



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

WATER

IN THE MATTER OF THE JOINT PETITION FOR	)	ORDER FURTHER SUSPENDNG
APPROVAL OF AN INCREASE IN RATES FOR	)	INCREASES, CHANGES OR
WATER AND WASTEWATER SERVICE AND OTHER	)	ALTERATIONS IN RATES FOR
TARIFF CHANGES FOR SUEZ WATER NEW JERSEY	)	WATER AND WASTEWATER
INC., SUEZ WATER TOMS RIVER, INC., SUEZ	)	SERVICE
WATER ARLINGTON HILLS, INC., SUEZ WATER	)	
WEST MILFORD, INC., SUEZ WATER PRINCETON	)	
MEADOWS, INC., AND SUEZ WATER MATCHAPONIX,	)	BPU DOCKET NO. WR18050593
INC.	)	OAL DOCKET NO. PUC 07969-2018S

**Parties of Record:**

**Stephen B. Genzer, Esq., Saul Ewing Arnstein & Lehr, LLP**, on behalf of Joint Petitioners of SUEZ Water Resources Inc.  
**James H. Laskey, Esq. Norris, McLaughlin & Marcus, P.A.**, Intervenor, on behalf of Gordon's Corner Water Company  
**Stefanie A. Brand, Esq., Director**, New Jersey Division of Rate Counsel

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

On May 31, 2018, pursuant to N.J.S.A. 48:2-21, N.J.A.C. 14:1-5.12, and other relevant statutes and regulations, Joint Petitioners, SUEZ Water New Jersey Inc. ("SWNJ"), SUEZ Water Toms River Inc. ("SWTR") SUEZ Water Arlington Hills Inc. ("SWAH"), SUEZ Water West Milford Inc. (SWWM"), SUEZ Water Princeton Meadows Inc. (SWPM"), and SUEZ Water Matchaponix Inc. ("SWMX") (collectively, "Joint Petitioners" or "SUEZ Companies") filed a Petition with the New Jersey Board of Public Utilities ("Board") seeking approval to:

- a) increase rates to produce additional revenues of approximately \$32,104,860 or approximately 12.05% above the annual level of present rate revenues for the test year period ending September 30, 2018, utilizing a return on equity of 10.25%;
- b) implement a unified tariff reflecting the consolidation of the Joint Petitioners into SWNJ and a consolidated rate structure;

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

- c) implement the depreciation rates, and resulting depreciation expense, identified in a depreciation study prepared by the Joint Petitioners;
- d) utilize the results of a comprehensive cost of service study as a basis when setting rates in this matter; and
- e) to the extent required, to reflect in rates the impact of the Tax Cuts and Job Act.

The Joint Petitioners sought approval to increase rates for water service beginning on and after July 1, 2018, which is at least thirty (30) days after the filing of this Petition. Joint Petitioners intend to implement the proposed rates on an interim basis, subject to refund, on March 1, 2019 if the Board has suspended the effective date of the new rates pursuant to N.J.S.A. 48:2-21, without having finally determined a just and reasonable tariff schedule prior to that date.

The Joint Petitioners are all public utility corporations of the State of New Jersey subject to the jurisdiction of the New Jersey Board of Public Utilities ("Board"). Each company is presently a direct subsidiary of SUEZ Water Resources Inc. On March 13, 2018, the Joint Petitioners filed an application with the Board seeking approval to consolidate all of the Joint Petitioners into SWNJ. That matter has been docketed as BPU Docket No. WM18030266 ("Consolidation Petition") and is presently pending before the Board. The Joint Petitioners state that they have structured the requests in this Joint Petition based on the combined corporate structure described in the Consolidation Petition. To maintain consistency between the relief sought in the Consolidation Petition and the rates requested in this proceeding, the Joint Petitioners assume that their operations will have been combined, as requested, when the Board has determined appropriate rates in this matter.

