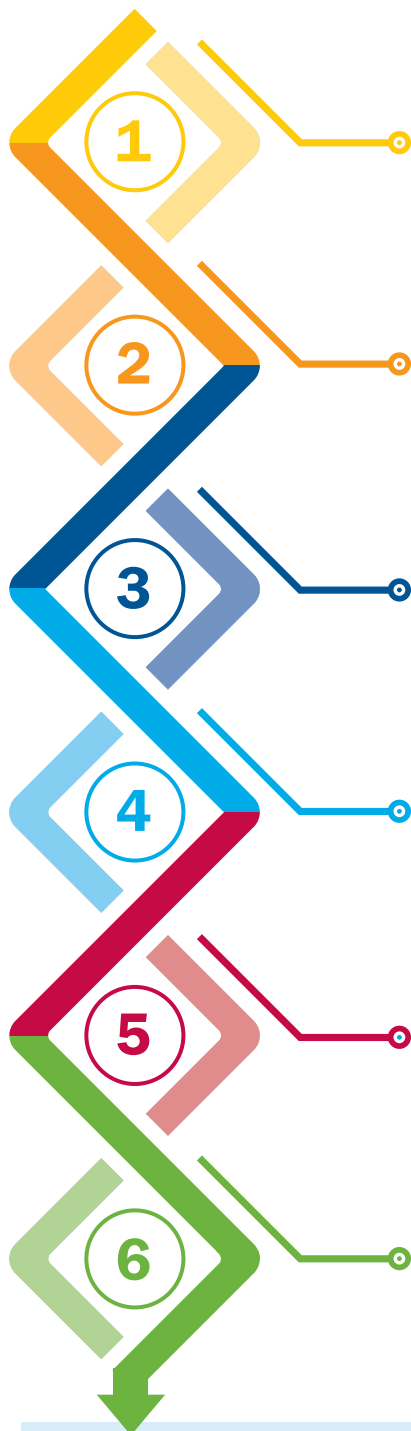


RATE CASE PROCESS AT A GLANCE



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This is a general summary of how a typical rate case works in New Jersey.



1 FILING THE RATE CASE

The filing of a rate case before the NJ Board of Utilities (BPU) is the first step in a base rate case. The rate case describes the request and data supporting the request.

2 PRE-HEARING CONFERENCE

This is a brief, preliminary hearing at which the parties normally establish a procedural schedule, including filing and hearing dates. The utility, BPU staff, Division of Rate Counsel and other interested parties participate.

3 EVIDENCE

Information, or evidence, is presented as part of the “discovery process.” This allows parties to receive additional information about the company’s application for new rates. Testimony from witnesses is submitted in advance of formal hearings. Parties can reply to each other’s testimony through written rebuttal.

4 PUBLIC INPUT HEARINGS

Public hearings take place throughout the company’s service area to allow the utility’s customers to challenge or support the rate filing. Written and/or oral comments become part of the record reviewed by BPU in making a final decision.

5 EVIDENTIARY HEARING

An Administrative Law Judge (ALJ) presides over an evidentiary hearing.

- **If the parties reach a settlement agreement:** No evidentiary hearing takes place and the ALJ will approve, reject or modify the agreement through an Initial Decision. The BPU will then approve, reject or modify the Initial Decision.*
- **When parties do not agree:** The ALJ conducts a hearing, similar to a trial in civil court. Witnesses are placed under oath and subject to cross-examination. These hearings are open to the public for observation, however, only witnesses for the formal parties who have pre-filed written testimony are allowed to testify and be cross examined.

6 FINAL FILINGS

Once all evidence is in the record, the ALJ sets a briefing schedule. Briefs are legal pleadings that attempt to persuade the ALJ to accept a particular position. The ALJ will close the record after the submission of briefs and issue an Initial Decision. Parties may file exceptions to the Initial Decision.

PARTIES INVOLVED

NJ Board of Public Utilities (BPU): The decision-making body in these proceedings—seeks to balance the interests of all parties to ensure that utilities provide safe, reliable service at reasonable prices.

Division of Rate Counsel: The body who reviews the details of the rate case from the customers’ perspective.

7 ORDER

After exceptions and replies to exceptions are filed, the BPU will consider the Initial Decision and either approve, reject or modify it. The BPU’s final order will specify any approved rate changes and when the rates can become effective.

***Settlement:** In some cases, parties are able to negotiate settlement agreements. Settlements alleviate the time and expense of going to full hearings. A settlement can be reached at any time while a case is pending but must receive BPU approval.