Mount

Arlington charges us \$100 so we pass that on to you, per house. In addition to that, Mount Arlington has a escrow fee of \$500 per house and that escrow fee is for their engineering, from Suburban, and this escrow is fairly new over the last couple of months so I don't know how much of that \$500 you get back, that is something you can ask Daren Phil.

Dave Leo: I can answer that. If the escrow fee is set up for any administrative costs or inspections that we have to do when they cut the road open because our inspectors should be present to make sure that the repairs are done in the appropriate manner. If all goes well and quickly, and the inspector is only out there an hour, then you will get most of your money back. If problems arise and the construction is not done properly, and it drags on and on, the escrow fee gets depleted and then more money is requested. The smoother the operation goes, the less money it will use from the escrow account.

Resident: Open construction, is that on the their part or is that on the plumbers part going from the house to the hook-up.

Dave Leo: In the right of way.

Resident: So that would be their responsibility.

Brian Klinger: The road might be 20 feet wide but the easement is say 30 feet, so anything beyond that is the homeowner and us.

Resident: Who would perform those inspections, township officials?

Dave Leo: Those would be employees of Suburban Consulting, our construction inspectors would be doing it.

Resident: What percentage of that would have already been paid for by our taxes? They are on the township payroll already, they are getting paid to some degree.

Dave Leo: No, we only get paid for what we do, we are consultants. We are not a full-time engineering staff with the town; we only get paid for the services we perform.

Resident: But you are monitoring that your people are doing it right because it is using up the escrow.

Dave Leo: Absolutely.

Resident: Beyond that, I assume there is a building permit required.

Dave Leo: The only thing that I really have to comment on is the work within the right of way because the domain of the engineering department.

Resident: Who is responsible for the right of way.....escrow??

Brian Klinger: That what the town requires, I deal with 19 municipalities, and no other municipality that I deal with has the consumer put up an escrow.

Resident: Is that for debate with the Mayor, if possible?

Brian Klinger: That's up to you; this is fairly new the last couple of months so I have not talked to the people that we've already run gas to see if they got any of the money back or what portion of it so I don't have any figures.

Resident: My concern is that it is not capped.

Brian Klinger: That's between you and the Mayor. We have been in business a long time; we're very reputable. If there is something wrong with the street, the towns call us up, we go back there and fix it. #3 pertains to what I already mentioned – say for example this is your house, this is the front of the house, the meter goes on the front or up to 5 feet as we parallel the left or right side for free. Like I said, if you want it wrapped around the back for some special reason, we'll do that but there will be an additional charge. #4 pertains to any non-public utility on your property such as wells, septic, oil tanks, leach fields, sprinkler systems, underground lighting; it's the customers responsibility to mark those out so that we don't hit them. We call, once we get permits, the Before You Dig number, and they will come out and mark out all the public utilities but anything privately owned is the homeowners responsibility, because if you don't know where it is we certainly don't know where it is. #5, that is the method of installation; as far as the service laterals, typically, these house really are not set back that much, on average they are probably 30-40 feet, we can shoot underneath the ground from – if you are on

the side where the main is going, we dig a hole over the gas main, we dig one up by your house where the meter is going and we can shoot underneath the ground from point A to B. In certain instances where the distance is longer, we may have to put 2 holes in between and shoot from 1 to 2, 2 to 3. If it is too rocky, then we have to dig it with a backhoe the whole way. We are responsible for restoration; our first objective is to shoot underneath the ground, because that is the cleanest and least disruptive so if we can do that it is our preferred method. If we can't, then we dig it. We topsoil and seed, you have to water it obviously, but it's heavy construction; we are very meticulous. Sometimes people come home or call me 2 weeks after the service is run and ask where's my gas service and I'll say did you look on the side of your house – it's already been installed, that's how clean it is. But every job isn't that way. #6 is most important – we allow you 6 months to hook up to the line from the date that we physically install the lateral up to your house. If a meter is not hooked for heat and hot water within the 6 month period, then we bill you on average about \$1,500. Provided you hook up within the 6 months after we run it, the only charge is on your first bill of \$15 to open the account.

