



Agenda Date: 9/28/22
Agenda Item: 5A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE PETITION OF VEOLIA)	ORDER DESIGNATING
WATER NEW JERSEY INC. FOR APPROVAL TO)	COMMISSIONER, SETTING
DEFER THE COSTS RELATED TO THE)	MANNER OF SERVICE AND
REPLACEMENT OF CUSTOMER/PROPERTY OWNER)	BAR DATE
SIDE LEAD SERVICE LINES AND OTHER RELATED)	
APPROVALS)	DOCKET NO. WR22060392

Parties of Record:

Stephen B. Genzer, Esq., Saul Ewing Arnstein & Lehr LLP, on behalf of Veolia Water New Jersey, Inc.

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND

Veolia Water New Jersey Inc. (“Petitioner”, “Veolia”, or “Company”) is engaged in the business of treating and distributing water for retail service to customers located throughout the State. Specifically, Veolia serves approximately 260,000 customers located in portions of Bergen, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Sussex, and Warren Counties. Veolia also supplies water service to municipalities including the Borough of Allendale, the Borough of Fairlawn, Township of Freehold, Gordon’s Corner Water Company, the Borough of Mahwah, the Township of Manalapan, the Borough of Ramsey, the Village of Ridgewood, the Township of Saddle Brook, and the Borough of Saddle River.

On July 22, 2021, Governor Phil Murphy L. 2021, c. 183 (“LSLR Law”), into law. The LSLR Law found as follows:

[T]he presence of lead in drinking water represents a threat to the public health, especially the health and development of New Jersey’s children; that pipes containing lead that connect water mains to homes and other buildings, often called lead service lines, are a primary source of lead in drinking water; and that, due in part to the age of New Jersey’s housing, there does not exist a full and complete inventory of all lead service lines in the State.

The Legislature therefore declares that public water systems should fully inventory all service lines and gradually replace all lead service lines, portions of which may exist on private property; and that, given the risk to public health and the resulting social costs that lead exposure imposes upon society as a whole, it is in the public interest that each public water system be obligated to replace lead service lines, including those that exist on private property, and be authorized to recoup the costs of lead service line replacements from all subscribers of the public water system.

[N.J.S.A. 58:12A-40.]

The LSRL Law also requires that “[i]n order to recoup the costs of lead service line replacements from its customers . . . an investor-owned public community water system shall submit to the board, for approval at its next general rate case proceeding, a petition that includes a proposal for cost recoupment.” N.J.S.A. 58:12A-45(b).

On June 22, 2022, Veolia filed a petition that, which among other things, requested the Board to authorize it to defer the costs to replace non-Company side Lead Service Lines (“LSLs”) as a regulatory asset pending the Board’s decision regarding the Company’s next rate case filing.¹ The Company stated that this will enable it to meet its mandated 10% (or 7% if its extension is granted) replacement schedule and to replace non-Company side LSLs quicker. The Company further stated that this also ensure compliance with the legal requirements for cost recovery regarding the replacement of non-Company side LSLs. Specifically, Petitioner is requesting authority to defer the total cost of: (a) the replacement of customer/property owner side LSLs (C.58:12A-45), (b) including interest [C.58:12A-45(2)], (c) the total costs of customer notifications (C.58:12A-43), (d) the cost of in premise inspections to determine the composition of the non-Company side service line, (e) the costs of inventorying which require excavation [C.58:12A-42 f.(2)] in the event all normal methods of determining the composition of a service line has been exhausted, and (f) other incremental costs required to comply with the law.

DISCUSSION AND FINDINGS

In order to effectuate an expeditious decision in this matter, the Board has determined that the petition should be retained by the Board for hearing. Accordingly, pursuant to N.J.S.A. 48:2-32, the Board **HEREBY DESIGNATES** Commissioner Zenon Christodoulou or his designee as the presiding officer over this matter who is authorized to rule on all motions that arise during the pendency of this proceeding, modify any schedules, or preside over any public hearings or meetings that may be set as necessary to secure a just and expeditious determination of the issues. Further, the Board **HEREBY DIRECTS** that any entity seeking to intervene or participate in this matter file the appropriate application with the Board on or before October 28, 2022. Any party wishing to file a motion for admission of counsel, *pro hac vice*, should do so concurrently with any motion to intervene or participate.

¹ Veolia’s most recent base rate case concluded on May 19, 2021. See: In re the Petition of SUEZ Water New Jersey, Inc. for Approval of an Increase in Rates for Water/Sewer Service and other Tariff Changes (BPU Docket No. WR20110729 OAL Docket No. PUC 10966-20). By letter dated April 4, 2022, SUEZ Water New Jersey Inc. (“SUEZ”) notified the Board that it was changing its name to Veolia Water New Jersey Inc. effective March 28, 2022.

In addition, pursuant to the Order in I/M/O The New Jersey Board of Public Utilities' Response to the Covid-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. EO20030254 (June 10, 2020) all parties are **HEREBY DIRECTED** to serve all documents electronically. No hard copies shall be filed until the Board lifts the restrictions imposed in that Order. The Board **HEREBY DIRECTS** Staff to post this Order to the Board's website.

The effective date of this Order is October 5, 2022.

DATED: September 28, 2022

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER

DIANNE SOLOMON
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER



DR. ZENON CHRISTODOULOU
COMMISSIONER

ATTEST:



ROBERT M. GORDON
COMMISSIONER
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 PETITION OF VEOLIA WATER NEW JERSEY INC. FOR
APPROVAL TO DEFER THE COSTS RELATED TO THE REPLACEMENT OF
CUSTOMER/PROPERTY OWNER SIDE LEAD SERVICE LINES AND OTHER RELATED
APPROVALS

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