

supporting this Petition, increased expenses, coupled with increased capital investment, have reduced the funds the Company has available to dedicate to providing safe, adequate and proper service. Consequently, Petitioner's present rates for water and wastewater service are inadequate to meet those increased expenses, support the required capital investment programs, and provide Petitioner with a reasonable return on its investment in utility plant.

4. In this Petition, the Company seeks the Board's review and approval of the following requests:

- a. To increase rates to produce additional revenues of approximately \$63,926,032, or approximately 19.57% above the annual level of present rate revenues for the test year period ending March 31, 2024, utilizing a return on equity of 10.30%;
- b. To incorporate the roll-in of current Distribution System Improvement Charge ("DSIC") Investment into current VWNJ rates;
- c. To utilize the results of a cost of service analysis as a basis of setting rates in this matter;
- d. To revise the Company's tariffs to reflect the above requests;
- e. To recognize certain accounting changes related to the Tax Cuts and Jobs Act ("TCJA").

Proposed Rate Increase

5. In this proceeding, Petitioner proposes to increase rates to produce additional base rate revenues of approximately \$63,926,032 or approximately 19.57% above the annual level of revenues for the test year period ending March 31, 2024.

6. Additionally, consistent with its obligations under the TCJA, Petitioner proposes to make appropriate adjustments to the amortization of the protected and unprotected remaining balances and return the remaining TCJA unprotected regulatory liability to customers through a TCJA in the testimony of Mr. Cagle.

7. The need for, and the magnitude of, the proposed rate increase is driven by a number of factors.

8. **First**, the Company continues to make significant capital investments to its utility plant to continue to provide safe, adequate and proper service to its customers, and seeks to recognize those investments in its rate base. For example, since its last base rate case order, the Company has invested over \$429 million in facilities to serve customers. The regulatory compact provides Petitioner the opportunity to earn a fair return of, and on, these investments, and this should be accomplished by updating the rate base through this proceeding.

9. **Second**, the Company continues to experience increases in certain categories of costs, including labor and labor-related expenses, power, chemical and waste residual expenses, which costs should be recovered if they are included in base rates.

10. Petitioner also seeks to roll-in revenues from the currently effective DSIC into base rates pursuant to N.J.A.C. 14:9-10.4 and N.J.A.C. 14:9-10.7.

11. The rate increase proposed in this Petition is required to enable the Company to maintain a satisfactory credit position, preserve its financial integrity, permit proper maintenance and improvement of the utility facilities required to furnish safe, adequate and proper service, encourage continued effective management and provide incentives for efficiency, prevent confiscation or diminution of its property, and to provide Petitioner with its constitutionally recognized right to an opportunity to earn a reasonable return upon the fair value of the property used and useful in the public service.

12. Petitioner seeks approval to increase rates for water service beginning on and after December 9, 2023, which is at least thirty (30) days after the filing of this Petition. Pursuant to N.J.A.C. 14:1-5.12(e), Petitioner hereby notifies the Board that it will implement the

proposed rates on an interim basis, subject to refund, on August 9, 2024 if the Board has suspended the effective date of the new rates pursuant to N.J.S.A. 48:2-21 without having finally determined a just and reasonable tariff schedule prior to that date.

13. The test year used in support of this Petition is the twelve month period ending March 31, 2024, adjusted to reflect known and anticipated changes, and the post-test year period ending September 30, 2024 for changes to rate base, income and expense items, also adjusted to reflect known and anticipated changes.

14. Annexed hereto and made a part hereof, as if fully set forth herein, are the following exhibits and testimonies:

EXHIBITS:

- Exhibit P-1 Income Statements –12 months ended December 31, 2020, 2021 and 2022
- Exhibit P-2 Balance Sheets – 2020, 2021 and 2022
- Exhibit P-3 Income Statements - Twelve Months Ended March 31, 2024 (Including 5 months of actuals and 7 months of budget) ¹
- Exhibit P-4 Schedules Include: Income Statements, Revenues, O&M Expenses, Depreciation Expense, Amortization Expense, GRFT, Taxes, Income Taxes, Capitalization & Rate Base
- Exhibit P-5 Construction Program
- Exhibit P-6 Cost of Capital
- Exhibit P-7 Tariffs
- Exhibit P-8 Proposed Form of Notice

¹ Exhibits P-1, P-2, and P-3 will be updated during the proceeding to reflect calendar year 2023 results.

