



Agenda Date: 9/9/20
Agenda Item: VA

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE REQUEST OF SUEZ WATER) ORDER
NEW JERSEY INC. FOR APPROVAL OF CERTAIN)
AMENDMENTS TO THE CURRENTLY EFFECTIVE)
MONEY POOL AND AFFILIATED SECTOR)
AGREEMENTS, AND APPROVAL FOR)
REORGANIZATION) DOCKET NO. WF20060391

Parties of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Stephen B. Genzer, Esq., Saul Ewing Arnstein and Lehr LLP, on behalf of SUEZ Water New Jersey Inc.

BY THE BOARD:

SUEZ Water New Jersey Inc. (“SWNJ” or “Petitioner”) filed a Petition with the New Jersey Board of Public Utilities (the “Board”) on June 3, 2020 seeking approval: (1) pursuant to N.J.S.A. 48:3-7.2 to amend a currently effective Money Pool Agreement (“MPA”), (2) pursuant to N.J.S.A. 48:3-7.1 to amend a currently effective Affiliated Sector Agreement (“ASA”), and (3) for approval of part of a corporate reorganization (“Reorganization”), for which Board approval is required. The Petition was also filed under N.J.S.A. 48:2-51.1, N.J.S.A. 48:3-10, and N.J.A.C. 14:1-5.14(c).

BACKGROUND

SWNJ is a corporation duly organized and existing under the laws of the State of New Jersey, with its principal office at 461 From Road, Paramus, New Jersey 07652. SWNJ is engaged in the business of treating and distributing water for retail service to customers located throughout portions of the State. Specifically, SWNJ serves approximately 250,000 customers located in portions of Bergen, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Sussex, and Warren Counties. SWNJ also supplies water service to municipalities, including the Borough of Allendale, the Borough of Fairlawn, Township of Freehold, Gordons Corner Water Company, the Borough of Mahwah, the Township of Manalapan, Manalapan Board of Education, the Borough of Ramsey, the Village of Ridgewood, the Township of Saddle Brook and the Borough of Saddle River. SWNJ is also engaged in providing wastewater collection, treatment and disposal services to approximately 4,900 customers in portions of Passaic, Middlesex, Monmouth, Morris

Counties. For its Fiscal year ended 2019, SWNJ's Gross Operating Revenues were approximately \$285,000,000. SWNJ is a wholly owned subsidiary of SUEZ Water Resources LLC, a Delaware limited liability company.

Suez Water Resources, LLC ("SWR") is the ultimate parent company of the participants in both the MPA and ASA. Petitioner's requests arise in part out of SWR's pending acquisition to acquire the assets of Heritage Hills Sewer Company ("HH Sewer"), based in New York, as well as the pending acquisition of Heritage Hills Water Company ("HH Water") by SUEZ Water New York ("SWNY").¹ As set forth in greater detail in the Petition, upon consummation of the acquisitions of HH Water and HH Sewer, HH Sewer, as SUEZ Sewer New York Inc., will become a subsidiary of SWR, just as all other SUEZ regulated companies in the United States.

Specifically, SWNJ has identified the following entities as parties to the currently effective Money Pool Agreement ("MPA"): (1) SUEZ Water New York Inc., (2) SUEZ Water Westchester Inc., (3) SUEZ Water Idaho Inc., (4) SUEZ Water Pennsylvania Inc., (5) SUEZ Water Delaware Inc., (6) SUEZ Water Rhode Island Inc., (7) SUEZ Water Owego-Nichols Inc., (8) SUEZ Water Bethel Inc., (9) SUEZ Water South County Sewer Inc., (10) SUEZ Water Sewer Services Inc., (11) SUEZ Water Operations Inc., (12) SUEZ Water Resources Inc., (13) Corwick Realty Corporation. Petitioner seeks to amend the currently effective MPA to include two additional entities – SUEZ Sewer New York, Inc. ("SSNY") and SUEZ Sewer New York Holding Company, Inc. ("SSNYH"). Petitioner states that other than the addition of SSNY and SSNYH, no other provision or term of the MPA will vary from the version previously approved by the Board.

