



Agenda Date: 9/4/24

Agenda Item: 5A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE PETITION OF VEOLIA)	ORDER APPROVING
WATER NEW JERSEY, INC. FOR APPROVAL TO)	STIPULATION
DEFER THE COST TO PAINT THE MAIN LOCATED ON)	
LEMOINE AVE. IN THE BOROUGH OF FORT LEE,)	DOCKET NO. WO24040242
STATE OF NEW JERSEY)	

Parties of Record:

Bryant Gonzalez, Esq., on behalf of Veolia Water New Jersey, Inc.
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On April 23, 2024, Veolia Water New Jersey, Inc. ("VWNJ" or "Company"), filed a petition with the New Jersey Board of Public Utilities ("Board" or "BPU") seeking approval to defer the costs related to the painting of the Company's water main located on the George Washington Bridge Causeway at Lemoine Avenue in the Borough of Fort Lee, County of Bergen, State of New Jersey and other related approvals ("Petition"). By this Order, the Board considers a Stipulation of Settlement ("Stipulation") executed by VWNJ, Board Staff ("Staff"), and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, "Parties") resolving all issues in controversy in this matter.

BACKGROUND AND PROCEDURAL HISTORY

VWNJ is a public utility corporation of the State of New Jersey, engaged in the business of collecting, treating, and distributing water for retail and wholesale customers, and wastewater service to approximately 262,000 customers located in portions of Bergen, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Sussex, and Warren counties, in the State of New Jersey.

The main dates back to the early 1900s and was replaced and lowered onto the George Washington Bridge approach roadway in the 1930s. In the 1960s, the Main was relocated to accommodate the George Washington Bridge lower deck and widening of the roadway approach and was replaced with the existing steel main currently supported from Lemoine Avenue overpass ("Steel Main"). In 2005, a leak developed on the Steel Main. To address the issue, the Company slip-lined the existing Steel Main, thereby turning it into a casing main, with a 20" ductile iron main ("DIP") in early 2006. The Steel Main provides structural support to the DIP main.

The Port Authority of New York and New Jersey ("PANYNJ") is currently improving the Center Avenue and Lemoine Avenue overpass structures above the George Washington Bridge approach, including road deck replacement and other improvements in the vicinity of the Steel Main.

The Steel Main has external corrosion and the top of the Steel Main would be difficult to access from below. The top of the Steel Main would also be difficult to prepare and paint after road/sidewalk deck structure is reconstructed. Additionally, the Steel Main contains lead paint, which needs to be carefully removed.

As the PANYNJ is performing work in the vicinity of the Steel Main, the Company asserted that now is an ideal time to perform painting because the Steel Main is fully exposed and the majority of the preparation and painting can be performed from above. As a result of the current roadwork and the emergent need to paint the Steel Main, the Company moved forward with the painting at an estimated cost of \$2.1 million. The Company and PANYNJ have entered into an agreement to have the painting work performed by PANYNJ's contractor.

PETITION

By the Petition, the Company requested authorization to defer, for accounting purposes only, the cost to paint the Steel Main. According to VWNJ, the Company would request rate treatment similar to tank painting in its next base rate case.

As described in the Petition, the Main is critical to the water transmission in pressure district 20 in Fort Lee over the George Washington Bridge approach.

The Company stated that the request for deferred accounting in this matter has no impact on rates currently charged to customers. However, once included in rates following the Company's next base rate case filing, the Company estimated that, based on currently known information, the average monthly impact for a residential customer could be approximately \$0.02 per customer per month.

STIPULATION

Following discovery and settlement discussions, the Parties executed the Stipulation, the key elements of which are as follows:¹

1. The Parties recommend, for purposes of the Stipulation, that the Board authorize the Company to defer the stated \$2.1 million cost of the painting of the Lemoine Avenue Main in Fort Lee, New Jersey so that, in the Company's next base rate case (now anticipated by the Company to be filed in or around mid-2026),² the Board can consider whether and to what extent such costs should be included in rates.

¹ Although summarized in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions in this Order. Paragraphs are numbered to coincide with the Stipulation.