In a perfect world, just to summarize things, if we get 40-45 people, they want to convert for heat and hot water, they sign an application with us, we run the line for free, you hook up within 6 months of when we run it, it's going to cost you \$15 plus whatever the plumber is going to charge to do the conversion on the inside of your house. The reason I say 40-45 customers is because that's based upon our construction cost, however if for some reason Suburban Engineering or somebody stops us and says you need cops on this job the entire time, then we are leaning to 45 +. I don't see a reason for any police officers on this job, it's like a dead end, pretty much, but it happens a lot and they are very expensive. If that's the case and somebody says, you need police officers, then that price is going to go up, as far as we will need more customers to commit, to offset that expense.

The next sheet (marked #2), is a Rebate Application. Currently we do not have any promotions to help with the conversion on the inside of your house, the only thing that we do offer right today is a \$300 rebate and that's depending on the efficiency of the furnace and/or boiler. A furnace blows hot air, a boiler circulates hot water so if the boiler, whether it's steam or water, is 85% or greater, we'll give you a check for \$300, six weeks after you submit the form. It is self-explanatory as far as the documentation you need. If you install a furnace, it has to be 90% or greater; if you have 2 furnaces in your house, some of these bigger houses have one in the attic, one in the basement, then we'll give you \$600, one for each furnace if it meets the criteria. Now that is not to say we won't have a promotion once in fact this starts to steamroll.

Resident: If you have other people on the island who don't want the gas but they sign up for the commitment and then pay the \$1,500 penalty, is there any other penalty beyond that?

Brian Klinger: No, what we do if they don't hook-up within 6 months, we come out, we cut the service off at the main, they paid us the \$1,500, then if they want gas say a year later, they will have to pay us the money up front.

Resident: How much money?

Brian Klinger: About the same.

Resident: My problem is conversion, I just got a new Weil McLean furnace about 3-4 years ago; can that be converted to gas? What do I have to do, because I prefer gas.

Brian Klinger: What I would do is go on Weil McLean's website, they all sell conversion burners, give them your model number and I'm 99.9% sure they have a conversion unit. However, it is very difficult to find somebody that will install it; plumbers like to take out old and put in new. It can be done, because it's been done many a time but it is very difficult to find somebody. If you can find somebody, you might want to share that person with some of the other folks on the island.

Resident: How about the cost differential between oil fired and gas.

Brian Klinger: Good question. Our rates just went down 6-1/2%, either September 1st or October 1st they are going down. I don't live in our service territory so I don't see the bills but it's either happened or it's going to happen in the next couple weeks. If you pay \$1.84 per gallon of oil, natural gas and oil are equivalent, that's the break even – once you convert gallons of oil to therms of gas by a conversion factor, that's the break even point. If you pay on average right now, people are paying \$2.50 a gallon of oil; if you are paying \$2.50 a gallon oil, we're 70 cents, 64 cents, something like that, cheaper than oil would cost. Another thing, being on the island with the water, I don't know how many of you have underground oil tanks, but try to sell a house with an underground oil tank, even if you're not on the water, it's very difficult. The first thing people want is for the tank to be removed. Do any of you have underground tanks? But, you also have to look at the intangible so, if you are paying \$2.50 a gallon or cheaper, if you're paying \$1.50 a gallon, which I doubt anyone is, we're more expensive. But, the other benefits is the cleanliness, the reliability, you can get rid of your oil tank whether its in the basement, a crawlspace, it frees up space, it adds value to your house when a development is going in, they don't call the oil company first to see if the oil company can service them or the electric company or the propane company, they call the gas company – everybody wants gas, it's the fuel of choice and it adds value to your house. I get realtors that call me everyday if there is no gas on the street, people are not buying the house. Don't take it for granted from me, I work for the gas company and my job is to sell gas but talk to a realtor or a friend or whatever and they'll tell you the same thing, or somebody that has gas, it's a fact of life.

Resident: Is your bill, when you buy gas, is it _____ the amount that you buy? If you buy arbitrarily 100 therms you pay "X" dollars per therm.

Brian Klinger: Only commercial accounts.

Resident: It's flat.

Brian Klinger: Everybody pays the same per therm. The biggest misconception is that we're revenue neutral on the commodity. We don't make a penny on the gas. We make money on the distribution of the gas to our facilities. So for example, in down in New Orleans or Canada or the places we get our gas, the price goes up and they raise it to us, we raise it to you. If it goes down, we lower the price to you folks, we don't make a penny on the commodity. We have about 470,000 customers in our service territory, we are Monmouth, Ocean and Morris counties. If all 470,000 customers went to a broker, you can buy a gas through a third party broker now, they deregulated that 7-8 years ago, we would still make the same amount of money because we are still transporting the gas to your house, whether you use Hess or one of the other thirty brokers out there, so if you bought your gas from somebody else, we still own and maintain the lines in the street, the service from the street to the house and the meter. I there is a gas leak, you call us, 1-800-GASLEAK and we respond to it, we don't look at you differently because you buy your gas via broker.

