

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4791

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 4, 2023

The Assembly Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 4791.

As amended and reported, this bill establishes the “Resiliency and Environmental System Investment Charge Program” (RESIC), which creates a regulatory mechanism that enables water and wastewater utilities (utilities) to recover the costs of investment in certain non-revenue producing utility system components that enhance water and wastewater system resiliency, environmental compliance, safety, and public health.

The bill authorizes a utility to petition the Board of Public Utilities (BPU) concerning RESIC activities by submitting a foundational filing. A utility that offers more than one regulated service may file a joint foundational filing for a RESIC that includes infrastructure investments for multiple regulated services or separate foundational filings to establish a separate RESIC for each regulated service offered by the utility. If a utility files separate foundational filings, each RESIC approved by the BPU would be subject to a separate revenue recovery cap.

Under the RESIC program, after approval of the foundational filing, a utility may charge customers for the costs of installing, rehabilitating, improving, or replacing utility system infrastructure in accordance with the bill. However, the bill provides that the total revenues recovered through the RESIC rate may not exceed the RESIC-cap, which equals five percent of the utility’s total annual revenues, as adjusted for certain approved charges. Under the bill, the utility would also be required to identify the amounts owed by each customer, based on the RESIC rate, separately on the customer’s utility bill

COMMITTEE AMENDMENTS:

The committee amended the bill to expand the types of expenses that are eligible for cost recovery by a utility through the implementation of a RESIC rate to include any cost related to the replacement of treatment media including, granular activated carbon and anionic exchange resins and new treatment media, and related tanks, pumps, instrumentation, controls, and electrical equipment for

both existing and emerging chemical elements and compounds. The committee amendments also provide that a utility may only seek cost recovery for costs that may be recorded in the applicable accounts set forth in the uniform system of accounts adopted by the National Association of Regulatory Utility Commissioners for certain categories of expenses.

FISCAL IMPACT:

The Office of Legislative Services determines that the bill may result in a potential increase in expenditures to certain State entities, local units, and school districts associated with the establishment of the “Resiliency and Environmental System Investment Charge (RESIC) Program.”

The bill may result in a marginal increase in administrative expenditures to the Board of Public Utilities (board) associated with administering the program, which costs may include the review processes for the foundational and semi-annual filings of RESIC-eligible projects.

Additionally, the bill may result in expenditure increases for certain State and local entities and school districts that are serviced by a water or wastewater utility that elects to participate in the RESIC Program, if these public entities are required to pay the RESIC rate as part of their water or wastewater bill. The OLS cannot calculate the magnitude of these potential expenditure increases because it is unable to predict how many utilities will participate in the RESIC Program, the amount of the RESIC rates that will be approved by the board for each utility, and the total impact of the RESIC rate on the water or wastewater bills of public entities.