With respect to the currently effective Affiliated Sector Agreement ("ASA"), the following parties – in addition to Petitioner – are participants: (1) SUEZ Water New York Inc., (2) SUEZ Water Westchester Inc., (3) SUEZ Water Idaho Inc., (4) SUEZ Water Pennsylvania Inc., (5) SUEZ Water Delaware Inc., (6) SUEZ Water Rhode Island Inc., (7) SUEZ Water Owego-Nichols Inc., (8) SUEZ Water Bethel Inc., (9) SUEZ Water South County Sewer Inc., (10) SUEZ Water Sewer Services Inc., (11) SUEZ Water Operations Inc., and (12) Corwick Realty Corporation. As with the proposed amendments to the MPA, Petitioner seeks to add SSNY and SSNYH as new parties to the ASA. Petitioner states that other than the addition of these two entities, no other provision or term of the ASA will vary from the version previously approved by the Board.

Additionally, the Petitioner's request for approval of a Reorganization arises from a need to "rationalize" its organizational structure as further described below.

PROPOSED AMENDMENTS TO THE MONEY POOL AGREEMENT ("MPA")

As noted above, SWNJ seeks to amend the currently effective MPA pursuant to N.J.S.A. 48:3-7.2. The Board approved the currently effective MPA. See BPU Docket No. WM18030266, Nov. 19, 2018. The Board's prior Order requires that SWNJ must secure the Board's approval for additions or deletions to or from the MPA.

Specifically, Petitioner seeks to add two entities as parties to the MPA: SSNY and SSNYH. Petitioner states that other than these additions, no other term, provision, or condition of the MPA previously approved by the Board will change. Thus, the Petition states that under the proposed MPA, the parties (all utilities) will continue to deposit their receivables into a centralized bank

¹ The Petition states that the acquisitions are currently pending review by the New York Public Service Commission and approval is anticipated by October 2020.

account (“the Money Pool”) which is administered by SUEZ Water Management and Services, Inc. (“SWM&S”) as Administrative Agent.” As under the previously approved MPA, Money Pool disbursements are not intended to be loans and will not be charged interest.

The Petition states that approval of the proposed MPA is in the public interest because it will continue to permit those entities who are parties to the MPA to “meet their daily cash working capital and short-term cash needs in a way that is efficient and cost-effective.” In turn, the Petition states that this will benefit customers by resulting in lower rates than would otherwise be required.

PROPOSED AMENDMENTS TO THE AFFILIATED SECTOR AGREEMENT (“ASA”)

SWNJ also seeks to amend its currently effective ASA pursuant to N.J.S.A. 48:3-7.1. According to the Petition, in addition to SWNJ, the following entities are current participants in the ASA: (1) SUEZ Water New York Inc., (2) SUEZ Water Westchester Inc., (3) SUEZ Water Idaho Inc., (4) SUEZ Water Pennsylvania Inc., (5) SUEZ Water Delaware Inc., (6) SUEZ Water Rhode Island Inc., (7) SUEZ Water Owego-Nichols Inc., (8) SUEZ Water Bethel Inc., (9) SUEZ Water South County Sewer Inc., (10) SUEZ Water Sewer Services Inc., (11) SUEZ Water Operations Inc., (12) and Corwick Realty Corporation. As with the MPA, Petitioner seeks to add SSNY and SSNYH as participants to the ASA.² The Petition states that the only change between the ASA previously approved by the Board and the proposed ASA is the addition of SSNY and SSNYH as parties.

Petitioner states that the purpose of the ASA is to continue to permit the officers and employees of each ASA party to provide operational and management support to each other ASA party. The Petition makes clear that an ASA party has the option to refuse to provide services and, similarly, may also decline to seek services from other ASA parties and, instead, seek those services from a third-party. Further, the Petition asserts that an ASA party receiving services will be charged the “lower of the providing ASA Party’s cost to render the service (including the actual time spent, direct costs incidental to the provision of service, and a portion of general overhead) or the cost of obtaining comparable services from a third-party.”

