



Agenda Date: 9/17/18
Agenda Item: 20

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC)
SERVICE ELECTRIC AND GAS COMPANY) ORDER
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, 2021) DOCKET NO. EF18050524

Parties of Record:

Shawn P. Leyden, Esq., Vice President and Deputy General Counsel, PSE&G Company
Stefanie A. Brand, Esq., Director, Division of Rate Counsel

BY THE BOARD:¹

Public Service Electric and Gas Company ("Petitioner"), a public utility of the State of New Jersey, by petition filed May 11, 2018 ("Petition"), has requested authority, pursuant N.J.S.A. 48:3-9 and N.J.A.C. 14:1-5.9, 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") (together, "Short-term Obligations") not to exceed \$1.0 billion in aggregate principal amount at any one time outstanding, through January 4, 2021.

The request in the instant proceeding is virtually identical to the request in Docket No. EF16070679. In that docket, by Order dated November 30, 2016, the New Jersey Board of Public Utilities ("Board") authorized Petitioner to issue Short-term Obligations, not exceeding \$1.0 billion in aggregate principal amount at any one time outstanding, through January 2, 2019.

Petitioner states 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 also needs to fund its utility obligations and corporate transactions, including working capital, purchases of energy and natural gas, payment of State income and other 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

¹ Commissioner Robert M. Gordon recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

("BGS") 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 needs to 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 2019 and 2020. 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 twelve months after the date of the original instrument. Petitioner requests 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 4, 2021 without further application to or approval of the Board.

Petitioner asserts 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 rate or the London Interbank Offered Rate ("LIBOR"), 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 represents 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") has reviewed this matter and, by letter dated September 6, 2018, is not opposed to Board approval subject to the provisions below.

DISCUSSION AND FINDINGS:

The Board, after its investigation, **FINDS** that:

1. The purposes of the Short-term Obligations are necessary and proper; and
2. The Petitioner's financing is appropriate at this time.

Therefore, after investigation, having considered the record and exhibits submitted in these proceedings, being satisfied with the action proposed to be taken by Petitioner as indicated above, and finding that the transaction is to be made in accordance with law, is in the public interest, and approving the purposes thereof, the Board **HEREBY ORDERS** that Petitioner be and it 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:

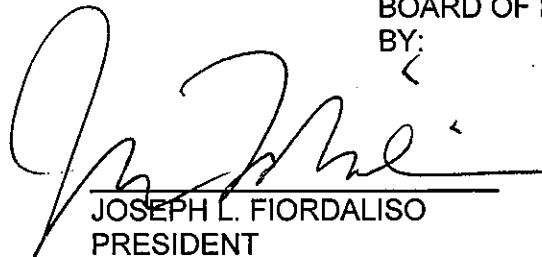
1. This Order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of the tangible or intangible assets now owned or hereafter to be owned by Petitioner.

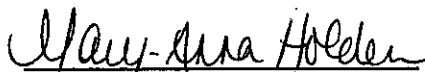
2. This Order shall not affect or in any way limit the exercise of any right or powers of this Board, or of this State, in any future petition or in any proceeding with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or in any other matters affecting the Petitioner.
3. 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, 2021.
4. Petitioner shall be obligated to conduct its short-term borrowing at the lowest reasonable cost, in accordance with its commitment in Paragraph 5 of its Petition.
5. Short-term issuance authority shall be used to fund the company's regulated utility operations and investments only, not to fund its unregulated corporate affiliates. In addition, Petitioner shall conduct short-term borrowing on a stand-alone basis and not in conjunction with its parent or corporate affiliates.
6. The Board's approval of the Petition shall not constitute pre-approval of any cost recovery from customers or the setting of rates.
7. The Board's approval of the Petition shall not constitute pre-approval of any capital structure targets, financing plans or capital spending plans.
8. Petitioner retains the affirmative obligation to use a prudent mix of capital to finance its utility operations and investments to provide utility service at lowest reasonable cost.
9. Rate Counsel reserves all rights to take appropriate positions in all future Board proceedings involving Petitioner.

This Order shall become effective on September 27, 2018.

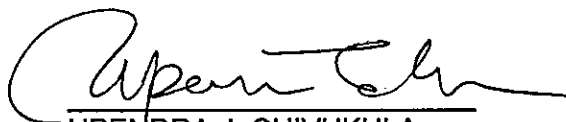
DATED: 9/17/18

BOARD OF PUBLIC UTILITIES
BY:

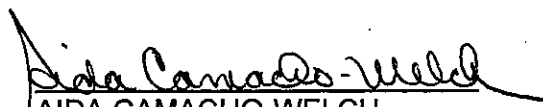

JOSEPH L. FIORDALISO
PRESIDENT


MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST:


AIDA CAMACHO-WELCH
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 4, 2021
DOCKET NO. EF18050524

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