



Agenda Date: 5/21/25

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 OF THE)	STIPULATION
PROPOSED COST RECOVERY MECHANISM)	
RELATED TO THE REPLACEMENT OF)	DOCKET NO. WR24100835
CUSTOMER/PROPERTY OWNER SIDE LEAD SERVICE)	
LINEs AND OTHER RELATED APPROVALS)	

Parties of Record:

Shane P. Simon, Esq., Saul Ewing LLP, on behalf of Veolia Water New Jersey, Inc.
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On October 28, 2024, Veolia Water New Jersey, Inc. ("VWNJ" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") seeking approval of its proposed cost recovery mechanism related to the replacement of customer/property owner-side lead service lines ("LSL") 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 to approximately 262,000 customers, and providing wastewater service to approximately 6,300 customers, located in portions of Bergen, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Sussex, and Warren counties.

On July 22, 2021, Governor Murphy signed into law L. 2021, c. 183 ("LSL Law"), an act concerning the replacement of lead service lines. The New Jersey Legislature

declare[d] 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 LSL Law requires replacement of lead service lines regardless of ownership.

By Order dated May 24, 2023, the Board approved a stipulation of settlement related to VWNJ's petition for deferred accounting treatment of the total costs of: a) the replacement of customer/property owner-side LSLs; b) including interest; c) the total costs of customer notifications; d) the cost of in-premises inspections to determine the composition of the non-company-side service line; e) the costs of inventorying when excavation of LSLs is necessary in the event all normal methods of determining the composition of the property owner-side service line has been exhausted; and f) other incremental costs required to comply with the law.¹ Pursuant to the May 2023 Order, VWNJ has deferred such costs related to those replacements as a regulatory asset to be addressed through the Board's rate processes.

PETITION

By the Petition, VWNJ indicated that the Company had replaced approximately 3,930 property owner-side LSLs as of June 2024, incurring deferred costs of approximately \$23.8 million. The Company estimated an average cost to replace property owner-side LSLs at approximately \$7,600 per line. As a result, the Company estimated that the total cost to replace property owner-side LSLs is approximately \$66.8 million over the next six and one-half (6.5) years, or around \$10.3 million annually.²

By the Petition, VWNJ sought to recover the deferred Lead Service Line Replacement ("LSLR") costs through a fixed surcharge on customer bills over a one (1)-year period, starting upon Board approval of the Petition. Following an update to the Petition, the one (1)-year period was changed to a three (3)-year period.

The Company also sought approval to recover future customer/property owner-side LSLR costs via semi-annual filings following the initial three (3)-year period and until the program is completed and all replacement costs are fully recovered. The first semi-annual period would cover January 1, 2025 through June 30, 2025, followed by a second semi-annual period covering July 1, 2025 through December 31, 2025, and continuing in consecutive semi-annual periods until all replacements are fully completed and costs are fully recovered.

After proper notice, public hearings were held on February 25, 2025. No members of the public attended these hearings and no written comments were filed with the Board.

¹ In re 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, BPU Docket No. WR22060392, Order dated May 24, 2023 ("May 2023 Order").

² As of June 2024, the Company was assessing the composition of approximately 3,751 unknown utility-side service lines.

STIPULATION

Following comprehensive discovery and settlement discussions, the Parties executed the Stipulation, the key elements of which are as follows:³

1. The Parties agree that VWNJ's proposed cost recovery ("LSLR Plan") aligns with the LSL Law and should be approved by the Board. The Parties further agree that the Company shall be permitted to recover deferred property owner-side LSLR costs incurred as of December 31, 2024 over a three (3)-year period ("Initial Surcharge"), and, in addition, to recover future property owner-side LSLR costs via semi-annual filings ("Subsequent Surcharge").
2. Initial Surcharge Period: The Company will recover a total of approximately \$31,154,025 in LSLR costs. This amount includes \$29,677,001 in deferred costs from January 1, 2022 through December 31, 2024, and \$1,477,024 in projected interest over the Initial Surcharge period. The recovery will occur through a monthly surcharge to customers totaling \$31,154,025 over a three (3)-year period, with an approximate annual surcharge amount of \$10,384,675, as shown in Attachment A, Page 1. The amounts for Year 2 and Year 3 may vary depending on the reconciliation and true-ups.
3. Subsequent Surcharge Period: In addition to the Initial Surcharge, the fixed monthly LSLR surcharge will be calculated to reflect the semi-annual LSLR costs incurred from January 1, 2025 through December 31, 2030, or until the program concludes. This adjustment will result in an annual estimated surcharge of approximately \$10 million in LSLR costs plus approximately \$0.4 million in projected interest, or approximately \$5.2 million semi-annually, to be applied during the Subsequent Surcharge period, as shown in Attachment A, Page 2 of the Stipulation.
4. Surcharge Rate Limitations: In any given year, including both the Initial and Subsequent Surcharge periods, the maximum fixed monthly LSLR surcharge for a residential customer with a 5/8" meter will be approximately \$4.87, as shown in Attachment A, Page 3 of the Stipulation, and in the Public Notice on Attachment B of the Stipulation.
5. Filings of the Initial Surcharge: The Company will initiate the Initial Surcharge period upon a date determined by the Board. During this period, a fixed monthly LSLR surcharge of \$2.39 per month will be applied to each residential customer with a 5/8" meter. Details regarding this surcharge are outlined in Attachment A, Page 1, Year 1 of the Stipulation and the corresponding Tariff Attachment C of the Stipulation. The Company will then file for the second year of the Initial Surcharge no later than March 15, 2026. This filing will include a true-up and reconciliation based on the amounts collected during the first year. Similarly, the Company will file for the third and final year of the Initial Surcharge no later than March 15, 2027, which will also include a true-up and reconciliation of the second-year amounts.