Each ASA party will maintain responsibility for its own books and records and internal allocations billing practices and controls for ASA transactions, and SWM&S will continue to act as the Administrative Agent to the ASA parties. The Petition states that the ASA is not duplicative of the services already provided by SWM&S under the MPA. Rather, the Petition claims that services provided under the ASA would complement those provided by SWM&S.

SWNJ states that approval of the ASA is in the public interest because it will continue to permit SWNJ and the other ASA parties to utilize necessary services and expertise at reasonable costs from persons who are familiar with their organizational systems, processes, and management. The Petition notes that this familiarity will allow for tasks to be completed “in a timely and efficient manner[.]” and that the “[u]tilization of trained and available personnel from within the SWR family of companies is a sound management practice.”

² The Petition notes that all of the proposed ASA Parties, with the exception of Suez Water New York, Inc. (“SWNY”), “are currently direct subsidiaries of SUEZ Water Resources, Inc.” (“SWR”), “a Delaware corporation with offices at 461 From Road, Paramus, New Jersey 07652. SWNY is a subsidiary of SWNJ and therefore an indirect subsidiary of SWR.”

PROPOSED REORGANIZATION

The Petition also seeks approval for a proposed corporate reorganization (“Reorganization”), for which Board approval is required pursuant to N.J.S.A. 48:2-51.1(a). The Petition asserts that the Reorganization is necessary to “rationalize” the management structure of SWNJ and SWR. The Petition claims that the Reorganization will “result in SWNY becoming a direct, rather than indirect, subsidiary of SWR and remove SWNJ from the organization chart between SWR and SWNY.” As a result, SWNJ believes that the Reorganization would achieve a savings of approximately \$200,000.00 in accounting fees by eliminating the need for currently required externally audited financial statements for SWNJ and SWNY.

The Petition states that proposed reorganization is in the public interest and satisfies both the “no harm” standard under N.J.S.A. 48:2-51.1 and the “positive benefits” standard under N.J.A.C. 14:1-5.14(c). Specifically, SWNJ states that the Board should approve the Reorganization because it will not limit or otherwise affect the Board’s ability to regulate SWNJ. The Petition further states that the Reorganization will not impact any currently effective Board orders, rulings, or regulations in effect that apply to SWNJ. The Petition also states that the Reorganization is in the public interest because it will lead to greater administrative efficiency. As evidence supporting this claim, the Petition states that the Reorganization will not have an adverse impact on the provision of safe, adequate and proper utility service because SWNJ and SWNY have been administratively and operationally separate for decades.

The Petition states that the Reorganization will be entirely transparent to customers since it will not result in any operational or administrative changes. Further, SWNJ asserts that there will not be an adverse impact on rates. With respect to its employees, the Petition makes clear that SWNJ will continue to abide by all existing collective bargaining contracts upon the completion of the Reorganization. Further, the Petition notes there will be no change in employment levels, compensation, or responsibilities as a result of the Reorganization. Finally, with respect to competition, SWNJ argues that the Reorganization will not adversely affect competition in the water industry because SWNJ will continue to serve a discrete service territory following the Reorganization. SWNJ provided, either with the Petition or subsequently, the documents and information required pursuant to N.J.A.C. 14:1-5.14(b)(1)-(14), as well as any other documents requested.

The Division of Rate Counsel has reviewed this matter and by signature to the stipulation of settlement, dated August 28, 2020, indicates that it does not object to the approval of the Company’s petition as presented in the stipulation of settlement.

DISCUSSION AND FINDINGS

N.J.S.A. 48:2-51.1 provides in part:

[N]o person shall acquire or seek to acquire control of a public utility directly or indirectly through the medium of an affiliated or parent corporation or organization, or through the purchase of shares, the election of a board of directors, the acquisition of proxies to vote for the election of directors, or through any other manner, without requesting and receiving the written approval of the Board of Public

Utilities. Any agreement reached, or any other action taken, in violation of this act [N.J.S.A. 48:2-51.1] shall be void. In considering a request for approval of an acquisition of control, the board shall evaluate the impact of the acquisition on competition, on the rates of ratepayers affected by the acquisition of control, on the employees of the affected public utility or utilities, and on the provision of safe and adequate utility service at just and reasonable rates. The board shall accompany its decision on a request for approval of an acquisition of control with a written report detailing the basis for its decision, including findings of fact and conclusions of law.

