



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

REVENUE AND RATES

IN THE MATTER OF THE NEW JERSEY BOARD OF) ORDER
PUBLIC UTILITIES' CONSIDERATION OF THE GROSS)
RECEIPTS TAX ON WATER AND SEWER UTILITIES –)
AQUA NEW JERSEY, INC.) DOCKET NO. WR25060330

Parties of Record

Courtney L. Schultz, Esq., Saul Ewing LLP, on behalf of Aqua New Jersey, Inc.
Brian O. Lipman, Esq., Director, Division of Rate Counsel

BY THE BOARD:¹

On June 2, 2025, Aqua New Jersey, Inc. ("Aqua" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") seeking approval of deferred accounting treatment of the Gross Receipts Tax ("GRT") on water and sewer revenues, as well as the related reduction of the excise tax levied ("Petition"). By this Decision and Order, the Board considers a Stipulation of Settlement ("Stipulation") executed by Aqua, Board Staff ("Staff"), and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, "Parties") intended to resolve the requests in the Petition.

BACKGROUND/PROCEDURAL HISTORY

By letter dated November 4, 2024, Aqua was notified by the New Jersey Department of the Treasury, Division of Taxation ("Taxation") that an error was discovered in August 2024 and that, as a result of the error, the charges to Aqua for excise taxes had been charged at a rate of seven-and-one half percent (7.5%), rather than the statutory rate of seven percent (7%) (November 2024 letter).²

¹ Commissioners Rebhorn and Coviello abstained from voting on this matter.

² Pursuant to N.J.S.A. 54:30A-54(b), every sewerage and water corporation using or occupying the public streets, highways, roads, or other public places in New Jersey shall pay an annual excise tax "at the rate of 7% upon the gross receipts of such taxpayer for the preceding calendar year from its business over, on, in, through or from its lines or mains in the State of New Jersey."

By the November 2024 letter, Taxation indicated that it would issue refunds of the additional tax remitted to rectify the over-collection, and that such refunds would be issued within forty-five (45) days for payments that were due on and after August 15, 2022. Taxation also indicated that, since it became aware of the rate discrepancy in August 2024, Taxation would treat the August 15, 2020 tax payment as being in statute for the purposes of a refund. In order to receive a refund for the additional two (2) years of payments due between August 15, 2020 and May 15, 2022, the affected company was directed to complete a claim for refund. Taxation additionally directed companies to remit at the seven percent (7%) tax rate beginning with tax payments due on and after November 15, 2024, unless there is a legislative amendment in the future.

By Order dated March 19, 2025, the Board directed the affected utilities to defer the effects of the required reduction on its books and records effective immediately.³ The deferral shall be the difference between a GRT rate of seven-and-one-half percent (7.5%) and seven percent (7%), including both the refunds from Taxation and the difference in GRT expenses included in rates.

PETITION

According to the Petition, Taxation provided refunds to Aqua for taxes assessed on and after August 15, 2022. As directed by Taxation, Aqua completed a claim for refund for payments due between August 15, 2020, and May 15, 2022, and received such amounts.

Taxation further provided refunds to Aqua for taxes assessed on and after August 15, 2022. In total, the Company received \$1,091,918 in refunds from Taxation for payments made on the GRT assessed through December 31, 2024, and deferred this amount as a regulatory liability ("Regulatory Liability").

As the current rates charged to customers were developed using the erroneous tax rate, since being notified of the error, Aqua has calculated the differential between the amount paid by customers at the erroneous rate and the amount that would have been paid under the correct rates and has deferred the difference to the Regulatory Liability.

For calendar year 2024 revenues, Aqua recalculated the amounts accrued for payment in 2025 and, in the second quarter of 2025, recorded an addition to the Regulatory Liability through December 31, 2024, in the amount of \$264,282.

For each quarter beginning January 1, 2025, Aqua indicated that it would calculate the GRT differential based upon current revenues for the month and would defer this amount to the Regulatory Liability. The total deferral amount is dependent upon actual applicable customer bills, however, Aqua asserted that, on an annualized basis, the calculation should result in additions to the Regulatory Liability of approximately \$66,000 per quarter.

³ In re the New Jersey Board of Public Utilities' Consideration of the Gross Receipts Tax on Water and Sewer Utilities, BPU Docket No. WX25020086, March 19, 2025 ("March 2025 Order"). The affected utilities are investor-owned water and wastewater companies under the jurisdiction of the Board with 2023 revenues equal to or greater than \$4.5 million.

