

SENATE, No. 1898

STATE OF NEW JERSEY

220th LEGISLATURE

INTRODUCED MARCH 3, 2022

Sponsored by:

Senator JOSEPH PENNACCHIO

District 26 (Essex, Morris and Passaic)

SYNOPSIS

Modifies rate-regulation over municipal electric utilities.

CURRENT VERSION OF TEXT

As introduced.



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1 AN ACT concerning electric rates charged by municipal utilities,
2 amending and supplementing Title 40 of the Revised Statutes,
3 and amending P.L.1983, c.111.

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

7
8 1. R.S.40:62-24 is amended to read as follows.

9 40:62-24. Every municipality in supplying electricity, gas, steam
10 or other product beyond its corporate limits is hereby declared to be
11 a public utility. **【The】** Except as otherwise provided in section 2 of
12 P.L. , c. (C.) (pending before the Legislature as this bill), the
13 Board of Public Utilities shall have the same supervision and
14 regulation of, and jurisdiction and control over such municipality in
15 respect to its acts in supplying electricity, gas, steam or other
16 product beyond its corporate limits, and of and over the property,
17 property rights, equipment, facilities and franchises used in
18 supplying electricity, gas, steam or other product beyond its
19 corporate limits as over other public utilities. **【Every】** Except as
20 otherwise provided in section 2 of P.L. , c. (C.) (pending
21 before the Legislature as this bill), every such municipality shall be
22 subject as to its service, accounts, property rights, equipment,
23 franchises, extensions, reports, issuance of bonds or other
24 indebtedness maturing in more than 1 year from the date thereof, to
25 the jurisdiction of the Board of Public Utilities to the same extent as
26 other public utilities.

27 **【Every】** Except as otherwise provided in section 2 of
28 P.L. , c. (C.) (pending before the Legislature as this bill),
29 every municipality supplying electricity, gas, steam or other product
30 beyond its corporate limits shall have the rates for these utilities
31 subject to the jurisdiction of the Board of Public Utilities. The
32 board in regulating these rates shall provide for a rate structure
33 which allows the municipality, within the limits of any covenants
34 made with bondholders pursuant to law, to:

35 a. Recoup all costs of operation, including but not limited to the
36 costs of raw materials, administration, equipment, buildings,
37 property, maintenance, taxes, debt service, fees and offsetting any
38 budget deficit occurring in the immediately preceding fiscal year;

39 b. Establish a surplus sufficient to provide for the reasonable
40 anticipation of contingencies which may affect the operation of the
41 utility and for an amount which may be transferred from the
42 accounts of the municipal utility and included in the local budget
43 pursuant to section 5 of **【this amendatory and supplementary act】**
44 P.L.1983, c.111 (C.40A:4-35.1).
45 (cf: P.L.1983, c.111, s.2)

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.

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1 Public Utilities (BPU). Under current law, the rates of a municipal
2 electric utility that supplies power to customers beyond its
3 corporate limits are subject to the jurisdiction of the BPU. The bill
4 would modify this by limiting BPU rate-jurisdiction to municipal
5 electric utilities that service more than 10,000 billed customers
6 outside of the supplying municipality. Further, municipal electric
7 utilities would not be subject to BPU rate regulation if the utility
8 charges customers the same rates, regardless of whether the
9 customer is located inside or outside of the supplying municipality.