

48:2-21.14

LEGISLATIVE HISTORY CHECKLIST

NJSA: 48:2-21.14 (Public utility rates-- precludes counting fines & penalties as expenses)

LAWS OF: 1988 **CHAPTER:** 100

BILL NO: A1307

SPONSOR(S): Menendez & Kenny

Date Introduced: Pre-filed

Committee: **Assembly:** Conservation, Natural Resources & Energy
Senate: Energy & Environment

Amended during passage: No

Date of Passage: **Assembly:** March 21, 1988
Senate: June 13, 1988

Date of Approval: August 5, 1988

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: **Assembly** Yes
Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: No

Following were printed:

Reports: No

Hearings: No

Uniform System of Accounting, as mentioned in statements:

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P.L. 1988, CHAPTER 100, approved August 5, 1988
1988 Assembly No. 1307

1 **AN ACT concerning public utility rates, and supplementing**
2 **chapter 2 of Title 48 of the Revised Statutes.**

3

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

6 **1. In determining just and reasonable rates for any electric**
7 **utility pursuant to R.S. 48:2-21, R.S. 48:2-21.1, or section 31 of**
8 **P.L. 1962, c. 198 (C. 48:2-21.2), the board shall not allow as an**
9 **operating expense, any fines or penalties imposed pursuant to**
10 **law and paid by the utility.**

11 **2. This act shall take effect immediately.**

12

PUBLIC UTILITIES

13

Civil Justice

14
15
16
17 **Precludes the Board of Public Utilities from including fines and**
18 **penalties paid by a utility as an operating expense when**
19 **determining rates.**

ASSEMBLY, No. 1307
STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel
PRE-FILED FOR INTRODUCTION IN THE 1988 SESSION

By Assemblymen MENENDEZ and KENNY

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STATEMENT

15

 This bill precludes the board from including as an operating
17 expense fines and penalties paid by the utility on the rationale
 that this expense ought to be borne by the stockholders rather
19 than by the ratepayers.

21

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ASSEMBLY COMMITTEE ON CONSERVATION,
NATURAL RESOURCES AND ENERGY

STATEMENT TO

ASSEMBLY, No. 1307

STATE OF NEW JERSEY

DATED: FEBRUARY 1, 1988

Assembly Bill No. 1307 is reported favorably by the committee.

This bill precludes the Board of Public Utilities from including as an operating expense fines and penalties paid by electric utilities. The rationale is that this expense ought to be borne by the stockholders rather than by the ratepayers.

This bill does not change existing practice but rather codifies it. The board regulates the rates charged by electric utilities by applying the Uniform System of Accounting for Electric Utilities adopted by the Federal Energy Regulatory Commission. Although the Uniform System of Accounting does not specifically preclude fines and penalties from being considered as operating expenses it has been the BPU's practice to treat them as "below the line" expenses and not include them as operating expenses.

This bill was pre-filed for introduction in the 1988 session pending technical review. As reported the bill includes the changes required by technical review which has been performed.

SENATE ENERGY AND ENVIRONMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1307

STATE OF NEW JERSEY

DATED: MAY 26, 1988

The Senate Energy and Environment Committee favorably reports Assembly Bill No. 1307.

A-1307 would prohibit the Board of Public Utilities, in setting the rates for a public utility, from including as an operating expense fines and penalties paid by the utility. This bill would thus provide that these fines would not be passed through to the ratepayers; instead the expense of paying the fines would borne by the stockholders of the utility.