Resident: How deep do you put the lines to the house?

Brian Klinger: The main out in the street is typically minimum covers 30 inches and on your property it's 12-18 inches. Before you plant any shrubbery, you should call for a mark out; by state law, you are required to call for a mark-out. The gas is high pressure gas up to the meter; we're not like PSE&G, they have some low pressure in their system, we're all high pressure in Morris County, it's one-third of a pound or 8 inches of water column on the outside of the meter. That is how your plumber would size his internal piping based upon our pressure. Are you all interested in converting heat and hot water?

Resident: I just wanted to convert heat, the hot water is not an issue; my water heater is electric.

Brian Klinger: Gas is one-third the price of electric; you'll pay for it in savings in 6 months. It's going to cost your \$500 – are you going to do the work yourself? Yes – you're going to pay for it even quicker; it's in your best interest to replace the water heater, even if it's brand new.

Resident: It's not even new, I put in a new one about 5 years ago.

Brian Klinger: Electric water heaters typically only last like 7 years; it would be smart to do that.

Resident: Is it an issue, though, if you didn't want to change your I'm like him, I have an electric hot water heater but I don't have a chimney, it's all tucked under my stairs, I don't have a place to vent.

Brian Klinger: You can put a direct vent, you don't need a chimney. You can come out above grade, though, with the direct vent.

Linda DeSantis: Reminded the public to speak louder so she can tape accordingly.

Brian Klinger: These are all good questions, if you have any thing else, just feel free.

Resident: If there is a \$500 escrow, and \$100 permit fee, is there going to be a hook-up fee like with the water?

Carolyn Rinaldi: I'm not aware of anything.

Brian Klinger: That's us.

Resident: I would really want to know that.

Brian Klinger: That's us, it has nothing to do with the town.

Carolyn Rinaldi: I'm not saying anything about that, I'm not aware of anything, one way or another about any other charges being added.

Brian Klinger: We don't, on our behalf, we don't charge anything.

Carolyn Rinaldi: I defer to our engineering department.

Dave Leo: For the work on site, within your house, that's a building permit, you'd have to talk to the building department about that, I don't know what their fees are.

Brian Klinger: We, on your behalf, get the permits to do the entire job via that \$100. We do all the road work and from the road up to your house. To do the work on the inside of your house, you need to get a plumbing permit; some towns require an electrical permit for the wiring of the boiler, it depends on the town, and the cost depends on the

Resident: Some of my neighbors have numerous residences on the island, they rent out the garage or basements, whatever, what happens if they want 2 meters, one for the tenant and one for themselves.

Brian Klinger: We can do that.

Resident: Is that a one line hook-up or 2 lines.

Brian Klinger: One line with 2 meters; if it's attached, meaning a basement that they are living in, their will run 2 pipes throughout the house and tie in the 2 separate meters so the basement gets this meter, via his piping, and the upstairs gets this meter, via his piping. If you have a detached garage and somebody is living in there, we will run one line to the main residence and that's it, we will put a second meter there if you want but its your responsibility to run an underground fuel line back to that second bungalow; we won't do that. If you want us to run a second line we will but you will pay for the entire cost of the installation, from the main back to the second house.

Resident: You will put in a second meter.

Brian Klinger: We'll put in 10 meters if you want, if you want to pipe every room individually with its own heater, it's up to you. That will be free excluding the \$15 opening account charge.