² Rate Counsel and Staff acknowledge that the Company has stated its intent to include a plan for recovery of such costs in its next rate case. The Company intends to request appropriate recovery of costs for the work performed on Company assets. Neither Staff nor Rate Counsel are taking a position on such a plan in the Stipulation.

2. The Parties further agree to clarify that, for purposes of the Stipulation:
 - (a) the deferral treatment agreed upon in the Stipulation is limited to the \$2.1 million cost stated in the Company's Petition or the actual cost if less;
 - (b) the amortization period for recovery of the \$2.1 million shall be twenty (20) years;
 - (c) no rate base treatment will be requested; and
 - (d) the deferral treatment agreed upon in the Stipulation does not guarantee that all claimed deferred costs will be recoverable in the next base rate proceeding. Each party retains its right to challenge VWNJ's deferred charges in the next base rate proceeding.

DISCUSSION AND FINDINGS

The Board, having carefully reviewed the record in this proceeding, including the Petition and attached Stipulation, **HEREBY FINDS** that the Stipulation is reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein.

This Order is subject to the following conditions:

1. All future and prospective costs incurred shall be reviewed in the context of future base rate case proceedings.
2. VWNJ shall provide, in its future rate cases, schedules and documentation related to the deferred costs.
3. Of the costs requested for recovery, only those the Board deems prudent, reasonable, and known and measurable will be deemed recoverable from ratepayers.
4. The Board does not guarantee that 100% of the costs the Company defers and includes for recovery will be recovered in rates from ratepayers.
5. Approval of this request constitutes approval for accounting purposes only and does not constitute approval for ratemaking purposes; any determination of the appropriateness or reasonableness of the costs and expenses shall be made in an appropriate ratemaking proceeding.

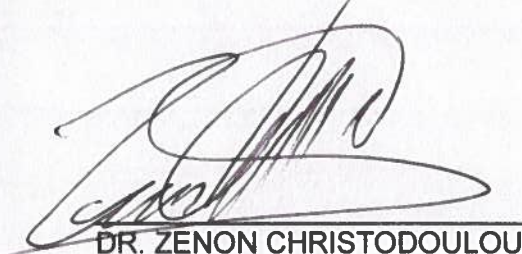
The Company's costs remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

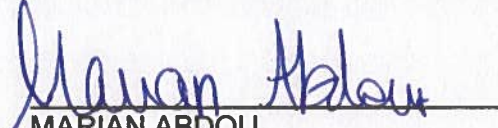
The effective date of this Order is September 11, 2024.

DATED: September 4, 2024

BOARD OF PUBLIC UTILITIES
BY:

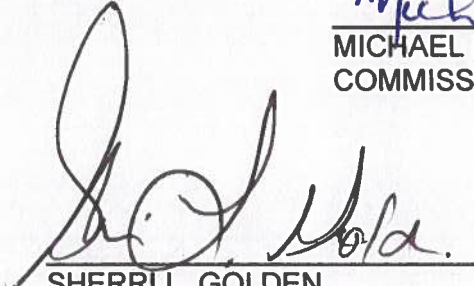

CHRISTINE GUHL-SADOVY
PRESIDENT


DR. ZENON CHRISTODOULOU
COMMISSIONER


MARIAN ABDOU
COMMISSIONER


MICHAEL BANGE
COMMISSIONER

ATTEST:


SHERRI 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 THE PETITION OF VEOLIA WATER NEW JERSEY, INC. FOR THE APPROVAL
TO DEFER THE COST TO PAINT THE MAIN LOCATED ON LEMOINE AVE. IN THE BOROUGH OF
FORT LEE, STATE OF NEW JERSEY

DOCKET NO. WO24040242

SERVICE LIST

VEOLIA WATER NEW JERSEY

460 From Road, Suite 400
Paranus, NJ 07652

James Cagle, Vice President
james.cagle@veolia.com

Bryant Gonzalez
bryant.gonzalez@veolia.com

Elda Gil
elda.gil@veolia.com

Debra Visconti
debra.visconti@veolia.com

DIVISION OF LAW

Department of Law and Public Safety
Richard J. Hughes Justice Complex
Public Utilities Section
25 Market Street, P.O. Box 112
Trenton, NJ 08625

