

ASSEMBLY, No. 2105

STATE OF NEW JERSEY

INTRODUCED JUNE 3, 1996

By Assemblymen COHEN and WISNIEWSKI

1 AN ACT concerning nuclear electric generating facilities, and
2 supplementing Title 48 of the Revised Statutes.

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

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7 1. a. The Board of Public Utilities shall adopt rules and regulations
8 establishing a program of financial incentives to be used by the board
9 in fixing just and reasonable rates, pursuant to Title 48 of the Revised
10 Statutes, for service provided by nuclear electric generating facilities.
11 The program shall incorporate an annual review of all actions taken
12 and reports issued by the Nuclear Regulatory Commission concerning
13 the safety and operation of each nuclear electric generating facility
14 subject to the board's jurisdiction. The program shall provide a
15 mechanism to reward a facility that achieves savings through improved
16 safety and operation over the period since the last rate application for
17 or including that facility.

18 b. The board shall calculate the savings attributed to improved
19 safety and operation by considering the savings achieved by fewer
20 outages, the reduced purchases of replacement power and other
21 avoided costs associated with improvements in safety and operation.

22 c. In determining an appropriate rate-making procedure for
23 granting financial incentives, the board shall allow a facility to retain
24 a percentage of the savings or avoided costs achieved through
25 improved safety and operation at the facility in the form of credits for
26 the amount of avoided costs, an increased rate of return for the utility
27 owning the facility, accelerated depreciation, or any combination
28 thereof.

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30 2. Within 90 days of the adoption of rules and regulations required
31 by section 1 of this act, the board shall submit a report to the
32 Governor and the Legislature outlining the provisions of the
33 regulations.

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35 3. Notwithstanding any law, rule, regulation or administrative
36 order to the contrary, the board may incorporate the rules and
37 regulations adopted pursuant to section 1 of this act into the process

1 of fixing just and reasonable rates for nuclear electric generating
2 facilities.

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4 4. This act shall take effect immediately.

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STATEMENT

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9 This bill requires the Board of Public Utilities to adopt rules and
10 regulations to establish a program of financial incentives for use in
11 fixing the rates to be charged for electricity services provided by
12 nuclear electric generating facilities subject to the board's jurisdiction.

13 The program to be developed by the board shall provide a
14 mechanism for rewarding nuclear electric generating facilities that
15 achieve savings through improved safety and operations. In
16 calculating the savings achieved by facilities subject to its jurisdiction,
17 the board shall consider the amount of savings achieved through fewer
18 outages, reduced purchase of replacement power and other avoided
19 costs resulting from safety and operational improvements.

20 In establishing incentives to reward improved safety and operation,
21 the bill requires the board to permit facilities to retain a percentage of
22 the savings achieved in the form of credits to the facilities, accelerated
23 depreciation, higher rates of return or any combination thereof.

24 The bill requires the board to adopt rules and regulations to
25 incorporate annual reviews of the Nuclear Regulatory Commission
26 actions and reports into the program of financial incentives.

27 The bill also requires the board to submit a report to the Governor
28 and the Legislature within 90 days of the adoption of rules and
29 regulations outlining the provisions of the regulations.

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34 Requires the BPU to establish a program of financial incentives for
35 nuclear facilities.