³ 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.

At the conclusion of the three (3)-year Initial Surcharge period on April 30, 2028, the Company will file a final true-up and reconciliation no later than July 31, 2028. The resulting balance, over or under collection, from this reconciliation will then be included in the Subsequent Surcharge filings, which will be in effect at that time.

6. Subsequent Surcharge Filings: The Subsequent Surcharge will be filed semi-annually to reflect the additional LSLR costs incurred from January 1, 2025 through December 31, 2030, or until the program concludes. The Subsequent Surcharge will be in effect concurrently with the Initial Surcharge for the first three (3) years. Once the Initial Surcharge concludes on April 30, 2028, the Subsequent Surcharge will remain in effect until the program ends. The Company will file for the Subsequent Surcharge as follows:
 - a. For the January-June periods: The Company will file by July 31 of each year.
 - b. For the July-December periods: The Company will file by January 31 of each year.
7. The effective date of the LSLR surcharge resulting from the filings is to occur forty-five (45) days after filing.
8. The costs of property owner-side LSLRs shall be recovered through Rate Schedules 1, 1A, 1B, 1C, 1D, and 2.
9. To ensure that customers are surcharged the proper amount, the Company will reconcile any over- or under-collections as part of its surcharge filings.
10. Attachments A, B, and C to the Stipulation containing Surcharge Calculations, Public Notice, and Tariff effective June 1, 2025, are attached to the Stipulation for reference.
11. The Parties agree that the Company will actively seek out grants or other sources of funding to help offset the property owner-side costs associated with the LSLR.
12. The Company will continue to actively engage with and pursue customers who have opted out of the LSLR program by collaborating with local municipalities and utilizing communication channels to encourage property owners to reconsider their decision.

DISCUSSION AND FINDINGS

The presence of lead in drinking water represents a grave threat to public health in the State of New Jersey and presents a significant obstacle to the provision of safe drinking water to the citizens of New Jersey. A significant obstacle to the reduction of lead in drinking water is the replacement of customer-side LSLs, which require additional costs and administration to replace. The LSL Law presents a solution that enables utilities to recoup some of the costs associated with replacing customer-side LSLs and thereby remove one (1) of the main sources of lead-contaminated drinking water facing the citizens of New Jersey.

A utility's proposal for cost recovery under the LSL Law must include certain information set forth in N.J.S.A. 58:12A-45(b). In making a determination on a utility's proposal pursuant to the LSL Law, the Board shall stipulate that:

the proportionate share of project costs for the replacement of the property owner-side of a lead service line, including the investor-owned public community water system's embedded cost of debt, as authorized in its most recent base rate case, shall be treated as an operation and maintenance cost, with no cost of equity additive. Costs for the replacement of property owner-side lead service lines incurred since the investor-owned public community water system's last base rate case and incurred until all property owner-side lead service lines have been eliminated from the investor-owned public community water system shall be recoverable on a semi-annual basis through a separate lead service line expense surcharge and not imbedded into base rates.

[N.J.S.A. 58:12A-45(a)(2).]

Upon careful review and consideration of the record in this proceeding, the Board **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with the law, including N.J.S.A. 58:12A-45(a). The Board additionally **FINDS** that VWNJ has submitted the information required by N.J.S.A. 58:12A-45(b). Accordingly, the Board **HEREBY ADOPTS** the Stipulation attached hereto, including all attachments and schedules, as its own, incorporating by reference the terms and conditions of the Stipulation as if fully set forth herein.

