

CHAPTER 288

AN ACT concerning the regulation of municipal electric utilities and amending R.S.40:62-24.

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

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

Municipality serving others deemed public utility; control by board of public utilities; rate structure.

40:62-24. a. Every municipality supplying electricity, gas, steam, or other products beyond its corporate limits is hereby declared to be a public utility. Except as otherwise provided in subsection c. of this section, the Board of Public Utilities shall have the same supervision and regulation of, and jurisdiction and control over, every municipality supplying electricity, gas, steam, or other products beyond its corporate limits, and of and over the property, property rights, equipment, facilities, and franchises used in supplying electricity, gas, steam, or other products beyond its corporate limits as over other public utilities. Every such municipality shall be subject as to its service, accounts, property rights, equipment, franchises, extensions, reports, issuance of bonds, or other indebtedness maturing in more than one year from the date thereof to the jurisdiction of the Board of Public Utilities to the same extent as other public utilities.

b. Except as otherwise provided in subsection c. of this section, every municipality supplying electricity, gas, steam, or other products beyond its corporate limits shall have the rates for these utilities subject to the jurisdiction of the Board of Public Utilities. In regulating these rates, the board shall provide for a rate structure that allows the municipality, within the limits of any covenants made with bondholders pursuant to law, to:

(1) recoup all costs of operation, including, but not limited to, the costs of raw materials, administration, equipment, buildings, property, maintenance, taxes, debt service, fees, and offsetting any budget deficit occurring in the immediately preceding fiscal year; and

(2) establish a surplus sufficient to provide for the reasonable anticipation of contingencies which may affect the operation of the utility and for an amount which may be transferred from the accounts of the municipal utility and included in the local budget pursuant to section 5 of P.L.1983, c.111 (C.40A:4-35.1).

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

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

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

(4) Incentives, rebates, and financing options related to energy efficiency programs concerning electricity usage, which programs are offered by a gas public utility that provides gas public utility service to the area in which a municipality provides electric utility service, shall not be calculated as part of the municipality's rate charged for electric utility service when determining, for the purposes of paragraph (1) of this subsection, whether a municipality that provides electric utility service beyond its corporate limits charges the same rates to customers residing within and outside of the municipality's corporate limits.

d. The rate charged to a customer for electric utility service by a municipality that provides electric utility service beyond its corporate limits, which rate had been subject to the jurisdiction, regulation, and control of the Board of Public Utilities prior to the effective date of P.L.2025, c.288, shall continue to be subject to the restrictions on transfer of utility surplus established pursuant to section 5 of P.L. 1983, c.111 (C.40A:4-35.1).

2. This act shall take effect on the first day of the third month following the date of enactment.

Approved January 20, 2026.