



Agenda Date: 3/26/18  
Agenda Item: 5K

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
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Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

WATER

IN THE MATTER OF THE NEW JERSEY BOARD OF )  
PUBLIC UTILITIES' CONSIDERATION OF THE TAX )  
CUTS AND JOBS ACT OF 2017 FILING ON BEHALF )  
OF SUEZ WATER ARLINGTON HILLS, INC. )

ORDER  
DOCKET NO. AX18010001  
DOCKET NO. WR18030240

(SERVICE LIST ATTACHED)

**Parties of Record:**

**Stephen B. Genzer, Esq., Saul Ewing Arnstein & Lehr LLP**, on behalf of SUEZ Water Arlington Hills, Inc.

**Stefanie A. Brand, Esq., Director**, New Jersey Division of Rate Counsel

BY THE BOARD:<sup>1</sup>

This Board Order addresses the interim rate changes to be effective April 1, 2018 that are proposed in the petition filed by SUEZ Water Arlington Hills, Inc. ("SUEZ AH" or "Company") in response to an order issued by the New Jersey Board of Public Utilities ("Board") on January 31, 2018 ("January 31, 2018 Order")<sup>2</sup>, directing the affected utilities<sup>3</sup> to file petitions proposing new rates reflecting the impacts from the Federal Tax Cuts and Jobs Act signed into law on December 22, 2017 (the "2017 Act").

<sup>1</sup> Commissioner Richard S. Mroz recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

<sup>2</sup> See In re the New Jersey Board of Public Utilities' Consideration of the Tax Cuts and Jobs Act of 2017, BPU Docket No. AX18010001 (Order dated January 31, 2018).

<sup>3</sup> The affected utilities are investor-owned gas, electric, water and wastewater companies under the jurisdiction of the Board. In addition, affected utilities shall be those with 2017 revenues equal to or greater than \$4.5 million.

## **BACKGROUND**

The effective date of the 2017 Act is January 1, 2018. The 2017 Act sets forth changes to the Federal Internal Revenue Tax Code ("Tax Code"), including a reduction in the maximum corporate tax rate from thirty-five percent (35%) to twenty-one percent (21%). The Board is charged with the authority to ensure that the regulated utilities' rates charged to ratepayers are just and reasonable. When the Board sets rates in base rate cases and in certain annual/periodic clauses, utilities are permitted to gross up their revenue requirement as well as set other rate factors, including, the accumulated deferred income tax, based on the then existing thirty-five percent (35%) corporate tax rate.

The Board issued the January 31, 2018 Order which set all affected utility rates as interim and established a proceeding to consider the implications of the 2017 Act. Based upon the Board's review of the 2017 Act, the Board found in its January 31, 2018 Order that the changes to the Tax Code will provide savings to the affected utilities and will result in an over-collection of tax revenue by the affected utilities that will not be paid in federal income taxes. The affected utilities were required to file amended tariffs reflecting a reduction in rates resulting from the reduction in the corporate tax rate effective April 1, 2018, as well as a plan to address other rate factors and to refund any over-collection in rates.

On March 2, 2018, the Company filed its Petition pursuant to the January 31, 2018 Order, including proposed Tariffs as well as a proposed plan. Specifically, the Company filed for a reduction in rates of (\$207,808) or (8.491%). The Company's proposed Tariffs include an across-the-board rate reduction reflecting the reduction in the corporate tax rate from 35% to 21%. As a result, an average 5/8-inch customer using 6,000 gallons per month will have their monthly bill decrease from \$147.96 per month to \$139.38 per month or approximately (5.80%).

## **DISCUSSION AND FINDINGS:**

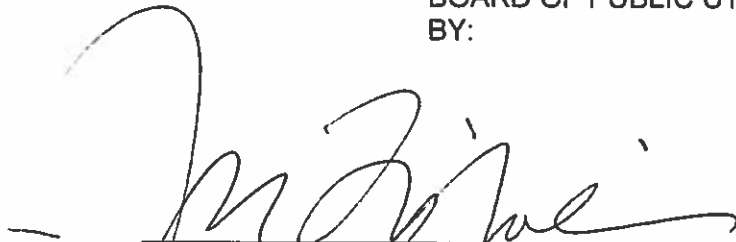
The Board has reviewed the proposed plan filed by SUEZ AH, and **HEREBY DIRECTS** that the plan will be reviewed in the instant proceeding, in accordance with the schedule set forth in the Board's January 31, 2018 Order.

Having reviewed the proposed Tariffs, the Board **HEREBY ADOPTS** the Tariffs to be effective April 1, 2018. The rates set forth in the Tariffs for the interim, subject to refund, pending the outcome of this proceeding. The Company must file tariff pages complying with this Order within five (5) days of the effective date of this Order.

This Order shall be effective March 29, 2018 with rates effective on April 1, 2018.

DATED: 3/26/18

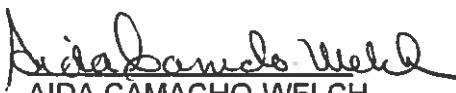
BOARD OF PUBLIC UTILITIES  
BY:

  
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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 NEW JERSEY BOARD OF PUBLIC UTILITIES'  
CONSIDERATION OF THE TAX CUTS AND JOBS ACT OF 2017  
DOCKET NO. AX18010001**

**FILING ON BEHALF OF SUEZ WATER ARLINGTON HILLS, INC.  
DOCKET NO. WR18030240**

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