



Comments on the Proposed Amendments To Board of Public Utilities Main Extension Rules

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New Jersey Future urges the BPU to withdraw its proposal to amend the main extension rules until they can be reviewed in light of the Christie administration's forthcoming State Strategic Plan.

The BPU main extension rules (N.J.A.C. 14:3-8) were modified in 2005 to incorporate the state's smart-growth policy goals, as articulated in the *State Development and Redevelopment Plan*, to encourage development in smart-growth areas, and to remove such incentives in areas targeted for preservation. The rules allow public utilities to pay for utility main extensions to smart-growth areas and, with minor exceptions, prohibited them from paying for all other extensions, where the cost must be borne by developers. The rules cover regulated entities including water, sewer, electric, gas and telecommunication companies.

Smart Growth Policies Help the Economy, Environment

The proposed change to the main extension rules would reverse the well-established state policy of targeting financial incentives to smart-growth areas — places located near existing cities, towns and suburbs — and away from farmland and natural areas, as identified in New Jersey's *State Development and Redevelopment Plan*. This policy reflects the long-held preferences of New Jersey residents, according to a [poll](#) released this week by the Monmouth University Polling Institute. The poll found that nearly 70 percent of New Jersey residents support a coordinated, statewide plan to steer growth and development to existing population centers in order to preserve farming communities and open spaces. These findings are nearly identical to a poll conducted in 2002.

Encouraging construction in smart-growth areas makes sense from the perspective of energy use. Residents in these areas typically [drive less](#), since destinations are closer and people often have the option to use transit, walk or bike. Promoting development in smart-growth areas also helps spur economic growth and create jobs without harming clean water, farmland and other natural assets.

The Centex Decision Can be Addressed without Removing Smart Growth Provisions

On Dec. 30, 2009, the Appellate Division rendered the main extension rules invalid in *In the Matter of Centex Homes, LLC*. 411 NJ Super. 244 (App. Div. 2009), finding that BPU required more explicit statutory authority to incorporate smart-growth principles into its regulations. This issue could be addressed without removing the smart growth provisions, either through simple legislation giving BPU the necessary authority, or possibly by revising the approach used in the rules.

Preparation of Rules Proposal Should Wait for State Strategic Plan Release

The Christie administration is now putting the finishing touches on the State Strategic Plan, a plan intended to guide the state's economic and physical development, building upon the land-use vision articulated in the *State Development and Redevelopment Plan*. The State Strategic Plan is expected to call upon state agencies and entities like the BPU to align their programs, policies, rules and spending in support of it. If nothing else, the Office of Clean Energy should withdraw its proposal until it can be considered in light of the State Strategic Plan and a legislative approach can be evaluated.

The BPU's main extension rules don't prevent people from developing land or living and working in the state's rural areas. But they have represented a commitment not to subsidize development that causes sprawl, increases traffic and gobbles up open space. Since ratepayers foot the bill for these subsidies, the BPU has a responsibility to ensure that they will not be offered in areas where growth has other negative consequences.

New Jersey Future is a nonprofit, nonpartisan organization that brings together concerned citizens and leaders to promote responsible land-use policies. The organization employs original research, analysis and advocacy to build coalitions and drive land-use policies that help revitalize cities and towns, protect natural lands and farms, provide more transportation choices beyond cars, expand access to safe and affordable neighborhoods and fuel a prosperous economy.