The form (marked as #3) , the front page basically is for new construction which I don't believe there is any on the island. The second page shows you different codes, how far we have to be away from electric and windows and vents, driveways. Page 3 and 4 are really what pertains to you the most. If you flip to the back side of the page, on that drawing/picture, it does not show coming out of the ground a valve but there is a valve, as soon as we come out of the ground with our riser there is a valve there, a shut off, then the regulator, then the meter bar and then the customer gas valve. We used to require, once we installed the service lateral, for you to have your fuel line inspected, your fuel line tied into the meter bar, your equipment installed, wired, filled with water, before we would hang a gas meter. We changed that about a year ago because in the middle of the winter, it was difficult to get these conversions changed over because you don't want to be without heat. Now, what we do, when the gas

service is run from the street to the house, you still have your current heating system in place, you haven't removed anything, we can come out within usually a week to install the gas meter. I'll put through the request, the service is run today, I look at the schedule tomorrow, it's complete, I'll put an order through to set the meter. We'll set the meter, we'll turn that valve on that's not pictured there coming out of the ground, and then when your fuel line gets inspected by the town plumbing inspector, it's your responsibility or your plumbers to tie into that customer gas valve. When he ties into it, it sets the new boiler/water heater, he's going to cut the Teflon tab off and turn the gas on himself. So we make it pretty seamless as far as any down time. You should only be without heat, if you do it in the middle of the winter, for the day that you are at work. He's going to have the gas run, he's going to have the meter, once the meter is installed he can run his fuel line, get it inspected, still not removing any equipment, once it's inspected, he can tie into the meter, rip out the boiler that day, put the new boiler in. His job should only take one day. When you come home you should be nice and warm. That is pretty much the process.

Resident: How long is the process from your side.

Brian Klinger: For example, say we get 40-45 people and they say alright, we are ready to fill out the paperwork, I'll come out here one day, I'll meet with as many people as I can in one day, and come back the next day and so on until we get all the customers. From that day, it's roughly 120 days before we install it; that will give us time to process everything, engineer everything, permit everything and come out and start the work. As far as the time frame once that 120 days is up and we got the permit back and we have all that good stuff, then, 3,500 feet of main, depending upon on how the digging is, if it's easy digging, you can get 400-500 feet a day; if it's real rough digging, you might only get 150 feet a day. So, it could take.....it will be done within a month, I would say. That is when the 6 month window starts, that you have to convert. Does anyone have an idea as to what conversion costs are? You all have oil for the most part?

Resident: Propane.

Brian Klinger: Propane, what do you pay for a gallon, if you don't mind me asking.

Resident: \$3.50.

Resident: Propane is like \$2.50.

Brian Klinger: It varies, they are not regulated. You could be paying \$2.50, he could pay \$6.50, but typically a conversion for a boiler/hot water heater, on average is about \$5,000. Unless you have a friend in the business, he wants to do it for free.

Resident: What about.....you have propane burners, it's a matter of the burners themselves, right, that's it?

Brian Klinger: Yes. Now, some of you people besides yourself may have propane that are not here, if they have copper tubing, propane has higher pressure – delivery pressure – so you can run propane through copper tubing but natural gas is at a lower delivery pressure so 99% of the time the copper tubing has to be replaced with black iron pipe. That's pretty much all that I have as far as....I think I have covered pretty much everything on our end. Questions – if you are a definite, without even talking to a heating contractor or whatever, let me know before you leave; I have a list of everybody that responded and I'll just keep a running yes/no and once everything shakes out, we'll see where we stand and I'll get in touch with the Mayor.

Resident: You mentioned about pricing changing every month? How often does it change?

Brian Klinger: No. We haven't gone for a price increase in over 10 years. The President of our company does not believe in that, which is a good thing, we are very competitive and that's the way we want to stay. Like I said, we are revenue neutral so when the price goes down....it can fluctuate depending on what we are buying the gas at.

Resident: But you just mentioned that you were lowering the price.

Brian Klinger: We are.

Resident: But if you haven't raised the price in 10 years, how are you lowering the price?

Brian Klinger: Once in a while, if there is a huge spike like, for example, Katrina, and you have all that damage and stuff, the price goes up. When I say we haven't filed for an increase in over 10 years. Filing is different from a price adjustment that the Board of Public Utilities allows you to get based upon the extenuating circumstances type of deal, but if we were to go in front of the Board of Public Utilities and go for a price increase, that would be fixed, that would not fluctuate any more, that would be the floor, if you want to call it.

Resident: Is there a target date or deadline date that you are looking for, for all the sign-ups from the island?

Brian Klinger: You have to set dates because otherwise this will never happen. We are at September 14th, if everyone who wants to do it is committed to doing it, I'd say by October 15th. Call me, let me know; if you are a no, you don't have to call, if you are a yes, call me.

Resident: If you are borderline and you have to wait for a plumber to give estimates....