The Board **HEREBY DIRECTS** the Company to file tariff pages conforming to the terms and conditions of the Stipulation and this Order prior to June 1, 2025, for rates effective June 1, 2025.

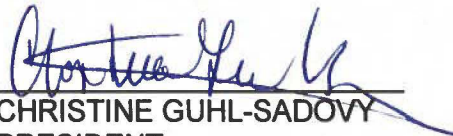
The Company's rates remain subject to audit by the Board. This Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

Based upon the Stipulation, the monthly fixed Initial Surcharge will be \$2.39 for a residential customer with a 5/8" meter, with a future maximum fixed monthly LSLR surcharge of approximately \$4.87.

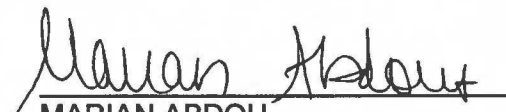
The effective date of this Order is May 28, 2025.

DATED: May 21, 2025

BOARD OF PUBLIC UTILITIES
BY:

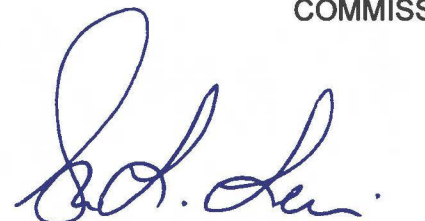

CHRISTINE GUHL-SADOVY
PRESIDENT


DR. ZENON CHRISTODOULOU
COMMISSIONER


MARIAN ABDOU
COMMISSIONER


MICHAEL BANGE
COMMISSIONER

ATTEST:


SHERRI L. LEWIS
BOARD 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 APPROVAL OF THE
PROPOSED COST RECOVERY MECHANISM RELATED TO THE REPLACEMENT OF CUSTOMER/PROPERTY
OWNER SIDE LEAD SERVICE LINES AND OTHER RELATED APPROVALS

DOCKET NO. WR24100835

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

IN THE MATTER OF THE PETITION OF	:	
VEOLIA WATER NEW JERSEY, INC. FOR	:	
APPROVAL OF THE PROPOSED COST	:	
RECOVERY MECHANISM RELATED TO	:	STIPULATION OF SETTLEMENT
THE REPLACEMENT OF	:	BPU DOCKET NO. WR24100835
CUSTOMER/PROPERTY OWNER SIDE	:	
LEAD SERVICE LINES AND OTHER	:	
RELATED APPROVALS	:	

APPEARANCES:

Stephen B. Genzer, Esq., Saul Ewing, LLP, and Shane P. Simon, Esq., Saul Ewing LLP, on behalf of Veolia Water New Jersey, Inc., Petitioner.

Meliha Arnautovic, Esq., and Steven A. Chaplar, Esq., Deputy Attorneys 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, 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 (“Board”) (“Staff”) (collectively, “Parties”), have come to an agreement to conclude this matter, as described within this Stipulation of Settlement (“Stipulation”). As a result of an analysis of VWNJ’s petition, filed on October 28, 2024 (“Petition”), and exhibits, discovery conducted by Rate Counsel and Staff, negotiations, and public hearings held on February 25, 2025, the Parties hereto stipulate and agree as follows:

PROCEDURAL HISTORY

Petitioner is a public utility corporation in the State of New Jersey subject to the jurisdiction of the Board. Petitioner's principal business office is located at 461 From Road, Paramus, New Jersey 07652.

Petitioner is engaged in the business of collecting, treating, and distributing water for retail service and wastewater collection and treatment services 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.

On July 22, 2021, Governor Murphy signed into law A5343/SS3398 (P.L. 2021, ch. 183) ("LSL Law"). The LSL Law "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."

The LSL Law requires replacement of lead service lines within VWNJ's water systems and requires such replacement regardless of ownership. Therefore, VWNJ is, and has been, in the process of replacing both system side and property owner-side lead service lines ("LSLs"). However, the LSL Law provides that, except for emergency incidents such as a main or service line break, or during a water main replacement, a utility is not permitted to conduct a partial replacement of a lead service line and the utility shall make a good faith effort to replace the entire LSL and may only conduct a partial replacement as a last resort. As a result, VWNJ began

replacing property owner-side lead service lines in order to meet the requirements of the LSLR Law and the required timelines.

