



Agenda Date: 9/24/26

Agenda Item: 3A

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/

ENGINEERING

IN THE MATTER OF THE PETITION OF VEOLIA	)	ORDER ADOPTING
WATER NEW JERSEY, INC., FOR APPROVAL OF THE	)	STIPULATION
FOUNDATIONAL FILING RELATED TO DISTRIBUTION	)	
SYSTEM IMPROVEMENT CHARGE	)	DOCKET NO. WR26040111

Parties of Record:

Shane P. Simon, Esq., for Veolia Water New Jersey, Inc
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On April 7, 2026, Veolia Water New Jersey, Inc. ("Company" or "VWNJ") filed a petition with the New Jersey Board of Public Utilities ("Board" or "BPU") pursuant to N.J.A.C. 14:9-10.4 et seq., seeking authorization to implement a Distribution System Improvement Charge ("DSIC") for the renewal of water distribution system assets for the period of 2026 through 2029 ("Foundational Filing"). By this Order, the Board considers a Stipulation of Settlement ("Stipulation") executed by VWNJ, the New Jersey Division of Rate Counsel ("Rate Counsel"), and Board Staff ("Staff") (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 subject to the jurisdiction of the Board, with the principal office located at 461 From Road, Suite 400, Paramus New Jersey 07652. The Company is engaged in the business of collecting, treating, and distributing water for retail service to approximately 275,000 water customers and approximately 6,000 wastewater customers in Bergen, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Sussex and Warren Counties in New Jersey.

On December 16, 2025, the Company filed their most recent base rate case ("2025 Base Rate Case). By Order dated July 15, 2026, the Board approved a stipulation resolving the 2025 Base Rate Case.¹

¹ In re the Petition Veolia Water New Jersey, Inc for Approval of an Increase in Rates for Water/Sewer Service and Other Tariff Changes, BPU Docket No. WR 25120633, OAL Docket No. PUC 02091-26, Order dated July 15, 2026.

PETITION

By the Foundational Filing, pursuant to N.J.A.C. 14:9-10.4(b), VWNJ has estimated that the proposed DSIC rates, if approved, would increase in increments occurring in approximately six (6) month intervals, by no more than five percent (5%) of the maximum DSIC revenue allowable under N.J.A.C. 14:9-10.1 et seq. over a two (2)-to-three (3)-year period covered by the Company's Foundational Filing. VWNJ proposed to recover a maximum amount of approximately \$20,993,861 million through the DSIC, which is no more than five percent (5%) of total revenue proposed in the Company's pending base rate proceeding. According to the Company, the final cap number would be determined in accordance with the Board Order approving the settlement of the 2025 Base Rate Case.

Pursuant to N.J.A.C. 14:9-10.4(b)(1), as part of the Foundational Filing, VWNJ submitted an engineering evaluation report that identified the rationale for the DSIC-eligible work to be performed; demonstrated that the proposed plan is cost-effective; identified elements of the distribution system requiring investment, including assets which are susceptible to failure; and identified efforts to extend the life of distribution system assets.

Pursuant to N.J.A.C. 14:9-10.4(b)(2), VWNJ project information included the following elements: a) a list of DSIC-eligible projects by asset class; b) project descriptions, including the nature, location, estimated in-service dates, as well as the vintage and condition of the facilities being replaced or rehabilitated, estimated project costs, and descriptions and reasons for the projects; and c) aggregate information capturing blanket-type, DSIC-eligible infrastructure projects and the estimated annual cost of such blanket-type replacement programs.

Pursuant to N.J.A.C. 14:9-10.4(b)(3), VWNJ provided a calculation of its base infrastructure spending. The Company calculated their base spending requirement to be approximately \$13,656,417. Further, pursuant to N.J.A.C. 14:9-10.4(b)(3), the Company submitted their proposed DSIC rate assessment by customer class and meter size (or service connection) over the entire DSIC period, as well as the estimated maximum rate impact on customers for the entire DSIC period.

Following adequate and proper notice, the Board held two (2) virtual public hearings, presided over by a Board-appointed regulatory officer, on July 1, 2026, at 4:30 p.m. and 5:30 p.m. No members of the public participated in either hearing and no written comments were received by the Board.

