

ASSEMBLY, No. 4096

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED MAY 7, 2020

Sponsored by:

Assemblyman RONALD S. DANCER

District 12 (Burlington, Middlesex, Monmouth and Ocean)

SYNOPSIS

Restores parity among public utilities with regard to formula used to calculate amount of refund given to developers for extension of public utility infrastructure.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning the extension of public utility infrastructure and
2 amending R.S.48:2-27.

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

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7 1. R.S.48:2-27 is amended to read as follows:

8 48:2-27. 1. a. The board may, after hearing, upon notice, by
9 order in writing, require any public utility to establish, construct,
10 maintain, and operate any reasonable extension of its existing
11 facilities where, in the judgment of the board, the extension is
12 reasonable and practicable; and the extension will furnish sufficient
13 business to justify the construction and maintenance of the **[same]**
14 extension; and when the financial condition of the public utility
15 reasonably warrants the original expenditure required in making and
16 operating the extension.

17 b. A public utility shall grant an annual refund to a developer of
18 an extension, constructed pursuant to subsection a. of this section,
19 for a period of ten years. The public utility shall grant the first
20 annual refund one year after the public utility receives a deposit
21 from the developer for the extension. Each annual refund shall be
22 in an amount equal to 10 times the annual revenue derived by the
23 public utility from the extension. Any costs incurred by a public
24 utility pursuant to this subsection shall be recoverable in the public
25 utility's base rate case.

26 (cf: R.S.48:2-27)

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28 2. This act shall take effect immediately.

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STATEMENT

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33 This bill requires a public utility (utility) to grant an annual
34 refund to a developer of an extension of public utility infrastructure
35 for a period of ten years. The utility is to grant the first annual
36 refund one year after the utility receives a deposit from the
37 developer for the extension. Each annual refund is to be in an
38 amount equal to 10 times the annual revenue derived by the utility
39 from the extension. Any costs incurred by a utility pursuant to the
40 bill's provisions are to be recoverable in the utility's rate case.

41 In 2005, the board promulgated regulations concerning
42 extensions of utility infrastructure that contained different
43 provisions for extensions built to serve designated smart growth
44 areas and extensions built to serve areas not designated for growth.
45 In 2009, the Appellate Division held that these regulations exceeded

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

Matter underlined thus is new matter.

1 the board's regulatory authority. In re Centex Homes, LLC, 411
2 N.J. Super. 244 (App. Div. 2009). Following the Centex decision,
3 the board promulgated new regulations that eliminated the
4 provisions concerning smart growth areas. The regulations require
5 electric, gas, and telecommunications utilities to refund developers
6 in an amount equal to 10 times the annual revenue derived by the
7 utility from the extension. However, the regulations only require
8 water and waste water utilities to refund developers in an amount
9 equal to two and one half times the annual revenue derived by the
10 utility. The purpose of this bill is to restore parity among the
11 utilities with regard to the amount of refund given to developers,
12 thereby restoring the board's previous regulatory practice prior to
13 the Centex decision and dating back to 2005.