

SENATE, No. 2871

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED AUGUST 27, 2018

Sponsored by:

Senator SHIRLEY K. TURNER

District 15 (Hunterdon and Mercer)

SYNOPSIS

Prohibits public utility from increasing rates until conclusion of hearing and BPU determination that rate increase is just and reasonable.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning public utility rate increase petitions and
2 amending R.S.48:2-21 and R.S.48:2-21.1.

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. R.S.48:2-21 is amended to read as follows:

8 **【Schedule of rates. (a)】** R.S.48:2-21. a. The board may require
9 every public utility to file with **【it】** the board complete schedules of
10 every classification employed and of every individual or joint rate,
11 toll, fare, or charge made, charged, or exacted by **【it】** a public
12 utility for any product supplied or service rendered within this
13 State, as specified in the requirement.

14 **【Fix rates. (b)】** b. The board may after hearing, upon notice,
15 by order in writing:

16 **【1.】** (1) Fix just and reasonable individual rates, joint rates,
17 tolls, charges, or schedules thereof, as well as commutation,
18 mileage, and other special rates which shall be imposed, observed,
19 and followed thereafter by any public utility, whenever the board
20 shall determine any existing rate, toll, charge, or schedule thereof,
21 commutation, mileage, or other special rate to be unjust,
22 unreasonable, insufficient, or unjustly discriminatory or
23 preferential. In every such proceeding, the board shall complete
24 and close the hearing within **【6】** six months and enter its final order
25 within **【8】** eight months after the filing of the order of the board
26 initiating such proceeding, when such proceeding is on the board's
27 own motion; or after issue is joined through the filing of an answer
28 to a complaint, when such proceeding is initiated by complaint.

29 **【2.】** (2) Fix just and reasonable joint rates, which shall be
30 charged, enforced, collected, and observed by railroads and street
31 railroads in the carrying of freight. Whenever the railroads or street
32 railroads involved fail to agree upon the apportionment or division
33 of a joint rate so established, the board may issue a supplemental
34 order declaring the apportionment or division of the joint rate.

35 **【Demurrage rates. (c)】** c. The board may fix the rates or
36 charges to be made by any corporation subject to the provisions of
37 this chapter for the detention of a railroad car containing property
38 transported by railroad to any point in this State or for the use of
39 railroad tracks occupied by such car, commonly called demurrage
40 or car service, or for both such detention and use. Such rates and
41 charges shall conform as nearly as possible to the rates and charges
42 for demurrage or car service prescribed and fixed by the Interstate
43 Commerce Commission or successor federal agency for similar
44 service.

EXPLANATION – Matter enclosed in bold-faced brackets **【thus】** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 **【Increase in rates; hearings. (d)】** d. When any public utility
2 **【shall】** petitions the board to increase any existing individual rates,
3 joint rates, tolls, charges, or schedules thereof, as well as
4 commutation, mileage, and other special rates, or change or alter
5 any existing classification, the board, either upon written complaint
6 or upon its own initiative, shall have power after hearing, upon
7 notice, by order in writing, to determine whether the increase,
8 change, or alteration is just and reasonable. The burden of proof to
9 show that the increase, change, or alteration is just and reasonable
10 shall be upon the public utility making the **【same】** petition. **【The】**
11 Except as provided in subsection b. of R.S.48:2-21.1, the board,
12 pending such hearing and determination, may order the suspension
13 of the **【increase,】** change or alteration until the board shall have
14 approved the **【same】** change or alteration, not exceeding **【4】** four
15 months. If the hearing and determination shall not have been
16 concluded within such **【4】** four months, the board may, during such
17 hearing and determination, order a further suspension for an
18 additional period not exceeding, **【4】** four months. The board shall
19 approve the **【increase,】** change or alteration upon being satisfied
20 that the **【same】** change or alteration is just and reasonable.

21 (cf: P.L.1962, c.198, s.13)

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23 2. R.S.48:2-21.1 is amended to read as follows:

24 **【The】** R.S.48:2-21.1. a. Except as provided in subsection b. of
25 this section, the board **【may】**, during the pendency of any hearing
26 instituted by it, on its own initiative, or on petition, in which the
27 approval or fixing of just and reasonable individual rates, joint
28 rates, tolls, charges, or schedules thereof, as well as commutation,
29 mileage or other special rates is in issue, or at any other time, may
30 negotiate and agree with any public utility for an adjustment of the
31 individual rates, joint rates, tolls, charges, or schedules thereof, as
32 well as commutation, mileage or other special rates for any product
33 or service supplied or rendered by such public utility. Such
34 adjustment may be for, or without, a specified limit of time. In no
35 event shall any such adjustment be regarded as contractual. Such
36 adjustment shall at all times be subject to change through the
37 proceedings provided for by this chapter, or through negotiation and
38 agreement under this **【section】** subsection. The board, as a part of
39 any such negotiation and adjustment, shall provide for the
40 continuance, suspension, or other disposition of any hearing of the
41 character aforesaid then pending.

42 b. If a public utility petitions the board to increase an
43 individual rate, joint rate, toll, charge, or schedule thereof, pursuant
44 to R.S.48:2-21, for a product supplied or service rendered by the
45 public utility, the board shall not allow the public utility that
46 petitioned the board to increase an individual rate, joint rate, toll,
47 charge, or schedule for that product supplied or service rendered

1 until the hearing on the petition has concluded and the board has
2 determined that the increase is just and reasonable.

3 (cf: P.L.1962, c.198, s.14)

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5 3. This act shall take effect immediately, but shall remain
6 inoperative for 60 days following the date of enactment.

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STATEMENT

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11 This bill prohibits a public utility from increasing any rate for a
12 product supplied or service rendered until the Board of Public
13 Utilities (BPU) has determined, at the conclusion of the hearing on
14 the rate increase petition, that the rate increase is just and
15 reasonable. Current law allows a public utility to increase its rates
16 for a product supplied or service rendered, upon receiving BPU
17 approval, prior to the conclusion of a rate increase hearing and the
18 BPU making a determination that the rate increase is just and
19 reasonable.