STIPULATION

Following a complete review of the Foundational Filing, conducting discovery, and discussion, the Parties executed the Stipulation, which provides for the following:²

3. The Parties agree that the Company has satisfied the Foundational Filing requirement specified in N.J.A.C. 14:9-10.4(b). The Parties agree that as required at N.J.A.C. 14:9-10.4(c), the Company recently concluded a base rate proceeding and implemented base

² Although described in this Order at some length, 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.

rates pursuant to an Order of the Board dated July 15, 2026, in BPU Docket No. WR25120633

4. The Parties agree that the Foundational Filing is made pursuant to the Board's DSIC rules generally found at N.J.A.C. 14:9-10.4 et. seq., and was filed subsequent to the Company's previous base rate case to establish a new, updated DSIC Foundational Filing. The Board approved new rates in the Company's prior base rate case effective August 1, 2026, which pursuant to the DSIC regulations, incorporated (by resetting the DSIC surcharges to zero) the Company's previous DSIC surcharges pursuant to the Company's previous DSIC Foundational Filing.
5. The Parties stipulate the projects contained in Exhibit P-4 of the Foundational Filing, attached to the Stipulation in redacted form as Attachment A, have been reviewed. The Parties further stipulate that the projects in Exhibit P-4 of the Foundational Filing that begin construction after the test year in the Company's last base rate case (March 31, 2026) are DSIC-eligible projects as defined at N.J.A.C. 14:9-10.2 and are eligible to be included in the Company's DSIC filings pursuant to N.J.A.C. 14:9-10.7. Furthermore, the Parties acknowledge that the replacement project lists in Exhibits P-4 of the Foundational Filing contain projects that have not been specifically scheduled but may be undertaken as replacement projects or may be accelerated to address changed conditions. In such instances, the Company will advise Staff and Rate Counsel that these projects will be advanced. To the extent that additional projects not on these lists are identified through continuing condition assessments, the Company will advise Staff and Rate Counsel that these projects may be added to the list of projects to be undertaken using the procedures defined in N.J.A.C. 14:9-10.4(b)5.
6. Pursuant to N.J.A.C. 14:9-10.4(b)(l), the Company provided as Exhibit P-4 of the Foundational Filing an engineering evaluation report which identifies the rationale for the work to be performed; demonstrates that the proposed plan is cost-effective; identifies elements of the distribution system that require investment including assets which might be susceptible to failure; and identifies efforts to extend the life of the distribution system assets. Pursuant to N.J.A.C. 14:9-10.4(b)(2), also included with Exhibit P-4 of the Foundational Filing is DSIC project information which included the following elements:
 - a. a list of DSIC-eligible projects by asset class;
 - b. project descriptions, including the nature, location, estimated in-service dates, as well as the vintage and condition of the facilities being replaced or rehabilitated, estimated project costs, and descriptions and reasons for the projects; and
 - c. aggregate information capturing blanket-type, DSIC-eligible infrastructure projects and the estimated annual cost of such blanket-type replacement programs.
7. The Parties agree that Attachment B to the Stipulation accurately reflects the P-3 DSIC Assessment Schedule updated per the stipulation in the 2025 Base Rate Case (WR25120633). Pursuant to that schedule, the maximum amount of Annual DSIC revenues is \$19,985,089, should the Company invest the maximum pursuant to the DSIC regulations and the Parties agree that the Board should so find. Additionally, the maximum DSIC surcharge for a typical customer with a 5/8" meter per month is \$4.40.

8. The Parties agree that the Company filed certain portions of the Foundational Filing as Confidential.
9. Subject to the DSIC rules, the Parties recommend that the Board authorize the recovery in the DSIC of the revenue requirement, calculated in accordance with N.J.A.C. 14:9-10.9, of the actual costs associated with the projects contained in Exhibit P-4 of the Foundational Filing. The Parties acknowledge that the Company has commenced construction of some of the projects listed on Exhibit P-4 of the Foundational Filing under a prior DSIC foundational filing and these projects incurred previously unrecovered restoration costs, the recovery of which will be sought in DSIC rate filings under the Foundational Filing in accordance with N.J.A.C. 14:9-10.3(c).
10. The Parties agree that the Company's base spending requirement is \$13,656,417 as calculated in Exhibit P-2 of the Foundational Filing.

DISCUSSION AND FINDINGS

Having reviewed the record in this matter, including the Foundational Filing and the Stipulation, the Board **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with the law. 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 they were fully set forth at length herein.