Brian Klinger: Well, that's why I'm giving you a month.

Resident: You know how quick they come....

Brian Klinger: My number is on here (business cards), feel free to call me if you have any other questions, concerns; we deal with contractors, if you're not sure or have no idea about a plumber, or you want a couple names of people, we'll give you 3-4 names of contractors that are local, and you can call them and get prices, you can go to the yellow pages or whatever. A month is....once you start getting into the holidays, Thanksgiving, then you have Christmas, people are going to forget about it and it's going to fizzle out so I would like to set a date of October 15th.

Resident: If it fizzles out this year, will you generally come back next year? Because I am only remotely interested now because I just got a new furnace.

Brian Klinger: A conversion burner, just to let you know, they are about \$400. It's getting the person to install it, and maybe Weil McLean has a local representative or something that they can refer you to, I don't know.

Resident: What were the results of the initial survey?

Brian Klinger: 2 years ago, 3 years ago?

Resident: No, the one we just mailed back to you.

Brian Klinger: We had 50 returned – 50% of them were returned out of 102-108, and then we have half here. You understand how difficult it is with a group this large to put it together. If I sent back the survey, I'd be here tonight; if they sent it back and they are not here, it doesn't seem like they are interested.

Resident: We also have an issue with the town as far as what it's going to cost us as part of this fee.

Brian Klinger: That is something that you need to discuss with your people.

Resident: If you are talking about the escrow fees.....

Dave Leo: I briefly spoke with Daren Phil, the Borough Engineer on this project before coming here and I believe the intention is going to be to issue one permit for everything because we don't want to deal with 50, 40, 45 individual permits for property – each property having its individual permit to hook up. Since they are running the main, we would be issuing the gas company an excavation permit to do the work and it would include service connections to each property. I can't say 100% sure, but I believe that there is not going to be a \$500 escrow fee per property to any of you, it's all going to be through the gas company, we will charge them an escrow fee to inspect the main as they install it, and its going to include your service connection. I think that's what they are intending on doing is to issue one permit for the main installation and the service connections.

Brian Klinger: How much is that escrow fee on our behalf?

Dave Leo: That is something that we have to discuss.

Brian Klinger: Okay, because if that is a.....

Dave Leo: Then its going to be passed on again, exactly.

Brian Klinger: Like I said, some towns charge us nothing, we go out, they give us a permit, we do the job. We've been around for 60 years, we did not just start up yesterday, we are a very reputable company; if something is wrong, we are going to come back and fix it. It only takes a call to me, and I send a crew out there and it gets taken care of. This is something to address between you and the town, it has nothing to do with the gas company. We just pass on the cost to you folks, we are very easy to deal with; we want your business, we are in business to grow our company. If we weren't passionate about it, I wouldn't be here tonight, that's what our livelihood is.

Resident: If this was something that the town instituted a month or two ago, then if we have issue with it, the people on the island have issue with it, we have to take it to the town so now we've lost a month of our October 15th date.

Brian Klinger: Don't worry about the escrow at this point and time, focus in on the thing that we need to do as far as the contract or getting the price, because that you can deal with at a later date. We are not going to sign the applications probably until November, if we do this. October 15th, we are always going to have a few stragglers a week or so later, then we are into November, I come out here, you call, and you and I meet. Now with it getting darker earlier, I may only be able to meet 10 people because I have to take measurements and look at everything while its still daylight out, because I will probably be at each house for about a half hour, you'll have questions, what about my tulip tree and this and that. So, it may take a little while and I may have to come back a couple days, which is fine, I just won't submit everything until I get everything in one package and ship it all.

Resident: From the town's perspective, what do you do with the oil tank?

Carolyn Rinaldi: It's not actually from the town's perspective, I think that is really a question, and stop me if I'm wrong, with the Construction Department; what the construction code

Dave Leo: A construction issue, on site, I really don't know what the Building Department requires.

Brian Klinger: From my personal experience, I'd see if it is a 550 tank or a 1,000 gallon tank.

Resident: 275, it's indoors and in such a place that I could care less if it stays there.

Brian Klinger: Some towns allow you to clean them, fill them with sand, some towns want you to remove them, it's up to the municipality but as far as pricing goes, it's typically about \$1,000 to \$1,500 just to give you an idea from what I've seen out there, through other customers.

Resident: Pump out whatever the residual is.