Consistent with N.J.S.A. 48:2-51.1, N.J.A.C. 14:1-5.14(c) provides that the Board “shall not approve a merger, consolidation, acquisition and/or change in control unless it is satisfied that positive benefits will flow to customers and the State of New Jersey and, at a minimum, that there are no adverse impacts on [competition, rates, the employees of the affected public utility, and on the provision of safe and adequate utility service at just and reasonable rates].”

Also, under N.J.S.A.48:3-10, Board approval is required prior to making a transfer of stock to a corporation that would vest control in such corporation of a majority interest in the capital stock of the public utility.

Under N.J.S.A. 48:3-7.1, the Board must disapprove the proposed affiliate contract

[I]f it determines that such contract violates the laws of this state or of the United States, or that the price or compensation thereby fixed exceeds the fair price or fair compensation for the property to be furnished or the work to be done or the services to be rendered thereunder or is contrary to the public interest: otherwise the board shall approve such contract.

In addition, N.J.S.A. § 48:3-7.2 provides:

Except with the approval in writing of the board first had and obtained, no public utility shall loan any of its money or property to any other person, firm, group, association, company, trust or corporation owning, holding or controlling separately or in affiliation with others, five per cent or more of the capital stock of any such public utility or to any corporation five per cent or more of the capital stock of which is owned, held or controlled by any person, firm, group, association, trust, or corporation owning, holding or controlling separately or in affiliation, five per cent or more of the capital stock of such public utility.

After having reviewed the Petition and the entire record, the Board **FINDS** that the authority requested is consistent with applicable law and the Board **HEREBY AUTHORIZES** Petitioner to amend the currently effective MPA to add SSNY and SSNYH as parties. The Board **FURTHER AUTHORIZES** Petitioner to amend the currently effective ASA to add SSNY and SSNYH as parties. The Board **FURTHER APPROVES** the Reorganization as more fully set forth in the Petition.

Also, the Board **FINDS** that positive benefits will flow to customers and the State from the transactions and that there will be no adverse impact on any of the four factors set forth under N.J.S.A. 48:2-51.1. Nor will there be any adverse impact on the public interest or the Petitioner's obligations to employees.

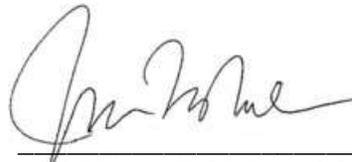
This Order is issued subject to the following provisions:

1. This Order is based upon the specific and particular facts of the Money Pool Agreement, Affiliated Sector Agreement, and Reorganization and shall not have precedential value in future transactions that may come before the Board and shall not be relied on as such.
2. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting Petitioner.
3. This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of the tangible or intangible assets now owned or hereafter to be owned by Petitioner.
4. This Order assumes that Petitioner will obtain any other approval required beyond the jurisdiction of the Board.

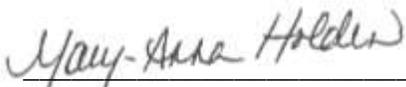
This Order shall become effective on September 19, 2020.

DATED: September 9, 2020

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER

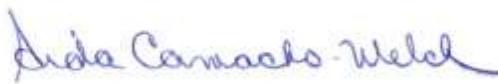


UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF THE REQUEST OF SUEZ WATER NEW JERSEY INC. FOR APPROVAL
OF CERTAIN AMENDMENTS TO THE CURRENTLY EFFECTIVE MONEY POOL AND
AFFILIATED SECTOR AGREEMENTS, AND APPROVAL FOR REORGANIZATION
DOCKET NO. WF20060397

SERVICE LIST

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

In the Matter of the Request of SUEZ Water New Jersey Inc. for Approval of Certain Amendments to the Currently Effective Money Pool and Affiliated Sector Agreements, and Approval for Reorganization.