SWNJ maintains its principal business office at 461 From Road, Suite 400, Paramus, New Jersey 07652. SWNJ is engaged in the business of collecting, treating and distributing water for retail service to customers located in the northern and western portions of the State. SWNJ serves approximately 203,000 customers located in portions of Bergen, Hudson, Passaic, Morris, Hunterdon and Sussex Counties. SWNJ also supplies water service to municipalities including the Township of Saddle Brook, the Boroughs of Fairlawn, Saddle River, Mahwah, and Ramsey and the Village of Ridgewood.

SWTR is engaged in the business of collecting, treating and distributing water for retail service to approximately 50,000 customers located in the central portion of Ocean County, specifically in the municipalities of Toms River Township (formally known as Dover Township), the Borough of South Toms River, a portion of Berkeley Township, and seven customers in a small portion of Brick Township. SWTR also serves approximately 275 customers in the Township of Colts Neck located in Monmouth County as a result of SWTR'S purchase of the assets of SBW&S Corp in 2016. The utility assets acquired include water distribution facilities and collection systems for the conveyance of residential wastewater.

SWAH is engaged in the business of collecting, treating and disposing of wastewater for retail service to approximately 600 residential customers, 8 apartment buildings and approximately 24 commercial customers located in the Borough Mount Arlington, Morris County, and one commercial customer located in in Roxbury Township, Morris County.

SWWM is engaged in the business of collecting, treating and disposing of wastewater for retail service to approximately 500 residential customers and approximately 12 commercial customers located in the Township of West Milford in the County of Passaic.

SWPM is engaged in the business of collecting, treating and disposing of wastewater for retail service to approximately 3,500 customers in a portion of the Township of Plainsboro, in the County of Middlesex.

SWMX provides bulk water sales to 5 water purveyors in western Monmouth County.

According to the petition, the need for and the magnitude of the proposed rate increase are driven by a number of factors, including the need for the SUEZ Companies to continue to make significant capital improvements in their utility plant to continue to provide safe, adequate and proper service to their customers and seek in this proceeding to recognize those investments in rate base. The Joint Petitioners assert that since the last base rate case, the SUEZ Companies have invested over \$232 million in facilities to serve customers. The Joint Petitioners state that they are entitled to earn a fair return of, and on, these investments, and this may only be accomplished through the updating of rate base within the context of the implementation of the results of a base rate proceeding.

The Joint Petitioners further aver that the SUEZ Companies continue to experience increases in certain categories of costs, including labor and labor-related expenses, power and waste residual expenses which costs can only be recovered if they are included in base rates. Also, the magnitude of the capital investments required for the smaller water and wastewater systems has had very large impacts on the bills of the customers of those systems. By consolidating those systems into SWNJ, needed costs can be spread across a larger base of customers, mitigating the bill impacts for customers of the smaller systems, with limited upward rate pressure on customers of larger systems.

In addition, the Joint Petitioners seek the rate increase to enable the SUEZ Companies to maintain a satisfactory credit position; to preserve their financial integrity; to permit proper maintenance and improvement of utility facilities required to furnish safe, adequate and proper service to their customers; and to earn a reasonable return upon the fair value of their property used and useful in the public service.

On June 4, 2018, the Board transmitted this matter to the Office of Administrative Law ("OAL") and on June 22, 2018 (with an effective date of July 1, 2018), the Board issued an Order suspending the Company's proposed rate increase until November 1, 2018.

Because this matter is still pending before the OAL, and the proposed revisions will increase existing rates and change or alter existing classifications in each joint Petitioner's tariff, it is **HEREBY ORDERED** that:

- (1) Pursuant to N.J.S.A. 48:2-21, and consistent with N.J.A.C. 14:1-5.12, the proposed revisions be, and are further suspended until March 1, 2019, unless the Board prior to that date, makes a determination disposing of the petition;
- (2) Petitioner shall, at least ten (10) days prior to the date set for hearing on the petition by the Office of Administrative Law, file with this Board and with the Office of Administrative Law (33 Washington Street, Newark N.J. 07102) proof of compliance with the Notice provisions of N.J.S.A. 48:2-32.2 and N.J.A.C. 14:1-5.12(b) and (c),

