



Agenda Date: 11/21/24
Agenda Item: IIA

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1ST Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC) ORDER
SERVICE ELECTRIC AND GAS COMPANY)
PURSUANT TO N.J.S.A. 48:3-9 AND N.J.A.C. 14:1-5.9,)
FOR AUTHORITY TO ISSUE AND SELL SHORT-TERM)
OBLIGATIONS NOT EXCEEDING \$1.0 BILLION)
AGGREGATE PRINCIPAL AMOUNT AT ANY ONE TIME)
OUTSTANDING THROUGH JANUARY 4, 2027) DOCKET NO. EF24060403

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Katherine E. Smith, Esq., Managing Counsel – State Regulatory, Public Service Electric and Gas Company

BY THE BOARD:

Public Service Electric and Gas Company ("Petitioner"), a public utility of the State of New Jersey, filed a petition dated May 31, 2024 with the New Jersey Board of Public Utilities ("Board") seeking authority, pursuant to N.J.S.A. 48:3-9 and N.J.A.C. 14:1-5.9, to issue and sell 1) short-term obligations consisting of borrowings from banks, trust companies, insurance companies or other lenders; and 2) promissory notes ("commercial paper") (together, "Short-term Obligations") not to exceed \$1.0 billion in aggregate principal amount at any one time outstanding, through January 4, 2027 ("Petition").

The Petitioner's request is similar to its request in Docket No. EF22050349.¹ In that matter, the Board authorized the Petitioner to issue Short-term Obligations, not exceeding \$1.0 billion in aggregate principal amount, at any one time outstanding, through January 3, 2025.

According to the Petition, permanent financing and refinancing for the Petitioner's facilities improvement programs is provided through the issuance of long-term debt and internally generated cash and equity contributions. However, the Petitioner claimed that it requires funding for its utility obligations and corporate transactions, specifically 1) working capital; 2) purchases

¹ In re the Petition of Public Service Electric and Gas Company Pursuant to N.J.S.A. 48:3-9 and N.J.A.C. 14:1-5.9, for Authority to Issue and Sell Short-term Obligations not Exceeding \$1.0 Billion Aggregate Principal Amount at any one time Outstanding Through January 3, 2025, BPU Docket No. EF22050349, Order dated November 9, 2022.

of energy and natural gas; 3) payment of State income and other taxes; and 4) temporary funding of long-term debt including maturities and obligations and to manage timing differences which may occur between its cash receipts, including collections from customers, and its cash outflows, including Basic Generation Service ("BGS") and Basic Gas Supply Service ("BGSS") contract payments. Therefore, to employ internally generated cash efficiently, and to provide the required flexibility necessary to manage such cash flow during 2025 and 2026, the Petitioner sought Board approval to continue issuing Short-term Obligations. To the extent that any Short-term Obligation is a renewal or extension of a previous Short-term Obligation, the Petitioner requests that such renewal or extension be payable later than twelve (12) months after the date of the original instrument. Petitioner further requested that, within the limitation of \$1.0 billion aggregate principal amount at any one (1) time outstanding, such Short-term Obligations may be issued, extended, or renewed from time to time through January 4, 2027 without Board approval.

Petitioner asserted that the interest or discount rate applicable to the Short-term Obligations will be the most advantageous. In the case of borrowings from banks and trust companies, such rate, in each instance, will be referenced to the prime commercial lending rate, the federal funds effective rate, the overnight bank funding rate, or the Secured Overnight Funding Rate ("SOFR") or the successor thereto, if the Federal Reserve Bank of New York (or a successor administrator) is no longer making SOFR available, as the case may be. In the case of commercial paper, the rate will normally be the market rate or discount rate for commercial paper of comparable quality and maturity.

According to the Petition, the proceeds from the Short-term Obligations will be added to the Petitioner's general funds, and used for utility purposes and corporate transactions, including but not limited to the following: 1) working capital; 2) interim financing / payment of State income and other tax obligations; 3) purchases of energy and natural gas; 4) temporary funding of long-term debt including maturity and obligations and to manage timing differences which may occur between its cash receipts, including collections from customers, and its cash outflows, including BGS and BGSS contract payments; and 5) payment of other current utility transactions.

The New Jersey Division of Rate Counsel ("Rate Counsel") reviewed this matter, and via correspondence dated October 16, 2024, is not opposed to Board approval subject to the provisions below.