Meliha Arnautovic, DAG
meliha.arnautovic@law.njoag.gov

Pamela Owen, DAG
pamela.owen@law.njoag.gov

DIVISION OF RATE COUNSEL

140 East Front Street, 4th Floor
Trenton, NJ 08625-0003

Brian O. Lipman, Esq., Director
blipman@rpa.nj.gov

Susan McClure, Esq.
smcclure@rpa.nj.gov

Christine Juarez, Esq.
cjuarez@rpa.nj.gov

BOARD OF PUBLIC UTILITIES

44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, NJ 08625-0350

Sherri L. Golden, Board Secretary
board.secretary@bpu.nj.gov

Stacy Peterson, Deputy Executive Director
stacy.peterson@bpu.nj.gov

Kyle Felton
kyle.felton@bpu.nj.gov

General Counsel's Office

Carol Artale, Deputy General Counsel
carol.artale@bpu.nj.gov

Michael Hunter, Regulatory Officer
michael.hunter@bpu.nj.gov

Kit Burnette, Regulatory Officer
kit.burnette@bpu.nj.gov

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE PETITION OF
VEOLIA WATER NEW JERSEY, INC.
FOR APPROVAL TO DEFER THE COST
TO PAINT THE MAIN LOCATED ON
LEMOINE AVE. IN THE BOROUGH OF
FORT LEE, STATE OF NEW JERSEY

:
: BPU DOCKET NO.
: WO24040242
:
:
: **STIPULATION OF**
: **SETTLEMENT**

APPEARANCES:

Bryant Gonzalez, Esq., Veolia Water M&S (Paramus), Inc., on behalf of Veolia Water New Jersey, Inc., Petitioner;

Meliha Arnautovic, Esq., Deputy Attorney General, for Staff of the New Jersey Board of Public Utilities (**Matthew J. Platkin, Esq.**, Attorney General of the State of New Jersey);

Brian O. Lipman, Esq., Director, Susan E. McClure, Esq., Deputy Rate Counsel Water and Wastewater, Christine Juarez, Esq., Assistant Deputy Rate Counsel and Emily Lam, Esq., Assistant Deputy Rate Counsel, for the New Jersey Division of Rate Counsel

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

The parties in this proceeding are Veolia Water New Jersey, Inc. (“Petitioner,” “Company,” or “VWNJ”), the New Jersey Division of Rate Counsel (“Rate Counsel”), and Staff of the New Jersey Board of Public Utilities (“Staff”).

As a result of their analysis of VWNJ’s verified petition filed April 23, 2024 (“Petition”), conducting discovery, and a settlement meeting, Petitioner, Staff, and Rate Counsel (collectively, “Parties”) have come to the instant agreement on all issues in dispute in this matter (“Stipulation”).

PROCEDURAL HISTORY

On April 23, 2024, Petitioner, a public utility corporation of the State of New Jersey, engaged in the business of collecting, treating, and distributing water for retail and wholesale customers, and wastewater service to approximately 262,000 customers located in portions of Bergen, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Sussex, and Warren Counties, in the State of New Jersey, filed the Petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) seeking approval to defer the costs related to the painting of the Company’s water main located on the George Washington Bridge Causeway at Lemoine Avenue in the Borough of Fort Lee, County of Bergen, State of New Jersey (“Main”) and other related approvals. As described in the Petition, the Main is critical to the water transmission in pressure district 20 in Fort Lee over the George Washington Bridge approach. The Main dates back to the early 1900s and, in the 1930s, was replaced and lowered onto the George Washington Bridge approach roadway. In the 1960s, the Main was relocated to accommodate the George Washington Bridge lower deck and widening of the roadway approach and replaced with the existing steel main currently supported from Lemoine Avenue overpass (“Steel Main”). In 2005, a leak developed on the Steel Main. To address the issue, the Company slip-lined the existing main, thereby turning it into a casing main, with a 20” ductile iron main (“DIP”) in early 2006. The Steel Main provides structural support to the DIP main.