On June 22, 2022, VWNJ filed with the Board a petition for deferred accounting treatment of the total cost of: a) the replacement of customer/property owner-side LSLs, N.J.S.A. 58:12A-45; b) including interest, N.J.S.A. 58:12A-43 and -45(2); c) the total costs of customer notifications, N.J.S.A. 58:12A-43; d) the cost of in premises inspections to determine the composition of the non-company side service line; e) the costs of inventorying when excavation of LSLs is necessary in the event all normal methods of determining the composition of the property owner-side service line has been exhausted, N.J.S.A. 58:12A-42(f)(2); and f) other incremental costs required to comply with the law, N.J.S.A. 58:12A-45 (“2022 Petition”).

By Order dated May 24, 2023, the Board approved a stipulation of settlement executed by the Parties in relation to the 2022 Petition.¹ Pursuant to the May 2023 Order, VWNJ has deferred such costs related to those replacements as a regulatory asset to be addressed through the Board’s rate processes.

On October 28, 2024, the Company filed the Petition pursuant to the LSL Law, proposing a surcharge mechanism to recover deferred lead service line replacement (“LSLR”) amounts incurred from January 1, 2022 through December 31, 2024, or \$31.1 million, including interest per N.J.S.A. 58:12A-45(2), as authorized by the May 2023 Order. By the Petition, VWNJ sought to recover the deferred LSLR costs through a fixed surcharge on customer bills over a one (1)-year period (“Initial Surcharge”), starting upon Board approval of the Petition in accordance with N.J.S.A 48:2-40. The Company also sought approval to recover future property owner LSLR costs

¹ In re the Petition of Veolia Water New Jersey Inc. for Approval to Defer Costs Related to the Replacement of Customer/Property Owner Side Lead Service Lines and Other Related Approvals, BPU Docket No. WR22060392, Order dated May 24, 2023 (“May 2023 Order”).

via semi-annual filings following the Initial Surcharge filing and until the program is completed and all replacement costs are fully recovered (“Subsequent Surcharge”). The first semi-annual period would cover January 1, 2025 through June 30, 2025, followed by a second semi-annual period covering July 1, 2025 through December 31, 2025, and continuing in consecutive semi-annual periods until all replacements are fully completed and costs are fully recovered. The average monthly bill impact will depend on the actual expenses incurred during the replacement period, however, the Company estimates the ongoing annual cost of replacement to be approximately \$10.4 million. The annual revenue recovery will be approximately \$21.1 million, or 5.76% of the Company’s total revenue, with a maximum fixed monthly LSLR surcharge for a residential customer with a 5/8” meter of approximately \$4.87, as shown in the Public Notice Exhibit B.

Parties to this proceeding conducted discovery and Petitioner provided responses to data requests. After proper notice, public hearings were held on February 25, 2025, via Zoom. No members of the public attended these hearings. The hearings were recorded and, without objection, made a part of the record of this proceeding.

SETTLEMENT PROVISIONS

1. The Parties agree that VWNJ’s proposed cost recovery (“LSLR Plan”) aligns with the LSL Law and should be approved by the Board. The Parties further agree that the Company shall be permitted to recover deferred property owner-side LSLR costs incurred as of December 31, 2024 over a three (3)-year period (“Initial Surcharge period”), and, in addition, to recover future property owner-side LSLR costs via semi-annual filings (“Subsequent Surcharge period”).

2. Initial Surcharge Period: The Company will recover a total of approximately \$31,154,025 in LSLR costs. This amount includes \$29,677,001 in deferred costs from January 1,

2022 through December 31, 2024, and \$1,477,024 in projected interest over the Initial Surcharge period. The recovery will occur through a monthly surcharge to customers totaling \$31,154,025 over a three (3)-year period, with an approximate annual surcharge amount of \$10,384,675, as shown in Attachment A, Page 1. The amounts for Year 2 and Year 3 may vary depending on the reconciliation and true ups.

3. Subsequent Surcharge Period: In addition to the Initial Surcharge, the fixed monthly LSLR surcharge will be calculated to reflect the semi-annual LSLR costs incurred from January 1, 2025 through December 31, 2030, or until the program concludes. This adjustment will result in an annual estimated surcharge of approximately \$10 million in LSLR costs plus approximately \$0.4 million in projected interest, or approximately \$5.2 million semi-annually, to be applied during the Subsequent Surcharge Period, as shown in Attachment A, Page 2.

4. Surcharge Rate Limitations: In any given year, including both the Initial and Subsequent Surcharges, the maximum fixed monthly LSLR surcharge for a residential customer with a 5/8" meter will be approximately \$4.87, as shown in Attachment A, Page 3, and in the Public Notice on Attachment B.