BPU Docket No.: WF20060391

STIPULATION OF SETTLEMENT

APPEARANCES:

Stephen B. Genzer, Esq., and Shane P. Simon, Esq., Saul Ewing Arnstein & Lehr LLP, and Bryant Gonzalez, Esq., Corporate Counsel, SUEZ Water Management & Services Inc., on behalf of Petitioner,

Meliha Arnautovic Esq. and Pamela Owen Esq., Deputy Attorneys General (Gurbir S. Grewal, Attorney General of New Jersey), on behalf of the Staff of the Board of Public Utilities, and

Debra F. Robinson, Esq., Deputy Rate Counsel, and Christine Juarez, Esq., Assistant Deputy Rate Counsel, on behalf of the Division of Rate Counsel.

TO THE HONORABLE COMMISSIONERS OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES:

The parties in this proceeding include SUEZ Water New Jersey Inc. (“SWNJ” or “Petitioner”) the Division of Rate Counsel (“Rate Counsel”), and Staff of the Board of Public Utilities (“Staff”).

As a result of an analysis of SWNJ’s Petition and exhibits, extensive discovery, and settlement discussions, Petitioner, Staff, and Rate Counsel (collectively, the “Parties”) have come to an agreement on all of the issues in dispute in this matter.

PROCEDURAL HISTORY

1. On June 3, 2020, Petitioner, a public utility corporation of the State of New Jersey engaged in the business of collecting, treating and distributing water and/or wastewater service to

customers, filed with the Board of Public Utilities (the “Board”) a Petition for approval of a corporate reorganization (“Reorganization”) pursuant to and consistent with N.J.S.A. 48:2-51.1(a) and N.J.A.C. 14:1-5.14(c), approval of an Amended Money Pool Agreement (a copy of which was provided as Exhibit A to the Petition) pursuant to N.J.S.A. 48:3-7.2., and approval of an Amended Affiliated Sector Agreement (a copy of which was provided as Exhibit B to the Joint Petition) pursuant to N.J.S.A. 48:3-7.1.

2. The Reorganization would allow SUEZ Water New York, Inc. (“SWNY”) to become a direct subsidiary of SUEZ Water Resources LLC, formerly SUEZ Water Resources Inc. (hereinafter, “SWR”), rather than an indirect subsidiary (an organizational chart demonstrating the proposed post Reorganization structure was attached to the Petition as Exhibit D). The Reorganization would reflect the operational, rate, and managerial realities that have existed for years. SWR is the ultimate parent company of the current participants in the Money Pool Agreement and the Affiliated Sector Agreement.

3. SWNJ also seeks to add SUEZ Sewer New York Holding Company Inc. (“SSNYH”) and SUEZ Sewer New York Inc. (“SSNY”) as parties to both the Money Pool Agreement and Affiliated Sector Agreement. SSNYH and SSNY will join the following entities as parties to the Money Pool Agreement: SWNJ, SUEZ Water New York Inc., SUEZ Water Westchester Inc., SUEZ Water Idaho Inc., SUEZ Water Pennsylvania Inc., SUEZ Water Delaware Inc., SUEZ Water Rhode Island Inc., SUEZ Water Owego-Nichols Inc., SUEZ Water Bethel Inc., SUEZ Water South County Sewer Inc., SUEZ Water Sewer Services Inc., SUEZ Water Operations Inc., SUEZ Water Resources Inc., and Corwick Realty Corporation (the

“Participants”).¹ The only change to the current Money Pool Agreement will be the addition of SSNYH and SSNY.

4. Under the terms of the Money Pool Agreement, each Participant will deposit all of its receivables into a centralized bank account (the “Money Pool”) which will be administered by SUEZ Water Management and Services Inc. (“SWM&S”) acting as the Administrative Agent. The Money Pool disbursements are not intended to be loans and will not be charged interest.