Brian Klinger: Pump it out, clean it, rip it out. To rip it out, if its in the ground, versus filling it with sand, typically its only \$200 or \$300 more but that's the range, \$1,000 to \$1,500. The inside ones should be less than that, I would think, because

Resident: It would be very hard to get it out now.

Brian Klinger: They cut them in half with a saws-all once its sucked dry, they cut the tank and carry it out in sections.

Resident: How much input do we have on where the meter goes, is that mostly your input or do we have a choice.

Brian Klinger: No, we'll put it wherever you want, as long as it meets our code on that form that I handed out. We have to be 3 feet away from a vent, 2 feet from a basement window, 3 feet from electric, condensing units for air conditioning, outlets; 90% of the time, we can put it generally where you want it. So if you have an idea when I come out there and look at it, I'll say yes we can or we have to move it a couple of feet back or the other side, etc.

Resident: Were you involved when the condos were put in because there was a survey put out at that time and as I remember, the number was about 40 that you needed.

Brian Klinger: I was the one that initiated – we got about 20 back.

Resident: You were still looking for 40-50 at that time; you guys were in the street at the time and not sure to continue up the road or not.

Brian Klinger: People call us and they say well you're out here doing them, why don't you just do it; it's not that easy just to continue, we have permits, we have design, we have this and that. They're putting sewers in, why don't you put it in. We don't want to be in the sewer contractors way, they don't want to be in our way. That's a disaster waiting to happen so we'll come back 10 times if we have to; if for example we only get enough interest on South Bertrand Island, and we can justify doing that section for free, we'll do that section. A year later you decide everyone on Willow Road wants it, we will revisit that; we don't have to do the whole thing at one shot, although we would like to, that's the optimum way of doing it because it keeps our construction costs down, but in a large group it's difficult usually to pull everyone together to sign on the dotted line.

Resident: You basically need a 50% acceptance rate on the street; that's what you're looking for?

Brian Klinger: Pretty much; a little less than 50.

Resident: Will the whole main be put in at once though? You will just put the main in as far....

Brian Klinger: We're only going to put it in as far as the last person that signs the application wants it, and then, at a later date if 1,000 feet down the street another couple people want it, then we will revisit that.

Resident: Do you have to dig up the road to do that ?

Brian Klinger: Most times we like to go behind the curb line, we're still within the right of way, however the engineer, our engineer, not Suburban, we design it based upon what we see out there when we do a field visit. If you have a water main behind the curb, obviously we do not want to be right over the water main in case they need to do repairs on that, so we might be 3 feet away from it, or whatever; we will do a visual inspection of the premises and then our engineer will design it accordingly. But, if it goes in the road, yes, we have to dig up the road. Typically it's a 2 foot wide trench by however long we end up running the line. We pave it the day we're out here, we stabilize, everyday when we go home it's paved, and then typically what happens is if we did it in the fall, we'd wait until the spring to come back and final black top it.

Resident: The whole road?

Brian Klinger: The whole trench. If it's a 2 foot wide trench, we'll make it say 4 feet, just to blend it in.

Resident: How long do those patches last?

Brian Klinger: They will last forever; if it happens to sink, you just call us. If it sinks within the first year or two, you call us and we will come out and address it.

Dave Leo: If it's done properly, it will last 10-15 years and roads normally last about 20; I don't think that's really an issue.

Resident: I can just see these patches all over the place.....

Dave Leo: Like he said, the gas company is not going anywhere, if anything happens with a sink hole or anything, you just call them up and they come out and they take care of it.

Brian Klinger: We are a phone call away. We have service trucks on the road 24/7, so if anything breaks or whatever, you give us a call and we get out here.

Resident: You mentioned the 40-50 people you need now, what happens if you go down the road and you pick up these people and in-between, somebody comes by a year from now and says they want to hook up.

Brian Klinger: Well that's good for you guys; if we do it for free for 40 people, then that's fine if they want to hook up at a later date, they can hook up – same thing, no charge.

Resident: But if we had to pay?

Brian Klinger: If you had to pay, on the flip side, when we review your account, there's 40 people, we review your account one year later and now you got 50, we take their usage and apply to your collective usage so they help you. It doesn't help you initially because you're mad at them because they didn't do

it and they cost you a deposit, if you want to call it, but in the long run they help you get your money back; so you want to encourage anybody after the fact to hook up.