As of October 31, 2025, the total Regulatory Liability balance was approximately \$1,557,550, calculated as follows:

Total Regulatory Liability Balance	
Total Refund Amount	\$1,091,918
2024 True-up	\$264,482
Q1 2025	\$63,891
Q2 2025	\$73,368
Q3 2025	\$63,891
Total Due to Customer (as of October 31, 2025)	\$1,557,550

STIPULATION

Following a review of the Petition, conducting discovery, and discussions among the Parties, the Parties executed the Stipulation, which provides for the following:⁴

9. Recording of Accruals for Water and Sewer. The Company will continue to defer the difference between payments made at the correct rate and at the erroneous rate and will continue to record this difference to the Regulatory Liability on a quarterly basis, consistent with its current practice. The Company will continue to use sub-codes for water and sewer balances to ensure that the appropriate Regulatory Liability balance is returned to water and sewer customers, respectively.
10. Disposition of Regulatory Liability. In its next base rate case, for water and sewer respectively, the Company shall:
 - a. Propose refunding the balance of the Regulatory Liability to customers in the form of a one (1)-time bill credit, to be provided on the first customer bill following the approval of new base rates.
 - b. Propose the structure, allocation among customer classes and rate design of the one (1)-time bill credit referenced in paragraph 10(a) of the Stipulation; and
 - c. Apply interest on the Regulatory Liability balance prior to returning the balance to customers. Interest shall begin to accrue on the liability balance as of the effective date of the Board's Order approving the Stipulation in this case and shall be imputed at the five (5)-year Treasury rate plus sixty (60) basis points in effect on the effective date of the Board's Order in this case.
11. Compliance. In its next base rate case, for water and sewer, respectively, the Company shall update the GRT rate to reflect the correct rate of seven percent (7.0%) in the calculation of the base rates. The Company shall use its best efforts to review the annual GRT calculation provided by Taxation to ensure that future amounts reflect the appropriate rate of tax.

⁴ Although summarized in this Order, the detailed terms of the Stipulation control, subject to the findings and conclusions of the Order. Paragraphs are numbered to coincide with the Stipulation.

12. Customer Communication. The Company will provide information to customers regarding the one (1)-time GRT bill credit on its website, and, if space permits, may supply a short description of the reason for the credit on the bill on which the credit appears.

DISCUSSION AND FINDINGS

Based on the Board's review and consideration of the record in this proceeding, including the Petition and the Stipulation, the Board **HEREBY FINDS** the Stipulation to be reasonable and in accordance with the law, striking an appropriate balance between the needs of customers and of the Company. Therefore, the Board **HEREBY ADOPTS** the Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as though fully set forth herein.

Accordingly, the Board **HEREBY AUTHORIZES** Aqua to defer on its books for accounting purposes costs related to the March 2025 Order. Based upon the Stipulation, any customer impact, including the total refund due to customers, would be determined in a future proceeding and the refund will continue to grow until the next time base rates are set.

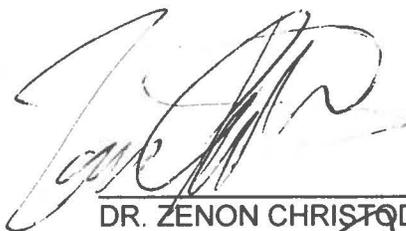
The Company's costs remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

This Order shall be effective February 25, 2026.

DATED: February 18, 2026

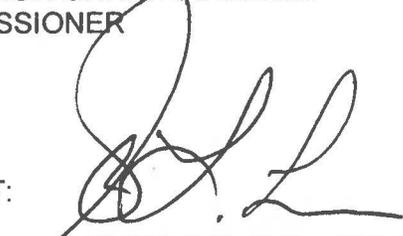
BOARD OF PUBLIC UTILITIES
BY:


CHRISTINE GUHL-SADOVY
PRESIDENT


DR. ZENON CHRISTODOULOU
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 NEW JERSEY BOARD OF PUBLIC UTILITIES' CONSIDERATION OF THE GROSS RECEIPTS TAX ON WATER AND SEWER UTILITIES – AQUA NEW JERSEY, INC.