5. With respect to the Affiliated Sector Agreement, SSNYH and SSNY will join the following entities that are already parties: SUEZ Water New York Inc., SUEZ Water Westchester Inc., SUEZ Water Idaho Inc., SUEZ Water Pennsylvania Inc., SUEZ Water Delaware Inc., SUEZ Water Rhode Island Inc., SUEZ Water Owego-Nichols Inc., SUEZ Water Bethel Inc., SUEZ Water South County Sewer Inc., SUEZ Water Sewer Services Inc., SUEZ Water Operations Inc., and Corwick Realty Corporation. The only change to the current Affiliated Sector Agreement will be the addition of SSNYH and SSNY.

6. The purpose of the Affiliated Sector Agreement is to allow the officers and employees of the participating entities to provide certain operational and management support services to each other. The Affiliated Sector Agreement is not duplicative of the services provided by SWM&S, and indeed will be a complement to those services.

SETTLEMENT PROVISIONS

7. For the reasons set forth in the following paragraphs, the Parties agree that the record herein supports the findings and conclusions that the proposed Reorganization will not adversely impact competition, rates, employees or the provision of safe, adequate and proper

¹ All of the proposed participants in the Money Pool Agreement are regulated public utilities with the exception of SWR, SUEZ Water Sewer Services Inc., SUEZ Water Operations Inc., and Corwick Realty Corporation.

utility service at just and reasonable rates, and that positive benefits will accrue to customers and the State of New Jersey. The Parties therefore agree the Board should find:

a. The proposed Reorganization will not adversely impact competition because it will not result in either an increase or decrease in utility operations in New Jersey. SWNJ and SWNY do not compete with each other at the present time, and will not compete with each other following the Reorganization. Instead, these entities will continue to provide service to customers located throughout the current franchise areas, with no change in their operational footprint.

b. The proposed Reorganization will not have an adverse impact on the rates charged as rates will not change or increase as a result of the proposed Reorganization. Instead, SWNJ will provide service to customers located in its service territories under the current Board-approved tariffs and rate structures, until such tariffs and rate structures are revised in accordance with New Jersey law.

c. The proposed Reorganization will not have an adverse impact on the employees of either SWNJ or SWNY. There will be no changes in the day-to-day operations or management of either entity, or workforce reductions as a result of the proposed Reorganization. In addition, the proposed Reorganization will not affect existing collective bargaining agreements.

d. The proposed Reorganization will not have an adverse impact on the continued provision by SWNJ of safe, adequate and proper utility service at just and reasonable rates. SWNJ will continue to adhere to all tariff provisions and continue to fulfill its customer and regulatory obligations following completion of the Reorganization. Moreover, the Board's powers and jurisdiction with respect to SWNJ will remain unchanged. SWNJ will remain

subject to all applicable laws, regulations, rules, decisions, and orders governing the regulation of New Jersey public utilities.

e. The proposed Reorganization will result in positive benefits to customers and the State of New Jersey. Petitioner states that the Reorganization will allow needed system investments to be made in a more efficient and equitable manner as such costs will be shared by a larger customer base, thereby helping to minimize costs to any one group of customers or individual system. Further, the Parties to this Stipulation of Settlement have agreed to a series of conditions which, together with the benefits previously described by the Joint Petitioners, demonstrate that there will be positive benefits to customers and the State of New Jersey.

8. SWNJ also sought review and approval of the proposed Reorganization, to the extent deemed necessary by the Board, pursuant to N.J.A.C. 14:1-5.10. The Parties agree that the proposed Reorganization is in the public interest and should be approved as described in greater detail in the Petition.

9. The Petition requested Board approval of an Amended Money Pool Agreement pursuant to N.J.S.A. 48:3-7.2. The Parties recommend approval of the Amended Money Pool Agreement by the Board, with the following conditions:

a. Only the entities listed in the Money Pool Agreement may participate in the Money Pool. Only regulated public utilities may borrow from the Money Pool (i.e., withdraw funds in excess of the amount deposited by that entity in the Money Pool).

b. All Money Pool participants that are rated by the major credit rating agencies shall have investment-grade credit ratings. In the event a Money Pool participant receives a credit downgrade to below investment grade, SWNJ must notify the Board Secretary within seven days, including the submission of a remedial plan.

