



Agenda Date: 6/29/23
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

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| IN THE MATTER OF MIDDLESEX WATER COMPANY |) | ORDER DESIGNATING |
| FOR APPROVAL OF PROPOSED COST RECOVERY |) | COMMISSIONER, SETTING |
| OF LEAD SERVICE LINE REPLACEMENT PLAN |) | MANNER OF SERVICE AND |
| |) | BAR DATE |
| |) | |
| |) | DOCKET NO. WR23050291 |

Parties of Record:

Stephen B. Genzer, Esq., Saul Ewing Arnstein & Lehr, LLP on behalf of Middlesex Water Company
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND

Middlesex Water Company Inc. (“Middlesex” or “Company”) is engaged in the business of treating, pumping, and distributing water for retail service to approximately 61,000 retail customers, primarily in eastern Middlesex County, New Jersey. Middlesex also provides wholesale water service to the City of Rahway, the Townships of Edison and Marlboro, the Borough of Highland Park, and the Old Bridge Municipal Utilities Authority; water treatment and pumping services to the Township of East Brunswick; and water service to approximately 300 customers in “the Bayview” in Cumberland County, New Jersey.

On July 22, 2021, Governor Phil Murphy signed P.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 May 15, 2023, Middlesex filed a petition requesting authorization to recover costs associated with the replacement of customer-side Lead service Lines (“LSLs”) (“Petition”).

Pursuant to the LSLR Law, the Company detailed the following six (6) cost recoupment elements in the Petition: 1) the estimated total cost to replace both the customer and company-side portions of the LSLs, 2) the availability of grants or low-interest loans, 3) Middlesex’s proposed treatment of replacement costs in rates, 4) a description of how LSL replacements will be accomplished in conjunction with other replacement projects, 5) any estimated savings that will be achieved, and 6) the means and methods by which Middlesex will communicate with customers and document the customers’ consent, or lack thereof, to LSL replacement.

The Company further noted that cost deferral would ensure compliance with the legal requirements to recover non-Company-side LSL replacement costs as mandated in the LSLR Law.

DISCUSSION AND FINDINGS

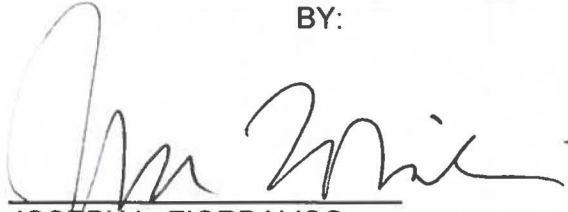
To effectuate an expeditious decision in this matter, the Board has determined that the Petition should be retained by the Board for hearing. Accordingly, pursuant to N.J.S.A. 48:2-32, the Board **HEREBY DESIGNATES** Commissioner Marian Abdou as the presiding officer with authority to rule on all motions arising during the pendency of this proceeding and to modify any schedules 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 August 4, 2023. 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.

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 July 6, 2023.

DATED: June 29, 2023

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DR. ZENON CHRISTODOULOU
COMMISSIONER



CHRISTINE GUHL-SADOVY
COMMISSIONER



MARIAN ABDOU
COMMISSIONER

ATTEST:



SHERRIL L. GOLDEN
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 MIDDLESEX WATER COMPANY FOR APPROVAL OF PROPOSED COST
RECOVERY OF LEAD SERVICE LINE REPLACEMENT PLAN

DOCKET NO. WR23050291

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