The Port Authority of New York and New Jersey (“PANYNJ”) are currently improving the Center Avenue and Lemoine Avenue overpass structures above the George Washington Bridge approach, including road deck replacement and other improvements, in the vicinity of the Steel Main. The Company therefore asserted that now is an ideal time to perform painting because the Steel Main is fully exposed and the majority of the preparation and painting can be performed

from above. The Steel Main has external corrosion and the top of the Steel Main would be difficult to access from below. The top of the Steel Main would also be difficult to prepare and paint after road/sidewalk deck structure is reconstructed. Additionally, the Steel Main contains lead paint which needs to be carefully removed.

As a result of the current roadwork and the emergent need to paint the Steel Main, the Company has moved forward with the painting at an estimated cost of \$2.1 million. The Company and PANYNJ have entered into an agreement to have the painting work performed by PANYNJ's contractor.

By the Petition, the Company requested that the Board authorize it to defer, for accounting purposes only, the cost to paint the Steel Main. The Company would then request rate treatment similar to tank painting in its next base rate case.

Over the course of this proceeding, Petitioner was served with, and responded in full to, discovery requests propounded by Rate Counsel and by Staff. The Parties also met to discuss this matter. The Company stated that the request for deferred accounting in this matter has no impact on rates currently charged to customers. However, once included in rates following the Company's next base rate case filing, the Company estimates, based on currently known information, that the average monthly impact for a residential customer could be approximately \$0.02 per customer per month.

As a result of an analysis of the Petition, Petitioner's responses to discovery, as well as the Parties' discussions and negotiations in this matter, the Parties have reached an agreement on this matter, the provisions of which are set forth below.

SETTLEMENT

Settlement discussions were held, and the agreements reached during those discussions have resulted in the following.

1. The Parties recommend, for purposes of this Stipulation, that the Board authorize the Company to defer the stated \$2.1 million cost of the painting of the Lemoine Avenue Main in Fort Lee, New Jersey so in the Company's next base rate case (now anticipated by the Company to be filed in or around mid-2026),¹ the Board can consider whether and to what extent such costs should be included in rates:

2. The Parties further agree to clarify that, for purposes of this settlement:
- (a) the deferral treatment agreed upon in this Stipulation is limited to the \$2.1 million cost stated in the Company's Petition or the actual cost if less;
 - (b) the amortization period for recovery of the \$2.1 million shall be twenty (20) years;
 - (c) no rate base treatment will be requested;
 - (d) the deferral treatment agreed upon in this Stipulation does not guarantee that all claimed deferred costs will be recoverable in the next base rate proceeding.
- Each party retains its right to challenge Veolia's deferred charges in the next base rate proceeding.

3. This Stipulation shall be binding on the Parties to this proceeding upon approval by the Board. This Stipulation shall bind the Parties in this matter only and shall not be considered precedential in any other proceeding involving the Parties hereto. If any modification is made to the terms of this

¹ Rate Counsel and Staff acknowledge that the Company has stated its intent to include a plan for recovery of such costs in its next rate case. The Company intends to request appropriate recovery of costs for the work performed on Company assets. Neither Staff nor Rate Counsel are taking a position on such a plan in this Stipulation.

Stipulation, the Parties must be given the right to be placed in the position in which each Party was before this Stipulation was executed. It is essential that each Party be given the option to modify its own position, to accept the proposed change(s). The Parties believe that these procedures are fair to all concerned and, therefore, are made an integral and essential element of this Stipulation.

4. This Stipulation may be executed in as many counterparts as there are signatories to this Stipulation, each of which counterpart shall be an original, but all of which shall constitute one and the same instrument.

VEOLIA WATER NEW JERSEY, INC.

Attorney for Petitioner

8/5/2024 | 2:27 PM EDT

Date

By:

Bryant Gonzalez
Bryant Gonzalez, Esq.

MATTHEW J. PLATKIN
ATTORNEY GENERAL OF NEW JERSEY

Attorney for the Staff of the
New Jersey Board of Public Utilities

8/5/24

Date

By:

Meliha Arnautovic DAG
Meliha Arnautovic, Esq.
Deputy Attorney General

BRIAN O. LIPMAN, ESQ.
DIRECTOR, DIVISION OF RATE COUNSEL

8/5/24

Date

By:

Susan E. McClure / CMJ
Susan E. McClure, Esq.
Deputy Rate Counsel