ASSEMBLY RESOLUTION No. 198

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED OCTOBER 22, 2020

Sponsored by:
Assemblyman RONALD S. DANCER
District 12 (Burlington, Middlesex, Monmouth and Ocean)

Assemblyman DANIEL R. BENSON
District 14 (Mercer and Middlesex)

Co-Sponsored by:
Assemblymen Catalano and McGuckin

SYNOPSIS
Opposes Jersey Central Power and Light Company’s proposed petition for rate increase and urges BPU to review its finances.

CURRENT VERSION OF TEXT
As introduced.
AN ASSEMBLY RESOLUTION opposing Jersey Central Power and
Light Company’s proposed petition for a rate increase and urging
the Board of Public Utilities to conduct a review of the
company’s finances.

WHEREAS, The Jersey Central Power and Light Company (JCP&L) is
an electric utility company providing electric services to numerous
residential and commercial customers in New Jersey, and is a
subsidiary of the FirstEnergy Corporation (FirstEnergy)
headquartered in Akron, Ohio; and

WHEREAS, On February 18, 2020, JCP&L submitted a verified
petition seeking, among other adjustments to its current rate and
charges for electric services, an approval of a 7.8 percent rate
increase and a tariff revision; and

WHEREAS, JCP&L contends that the requested rate increase is
necessary to allow the company to respond to damages caused by
storms that occurred between January 1, 2016 through June 30,
2020; and

WHEREAS, R.S.48:2-23 mandates that a utility company has a duty to
provide its customers within the State with “safe, adequate and
proper service”; and

WHEREAS, In August 2020, New Jersey was hit by Tropical Storm
Isaias, which devastated the State and left more than 1.3 million
homes and businesses without power; and

WHEREAS, More than 788,000 of the homes and businesses that lost
power due to the storm were JCP&L customers, a figure which
exceeds 50 percent of the company’s entire State customer base;
and

WHEREAS, JCP&L previously received a 3.6 percent rate increase on
January 1, 2017 which was to be used for vegetative management
and infrastructure upgrades; and

WHEREAS, The infrastructure and safety upgrades JCP&L promised to
complete under the terms of its previous rate increase failed,
leading to unsafe, inadequate, and improper service; and

WHEREAS, In addition, FirstEnergy, the parent company of JCP&L, is
being investigated by the United States Securities and Exchange
Commission for potential ties to a $60 million bribery scheme; and

WHEREAS, These failures on the part of both JCP&L and FirstEnergy
demonstrate the need for a thorough review of the company’s
finances, along with a review of its execution of infrastructure and
storm mitigation plans; and

WHEREAS, As part of its rate increase process under R.S.48:2-21, the
Board of Public Utilities (BPU) has the power to investigate
whether a proposed increase is “just and reasonable,” with the
utility company having the burden of proof to demonstrate that it is
just and reasonable; and
WHEREAS, In addition to the routine BPU investigation, the BPU shall appoint a Special Master to review all rate increases for JCP&L and to audit JCP&L and FirstEnergy to confirm that no revenue from JCP&L was improperly diverted from the rate payers of New Jersey to any illegal enterprise; and

WHEREAS, Under the current circumstances, approving JCP&L’s petition and proposed rate increase would be futile and would do even more harm to the State and its customers; now, therefore,

BE IT RESOLVED by the General Assembly of the State of New Jersey:

1. This House opposes Jersey Central Power and Light Company’s proposed petition and rate increase request and urges the Board of Public Utilities to conduct a review of the company’s finances.

2. The Board of Public Utilities, in conducting its investigation, is urged to not only audit JCP&L but to also request confirmation that no revenue from the regulated rates of JCP&L was improperly diverted to any illegal enterprises

3. Copies of this resolution, as filed with the Secretary of State, shall be transmitted by the Clerk of the General Assembly to the President and Commissioners of the Board of Public Utilities.

STATEMENT

This resolution opposes Jersey Central Power and Light Company’s proposed petition and rate increase request and urges the Board of Public Utilities (BPU) to conduct a review of the company’s finances.

Jersey Central Power and Light (JCP&L) is an electric utility company providing electric services to numerous residential and commercial customers in New Jersey and is a subsidiary of the FirstEnergy Corporation (FirstEnergy) headquartered in Akron, Ohio. On February 18, 2020, JCP&L submitted a verified petition seeking, among other items, an approval of a 7.8 percent rate increase. JCP&L contends that the requested rate increase is in response to storms which occurred from January 1, 2016 through June 30, 2020. JCP&L previously received a 3.6 percent rate increase on January 1, 2017 which was to be used for vegetative management and infrastructure upgrades.

R.S.48:2-23 mandates that a utility company has a duty to provide the residents of the State with “safe, adequate and proper service.” In August 2020, New Jersey was hit by Tropical Storm Isaias, which devastated the State and left more than 1.3 million
homes and businesses without power, including more than 50 percent of JCP&L customers. The upgrades JCP&L promised to complete under the terms of its previous January 1, 2017 rate increase failed, leading to unsafe, inadequate, and improper service. In addition, FirstEnergy, the parent company of JCP&L, is being investigated by the United States Securities and Exchange Commission for potential ties to a $60 million bribery scheme.

These failures on the part of both JCP&L and its parent company demonstrate the need for a review of the finances raised from past rate increases, along with a review of the company’s execution of infrastructure and storm mitigation plans. As part of its rate increase process under R.S.48:2-21, the BPU has the power to investigate whether a proposed increase is just and reasonable, with the utility company having the burden of proof to demonstrate that it is just and reasonable. In addition to the routine BPU investigation, the BPU shall appoint a Special Master to review all rate increases for JCP&L and to audit JCP&L and FirstEnergy to confirm that no revenue from JCP&L was improperly diverted from the rate payers of New Jersey to any illegal enterprise. Under the current circumstances, approving JCP&L’s proposed rate increase would be futile and would do more harm to the State and its residents.