

OpEd: NJ industry and citizens can be energized by another kind of stimulus package: A return of \$5 billion to PSEG customers

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NJ industry and citizens can be energized by another kind of stimulus package: A return of \$5 billion to PSEG customers

By Hal Bozarth, Executive Director
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The Federal government has approved a stimulus package with the hopes of stimulating the economy and preventing a recession. But New Jersey has an opportunity to offer a unique stimulus package of its own that would benefit consumers and industry alike. Almost \$5 billion can be returned to New Jersey manufacturing, commercial and residential energy customers who have been subject to an unfair surcharge on their electricity bills since 2001. Such a return would render the New Jersey manufacturing industry in PSEG's service territory (covering more than 70% of the state's consumption) more competitive and profitable, likely by billions of dollars.

Where would the money come from to render such a relief? It would come from the more than \$5 billion in so-called "stranded cost" surcharges collected from all of us by PSEG for anticipated losses from electricity competition, which the company has never suffered.

The theory underlying the stranded cost payment given to PSEG pursuant to the New Jersey Electric Discount and Energy Competition Act of 1999, was that competition would render the PSEG plants too expensive to operate; thus the PSEG generating assets (plants) would be "stranded" and useless. In reality, none of the plants were either "stranded or useless" and all have run 24/7, making huge profits for the electric monopoly at our expense. In fact, PSE&G has experienced record profits in recent years, with its stock hitting \$100 per share before recently splitting, further proving that the feared financial loss to the monopoly from competition never materialized. With New Jersey electricity rates for all classes of customers among the highest in the nation, market prices obviously never went down.

The continued collection of this surcharge, if not halted by the New Jersey Board of Public Utilities, which has the authority but has chosen not to use it, will impose an additional \$2 billion in surcharges for the next several years on New Jersey customers - resulting in a total extraction of approximately \$7 billion.

The New Jersey Board of Public Utilities must realize that this is outright thievery by the electricity monopoly, and New Jersey energy consumers can no longer afford such staggering and outrageous electricity rates.

The cost of doing business in New Jersey is already stifling; add to this the industrial electricity rates, which are the 8th highest in the nation and seventy percent above the national average, and one can see why New Jersey will continue to lose manufacturing employers. The high cost of electricity impacts their

product costs, their continued viability as New Jersey companies, and endangers more than 70,000 jobs in the chemical sector alone.

The New Jersey Board of Public Utilities has a very unique opportunity to help all energy consumers in the Garden State, and offer an economic stimulus package of their own that would result in immediate savings and potentially securing high-paying jobs - the best stimulus package of all!

And, if the BPU won't act, maybe the NJ Legislature will.