5. Filings of the Initial Surcharge: The Company will initiate the Initial Surcharge period upon a date determined by the Board. During this period, a fixed monthly LSLR surcharge of \$2.39 per month will be applied to each residential customer with a 5/8" meter. Details regarding this surcharge are outlined in Attachment A, Page 1, Year 1 and the corresponding Tariff Attachment C. The Company will then file for the second year of the Initial Surcharge no later than March 15, 2026. This filing will include a true-up and reconciliation based on the amounts collected during the first year. Similarly, the Company will file for the third and final year of the Initial Surcharge no later than March 15, 2027, which will also include a true-up and reconciliation

of the second-year amounts. At the conclusion of the three (3)-year Initial Surcharge period on April 30, 2028, the Company will file a final true-up and reconciliation no later than July 31, 2028. The resulting balance, over or under collection, from this reconciliation will then be included in the Subsequent Surcharge filings, which will be in effect at that time.

6. Subsequent Surcharge Filings: The Subsequent Surcharge will be filed semi-annually to reflect the additional LSLR costs incurred from January 1, 2025 through December 31, 2030, or until the program concludes. The Subsequent Surcharge will be in effect concurrently with the Initial Surcharge for the first three (3) years. Once the Initial Surcharge concludes on April 30, 2028, the Subsequent Surcharge will remain in effect until the program ends. The Company will file for the Subsequent Surcharge as follows:

- a. For the January-June periods: The Company will file by July 31 of each year.
- b. For the July-December periods: The Company will file by January 31 of each year.

7. The effective date of the LSLR surcharge resulting from the filings is to occur forty-five (45) days after filing.

8. The costs of property owner-side (as defined in LSL Law) LSLRs shall be recovered through Rate Schedules 1, 1A, 1B, 1C, 1D, and 2.

9. To ensure that customers are surcharged the proper amount, the Company will reconcile any over- or under-collections as part of its surcharge filing.

10. Attachments A, B, and C to this Stipulation containing Surcharge Calculations, Public Notice, and Tariff effective June 1, 2025, are incorporated herein by reference.

11. The Parties agree that the Company will actively seek out grants or other sources of funding to help offset the property owner-side costs associated with the LSLR.

12. The Company will continue to actively engage with and pursue customers who have opted out of the LSLR program by collaborating with local municipalities and utilizing communication channels to encourage property owners to reconsider their decision.

13. The Parties agree that this Stipulation applies solely to this proceeding and does not establish precedent or obligation in any other proceeding, except for enforcing its terms.

14. This Stipulation is the product of negotiations by the Parties, and it is an express condition of the settlement embodied by this Stipulation that it be presented to the Board in its entirety without modification or condition. It is also the intent of the Parties to this Stipulation that this settlement, once accepted and approved by the Board, shall govern all issues specified and agreed to herein. The Parties to this Stipulation specifically agree that, if adopted in its entirety by the Board, no appeal shall be taken by them from the Board Order adopting same as to those issues upon which the Parties have stipulated herein. The Parties agree that the within Stipulation reflects mutual balancing of various issues and positions and is intended to be accepted and approved in its entirety. Each term is vital to this Stipulation as a whole, since the Parties hereto expressly and jointly state that they would not have signed this Stipulation had any terms been modified in any way. In the event any particular aspect of this Stipulation is not accepted and approved by the Board, then any party hereto materially affected thereby shall not be bound to proceed under this Stipulation. The Parties further agree that the purpose of this Stipulation is to reach fair and reasonable rates, with any compromises being made in the spirit of reaching an agreement. None of the Parties shall be prohibited from or prejudiced in arguing a different policy or position before the Board in any other proceeding, as such agreements pertain only to this matter and to no other matter.

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

VEOLIA WATER NEW JERSEY, INC.

Attorney for Petitioner

Date

By: Shane P. Simon
Shane Simon, Esq.

MATTHEW J. PLATKIN
ATTORNEY GENERAL OF NEW JERSEY

Attorney for the Staff of the
Board of Public Utilities

Date

By: _____
Steven A. Chaplar, Esq.
Deputy Attorney General


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

Date

By: _____
Susan E. McClure, Esq.
Deputy Rate Counsel

Date

4/28/25

By: 
Christine M. Juarez, Esq.
Assistant Deputy Rate Counsel

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

VEOLIA WATER NEW JERSEY, INC.

Attorney for Petitioner

Date

By: _____
Shane Simon, Esq.