BPU DOCKET NO. WR25060330

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

IN THE MATTER OF THE NEW JERSEY :
BOARD OF PUBLIC UTILITIES’ : **STIPULATION OF SETTLEMENT**
CONSIDERATION OF THE GROSS :
RECEIPTS TAX ON WATER AND :
SEWER UTILITIES : **BPU Docket No. WR25060330**
:

APPEARANCES:

Courtney L. Schultz, Esq., Saul Ewing LLP, on behalf of the Petitioner, Aqua New Jersey, Inc.

Susan McClure, Esq., Managing Attorney, Megan Lupo, Esq., Assistant Deputy Rate Counsel and Christine Juarez, Assistant Deputy Rate Counsel on behalf of the Division of Rate Counsel (Brian O. Lipman, Director)

Meliha Arnautovic, Esq., Deputy Attorney General, (Matthew J. Platkin, Attorney General of New Jersey), on behalf of the Staff of New Jersey Board of Public Utilities

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

The parties in this proceeding are Aqua New Jersey, Inc. (“Aqua,” “Company,” or “Petitioner”), the New Jersey Division of Rate Counsel (“Rate Counsel”), and the Staff of the New Jersey Board of Public Utilities (“Staff”) (collectively, “Parties”). There were no intervenors in this proceeding. As a result of an analysis of Aqua’s petition and exhibits, discovery conducted by Rate Counsel and Staff, conferences, and negotiations, the Parties hereto agree and stipulate as follows:

I. Background & Procedural History.

1. Petitioner is a public utility of the State of New Jersey, with its principal business office at 10 Black Forest Road, Hamilton, New Jersey 08691, subject to the jurisdiction of the New Jersey Board of Public Utilities (“Board”).

2. Aqua is engaged in the business of treating and distributing water for retail service to approximately 56,185 customers, and is also engaged in the wastewater business through which it currently services approximately 6,953 wastewater customers. The Company's customers are located in several municipalities in Warren, Hunterdon, Mercer, Morris, Burlington, Monmouth, Camden, Ocean, Sussex, Gloucester, and Atlantic Counties, New Jersey. The Company has organized its business by the following Divisions: Northern Division (based in Phillipsburg), Central Division (based in Hamilton), Eastern Division (based in Berkeley), and the Southern Division (based in Blackwood).

3. On June 2, 2025, pursuant to N.J.A.C. 48:2-21 and other related statutes and regulations, and as directed by the Board in its Order dated March 19, 2025 in Docket No. WX25020086¹, Aqua filed the above-captioned petition with the Board, which was later assigned BPU Docket No. WR25060330, for approval of deferred accounting treatment of the Gross Receipts, Excise and Franchise Taxes ("GREFT") on water and sewer revenues refunded by the New Jersey Department of the Treasury, Division of Taxation ("Taxation"), as well as the related reduction of the excise tax percentage levied ("Petition").

4. By letter dated November 4, 2024, Aqua was notified by Taxation that a long-standing error was discovered in August 2024 and that, as a result of the error, the charges to Aqua for excise taxes had been charged at the wrong rate. Taxation provided refunds to Aqua for taxes assessed on and after August 15, 2022. Taxation advised that the tax payment due on November 15, 2024, and all subsequent payments, are to be remitted at the seven percent (7%) tax rate instead of the seven- and one-half percent (7.5%) tax rate previously charged. At the direction of Taxation,

¹ In re the New Jersey Board of Public Utilities' Consideration of the Gross Receipts Tax on Water and Sewer Utilities, BPU Docket No. WX25020086, Order dated March 19, 2025.

Aqua completed a Claim for Refund for payments due between August 15, 2020 and May 15, 2022 and received such amounts. Taxation further provided refunds to Aqua for taxes assessed on and after August 15, 2022. In total, the Company received \$1,091,918 in refunds from Taxation for payments made on the GREFT assessed through December 31, 2024. Pending a decision by the Board, Aqua deferred the refunds as a regulatory liability (“Regulatory Liability”).

5. Current rates charged to customers were developed using the erroneous tax rate. As a result, since the notification of the error, Aqua has calculated the differential between the amount paid by customers at the erroneous rate and the amount that would have been paid under the correct rate and has deferred the difference to the Regulatory Liability.

6. For calendar year 2024 revenues, Aqua recalculated the amounts accrued for payment in 2025 and, in the second quarter of 2025, recorded an addition to the Regulatory Liability through December 31, 2024, in the amount of approximately \$264,282. For each quarter going forward, beginning January 1, 2025, Aqua calculates the differential based upon current revenues for the month and defers this amount to the Regulatory Liability.

