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RECEIVED
CASE MANAGEMENT

APR 01 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

RECEIVED
MAIL ROOM

APR 01 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

Handwritten: JMD
April 30 2019

VIA FEDEX

March 29, 2019

Aida Camacho-Welch
Secretary of the Board
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

Re: In the Matter of SUEZ Water New Jersey, Inc. for Approval of a Pilot Program to Facilitate the Replacement of Lead Service Lines and a Related Cost Recovery Mechanism
BPU Docket No. W019030381

Dear Secretary Camacho-Welch,

SUEZ Water New Jersey, Inc. filed a Petition with the New Jersey Board of Public Utilities in the above matter on March 22, 2019. Exhibit C to that filing had a typographical error. Attached please find a revised Exhibit C, dated 3/27/19.

If you need any additional information, please advise.

Very truly yours,


Gary S Prettyman
Senior Director - Regulatory Business

cc: Service List via e-mail

Handwritten:
S. Petrucci, Esq.
C. Vachier, Esq.
M. Kammer

SUEZ Water New Jersey
Lead Surcharge Program
Calculation Example

Exhibit C
Revised 3/27/19

Program management	<u>Cost</u>			
Inventory				
Education				
Staffing				<u>Rate Base</u>
Sampling				
Total		<u>\$5,000,000</u>		\$5,000,000
				(\$1,050,000)
	<u>Years</u>			
Amortization period	7	\$714,286		
Customer side				
Testing		600,000		
Cost to replace		500,000		
Less: \$1,000 from customer		(100,000)	100 lines	
Grants or other sources				
SUEZ Cares				
		<u>\$1,000,000</u>		\$1,000,000
				(\$210,000)
	<u>Years</u>			
Amortization period	7	\$142,857		
Company Side				
Cost to replace		<u>\$15,000,000</u>		\$15,000,000
Accumulated Depreciation				(\$259,500)
ADIT	Tax Dep	600,000	4.00%	
	Book	259,500		
	Excess	340,500	21.00%	
				<u>(\$71,505)</u>
				<u>(\$331,005)</u>
				<u>(331,005)</u>
				\$19,408,995
				Pretax ROR
				8.70%
				1,688,583
Program management amortization				714,286
Depreciation rate for services effective 11/29/19			1.73%	259,500
Customer side amortization				142,857
				<u>2,805,226</u>
Effective GRAFT rate (3)			13.78%	386,625
				<u>\$3,191,851</u>
				<u>244,854</u>
			Total water customers	No resale
			Annual cost per customer	<u>\$13.04</u>
			Monthly charge	<u>\$1.09</u>

Approved Capital Structure and Cost Rates

	Capital Structure Ratio	Cost Rate	Weighted Cost of Capital	Pre-Tax Rate of Return
Long Term Debt	46.00%	4.65%	2.14%	2.14%
Common Equity	54.00%	9.60%	5.18%	6.56%
Total	100.00%		7.32%	8.70%

1) capital structure and ROE per current authorized return Docket WR18050593

2) Pre-tax rate of return reflects 21% tax rate

3)	As-Filed revenues	\$223,764,356	\$253,091,503
	As-Filed GRAFT	\$30,811,456	\$34,881,904
		0.137695997	0.137823292