Based upon the information presented in the Foundational Filing, the record in the 2025 Base Rate Case, and the terms agreed to by the Parties in the Stipulation, the Board **HEREBY FINDS** that VWNJ's overall revenue for DSIC purposes is \$399,701,781.³ The Board **FURTHER FINDS** that the maximum amount of annual DSIC revenues that VWNJ may collect is \$19,985,089, or no more than five percent (5%) of the Company's total water revenues as established in the Veolia's Base Rate Case. The Company shall implement the DSIC surcharge if, and when, it achieves specific levels of infrastructure investment and completes and places the facilities in service as required by N.J.A.C. 14:9-10.1 et seq.

Based on the Stipulation, an average residential customer with a 5/8-inch meter may be subject to a maximum monthly DSIC surcharge of \$4.40. The average residential maximum DSIC surcharge rate is an estimate and may change, however, the maximum annual DSIC revenue requirement, 19,985,089, cannot be exceeded.

The Board **HEREBY ORDERS** that, in accordance with N.J.A.C. 14:9-10.5(b), the Company shall make DSIC filings on a semi-annual basis, commencing approximately six (6) months after the effective date of the Foundational Filing. The Company must submit their semi-annual DSIC filing within fifteen (15) days of the end of the DSIC recovery period to be reviewed by Staff and Rate Counsel. The Company may recover the interim surcharge associated with the DSIC eligible projects closed during the DSIC recovery period and not objected to by Staff or Rate Counsel beginning forty-five (45) days after the receipt of the complete semi-annual DSIC filing, subject to refund at the Board's discretion.

The Board **FURTHER ORDERS** that VWNJ must comply with the base spending requirements set forth in this Order. Failure to comply with the base spending requirements will result in a

³ See Id.

reduction and refund, where appropriate, of the DSIC surcharge. Thus, Company's DSIC surcharge is interim, subject to refund, and shall not exceed the annual maximum revenue requirement of \$19,985,089 set forth in this Order.

The Board **FURTHER ORDERS** that in accordance with N.J.A.C. 14:9-10.4(e), if within three (3) years after the effective date of the Foundational Filing, VWNJ have not filed a petition in accordance with the Board's rules for the setting of its base rates, all interim charges collected under the DSIC shall be deemed an over-recovery and shall be credited to customers in accordance with the Board's rules.

Based upon the foregoing, the Board **HEREBY APPROVES** the Foundational Filing and **AUTHORIZES** the VWNJ to implement their proposed DSIC, subject to this Order and VWNJ's ongoing compliance with the DSIC regulations, as well as conformity of the base spending requirements and semi-annual true-up submissions.

VWNJ costs, including those related to the DSIC, will remain subject to audit by the Board. This Order shall not preclude or prohibit the Board from taking further action relating to any such audit.

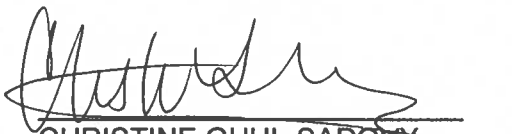
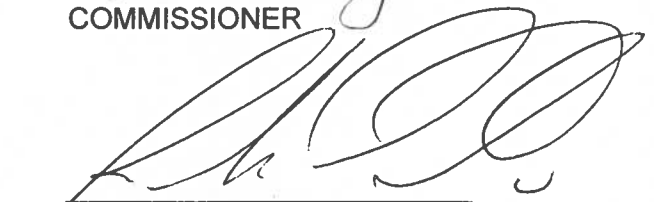
The effective date of this Order is September 30, 2026.

DATED: September 24, 2026

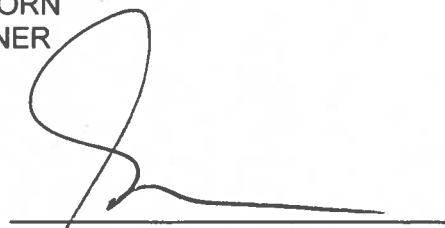
BOARD OF PUBLIC UTILITIES
BY:



BEN HERTZ- SHARGEL
PRESIDENT


CHRISTINE GUHL-SADOVY
COMMISSIONER
MICHAEL BANGE
COMMISSIONER
EMMA REBHORN
COMMISSIONER
JOSEPH COVIELLO
COMMISSIONER

ATTEST:


SHERRI L. LEWIS
BOARD SECRETARY

IN THE MATTER OF THE PETITION OF VEOLIA WATER NEW JERSEY, INC., FOR APPROVAL OF THE
FOUNDATIONAL FILING RELATED TO DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