MATTHEW J. PLATKIN
ATTORNEY GENERAL OF NEW JERSEY

Attorney for the Staff of the
Board of Public Utilities

4/28/2025

Date

By: Meliha Arnautovic DAG
~~Steven A. Chaplar, Esq.~~ Meliha Arnautovic, DAG
Deputy Attorney General

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

Date

By: _____
Susan E. McClure, Esq.
Deputy Rate Counsel

Date

By: _____
Christine M. Juarez, Esq.
Assistant Deputy Rate Counsel

Attachment A

Veolia Water New Jersey, Inc. LSLR- Subsequent Surcharge					Filing Date Effective	7/31/2025 9/15/2025	3/15/2026	1/31/2026 3/16/2026	9/14/2026	TOTAL Projected 1 Year
Line No.	Equivalent Meters					Subsequent addition to Surcharge 1st- Filing semi- annual (1/1/25-6/30/25)		Subsequent Addition to Surcharge 2nd-Filing semi- annual (7/1/25-12/31/25)		
	Meter Size	Total Units	Meter Equivalent Ratios	Equivalent 5/8" inch Meters		Monthly LSLR Amount by equivalent Meter	Charge per Meter	Monthly LSLR Amount by equivalent Meter	Charge per Meter	
1										
2										
3	5/8"	209,606	1.00	209,606		\$ 3,018,326	\$ 1.20	\$ 3,018,326	\$ 1.20	
4	3/4"	19,220	1.50	28,830		415,152	1.80	415,152	1.80	
5	1"	15,421	2.50	38,553		555,156	3.00	555,156	3.00	
6	1 1/2"	3,485	5.00	17,425		250,920	6.00	250,920	6.00	
7	2"	3,074	8.00	24,592		354,125	9.60	354,125	9.60	
8	3"	918	15.00	13,770		198,288	18.00	198,288	18.00	
9	4"	572	25.00	14,300		205,920	30.00	205,920	30.00	
10	6"	260	50.00	13,000		187,200	60.00	187,200	60.00	
11	8"	13	80.00	1,040		14,976	96.00	14,976	96.00	
12	10"	2	115.00	230		3,312	138.00	3,312	138.00	
13	12"	-	165.00	0		-	198.00	-	198.00	
14										
15		252,571		361,346		\$ 5,203,375		\$ 5,203,375		\$ 10,406,750
16										
17						Semi-annual		Semi-annual		Annual
18	Target					\$ 5,204,075	[1]	\$ 5,204,075	[1]	\$ 10,408,150
19	Amount per equivalent meter					\$ 14.402	[2]	\$ 14.402	[2]	
20	Average monthly rate					\$ 1.20		\$ 1.20		
21										
22	Over (+) / Under Target (-)					\$ (700)		\$ (700)		\$ (1,400)
23	Notes:									
24										
25	Annual Projected Replacement Activity		Jan-Jun	Jul-Dec	Subsequent Surcharge					
26	Customer Lead Replacements		\$ 5,150,000	\$ 5,150,000	\$ 10,300,000					
27	Deferred Debt Cost [3] 4.20%		54,075	54,075	108,150					
28	[1]	Total	\$ 5,204,075	\$ 5,204,075	\$ 10,408,150					
29										
30										
31										
32	[2]	Amount per equivalent meter								
33										
34	[3]	Interest Calculation Deferred amount								
35	Cost of Debt Per Company rate case WR20110729 4.23% annual effective 5/19/21, WR 23110790 4.20% annual effective 6/1/24									

Veolia Water New Jersey, Inc.
LSLR- Maximum Surcharge a Year [1]

Meter Size	Per Month [2]
5/8"	\$ 4.87
3/4"	7.31
1"	12.18
1 1/2"	24.35
2"	38.96
3"	73.05
4"	121.75
6"	243.50
8"	389.60
10"	560.05
12"	803.55

Note:

[1] Applicable to Rate Schedules 1, 1A, 1B, 1C, 1D, and 2

[2] Maximum surcharge rate per meter size, which includes the Initial and Subsequent Surcharges

Attachment B

NOTICE OF PUBLIC HEARING

IN THE MATTER OF THE PETITION OF VEOLIA WATER NEW JERSEY, INC. FOR APPROVAL OF THE PROPOSED COST RECOVERY MECHANISM RELATED TO THE REPLACEMENT OF CUSTOMER/PROPERTY OWNER SIDE LEAD SERVICE LINES AND OTHER RELATED APPROVALS

BPU Docket No. WR24100835

TO OUR CUSTOMERS:

PLEASE TAKE NOTICE that on October 28, 2024, Veolia Water New Jersey, Inc. (“Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”), seeking approval to recover costs associated with the replacement of Customer or Property Owner-side Lead Service Lines (“LSLs”) [as defined in Lead Service Line Replacement (“LSLR”) Law], pursuant to N.J.S.A. 48:2-21, 48:2-21.1, 48:2-23 (safe and adequate service), N.J.A.C. 14:5-1.2 and N.J.A.C. 14:1 et seq. (“Petition”)