Resident: When we sign up, will we know if we are going to meet the 40-50 people?

Brian Klinger: I can tell you right now, if we get 40-45 people, we're going to do it. I've already done all the calculations; I've been working on this for 3 years so if we can get it, I'm going to say, Mr. Mayor, here's the 40 people, I'll come out to the houses on whatever day and meet with anyone that wants to do it and we'll get the ball rolling.

Resident: Ball park figures, your company will charge about \$1,500 per customer if we do not reach that targeted number?

Brian Klinger: No, if we run the line, you sign up with us, you are one of the 40-45 people, we run the line to your house, 6 months later you still don't hook up, then we send you a bill in the mail. Then, we come out, we cut the service off, and then you are disconnected. If you hook, it's \$15; that's what we want. Talk to your friends, talk to your neighbors, talk to people you work with, see how they like it; anyone have a house with natural gas in it before? How did you like it?

Resident: Yes, loved it.

Brian Klinger: You can hook up your range, your dryer, your barbecue grill; instead on Memorial Day weekend you run out of your propane tank, it happens a lot.

Resident: I think it's important to know how much the town is going to charge us for the installation.

Brian Klinger: The thing that they were saying was \$550, that's if they don't waive it, Suburban or the town.

Resident: \$550 for \$565.

Resident: But before it probably starts, you are going to tell everybody these are the customers we have, this is what the costs will be.....

Brian Klinger: I understand your concern but let's get the number; we get the number, the rest will fall into place. Believe me; if we only get 25, I don't think anyone's going to stroke us a check for \$100,000 or whatever it might be, I'm just throwing that figure out – I'd have to go through my numbers and recalculate things, so nobody's going to want to pay and the town, in my tenure, has never stroked a check to pay for the gas to come down the street. Maybe Mount Arlington wants to, I don't know, but let's get to the number and once we get the number, then we'll go to phase 2 of what we need to do. What you really want to do is talk to the people, your neighbors, or some of the people that you know that couldn't come for whatever reason, and give them my card, explain to them they can call me, let's work on the number. Talk to plumbers in the next, I would start calling people tomorrow, and on average it's going to be about \$5,000, so if you walk out of here and say I can't afford \$5,000 because of whatever, then that's a moot point and you don't have to go any further. If it's something that you can do, then proceed with the plumbers and get prices and once you get the prices call me, I'm a yes, you don't have to call me if you're a no, that's fine.

Resident: There is less maintenance on gas furnaces, you don't have to have them cleaned.

Brian Klinger: Gas is a lot cleaner than oil, the biggest complaint that I hear with oil customers is the coldest day of the winter, they run out of, even though you are on automatic fill, you run out of oil, they come, they fill you up, the next day after you froze to death, and now your boiler does not kick on because the filter is clogged because it kicked up all the sludge. A lot of people have oil tank insurance, typically that costs about \$150-\$200 per year, the maintenance usually is a service plan of about \$150-\$200 also, so you are at almost \$500 and then you should typically have your chimney cleaned every year when you have oil because it's dirty and you get a lot of chimney fires when you have the oil residue. Gas, there is hardly any of that, it's a lot cleaner and a lot less maintenance.

Resident: Right now the oil1,000 gallons per winter, you're saving \$500 a winter.

Brian Klinger: That's exactly right, I was going to give you a pay back.....I'll run through an example, like you had asked. If you use 1,000 gallons, and you are paying \$____, we'll go through an example

and then I'll convert that to cubic feet of gas and we'll go through it and like I said, you add all the maintenance costs that you have via oil plus the price you are paying for oil plus the intangibles of the inconvenience of running out – has anyone run out? A couple people, right.

Resident: There is a higher efficiency of natural gas too, if you are converting over, you can only get 80% out of an oil furnace but 95% out of a gas furnace; you save money.

Brian Klinger: Any of you that have a chimney problem, if you go with direct vent, you can eliminate the chimney, so you don't have to spend \$10,000 to rebuild your chimney, you can buy a direct vent water heater or boiler. Let's look at this example of 1,000 gallons at \$2.50 per gallon, you are paying \$2,500 a year in heating costs, plus the maintenance of \$150, and these are averages and the oil tank insurance so it's about \$2,800 for the oil system. When you do the conversion of gallons to therms, you would pay on a yearly basis almost \$1,900, so about \$900 in savings over a year. So, if it cost you \$5,000 to install the new equipment, pull the old stuff out, put the new stuff in, you are looking at a 5-1/2 year payback and then after that, the money is going in your pocket every year.

