



Agenda Date: 11/9/22
Agenda Item: IIA

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

ENERGY

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 3, 2025)

ORDER

DOCKET NO. EF22050349

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Joseph F. Accardo Jr., Esq., Vice President Regulatory and Deputy General Counsel,
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, by petition filed May 24, 2022, requested authority, pursuant N.J.S.A. 48:3-9 and N.J.A.C. 14:1-5.9, from the New Jersey Board of Public Utilities (“Board”) to issue and sell: a) short-term obligations consisting of borrowings from banks, trust companies, insurance companies or other lenders; and b) promissory notes (“commercial paper”)[(a) and (b) together, “Short-term Obligations”] not to exceed \$1.0 billion in aggregate principal amount at any one time outstanding, through January 3, 2025 (“Petition”).

The requests in the Petition are similar to and follows the requests in Docket No. EF20060400. In that docket, by Order dated December 2, 2020, the Board authorized Petitioner to issue Short-term Obligations, not exceeding \$1.0 billion in aggregate principal amount at any one time outstanding, through January 3, 2023. ¹

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, 2023, BPU Docket No. EF20060400, Order dated December 2, 2020.

Petitioner stated that permanent financing and refinancing for its continuing facilities improvement programs are provided through the issuance of long-term debt and by internally generated cash and equity contributions. However, Petitioner argued it also needs to fund its utility obligations and corporate transactions, including working capital, purchases of energy and natural gas, payment of State taxes, 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 contract payments. In order to employ internally generated cash efficiently and to provide the flexibility necessary to effectively manage cash flows and meet continued cash needs, Petitioner maintains that it must continue to issue Short-term Obligations.

According to the Petition, the requested authority will provide Petitioner with the flexibility it requires to meet continued cash needs and manage cash flows during 2023 and 2024. To the extent that any Short-term Obligation is a renewal or extension of a Short-term Obligation previously issued, such renewal or extension could be payable later than 12 months after the date of the original instrument. Petitioner requested that, within the limitation of \$1.0 billion aggregate principal amount at any one time outstanding, such Short-term Obligations may be issued, extended or renewed from time to time through January 3, 2025 without further application to or approval of the Board.

Petitioner asserted that the interest or discount rate applicable to the Short-term Obligations will be the best rate obtainable by Petitioner for the type of transaction involved. In the case of borrowings from banks and trust companies, such rate, in each instance, will normally be referenced to the prime commercial lending rate, the federal funds effective rate or 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.

Petitioner represented that the proceeds from the issuance of Short-term Obligations will be added to its general funds, and will be used for utility purposes, including for working capital, interim financing of State income and other tax obligations, purchases of energy and natural gas, temporary funding of long-term debt maturity and obligations, and payment of other current utility transactions.

The New Jersey Division of Rate Counsel ("Rate Counsel") reviewed this matter and, by letter dated September 22, 2022, indicated that it does not object to Board approval of the Petition subject to 13 conditions.

DISCUSSION AND FINDINGS:

The Board, after investigation, having considered the Petition, exhibits, Petitioner's responses to discovery, and the comments of Rate Counsel and Board Staff ("Staff"), pursuant to N.J.S.A. 48:3-9, **HEREBY FINDS** that the proposed financing is in accordance with law and is in the public interest, and approving of the purposes thereof, **HEREBY ORDERS** that Petitioner be and is **HEREBY AUTHORIZED** to issue and sell Short-term Obligations not exceeding \$1.0 billion in aggregate principal amount at any one time outstanding, all as described above.

This Order is issued subject to the following provisions:

1. Within 30 days after the close of each fiscal quarter, Petitioner shall file with the Board Secretary, and a copy to the Chief Economist, a statement setting forth in reasonable detail the amounts of its unsecured indebtedness outstanding, the dates of issue and maturity, and the rates of interest thereon.
2. The Board's 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. The Board's 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 or in any way limit the exercise of the authority of this Board, or of this 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, and 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 10 days following the taking of such action by Petitioner's Board of Directors.
6. On each day where the Petitioner determines that it requires short-term 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. Petitioner shall then select the bid that offers the best terms at the lowest rate to Petitioner and to its New Jersey ratepayers. Petitioner shall maintain documentation as to such efforts to maintain competitive bids from at least three (3) commercial paper dealers. Such documentation shall be supplied to 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 the authority granted by this Order is to be used to fund utility operations and investments only, not to fund unregulated affiliates or their activities.
9. The Board's approval of the Petition does not constitute pre-approval of any cost recovery from customers or rate setting.
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 Staff reserve all rights to take appropriate positions in future Board proceedings involving Petitioner.

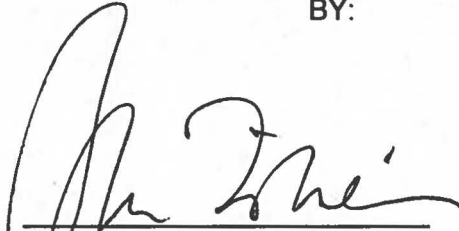
12. The authority granted in this Order shall become null and void and of no effect with respect to any portion which is not exercised by January 4, 2025.

13. Petitioner shall file its next short-term debt petition by no later than 150 days prior to the expiration of the authorization granted in this Order.


This Order shall become effective on November 16, 2022.

DATED: November 9, 2022

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



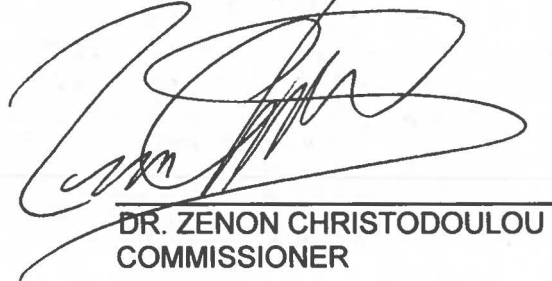
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DIANNE SOLOMON
COMMISSIONER

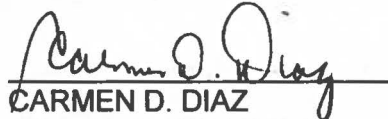


ROBERT M. GORDON
COMMISSIONER



DR. ZENON CHRISTODOULOU
COMMISSIONER

ATTEST:



CARMEN D. DIAZ
ACTING SECRETARY

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 3, 2025

DOCKET NO. EF22050349

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