



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE JOINT PETITION FOR)	ORDER SUSPENDING
APPROVAL OF AN INCREASE IN RATES FOR)	INCREASES, CHANGES OR
WATER AND WASTEWATER SERVICE AND OTHER)	ALTERATIONS IN RATES
TARIFF CHANGES FOR SUEZ WATER NEW JERSE,)	FOR WATER AND
INC., SUEZ WATER TOMS RIVER, INC., SUEZ)	WASTEWATER SERVICE
WATER ARLINGTON HILLS, INC., SUEZ WATER)	
WEST MILFORD, INC., SUEZ WATER PRINCETON)	
MEADOWS, INC., AND SUEZ WATER MATCHAPONIX,)	
INC.)	DOCKET NO. WR18050593

Parties of Record:

Stephen B. Genzer, Esq., Saul Ewing Arnstein & Lehr, LLP, on behalf of Joint Petitioners of SUEZ Water Resources Inc.
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:¹

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;

¹ 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 seek 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. 48:2-12, 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. WM 18030266 (the "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. In order 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, at the time the rates determined in this matter are reviewed and approved by the Board.

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 in order 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.

It appearing that the proposed revisions will increase existing rates and change or alter existing classifications in Petitioner's tariff, it is **HEREBY ORDERED** that:

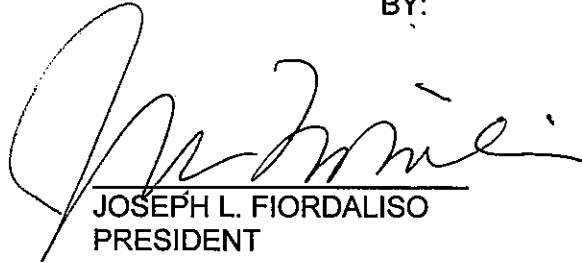
- (1) Pursuant to N.J.S.A. 48:2-21, the proposed revisions be, and are suspended until November 1, 2018, unless the Board prior to that date, makes a determination disposing of the petition or enters an Order further suspending the proposed revisions;
- (2) Petitioner shall, at least ten (10) days prior 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, NJ 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, the Division of Rate Counsel (140 East Front Street, 4th Floor, Post Office Box 003, Trenton, NJ 08625), the clerks of all affected municipalities, the clerks of the Board of

Chosen Freeholders of all affected counties, and where appropriate, the executive officer of the 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 July 1, 2018.

DATED: 6/22/18

BOARD OF PUBLIC UTILITIES
BY:



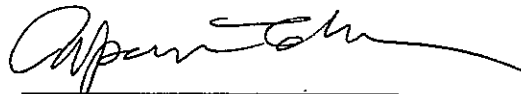
JOSEPH L. FIORDALISO
PRESIDENT



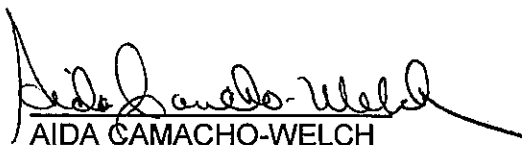
MARY-ANNA HOLDEN
COMMISSIONER



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 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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