

SENATE ECONOMIC GROWTH COMMITTEE

STATEMENT TO

SENATE, No. 4052

STATE OF NEW JERSEY

DATED: OCTOBER 8, 2026

The Senate Economic Growth Committee reports favorably Senate Bill No. 4052.

As reported, this bill, to be known as the “Public Utility Rate Stabilization Act,” permits gas public utilities and electric public utilities (utilities) to employ alternative ratemaking mechanisms, which include, but are not limited to, performance-based rates, formula rates, multi-year rate plans, earnings-sharing mechanisms, decoupling mechanisms, and other ratemaking mechanisms authorized by the Board of Public Utilities (board). A utility is required to submit a petition to the board for approval of an alternative ratemaking plan prior to employing an alternative ratemaking mechanism.

Within 180 days of the bill’s enactment, the board is required to adopt rules and regulations to effectuate the bill, including, but not limited to, rules and regulations establishing certain evaluation criteria to assist the board in determining whether to approve without modifications, approve with modifications, or deny an alternative ratemaking plan submitted by a utility. The bill requires the board to make its determination regarding an alternative ratemaking plan within nine months of the plan’s submission. The board is also required to hold a public hearing and provide opportunity for public comments prior to making its determination regarding an alternative ratemaking plan.

If the board approves an alternative ratemaking plan with modifications, the utility is to accept or reject the modified plan by filing a notice within 30 days of the date on which the board issued the order containing its determination. Under the bill, if the utility files a notice rejecting the modified plan, the plan is to be considered withdrawn and the rates that were in effect prior to the plan’s submission are to remain in effect until changed or modified by the board.

In addition, the bill permits utilities to use fully-projected future test years to: (1) determine rate bases, revenues, expenses, or other items as part of a utility’s base rate case; (2) petition the board for the approval of an alternative ratemaking plan; and (3) fulfill any other purpose, as determined by the board.