DISCUSSION AND FINDINGS

The Board, having carefully reviewed the record in the matter, **HEREBY FINDS** that Short-term Obligations are necessary to be used for utility purposes and corporate transactions, including but not limited to working capital, interim financing / payment of State income and other tax obligations, purchases of energy and natural gas, temporary funding of long-term debt including maturity and obligations and to manage timing differences which may occur between its cash receipts, including collections from customers, and its cash outflows, including BGS and BGSS contract payments, and payments of other current utility transactions. The Board **FURTHER FINDS** that the above transaction is in the public interest and in accordance with law, the Board **HEREBY AUTHORIZES** the Petitioner to issue and sell Short-term Obligations, not exceeding \$1.0 billion in aggregate principal amount at any one time outstanding, subject to the following conditions:

1. Beginning January 15, 2025, and every six (6) months thereafter Petitioner shall file with the Board Secretary, with a copy to the Chief Economist, a statement setting forth in reasonable detail the amounts of its secured and unsecured

indebtedness outstanding, the dates of issue and maturity, and the rates of interest thereon. The statement shall include copies of executed indentures associated with the authorization contained in this Order. The statement shall further include the name of the issuing entity, issue date, amount of debt issued, the term in years, final maturity date, coupon rate, price to public, underwriters discount, net proceeds after expenses, gross proceeds before expenses, breakdown of estimated issuance costs (including, but not limited to, information such as the underwriting fees, underwriting expenses, legal fees and expenses, recordation taxes and fees, trustee fees, etc.) and any other material provision with respect to the terms and conditions of any new issuance.


2. This Order shall not be construed as a certification that the securities proposed to be issued will be represented by tangible or intangible assets of commensurate value or investment costs.
3. This Order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of the tangible or intangible assets now owned or hereafter to be owned by Petitioner.
4. This Order shall not affect the authority of the Board, or the State, in any future petition or in any proceeding with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or in any other matters affecting the Petitioner.
5. Petitioner shall submit to the Board Secretary, with a copy to the Chief Economist, copies of any and all resolutions that shall be adopted by the Board of Directors of Petitioner during the term of this Order, which shall have the effect of changing the amount of unsecured indebtedness within the limits established by this Order. Such submittals shall be for informational purposes only and shall be made within ten (10) days following the taking of such action by Petitioner's Board of Directors.
6. If the Petitioner determines it requires short-term debt funds in the form of commercial paper, Petitioner shall first use commercially reasonable efforts to obtain competitive bids from at least three (3) commercial paper dealers, and select the bid that offers the best terms at the lowest rate to Petitioner and to New Jersey ratepayers. Petitioner shall maintain documentation as to such efforts to obtain competitive bids from at least three (3) commercial paper dealers. Such documentation shall be supplied to Board Staff or Rate Counsel upon request.
7. Petitioner is obligated to conduct its short-term borrowing at lowest reasonable cost.
8. All Short-term debt issued pursuant to this Order is to be used to fund utility operations and investments only, and not to fund unregulated affiliates or their activities.
9. The Board's approval pursuant to the Order does not constitute pre-approval of any cost recovery from customers.
10. Petitioner retains the obligation to use a prudent mix of capital to finance its utility operations and investments to provide service at lowest reasonable cost.

11. Rate Counsel and Board Staff reserve all rights to take appropriate positions in future Board proceedings involving Petitioner.
12. The authority granted in this Order shall become null and void and of no effect with respect to any portion of the Order which is not exercised by January 5, 2027.
13. Petitioner shall file its next short-term debt petition by no later than 150 days prior to the expiration of this Order.

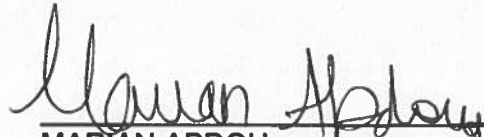
This Order shall become effective on November 28, 2024.

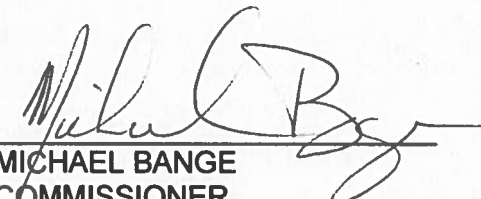
DATED: November 21, 2024

BOARD OF PUBLIC UTILITIES
BY:


CHRISTINE GUHL-SADOVY
PRESIDENT


DR. ZENON CHRISTODOULOU
COMMISSIONER


MARIAN ABDOU
COMMISSIONER


MICHAEL BANGE
COMMISSIONER

ATTEST: 
DAWN A. GRAY
EXECUTIVE ASSISTANT

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY PURSUANT TO
N.J.S.A. 48:3-9 AND N.J.A.C. 14:1-5.9, FOR AUTHORITY TO ISSUE AND SELL SHORT-TERM OBLIGATIONS
NOT EXCEEDING \$1.0 BILLION AGGREGATE PRINCIPAL AMOUNT AT ANY ONE TIME OUTSTANDING
THROUGH JANUARY 4, 2027

DOCKET NO. EF24060403

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