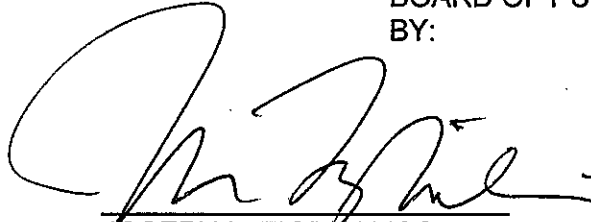
which Notice shall include a statement that any relief found by the Board to be just and reasonable may be allocated by the Board to any class or classes of customers on any rate or schedule as the Board may determine; and

- (3) Petitioner shall serve copies of this Order upon the Office of Administrative Law, Division of Rate Counsel (140 East Front Street, 4<sup>th</sup> Floor, Post Office Box 003, Trenton, NJ 08625-0003), the clerk of each affected municipality, the clerk of the Boards of Chosen Freeholders of each affected county, and where appropriate, the executive officer of each affected county within its service area. Service of the petition, notice of hearings and this Order may be made simultaneously. Proof of service of this Order shall be filed with the Board within fifteen (15) days of the date of this Order.

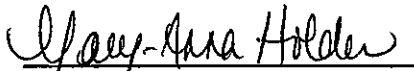
This Order shall be effective on September 27, 2018.

DATED: 9/17/18

BOARD OF PUBLIC UTILITIES  
BY:




JOSEPH L. FIORDALISO  
PRESIDENT



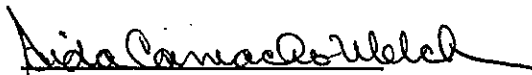
MARY-ANNA HOLDEN  
COMMISSIONER



DIANNE SOLOMON  
COMMISSIONER



UPEENDRA 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 JOINT PETITION FOR APPROVAL OF AN INCREASE IN RATES FOR WATER AND WASTEWATER SERVICE AND OTHER TARIFF CHANGES FOR SUEZ WATER NEW JERSEY INC., SUEZ WATER TOMS RIVER INC., SUEZ WATER ARLINGTON HILLS INC., SUEZ WATER WEST MILFORD INC., SUEZ WATER PRINCETON MEADOWS INC., AND SUEZ WATER MATCHAPONIX INC.

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SERVICE LIST

Stephen B. Genzer, Esq.  
Coleen A. Foley, Esq.  
Saul Ewing Arnstein & Lehr LLP  
One Riverfront Plaza, 15<sup>th</sup> floor  
1037 Raymond Blvd  
Newark, NJ 07102  
[Stephen.Genzer@saul.com](mailto:Stephen.Genzer@saul.com)

James H. Laskey, Esq.  
Norris, McLaughlin & Marcus, P.A.  
400 Crossing Blvd., 8<sup>th</sup> Floor  
P.O. Box 5933  
Bridgewater, NJ 08807  
[Jlaskey@nmmlaw.com](mailto:Jlaskey@nmmlaw.com)

Stefanie A. Brand, Esq., Director  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003  
[sbrand@rpa.nj.gov](mailto:sbrand@rpa.nj.gov)

Patricia Krogman, Deputy Attorney General  
Alex Moreau, Deputy Attorney General  
Department of Law & Public Safety  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, NJ 07101-45029  
[patricia.krogman@law.njoag.gov](mailto:patricia.krogman@law.njoag.gov)  
[alex.moreau@law.njoag.gov](mailto:alex.moreau@law.njoag.gov)

Aida Camacho-Welch  
Secretary of the Board  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[board.secretary@bpu.nj.gov](mailto:board.secretary@bpu.nj.gov)

Maria L. Moran, Director  
Division of Water  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[maria.moran@bpu.nj.gov](mailto:maria.moran@bpu.nj.gov)