



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 NEW JERSEY-)
AMERICAN WATER COMPANY, INC. FOR DEFERRAL)
ACCOUNTING AUTHORITY FOR THE COSTS OF)
IMPLEMENTING THE CLEAN ENERGY ACT OF 2018)
BENCHMARKING REQUIREMENT) ORDER AUTHORIZING
DEFERRED ACCOUNTING
DOCKET NO. WF23060346

Parties of Record:

Christopher M. Arfaa, Esq., New Jersey American Water Company
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:¹

On June 9, 2023, New Jersey-American Water Company, Inc. (“NJAWC” or “Company”), a public utility corporation of the State of New Jersey, filed a petition with the New Jersey Board of Public Utilities (“Board”), pursuant to N.J.S.A. 48:2-13, 48:2-16, 48:2-21, 48:2-21.1, 48:2-23, and such other statutes, regulations and Board Orders that may be deemed by the Board to be applicable, for authority to defer, on its books, the costs associated with implementing the benchmarking requirement (“Benchmarking Requirement”) mandated by the Clean Energy Act, L.2018, c.17 (“CEA”) (“Petition”).

BACKGROUND AND PROCEDURAL HISTORY

On May 23, 2018, Governor Murphy signed the CEA into law. The CEA includes a Benchmarking Requirement specifying that:

No later than five years after the date of enactment of P.L.2018, c.17 (C.48:3-87.8 et al.), the board shall require the owner or operator of each commercial building over 25,000 square feet in the State to benchmark energy and water use for the prior calendar year using the United States Environmental Protection Agency’s Portfolio Manager tool.

N.J.S.A. 48:3-87.10(b).

¹ Commissioner Michael Bange is recused from this matter.

By Order dated September 7, 2022, the Board adopted the an Energy and Water Benchmarking Program.² Pursuant to the Benchmarking Order, all regulated water utilities must provide usage data to the owners of commercial buildings over 25,000 square feet. Beginning on August 2, 2023, for the first Reporting Year 2022, water utilities must provide data access services using a Portfolio Manager Spreadsheet Template.

The Benchmarking Order further directed regulated utilities to file for cost recovery of the reasonable and prudent costs of implementing the Benchmarking Requirement, which may include establishing, operating, and maintaining data aggregation and data access services, for the Board to evaluate in future base rate case proceedings.³

PETITION

By the Petition, NJAWC requested Board authority to use deferred accounting for the costs of implementing the Benchmarking Requirement and to use deferred accounting to track the costs of implementing the Benchmarking Requirement for the Board to evaluate in future base rate proceedings.

RATE COUNSEL COMMENTS

By letter dated January 11, 2024, the New Jersey Division of Rate Counsel (“Rate Counsel”) submitted comments on the Petition. According to Rate Counsel, because NJAWC did not provide a schedule related to the deferral of costs but would do so in future base rate proceedings, it could not specify which categories of expenses NJAWC proposed to defer. Rate Counsel noted that the Petition and discovery identified that costs would likely include those associated with establishing, operating, and maintaining data aggregation and data access services.

Rate Counsel stated that, in its opinion, NJAWC should be permitted to defer the costs to implement the Benchmarking Requirement to future base rate cases subject to the following conditions:

1. All future and prospective costs incurred shall be reviewed in the context of future base rate case proceedings.
2. NJAWC should be required to include schedules and documentation related to the deferred costs to the Benchmarking Requirements.
3. Of the costs requested for recovery, only those the Board deems prudent, reasonable, and known and measurable should be included for ratemaking purposes and recoverable from ratepayers.
4. There should be no guarantee that 100% of those costs the Company defers and includes for recovery will be fully recovered in rates from ratepayers.
5. Any updated information subsequent to this instant filing should be provided to the parties to this proceeding. This information should be coordinated with Board Staff (“Staff”).

With the above conditions, Rate Counsel did not object to NJAWC’s request for deferred accounting treatment.

² In re the Implementation of P.L. 2018, c.17 - Energy and Water Benchmarking of Commercial Buildings, BPU Docket No. QO21071023, Order dated September 7, 2022 (“Benchmarking Order”).

³ Benchmarking Order at 38.

DISCUSSION AND FINDINGS

After reviewing the Petition, and Rate Counsel's comments, the Board **HEREBY FINDS** that the Company's request is reasonable, in the public interest, and in accordance with the law. The Board **HEREBY AUTHORIZES** NJAWC to defer certain expenses that have been incurred and are expected to be incurred in the future in connection with implementing the Benchmarking Requirement.

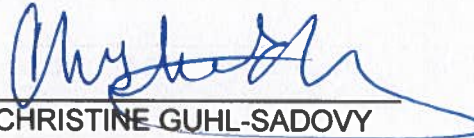
This Order is subject to the following conditions:


1. All future and prospective costs incurred shall be reviewed in the context of future base rate case proceedings.
2. NJAWC shall provide, in its future rate cases, schedules and documentation related to the deferred costs of the Benchmarking Requirement.
3. Of the costs requested for recovery, only those the Board deems prudent, reasonable, and known and measurable will be deemed recoverable in rates.
4. The Board does not guarantee that 100% of the costs the Company defers and includes for recovery will be recovered in rates from ratepayers.
5. Any updated information subsequent to the Petition shall be provided to the parties to this proceeding. This information should be coordinated with Staff.
6. This Order shall not be construed as directly or indirectly fixing, for any purposes whatsoever, the value of any tangible or intangible assets not owned or hereafter to be owned by NJAWC.
7. This Order shall not affect nor in any way limit the exercise of the authority of this Board or of this State in any future petition or in any proceedings with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or in any other matters affecting NJAWC.
8. Approval of this deferred accounting treatment request constitutes approval for accounting purposes only and does not constitute approval for ratemaking purposes; any determination of the appropriateness or reasonableness of the costs and expenses shall be made in an appropriate ratemaking proceeding.

This Order shall be effective March 27, 2024.

DATED: March 20, 2024

BOARD OF PUBLIC UTILITIES
BY:


CHRISTINE GUHL-SADOVY
PRESIDENT


DR. ZENON CHRISTODOULOU
COMMISSIONER


MARIAN ABDOU
COMMISSIONER

ATTEST:


SHERRI L. GOLDEN
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 NEW JERSEY-AMERICAN WATER COMPANY, INC.
FOR DEFERRAL ACCOUNTING AUTHORITY FOR THE COSTS OF IMPLEMENTING THE
CLEAN ENERGY ACT OF 2018 BENCHMARKING REQUIREMENT

DOCKET NO. WF23060346

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