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Governor

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## State of New Jersey

BOARD OF PUBLIC UTILITIES  
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### NOTICE<sup>1</sup>

**In the Matter of the Proposed Amendments to N.J.A.C. 14:3-8  
to Consider the Impact of the Tax Cuts and Jobs Act of 2017 on Main Extensions  
BPU Docket No. AX19050615  
Stakeholder Meeting  
April 29, 2021 at 1:00 p.m.  
Virtual Format via GoTo Webinar**

<https://attendee.gotowebinar.com/register/1985803075282919692>

The New Jersey Board of Public Utilities (“NJBPU” or “Board”) is considering potential rule amendments to N.J.A.C. 14:3.8. A summary of the recommended changes is enclosed within this Notice. The changes include updating the rule to reflect the impact of the Tax Cuts and Jobs Act of 2017 on deposits or non-refundable contributions collected by water and wastewater utilities for extensions to provide regulated services, as well as updating the subchapter for water, wastewater, telecommunications, gas, and electric by replacing references to the Tax Reform Act of 1986 with references to the current Internal Revenue Code.

Individuals who wish to register for the virtual stakeholder proceeding should register via the link above. Comments on this matter should be sent via email to [board.secretary@bpu.nj.gov](mailto:board.secretary@bpu.nj.gov). Comments may also be filed electronically through the Board’s external access portal upon obtaining a MyNewJersey user identification and account at <https://my.state.nj.us/signup/Signup>. Once you establish a MyNewJersey account, an authorization code is required, which you can request by emailing the Board’s IT Helpdesk at [BPUIHELPDESK@bpu.nj.gov](mailto:BPUIHELPDESK@bpu.nj.gov).

Comments can be in Microsoft Word or PDF format, and should include in the subject “*I/M/O the Proposed Amendments to N.J.A.C. 14:3-8 to Consider the Impact of the Tax Cuts and Jobs Act of 2017 on Main Extensions, Docket No. AX19050615*” along with the last name of the author and the name of company or organization. All comments will be posted on the Board’s website. Comments must be received on or before 5:00 p.m. ET on May 13, 2021.

Please note that these comments are considered “public documents” for purposes of the State’s Open Public Records Act. Commenters may identify information that they seek to keep confidential by submitting them in accordance with the confidentiality procedures set forth in N.J.A.C. 14:1-12.3.

A handwritten signature in blue ink that reads "Aida Camacho-Welch".

Aida Camacho-Welch  
Secretary of the Board

Dated: April 12, 2021

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<sup>1</sup> Not a paid legal advertisement.

### **Main Extension Stakeholders Summary**

Staff is proposing that the Board consider modifications to the existing main extension rules, N.J.A.C. 14:3-8 et seq., to reflect tax changes that affect water and wastewater utilities that became effective with the passage of the Tax Cuts and Jobs Act of 2017 (“Tax Act”). Contributions in aid of construction (“CIACs”) received by gas and electric utilities for main extensions became taxable for federal income tax (“FIT”) and state income tax (“SIT”) purposes with the passage of the Tax Reform Act of 1986 (“TRA-86”). CIACs received by water and wastewater utilities for main extensions became taxable for FIT purposes with the passage of the Tax Act. Water and wastewater utilities do not pay SIT because they pay gross receipts and franchise taxes. The existing rules include a template that the gas and electric utilities are required to follow to calculate the gross up for FIT and SIT for main extension CIACs, deposits, and refunds. The proposed rules will require water and wastewater utilities to also follow this template to calculate the gross up for FIT for main extension CIACs, deposits, and refunds. As water and wastewater utility CIACs are not subject to SIT, they will be required to use the template but they will enter zero as the SIT rate. Staff’s proposal is to change all references in the current main extension rule and the template from TRA-86 to Internal Revenue Code (“IRC”) so that they will apply to all gas, electric, water, and wastewater utilities whose CIACs are taxable without referencing which law made them taxable.