This Petition seeks approval for the Company to recover the costs of customer-side lines only. The Petition sets forth the proposed recovery of total amount of project costs incurred in connection with the replacement of customer or property-owner side LSLs from January 1, 2022, through December 31, 2024, or \$31.1 million, with recovery over a three (3)-year period (“Initial Surcharge Period”). The Petition also provides project costs estimated to be incurred annually in connection with the replacement of customer or property-owner side LSLs for the remainder of the program estimated on the year 2031 to be file on a semi-annually basis (“Subsequent Surcharge Period”), approximately \$10.4 million annually.

The total amount to be recovered through each surcharge will also include carrying costs based on the Company’s embedded cost of long-term debt authorized by the Board in the Company’s rate proceeding applicable to the period during which costs were incurred and updated accordingly when new base rate case proceedings occur.

The monthly LSLR surcharge will be assessed to General Metered Service in the following rate schedules: 1, 1A, 1B,1C, 1D, and 2.

The average monthly bill impact for the project costs associated with replacing customer or property-owner-side LSLs will vary depending on the actual amount of expense incurred during the replacement period.

Please note that the Company proposes to collect a LSLR revenue requirement of \$21,121,053 annually. This amount represents one third of the total deferred amount through December 31, 2024, along with one year of the estimate amount for the Subsequent filing.

As currently calculated, the proposed surcharge for a residential customer with a 5/8” meter, once is fully in place will result in an estimated total monthly surcharge of approximately \$4.87.

Any relief determined by the Board to be just and reasonable may be allocated by the Board to any class or classes of customers of the Company in such manner and, in such amounts or percentages, as the Board may deem appropriate. The Board may choose to impose a greater portion of the increase on any present or future class or classes, group, or groups of customers, may exclude from any increase any of the foregoing, or may vary the amount of percentage increase applicable to any of the foregoing.

The maximum proposed monthly LSLR rates are contained in the Petition filed with the Board, as set forth below. These rates result from one third of the deferral amount and one year of estimates from subsequent filings. These proposed rates are estimates and may change.

**PROPOSED LSLR SURCHARGE RATES BASED ON
METER SIZE**

**General Metered Service
Maximum Monthly LSLR Surcharge:**

<u>Size of Meter</u>	<u>5/8" Equivalent*</u>	<u>Proposed Rates</u>
5/8"	1.0	\$4.87
3/4"	1.5	\$7.31
1"	2.5	\$12.18
1-1/2"	5.0	\$24.35
2"	8.0	\$38.96
3"	15.0	\$73.05
4"	25.0	\$121.75
6"	50.0	\$243.50
8"	80.0	\$389.60
10"	115.0	\$560.05
12"	165.0	\$803.55

*Based on American Water Works Association flow rates. A 5/8" meter is equivalent to one unit, whereas a 1-inch meter is equivalent to 2.5 units based on the amount of water that will flow through the meter size.

PLEASE TAKE FURTHER NOTICE that a virtual public hearing on the Company's Petition has been scheduled for:

Date: February 25, 2025

Times: 4:30 pm and 5:30 pm

Link: <https://saul.zoom.us/j/98614247081?pwd=XvUQNiVIob1e5MWWV0bem0zTIx5XxK.1>

Meeting ID: 986 1424 7081

Passcode: 070035

Dial-In Number: +1 646 558 8656 US

Representatives from the Company, Board Staff, and Rate Counsel will participate in the virtual public hearings. Members of the public are invited to participate by utilizing the link or dial-In information set forth above and may express their views on this Petition. All comments will be made a part of the final record of the proceeding and will be considered by the Board. In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, such as interpreters or listening assistance, 48 hours prior to the above hearings to the Board Secretary at board.secretary@bpu.nj.gov.

The Board will also accept written and/or electronic comments. While all comments will be given equal consideration and will be made part of the final record of this proceeding, the preferred method of transmittal is via the Board's Public Document Search tool. Search for the docket number listed above, and post by utilizing the "Post Comments" button. Emailed comments may also be filed with the Secretary of the Board, in pdf or Word format, to board.secretary@bpu.nj.gov.

Written comments may also be submitted to the Board Secretary, Sherri Golden, at the Board of Public Utilities, 44 South Clinton Avenue, 1st Floor, P.O. Box 350, Trenton, New Jersey 08625-0350. All emailed or mailed comments should include the name of the filing and the docket number.

