

P.L. 2025, CHAPTER 288, *approved January 20, 2026*
Senate, No. 877 (*First Reprint*)

1 AN ACT concerning the regulation of municipal electric utilities and
2 amending R.S.40:62-24 ¹and P.L.1983, c.78¹.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. R.S.40:62-24 is amended to read as follows:

8 40:62-24. ¹a. Every municipality ¹in¹ supplying
9 ~~electricity,~~ ¹electricity,¹ gas, steam,¹ or other ¹product, ~~except for~~
10 ~~electricity,~~ ¹products¹ beyond its corporate limits is hereby declared
11 to be a public utility. ¹The¹ ~~Except as otherwise provided in~~
12 ~~subsection c. of this section, the~~¹ Board of Public Utilities shall
13 have the same supervision and regulation of, and jurisdiction and
14 control over ¹such¹ , ~~every~~¹ municipality ¹in respect to its acts
15 in¹ supplying ~~electricity,~~ ¹electricity,¹ gas, steam,¹ or other
16 ¹product, ~~except for electricity,~~ ¹products¹ beyond its corporate
17 limits, and of and over the property, property rights, equipment,
18 facilities,¹ and franchises used in supplying ~~electricity,~~
19 ¹electricity,¹ gas, steam,¹ or other ¹product, ~~except for electricity,~~
20 ~~products~~¹ beyond its corporate limits as over other public utilities.
21 Every such municipality shall be subject as to its service, accounts,
22 property rights, equipment, franchises, extensions, reports, issuance
23 of bonds or other indebtedness maturing in more than **[1]** one year
24 from the date thereof, to the jurisdiction of the Board of Public
25 Utilities to the same extent as other public utilities.

26 ¹Every¹ ~~b.~~ ¹Except as otherwise provided in subsection c. of
27 ~~this section, every~~¹ municipality supplying ~~electricity,~~
28 ¹electricity,¹ gas, steam,¹ or other ¹product, ~~except for electricity,~~
29 ~~products~~¹ beyond its corporate limits shall have the rates for these
30 utilities subject to the jurisdiction of the Board of Public Utilities.
31 ¹The board in¹ ~~In~~¹ regulating these rates ¹, ~~the board~~¹ shall
32 provide for a rate structure ¹which¹ ~~that~~¹ allows the municipality,
33 within the limits of any covenants made with bondholders pursuant
34 to law, to:

35 ¹a. ~~Recoup~~¹ ~~(1)~~ ¹recoup¹ all costs of operation, including ¹,¹
36 but not limited to ¹,¹ the costs of raw materials, administration,
37 equipment, buildings, property, maintenance, taxes, debt service,

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SEG committee amendments adopted December 11, 2025.

1 fees, and offsetting any budget deficit occurring in the immediately
2 preceding fiscal year; ¹and¹

3 ¹【b.Establish】 (2) establish¹ a surplus sufficient to provide for
4 the reasonable anticipation of contingencies which may affect the
5 operation of the utility and for an amount which may be transferred
6 from the accounts of the municipal utility and included in the local
7 budget pursuant to section 5 of 【this amendatory and supplementary
8 act】 P.L.1983, c.111 (C.40A:4-35.1).

9 ¹c. (1) Notwithstanding any law, rule, regulation, or order to the
10 contrary, a municipality providing electric utility service beyond its
11 corporate limits pursuant to the provisions of Article 5 of Chapter
12 62 of Subtitle 3 of Title 40 of the Revised Statutes shall be exempt
13 from the jurisdiction, regulation, and control of the Board of Public
14 Utilities, with respect to the rates charged to the municipality's
15 customers for electric utility service, provided that the municipality
16 charges the same rate to its customers residing within and outside of
17 the municipality's corporate limits. Any increase in rates shall be
18 authorized by municipal ordinance. However, prior to effectuating
19 an increase in rates, the governing body of the municipality shall
20 hold a public hearing at which customers, including those customers
21 who reside outside the municipality's corporate limits, shall have an
22 opportunity to offer comments to be considered by the municipality
23 prior to effectuating the rate increase. At least 20 days prior to the
24 date of a public hearing to consider a proposed rate increase, the
25 municipality shall transmit notice of the proposed rate increase to
26 the clerk of every municipality in which the municipality provides
27 electric utility service and to the clerk of the board of county
28 commissioners of every county in which the municipality provides
29 electric utility service.

30 (2) Nothing in this subsection shall be construed to exempt any
31 municipality that provides electric utility service beyond its
32 corporate limits from the jurisdiction, regulation, and control of the
33 Board of Public Utilities with respect to electric utility service and
34 reliability.

35 (3) Nothing in this subsection shall be construed to prevent a
36 gas public utility that provides gas public utility service to the area
37 in which a municipality provides electric utility service from
38 offering energy efficiency programs concerning electricity usage to
39 a customer located within the municipality's electric utility service
40 area.

41 (4) Incentives, rebates, and financing options related to energy
42 efficiency programs concerning electricity usage, which programs
43 are offered by a gas public utility that provides gas public utility
44 service to the area in which a municipality provides electric utility
45 service, shall not be calculated as part of the municipality's rate
46 charged for electric utility service when determining, for the
47 purposes of paragraph (1) of this subsection, whether a municipality

1 that provides electric utility service beyond its corporate limits
2 charges the same rates to customers residing within and outside of
3 the municipality's corporate limits.

4 d. The rate charged to a customer for electric utility service by
5 a municipality that provides electric utility service beyond its
6 corporate limits, which rate had been subject to the jurisdiction,
7 regulation, and control of the Board of Public Utilities prior to the
8 effective date of P.L. , c. (C.) (pending before the
9 Legislature as this bill), shall continue to be subject to the
10 restrictions on transfer of utility surplus established pursuant to
11 section 5 of P.L. 1983, c.111 (C.40A:4-35.1).¹

12 (cf: P.L.1983, c.111, s.2)

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14 ¹**[2.** Section 1 of P.L.1983, c.78 (C.48:2-13.1) is amended to
15 read as follows:

16 1. Notwithstanding the provisions of any other law, rule, or
17 regulation to the contrary, with respect to a rural, electric
18 cooperative which is exclusively owned and controlled by the
19 consumers it serves or a municipal electric utility, the Board of
20 Public Utilities shall not exercise any jurisdiction or control over
21 the rates, charges, or operation of the cooperative or municipal
22 electric utility, nor shall the approval of the board be required to
23 authorize or validate any mortgage or encumbrance of real property
24 of or the issuance or execution of any evidence of indebtedness by
25 the cooperative or municipal electric utility, except that the board
26 shall retain its jurisdiction to determine disputes concerning the
27 territory served or to be served by an electric cooperative or
28 municipal electric utility.

29 (cf: P.L.1983, c.78, s.1)**]**¹

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31 ¹**[3.] 2.¹** This act shall take effect on the first day of the third
32 month following the date of enactment.

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35 _____
36
37 Exempts municipal electric utilities from regulation by BPU in
38 certain circumstances.