7. By the Petition, Aqua proposed to maintain its current Board-approved base rates, which include an erroneous seven- and one-half percent (7.5%) tax rate, until the next base rate case filing and, as such, the Regulatory Liability will continue to increase each quarter marginally until it is included for amortization. As of October 31, 2025, the total Regulatory Liability balance is \$1,557,550.

II. Settlement Provisions.

8. For the reasons set forth in the following paragraphs, the Parties agree that the record herein supports the findings and conclusions set forth below.

9. Recording of Accruals for Water and Sewer. The Company will continue to defer the difference between payments made at the correct rate and at the erroneous rate and will continue to record this difference to the Regulatory Liability on a quarterly basis, consistent with its current practice.² The Company will continue to use sub-codes for water and sewer balances to ensure that the appropriate Regulatory Liability balance is returned to water and sewer customers, respectively.

10. Disposition of Regulatory Liability. In its next base rate case, for water and sewer, respectively, the Company shall:

a. Propose refunding the balance of the Regulatory Liability to customers in the form of a one (1)-time bill credit, to be provided on the first customer bill following the approval of new base rates,

b. Propose the structure, allocation among customer classes and rate design of the (1)-time bill credit referenced in paragraph 10(a) above; and

c. Apply interest on the Regulatory Liability balance prior to returning the balance to customers. Interest shall begin to accrue on the liability balance as of the effective date of the Board's Order approving the settlement in this case, and shall be imputed at the five (5)-year Treasury rate plus sixty (60) basis points in effect on the effective date of the Board's Order in this case.

11. Compliance. In its next base rate case, for water and sewer, respectively, the Company shall update the GREFT rate to reflect the correct rate of seven percent (7.0%) in the calculation of the base rates. The Company shall use its best efforts to review the annual GREFT calculation provided by Taxation to ensure that future amounts reflect the appropriate rate of tax.

² Regulatory Liability balances as of October 31, 2025 are reflected in **Exhibit A**.

12. Customer Communication. The Company will provide information to customers regarding the one (1)-time GREFT bill credit on its website, and, if space permits, may supply a short description of the reason for the credit on the bill on which the credit appears.

13. The Parties agree that the within Stipulation of Settlement (“Stipulation”) reflects a mutual balancing of various issues and positions, and that it is being entered into in the spirit of compromise and to avoid protracted and costly litigation.

14. This Stipulation is the product of negotiations by the Parties, and it is an express condition of 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.

15. The Parties agree that each term within this Stipulation reflects a 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 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.

16. The Parties further agree that, with respect to any policy or other issues which were compromised 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. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, the Parties shall not be

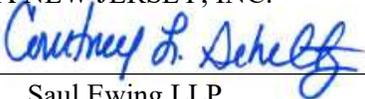
deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposedly underlying any agreement provided herein in total or by specific item. The Parties further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

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

[Remainder of page left intentionally blank. Signatures follow]

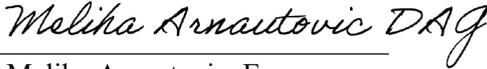
IN WITNESS WHEREOF, the Parties, each expressly intending to be legally bound, and each acknowledging that he, she or it has given full and careful consideration to all aspects of this Stipulation, have duly authorized and caused this Stipulation to be executed and to become effective as of the dates affixed hereto:

12/12/2025
Date

AQUA NEW JERSEY, INC.
By: 
Saul Ewing LLP
Courtney L. Schultz, Esq.
Attorney for Petitioner

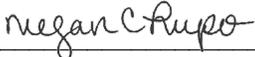
MATTHEW J. PLATKIN
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the
New Jersey Board of Public Utilities

12/19/25
Date

By: 
Meliha Arnautovic, Esq.
Deputy Attorney General

BRIAN O. LIPMAN, ESQ.
DIRECTOR – RATE COUNSEL

December 19, 2025
Date

By: 
Megan Lupo, Esq.
Assistant Deputy Rate Counsel

Aqua New Jersey, Inc. - BPU Docket No. WR25060330
As of October 31, 2025

Acct 2220300 Reg Liability

Check #1	(561,461)
Check #2	(530,457)
2024 True-up	(264,482)
Q1 '25	(63,891)
Q2 '25	(73,368)
Q3 '25	(63,891)
Total	(1,557,550)