All comments are considered "public documents" for purposes of the State's Open Public Records Act. Commenters may identify information that they seek to keep confidential by submitting them in accordance with the confidentiality procedures set forth in N.J.A.C. 14:1-12.3."

Emailed and/or written comments may also be submitted to:

Sherri L. Golden, Secretary of the Board
44 South Clinton Ave., 1st Floor
PO Box 350
Trenton, NJ 08625-0350
Email: board.secretary@bpu.nj.gov

BY: Elda Gil
Director Regulatory Business
VEOLIA WATER NEW JERSEY
461 From Road
Paramus NJ 07652
Email: elda.gil@veolia.com

Attachment C

TABLE OF CONTENTS

	<u>Sheet No.</u>
Index to Standard Terms and Conditions	2 – 6
Territory Served	7 – 12
Standard Terms and Conditions	13 – 48

Rate Schedules as listed below:

<u>Applicable to Entire Territory Served</u>	<u>Rate Schedule</u>	
General Metered Service	1	49 - 50
Homeowner Association Water Service	2	51
Service to Other Water Supply Systems	3	52 – 54
Distribution System Improvement Charge (DSIC)	4	55 56
<u>THIS PAGE INTENTIONALLY LEFT BLANK</u>		<u>56</u>
Private Fire Protection Service	5	57 – 59
Public Fire Protection Service	6	60 – 62
Residential Sewerage Service	7	63 – 64
Residential and Commercial Sewerage Service	8	65A – 67
Commercial Sewerage Service	9	68
Apartment Building Sewerage Service	10	69
Building Construction Service	11	70-72
Miscellaneous Service	12	73-75
<u>Lead Service Line Replacement Charge (LSLRC)</u>	<u>13</u>	<u>76</u>

Filed pursuant to a decision by the Board of Public Utilities in Docket No. WR24100835~~WR23110790~~

Date of Issue: May ~~29, 2024~~1, 2025

Effective: ~~June 1, 2024~~May 1, 2025

Issued by: Alan Weland, Regional President 461 From Road,
Paramus, NJ 07652

RATE SCHEDULE NO. 13

SERVICE AREA NO. 1 (Formerly Veolia Water New Jersey, Inc.)

SERVICE AREA NO. 2 (Formerly Veolia Water Toms River, Inc.)

LEAD SERVICE LINE REPLACEMENT CHARGE (LSLRC)

APPLICABILITY:

In addition to the facilities charge provided for in this Tariff in Rate Schedule No.1 General Metered, the following charges will apply to Rate Schedules 1, 1A, 1B,1C, 1D, and 2 in a Bills Rendered Basis.

CHARACTER OF SERVICE:

Continuous except as limited by "Standard Terms and Conditions."

RATE:

<u>Size of Meter</u>	<u>Per Month</u>	<u>Per Day</u>
<u>5/8 Inch</u>	<u>\$ 2.39</u>	<u>\$ 0.0786</u>
<u>3/4 Inch</u>	<u>3.62</u>	<u>0.1190</u>
<u>1 Inch</u>	<u>6.02</u>	<u>0.1979</u>
<u>1-1/2 Inch</u>	<u>11.99</u>	<u>0.3942</u>
<u>2 Inch</u>	<u>19.16</u>	<u>0.6299</u>
<u>3 Inch</u>	<u>35.89</u>	<u>1.1799</u>
<u>4 Inch</u>	<u>59.79</u>	<u>1.9657</u>
<u>6 Inch</u>	<u>119.54</u>	<u>3.9301</u>
<u>8 Inch</u>	<u>191.24</u>	<u>6.2873</u>
<u>10 Inch</u>	<u>274.89</u>	<u>9.0375</u>
<u>12 Inch</u>	<u>394.39</u>	<u>12.9662</u>

FILING:

The Lead Service Line Replacement Charge (LSLRC) is established to recover costs associated with the replacement of customer-owned lead service lines, as authorized pursuant to N.J.S.A. 58:12A-40, et seq. (Lead Service Line Replacement Law). The procedures for filing, approval, and implementation of the LSLRC are outlined in the law, along with the Company's Lead Service Line Replacement Plan, which was reviewed and approved by the Board of Public Utilities (BPU) in BPU Docket No. WR24100835 on April XX, 2025, and the BPU Order approving the Plan. The Initial Surcharge will be in effect for three (3) years and is intended to recover costs deferred from January 2022 through December 2024. Additionally, the Company will file semi-annually to recover actual costs incurred and will reconcile any over- or under-collections in each filing, adjusting the surcharge accordingly to ensure proper billing.

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