

52:27E-19

LEGISLATIVE HISTORY CHECKLIST

NJSA 52:27E-19 (Public Advocate--increases rate case assessment)

LAWS 1981 CHAPTER 485

Bill No. S1533

Sponsor(s) Herbert and others

Date Introduced Oct. 6, 1980

Committee: Assembly Revenue, Finance & Appropriations

Senate State Govt., Federal & Interstate Relations & Veterans Affairs; Revenue, Finance & Appropriations

Amended during passage Yes ~~No~~ Amendments denoted by asterisks

according to Governor's recommendations:

Date of Passage: Assembly June 22, 1981

Re-enacted 1-11-82

Senate Feb. 19, 1981

Re-enacted 11-16-82

Date of approval Jan. 12, 1982

Following statements are attached if available:

Sponsor statement Yes ~~No~~ (Below)

Committee Statement: Assembly Yes ~~No~~

Senate Yes ~~No~~

Fiscal Note Yes ~~No~~

Veto Message Yes ~~No~~

Message on signing Yes ~~No~~

Following were printed:

Reports Yes ~~No~~

Hearings Yes ~~No~~

Sponsors' statement:

This bill would increase the amount which the Director of the Division of Rate Counsel in the Department of the Public Advocate may assess an applicant for a rate increase in certain cases from \$500.00 to \$1,500.00 per case. The legislation would decrease operating losses currently experienced by the department as a result of its involvement in the small utility rate cases.

6/22/81

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SENATE, No. 1533

STATE OF NEW JERSEY

INTRODUCED OCTOBER 6, 1980

By Senators HERBERT, SKEVIN, HAMILTON, WEISS,
DWYER, MARESSA and MERLINO

Referred to Committee on State Government, Federal and
Interstate Relations and Veterans Affairs

AN ACT to amend the "Department of the Public Advocate Act of
1974," approved May 13, 1974 (P. L. 1974, c. 27).

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Section 20 of P. L. 1974, c. 27 (C. 52:27E-19) is amended to
2 read as follows:

3 20. a. Payment of expenses of Division of Rate Counsel. When-
4 ever the Division of Rate Counsel represents the public interest in
5 a proceeding initiated by application of a business, industry or
6 utility other than an insurance company or nonprofit service plan
7 subject to the provisions of Title 17 of the Revised Statutes or
8 Title 17B of the New Jersey Statutes for authority to increase the
9 rate, toll, fare or charge charged by it for any product or service or
10 in a proceeding initiated by application of a business, industry or
11 utility to discontinue or change any required service, the Director
12 of the Division of Rate Counsel may*, *except as otherwise provided*
13 *herein,** assess the business, industry or utility up to $\frac{1}{10}$ of 1%
14 of its revenues derived in the calendar year last preceding the
15 institution of such proceeding from its intrastate sales of the
16 product supplied or intrastate service rendered, the rate, toll, fare
17 or charge for which, or the discontinuance or charge for which,
18 is the subject matter of such proceeding, or **[\$5000.00]** \$1,500.00,
19 whichever is greater. The assessments shall not exceed \$500,000.00,
20 unless the compensation and expenses of counsel, experts and
21 assistants employed by the division in such proceeding exceed
22 \$500,000.00, in which case the director shall send the business,
23 industry or utility an itemized statement setting forth the amount,
24 as of the date of such statement, of the compensation and expenses.

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill
is not enacted and is intended to be omitted in the law.**

24A **For cases where the gross annual revenues in the calendar year*
 24B *last preceding the institution of the proceeding from the intra-*
 24C *state sales of the product supplied or intrastate service rendered,*
 24D *the rate, toll, fare or charge for which, or the discontinuance or*
 24E *charge for which, is the subject matter of the proceeding, do not*
 24F *exceed \$1,500,000.00, the director may assess the business, industry*
 24G *or utility *****[up to 1/10 of 1% of those revenues or \$500.00, which-**
 24H *ever is greater]***** **up to \$1,500.00 but not less than \$500.00**.** *If*
 24I *an assessment exceeds \$500.00, the director shall send the business,*
 24J *industry or utility an itemized statement setting forth the amount,*
 24K *as of the date of the statement, of the compensation and expenses*
 24L *of counsel, experts and assistants employed by the division in the*
 24M *proceeding. In no event shall an assessment in these cases exceed*
 24N *\$1,500.00.**

25 b. Whenever the Division of Rate Counsel represents the public
 26 interest in a proceeding initiated by an insurance company or
 27 nonprofit service plan subject to Title 17 of the Revised Statutes
 28 or Title 17B of the New Jersey Statutes for authority to increase
 29 or change the charges for insurance, the director shall send each
 30 insurer, nonprofit service plan or rating organization involved in
 31 such proceeding a statement of the compensation and expenses of
 32 counsel, experts and assistants employed by the division in such
 33 proceeding, together with an appropriate allocation to such insur-
 34 ance company, nonprofit service plan or rating organization of its
 35 fair share thereof. -

36 c. All assessments or statements of compensation and expenses
 37 shall be paid by the business, industry or utility to the Department
 38 of the Treasury within 30 days after the date of assessment. The
 39 State Treasurer, upon receipt of any payment by the business,
 40 industry or utility pursuant to the provisions of this act, shall cause
 41 the same to be deposited in the General State Fund.