Resident: I don't understand why plumbers resist putting in a conversion unit. To me, it seems to be very simple; a homeowner can do it himself, it's only a flange.

Brian Klinger: You can do it yourself; you have to adjust it and get the right air mixture and stuff. My father ran the appliance service division for 40 years, he's done it, he did it at my house, it can be done, but most of these guys don't know how to do it or they don't want to do it; a lot of them don't know how to do it but if you can find somebody to do it and they know what they're doing, it can be done. That's why they sell the conversion burners.

Resident: Is it a dirty job?

Brian Klinger: Not really, it should take you a couple hours, that's what it took at my house.

Resident: Conversion from

Brian Klinger: My boiler, when I first moved in the house, was an old coal boiler that was converted to oil and we converted it to natural gas, temporarily, until I got through the winter and then I ripped it out and put in a brand new gas unit but it can be done, it's not hard, I sat there and watched.

Resident: Could you have done it yourself?

Brian Klinger: No.

Resident: Wanna try?

Brian Klinger: No. My father is retired....It's not difficult; if I knew somebody that I could recommend, I would give you their name but the guys that I deal with and talk to, they don't even want to get involved in it.

Resident: They are too busy doing other things.

Brian Klinger: I don't know if they know how to do it; they are licensed plumbers.

Resident: Maybe in the spring when it's less busy they would be more apt to do it.

Brian Klinger: To do a conversion, typically it's good to do it this time of year because we are doing it in the winter, for you guys, because the people that are calling me today that want gas today, we are 60 days out with running just the lateral if there is a gas main in front because this is the heating season now, people are trying to get it in. You get it done in the winter, we get the process started, we come out and do it, you have 6 months, you'll be back in the summertime by the time you have to hook up again; and there is no rush, it's warm out, you don't need the heat, it's a nice transition for you folks. What do you think? Unless you have any other questions, if you are a yes, come on up and I will put a check mark next to you.

Resident: Did you say something about \$2,000 that we have to chip in for something? What did you say initially about \$50,000?

Brian Klinger: If there was a construction deposit due, if we did not have enough customers, at that point in time if we had 30 customers and you said we definitely want the gas, I would come back with well if you want the gas, we only 30, it's going to cost "X" amount of dollars and we would only receive

one check so if you formed an association or something, and you all contributed to that fund, and we were cut one check out of the group that you formed, that's what I was referring to.

Resident: So if there's not 50 people, then it would be \$50,000 that we split.

Brian Klinger: I used \$50,000 as an example; that number is not a fixed number. I would have to find out how many we would definitely have; the magic number to get it for free is between 40-45. If we get that, we're ready to go; it will cost you \$100 to bring it up to the corner of your house, that's it, and \$15 on your first bill. So, \$115 from the gas company.

Resident: Is the response date October?

Brian Klinger: Yes, say I'm in or I'm not by October 15th. Anyone who is not here I doubt they are in, we only have 12 families.

Resident: There are a couple that are in, they just could not make it.

Carolyn Rinaldi: Just a reminder to those who came in a little later, the meeting is being taped, Linda DeSantis, our Borough Clerk, will have verbatim minutes for the meeting so if anybody, of course word of mouth is a great thing but if you think they might be interested in hearing what went on tonight, maybe they need more information, it will be available, maybe towards the end of next week if they wanted to contact Linda to see if the information was available yet for their review just to give them an idea of what was discussed tonight.

Linda DeSantis: They can also always come in to my office and listen to tapes; so if anybody wants to hear it, that's fine.

Brian Klinger: And thirdly, if they want to call me that's fine or if you have another group of this size or whatever and you all want to get together in addition to the new people, if we double the size, I'd be more than happy to come out again. But, it's up to you guy, however you want to address it is fine. Thank you for your time.

Attachments: Meeting Sign-In Sheet
NJ Natural Gas forms

Submitted to Mayor Ondish, JoAnne Sendler, Carolyn Rinaldi on September 22, 2006:

Linda DeSantis, RMC
Borough Clerk

Council Meeting of September 25, 2006:

The Mayor stated that the Borough will not be charging an escrow fee to each resident; there will be only one escrow fee for the entire project.