BPU DOCKET NO. WR26040111

SERVICE LIST

Veolia Water New Jersey

Veolia Water New Jersey Inc.
461 From Road,
Suite 400 ,Paramus, NJ 07652

Maryanne Hatch
maryanne.hatch@veolia.com

Stacey Gress
stacey.gress@veolia.com

Elda Gil
elda.gil@veolia.com

Debra Visconti
debra.visconti@veolia.com

Katherine Arp
katherine.arp@veolia.com

Bryan Gonzalez
bryant.gonzalez@veolia.com

Antonio A Vicente, P.E.
antonio.vicente@veolia.com

Karima Laqmari
karima.laqmari@veolia.com

Michelle Dong
michelle.dong@veolia.com

Brian Yarzab, Esq
brian.yarzab@veolia.com

Shane Simon, Esq
Saul Ewing LLP
1735 Market Suite 3400
Philadelphia, PA 19103
shane.simon@saull.com

Saul Ewing LLP
One Riverfront Plaza
15th Fl 1037 Raymond Blvd.
Newark, NJ 07102

Stephen B. Genzer, Esq.
stephen.genzer@saull.com

Jane Gisbey
jane.gisbey@saull.com

Board of Public Utilities

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

Sherri Lewis, Secretary of the Board
board.secretary@bpu.nj.gov

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

Cindy Bianco
cindy.Bianco@bpu.nj.gov

Division of Engineering

Dean Taklif, Director
dean.taklif@bpu.nj.gov

John Masiello, Deputy Director
John.masiello@bpu.nj.gov

Nisa Rizvi
nisa.rizvi@bpu.nj.gov

Diana Rosario
diana.rosario@bpu.nj.gov

Counsel's Office

Ava-Marie Madeam, General Counsel
avamarie.madeam@bpu.nj.gov

Elsbeth Hans, Deputy General Counsel
elsbeth.hans@bpu.nj.gov

TyShawn Key
tyshawn.key@bpu.nj.gov

Division of Rate Counsel

140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-003

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

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

Loni Diaz
ldiaz@rpa.nj.gov

Felecia Jackson-Rodgers
frodgers@rpa.nj.gov

LaNee Isom
lisom@rpa.nj.gov

Division of Law

Department of Law & Public Safety
R.J. Hughes Justice Complex
Public Utilities Section
25 Market Street, P.O. Box 112
Trenton, N.J. 08625

Terel Klein, DAG, Section Chief
terel.klein@law.njoag.gov

Pamela Owen, DAG, Assistant Section Chief
pamela.owen@law.njoag.gov

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

Jack Ventura, DAG
jack.ventura@law.njoag.gov

Rachel Reckeweg
rachel.reckeweg@law.njoag.gov

Tanya Lloyd-Samuel
tanya.lloyd-samuel@law.njoag.gov

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

IN THE MATTER OF THE PETITION OF	:	
VEOLIA WATER NEW JERSEY, INC. FOR	:	
APPROVAL OF THE FOUNDATIONAL	:	STIPULATION OF SETTLEMENT
FILING RELATED TO DISTRIBUTION	:	BPU DOCKET NO. WR26040111
SYSTEM IMPROVEMENT CHARGE	:	

APPEARANCES:

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

Meliha Arnautovic, Esq., Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (Jennifer Davenport, Attorney General of New Jersey);

Brian O. Lipman, Esq., and Christine Juarez, Esq., 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 an analysis of Petitioner's Distribution System Improvement Charge (“DSIC”) Foundational Filing made on April 7, 2026, as well as discovery propounded upon Petitioner, and a public hearing held via Zoom on July 1, 2026, the Company, Staff, and Rate Counsel (collectively, “Parties”) have come to an agreement and execute this stipulation of settlement (“Stipulation”) in this matter. The Parties hereto agree and stipulate as follows:

1. Petitioner is a public utility corporation of the State of New Jersey subject to the jurisdiction of the New Jersey Board of Public Utilities (“Board”). Petitioner’s principal business office is located at 461 From Road, Paramus, New Jersey 07652.

2. Petitioner is engaged in the business of collecting, treating, and distributing water for retail service and wastewater collection and treatment services to approximately 275,000 customers located in portions of Bergen, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Sussex, and Warren Counties in the State of New Jersey.