42 d. Any and all amounts paid by the business, industry or utility
 43 pursuant to this act shall be deemed to be operating expenses.

44 **e. All assessments or statements of compensation and expenses*
 45 *pertaining to a business, industry or utility whose revenues do not*
 46 *exceed \$1,500,000.00, as computed pursuant to subsection a., shall*
 47 *be paid by the business, industry or utility to the Department of*
 48 *Treasury as follows:*

49 (1) *An assessment of \$500.00 shall be paid by the business,*
 50 *industry or utility within 30 days after the date of assessment.*

51 (2) *Any amount assessed in excess of \$500.00, but not in excess*
 52 *of \$1,500.00 shall be paid in equal monthly installments over such*
 53 *period as the recoupment of the case operating expenses is per-*

54 *mitted by the executive authority with the power to make the final*
55 *determination in such matters. The first installment payment shall*
56 *be due on the date of the final decision rendered by the executive*
57 *authority.*

58 *f. If any amount assessed pursuant to subsection e. is not received*
59 *on any date in the schedule established pursuant to subsection e.,*
60 *the unpaid balance of the total assessment shall immediately*
61 *become due and payable within 30 days.**

1 2. This act shall take effect immediately.

ASSEMBLY STATE GOVERNMENT, FEDERAL AND
INTERSTATE RELATIONS AND VETERANS
AFFAIRS COMMITTEE

STATEMENT TO
SENATE, No. 1533

[OFFICIAL COPY REPRINT]

STATE OF NEW JERSEY

DATED: JUNE 15, 1981

At the present time, the Division of Rate Counsel in the Department of the Public Advocate is permitted to charge a business, industry, or utility which applies for a rate increase a fee of up to 1/10 of 1% of its gross annual revenues, with a minimum fee of \$500.00 and a maximum fee of \$500,000.00 (with some exceptions). This bill, as amended by the Senate State Government Committee, increases this minimum fee to \$1,500.00 for a business, industry, or utility with gross annual revenues in excess of \$1,500,000.00, but retains the \$500.00 minimum fee for those with \$1,500,000.00 or less in gross annual revenue. In the latter case, if the actual costs to the rate counsel exceed \$500.00, the business, industry, or utility shall receive an itemized statement of those costs and shall be permitted to pay the fee by installment. In no event shall the fee in such a case exceed \$1,500.00.

The Division of Rate Counsel is a "zero-budget" agency and depends upon the above-mentioned fees for its operating revenue. Apparently, the cost of hearings for the smaller businesses and utilities has exceeded the present minimum charge of \$500.00; consequently, this legislation was originally introduced raising the \$500.00 to \$1,500.00 for every applicant for a rate increase. However, representatives of the small water utilities and solid waste utilities felt that this increase was too drastic and would require the small companies to increase their rates further, if not drive them out of business. The Senate committee's amendments, which made a distinction between companies with \$1,500,000.00 or less in gross annual revenues and those with more, represented a compromise between the division and the interested parties.

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

November 12, 1981

SENATE BILL NO. 1533 (OCR)

Pursuant to Article V, Section I, Paragraph 14(b) of the Constitution, I herewith return Senate Bill No. 1533 (OCR) with my objections for reconsideration.

The expressed purpose of Senate Bill No. 1533 (OCR) was to allow the Division of Rate Counsel in the Public Advocate to assess utilities, businesses and industries with annual gross revenues of \$1,500,000.00 or less between \$500.00 and \$1500.00 for each rate change application. If an assessment exceeds \$500.00 an itemized statement was to be required from the director of the Division of Rate Counsel.

I find however, that the actual language of this bill does not achieve its sought for result. It would place a \$500.00 limit on the assessment to small utilities.

To correct these technical deficiencies I herewith return Senate Bill No. 1533 (OCR) with my recommendations for reconsideration and recommend that it be amended as follows:

Page 2, Section 1, Lines 24G and 24H: Delete "up to 1/10 of 1% of those revenues or \$500.00, whichever is greater" and insert "up to \$1500.00 but not less than \$500.00"

Respectfully,

/s/ Brendan Byrne

GOVERNOR

[seal]

Attest:

/s/ Harold L. Hodes

CHIEF OF STAFF, SECRETARY