



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

WATER

IN THE MATTER OF THE NEW JERSEY BOARD OF )  
PUBLIC UTILITIES' CONSIDERATION OF THE GROSS ) ORDER  
RECEIPTS TAX ON WATER AND SEWER UTILITIES ) DOCKET NO. WX25020086

**PARTIES OF RECORD:**

**Brian O. Lipman, Esq.**, Director, New Jersey Division of Rate Counsel  
**Natalie Chesko**, President, Aqua New Jersey, Inc.  
**Wendy E. Stewart**, Atlantic City Sewer Company  
**David G. Ern**, Gordon's Corner Water Company  
**Jay L. Kooper, Esq.**, on behalf of Middlesex Water Company  
**Stephen R Bishop, Esq.**, New Jersey-American Water Company, Inc.  
**Bryan Gonzalez, Esq.**, Veolia Water New Jersey, Inc.

BY THE BOARD:

**BACKGROUND AND PROCEDURAL HISTORY**

In November 2024, the New Jersey Department of the Treasury, Division of Taxation ("Taxation") notified the State's water and wastewater utilities that the Gross Receipts Tax ("GRT") on water and sewer had been imposed at a rate of seven- and one-half percent (7.5%) rather than the statutory rate of seven percent (7%). Pursuant to N.J.S.A. 54:30A-54(b), every sewerage and water corporation using or occupying the public streets, highways, roads, or other public places in New Jersey shall pay an annual excise tax "at the rate of 7% upon the gross receipts of such taxpayer for the preceding calendar year from its business over, on, in, through or from its lines or mains in the State of New Jersey."

In its letter, Taxation indicated that it would issue refunds of the additional tax remitted to rectify the over-collection, and that such refunds would be issued within forty-five (45) days for payments that were due on and after August 15, 2022. Taxation also indicated that, since it became aware of the rate discrepancy in August 2024, Taxation would treat the August 15, 2020 tax payment as being in statute for the purposes of a refund. In order to receive a refund for the additional two (2) years of payments due between August 15, 2020 and May 15, 2022, the affected company must complete a claim for refund. Taxation additionally directed companies to remit at the seven percent (7%) tax rate beginning with tax payments due on and after November 15, 2024, unless there is a legislative amendment in the future.

## **DISCUSSION AND FINDINGS**

The Board is charged with the authority to ensure that the regulated utilities' rates charged to ratepayers are just and reasonable. N.J.S.A. 48:2-21. When the Board sets rates in base rate cases and in certain annual/periodic clauses, utilities are permitted to gross up their revenue requirement based on the GRT. In consideration of Taxation's directive, the rate revenue resulting from expenses relating to taxes in rates but no longer owed must be passed on to ratepayers.

To ensure that the ratepayers receive the appropriate reduction in tax expense, the Board **HEREBY DIRECTS** affected utilities to defer the effects of the required reduction on its books and records effective immediately. The deferral shall be the difference between a GRT rate of seven- and one-half percent (7.5%) and seven percent (7%), including both the refunds from Taxation and the difference in GRT expenses included in rates. This will allow the Board to fully examine the effects of the refunds issued by Taxation and the adjustment of GRT payments going forward.

Now, therefore, the Board, **HEREBY ORDERS** the following:


1. The affected utilities are investor-owned water and wastewater companies under the jurisdiction of the Board with 2023 revenues equal to or greater than \$4.5 million.
2. Each affected utility shall file a petition with the Board no later than June 1, 2025 including appropriate calculations with a proposal to return the difference between a GRT rate of seven- and one-half percent (7.5%) and seven percent (7%) rates to customers.

All documents required to be submitted to the Board, including the required petitions and calculations, shall be filed with the Board's Secretary and shall also be submitted in electronic and reviewable form, including Excel spreadsheets with formulas, to the Directors of the Board's Divisions of Revenue and Rates and Audits. Additionally, all documents filed with the Board shall also be provided concurrently to the New Jersey Division of Rate Counsel both electronically and in hard copy, if requested.

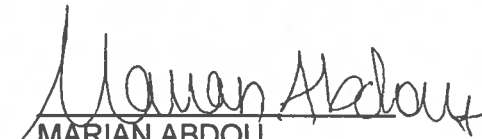
The effective date of this Order is March 26, 2025.

DATED: March 19, 2025

BOARD OF PUBLIC UTILITIES  
BY:

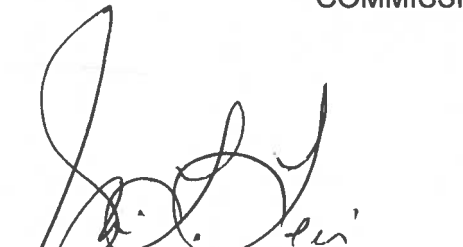
  
CHRISTINE GUHL-SADOVY  
PRESIDENT

  
DR. ZENON CHRISTODOULOU  
COMMISSIONER

  
MARIAN ABDOU  
COMMISSIONER

  
MICHAEL BANGE  
COMMISSIONER

ATTEST:

  
SHERRI L. LEWIS  
BOARD 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 NEW JERSEY BOARD OF PUBLIC UTILITIES' CONSIDERATION  
OF THE GROSS RECEIPTS TAX ON WATER AND SEWER UTILITIES

DOCKET NO. WX25020086

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