TESTIMONY:

- PT-1 Elda S. Gil
- PT-2 Alan Weland
- PT-3 Gary S. Prettyman
- PT-4 James C. Cagle
- PT-5 Maryanne Hatch
- PT-6 Lino Bucci
- PT-7 Jana Labella
- PT-8 Anupa Jacob
- PT-9 Katherine Arp
- PT-10 Antonio Vicente
- PT-11 Harold Walker

15. The Company intends to supplement and update the exhibits attached to this Petition as noted and will furnish such other and additional information as may be required by the Board.

16. This Petition will be filed with the Board electronically. Paper copies of the Petition will be sent to the offices of the parties on the service list. In addition, copies of the Petition will be placed on the Company's website. Notice of the filing and a statement of its effect will be furnished to Petitioner's customers by a notice placed in newspapers published and circulated in Petitioner's service areas pursuant to the rules of the Board. Copies of the notice of filing, the proposed tariffs and of the date set for hearing in this matter will be served on the municipalities and the Clerks of the Boards of Chosen Freeholders, and where applicable the

County Executive, pursuant to the Board's regulations at N.J.A.C. 14:1-5.12(b)-(d). Proof of service of the notices referred to herein will be filed with the Board in accordance with the Board's regulations.

17. Correspondence in this matter should be addressed to the following:

Stephen B. Genzer, Esq.
Saul Ewing LLP
One Riverfront Plaza, 15th floor
1037 Raymond Blvd.
Newark, New Jersey 07102
stephen.genzer@saul.com

and

Shane P. Simon, Esq.
Saul Ewing LLP
Centre Square West
1500 Market Street, 38th Floor
Philadelphia, PA 19102
shane.simon@saul.com

and

Gary S. Prettyman
Senior Director - Regulatory Business
SUEZ Water Management and Services Inc.
461 From Road, Suite 400
Paramus, New Jersey 07652
gary.prettyman@veolia.com

and

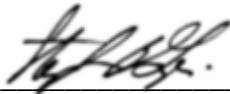
James C. Cagle
V.P. Rates and Regulatory Affairs
SUEZ Water Management and Services Inc.
461 From Road, Suite 400
Paramus, New Jersey 07652
james.cagle@veolia.com

Conclusion

WHEREFORE, Petitioner respectfully requests that the Board:

- a. To increase rates to produce additional revenues of approximately \$63,926,032, or approximately 19.57% above the annual level of present rate revenues for the test year period ending March 31, 2024, utilizing a return on equity of 10.30%;
- b. To incorporate the roll-in of current Distribution System Improvement Charge (“DSIC”) Investment into current VWNJ rates;
- c. To utilize the results of a cost of service analysis as a basis of setting rates in this matter;
- d. To revise the Company’s tariffs to reflect the above requests;
- e. To recognize certain accounting changes related to TCJA calculations;
- f. Grant such other relief as is just and reasonable.

Respectfully submitted,

By: 

Stephen B. Genzer, Esq.
Shane P. Simon, Esq.
Saul Ewing LLP
Attorneys for Petitioner

Dated: November 9, 2023

VERIFICATION

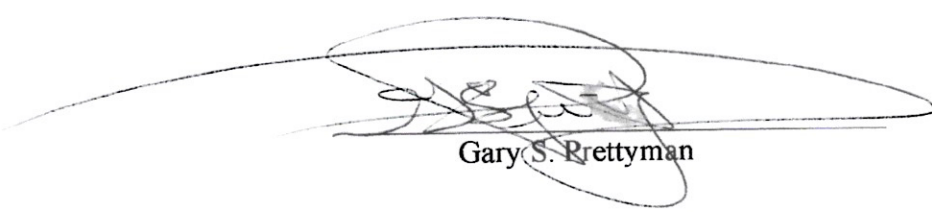
STATE OF NEW JERSEY)
 :
COUNTY OF BERGEN)

GARY S. PRETTYMAN, of full age, being duly sworn, upon his oath deposes and says:

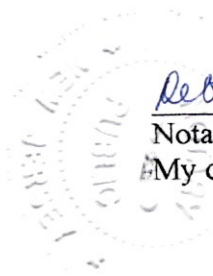
1. I am Senior Director, Regulatory Business, for Veolia Water Management and Services Inc., and in that capacity I am authorized to make this Verification on behalf of VWNJ (the "Petitioner") in this matter.

2. I have reviewed the within Petition and exhibits thereto, and the same are true and correct to the best of my knowledge, information and belief.

3. I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.


Gary S. Prettyman

Sworn to and subscribed before me
this 07th day of November, 2023



Debra Maureen Visconti
Notary Public
My commission expires: 08/19/2024

SWORN TO AND SUBSCRIBED
BEFORE ME THIS DATE

NOV 07 2023

DEBRA MAUREEN VISCONTI
Notary Public of New Jersey
My Commission Expires 8/19/2024