3. The Parties agree that the Company has satisfied the Foundational Filing requirement specified in N.J.A.C. 14:9-10.4(b). The Parties agree that as required at N.J.A.C. 14:9-10.4(c), the Company recently concluded a base rate proceeding and implemented base rates pursuant to an Order of the Board dated July 15, 2026, in BPU Docket No. WR25120633.¹

4. The Parties agree that this DSIC Foundational Filing is made pursuant to the Board's DSIC rules generally found at N.J.A.C. 14:9-10.4 et. seq., and was filed subsequent to the Company's previous base rate case to establish a new, updated DSIC Foundational Filing. The Board approved new rates in the Company's prior base rate case effective August 1, 2026, which pursuant to the DSIC regulations, incorporated (by resetting the DSIC surcharges to zero) the Company's previous DSIC surcharges pursuant to the Company's previous DSIC Foundational Filing.

5. The Parties stipulate the projects contained in Exhibit P-4 to the DSIC Foundational Filing, attached hereto in redacted form as Attachment A, have been reviewed. The Parties further stipulate that the projects in Exhibit P-4 that begin construction after the test year in the Company's last base rate case (March 31, 2026) are DSIC-eligible projects as defined at N.J.A.C. 14:9-10.2 and are eligible to be included in the Company's DSIC filings pursuant to N.J.A.C. 14:9-10.7. Furthermore, the Parties acknowledge that the replacement project lists in Exhibits P-4 contain

¹ In re the Petition of Veolia Water New Jersey, Inc. for Approval of an Increase in Rates for Water/Sewer Service and Other Tariff Changes, BPU Docket No. WR25120633, OAL Docket No. PUC 02091-26 Order dated July 15, 2026.

projects that have not been specifically scheduled but may be undertaken as replacement projects or may be accelerated to address changed conditions. In such instances, the Company will advise Staff and Rate Counsel that these projects will be advanced. To the extent that additional projects not on these lists are identified through continuing condition assessments, the Company will advise Staff and Rate Counsel that these projects may be added to the list of projects to be undertaken using the procedures defined in N.J.A.C.14:9-10.4(b)5.

6. Pursuant to N.J.A.C. 14:9-10.4(b)(1), the Company provided as Exhibit P-4 an engineering evaluation report which identifies the rationale for the work to be performed; demonstrates that the proposed plan is cost-effective; identifies elements of the distribution system that require investment including assets which might be susceptible to failure; and identifies efforts to extend the life of the distribution system assets. Pursuant to N.J.A.C. 14:9-10.4(b)(2), also included with Exhibit P-4 is DSIC project information which included the following elements:

- a. a list of DSIC-eligible projects by asset class;
- b. project descriptions, including the nature, location, estimated in-service dates, as well as the vintage and condition of the facilities being replaced or rehabilitated, estimated project costs, and descriptions and reasons for the projects; and
- c. aggregate information capturing blanket-type, DSIC-eligible infrastructure projects and the estimated annual cost of such blanket-type replacement programs.

7. The Parties agree that Attachment B to this Stipulation accurately reflects the P-3 DSIC Assessment Schedule updated per Stipulation Rate Case WR25120633. Pursuant to that schedule, the maximum amount of Annual DSIC revenues is \$19,985,089, should the Company

invest the maximum pursuant to the DSIC regulations and the Parties agree that the Board should so find. Additionally, the maximum DSIC surcharge for a typical customer with a 5/8" meter per month is \$4.40.

8. The Parties agree that the Company filed certain portions of this DSIC Foundational Filing as Confidential.

9. Subject to the DSIC rules, the Parties recommend that the Board authorize the recovery in the DSIC of the revenue requirement, calculated in accordance with N.J.A.C. 14:9-10.9, of the actual costs associated with the projects contained in Exhibit P-4. The Parties acknowledge that the Company has commenced construction of some of the projects listed on Exhibit P-4 under a prior DSIC Foundational Filing and these projects incurred previously unrecovered restoration costs, the recovery of which will be sought in DSIC rate filings under this DSIC Foundational Filing in accordance with N.J.A.C. 14:9-10.3(c).

10. The Parties agree that the Company's base spending requirement is \$13,656,417 as calculated in Exhibit P-2 of the DSIC Foundational Filing.

11. A copy of the public notice is attached hereto as Attachment C.

12. This Stipulation is the product of detailed 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 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.

13. 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.

[SIGNATURE PAGE FOLLOWS]

VEOLIA WATER NEW JERSEY, INC.

September 1, 2026
Date

By: Shane P. Simon
Attorneys for Petitioner
Shane P. Simon, Esq.
Saul Ewing LLP

JENNIFER DAVENPORT
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey
Board of Public Utilities

09-01-26
Date

By: Meliha Arnautovic DAG
Meliha Arnautovic, Esq.
Deputy Attorney General

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

September 1, 2026
Date

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