c. Petitioner shall not make any bank borrowings or issue commercial paper for the sole purpose of lending the proceeds to the Money Pool.

d. On an annual basis, Petitioner will provide a general report to the Board Secretary indicating how much each Money Pool participant has deposited in the Money Pool and how much each participant has withdrawn from the Money Pool. The report shall include the interest rate imposed for borrowing from the Money Pool, and the prevailing market rates for similarly situated utilities. A copy of the annual report shall also be provided to Rate Counsel.

e. The Petitioner shall render Money Pool-related decisions based on the best interest of customers.

f. The Petitioner shall not borrow any sum from the Money Pool for a period greater than 364 consecutive days.

g. The proceeds from Money Pool borrowings shall be used only for the regulated activities of the participants.

h. The Petitioner shall deposit all cash receipts from business operations in the Money Pool, which shall be balanced monthly.

i. Nothing in this Stipulation of Settlement authorizes rate recovery, which shall be addressed in a base rate case.

j. No new participants shall be added to, nor any current participants removed from, the Money Pool unless approved by the Board.

k. SWNJ is obligated to utilize a prudent and cost-effective capital structure and mix of capital to finance its utility operations at the lowest reasonable cost.

10. The Petitioner requested Board approval of an Amended Affiliated Sector Agreement pursuant to N.J.S.A. 48:3-7.1. The Parties have reviewed the Amended Affiliated

Sector Agreement and agree that approval of the Amended Affiliated Sector Agreement is in the public interest in that it will allow the participants to obtain needed services at reasonable cost, from individuals who are familiar with the participants, their systems and processes. The Parties recommend that the Board authorize the execution of the Amended Affiliated Sector Agreement.

11. The Petitioner shall maintain the Core Management Team positions that provide day-to-day operations in each of the New Jersey operating service territories, and further agree there shall be no reductions to the number of Core Management Team positions as a result of this Reorganization prior to the filing of SWNJ's next base case.

12. The Parties have discussed customer service matters and recommend that the Board approve the proposed Reorganization subject to the following conditions, which are positive benefits to customers and the State of New Jersey:

a. Petitioner agree to maintain the location of the call center in Hackensack, New Jersey until at least the filing of SWNJ's next base rate case.

b. Petitioner agrees to include information regarding SWNJ's percentage of abandoned calls and the average speed of answer in each of its reports filed with the Board pursuant to N.J.A.C. 14:3-6.8. Petitioner further agrees to provide a copy of this report to Rate Counsel.

c. Going forward, the Parties agree to discuss the process used to identify customers with a medical emergency and to ensure that SWNJ's medical emergency identification and notice process complies with the requirements of N.J.A.C. 14:3-3A.2(i).

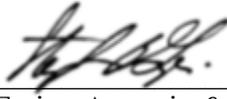
d. Petitioner commits to maintaining the SUEZ Cares program, or a similarly equivalent program.

13. This Stipulation is the product of extensive 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 a fair and reasonable conclusion to this proceeding, 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.

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

SUEZ WATER NEW JERSEY, INC.

August 28, 2020
Date

By: 
Saul Ewing Arnstein & Lehr LLP
Stephen B. Genzer, Esq.
Shane P. Simon, Esq.
Attorneys for Petitioner

GURBIR S. GREWAL, ESQ.
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey
Board of Public Utilities

Date

By: _____
Meliha Arnautovic, Esq., Deputy Attorney General
Pamela Owen, Esq., Deputy Attorney General
Alex Moreau, Esq, Deputy Attorney General

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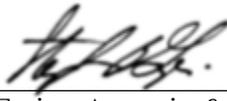
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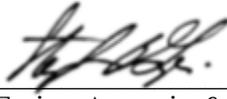
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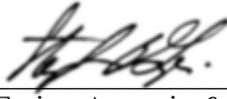
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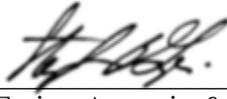
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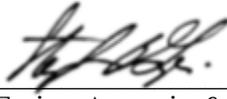
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