



Agenda Date: 7/23/14
Agenda Item: 5A

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 PETITION OF AQUA NEW)
JERSEY, INC. FOR APPROVAL OF MUNICIPAL)
CONSENTS TO PROVIDE WATER AND)
WASTEWATER SERVICE TO AREAS OF THE)
TOWNSHIP OF NORTH HANOVER AND THE)
BOROUGH OF WRIGHTSTOWN AND OTHER)
REQUIRED APPROVALS)

ORDER

DOCKET NO. WE13121186

Parties of Record:

Colleen A. Foley, Esq., for Aqua New Jersey, Inc., Petitioner
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

Aqua New Jersey, Inc. ("Aqua-NJ" or "Company") is a corporation duly organized under the laws of the State of New Jersey and is a public utility engaged in the distribution of water and collection/treatment of wastewater subject to the jurisdiction of the Board of Public Utilities ("Board"). Aqua-NJ's principal place of business is located at 10 Black Forest Road, Hamilton, New Jersey. Aqua-NJ is engaged in the business of collecting, treating and distributing water for retail service to approximately 51,300 water customers. Aqua-NJ is also engaged in the wastewater collection, treatment and transmission business, and currently serves approximately 5,600 wastewater customers.

On December 19, 2013, the Company filed a Petition with the Board pursuant to N.J.S.A. 48:2-14 and N.J.A.C. 14:1-5.5 for approval of Municipal Consent Ordinance No. 2013-06 adopted October 8, 2013, by the Township of North Hanover ("Township") and Ordinance 2013-04 adopted October 23, 2013, by the Borough of Wrightstown ("Borough") to allow Aqua-NJ to construct, lay, maintain and operate the necessary mains, pipes and appurtenances for the rendering of water and wastewater services on property located in the Township and the Borough ("Proposed Franchise Area").

On June 12, 2014, a duly noticed public hearing on the Company's Petition was held at the Board's Trenton Office. Legal Specialist, James Kane, Esq., presided over the hearing at which representatives of the Company, Division of Rate Counsel ("Rate Counsel") and Board Staff were present. No members of the public appeared at the hearing.

The purpose of obtaining the franchise grants from the Township and the Borough is to permit Aqua-NJ to provide water and wastewater service to the Proposed Franchise Area known as Spartan Village. Spartan Village is a residential community consisting of 221 mobile homes located in both the Township and Borough. Currently, all 221 mobile homes are located in the Township and are occupied. A small portion of the parcel of land upon which the sewer treatment plant is situated is located on the Borough portion of the property. The treatment assets, however are not located on the Borough portion of the property. There are no current plans to extend plant into the Borough to provide service. Residents of Spartan Village presently receive water and wastewater service as part of the services provided with lot rentals. The costs of these services are included in the monthly rental payments for each of the lots. Spartan Village Inc.'s water and wastewater system is a stand alone system and does not provide water or wastewater service to the general public, or to areas located outside of the boundaries of the mobile home park. Pursuant to an Asset Purchase Agreement dated April 5, 2013, the Company has agreed to acquire Spartan Village, Inc.'s water and wastewater system assets.

Aqua-NJ has agreed to pay Spartan Village, Inc. \$1.00 to purchase the wastewater system and \$1.00 to purchase the water system. At the closing of the asset purchase, Spartan Village, Inc. has agreed to place \$300,000 in an escrow account to fund capital improvements to the water and wastewater systems. At this time Aqua-NJ is not seeking Board approval for the recovery of the costs of this transaction or of any possible acquisition adjustment. Aqua-NJ will address these matters in its next base rate case proceeding.

It is the intention of the Company that the water and wastewater systems will be included in, and served by, the Company's Central Division Operations Center located in Hamilton, NJ. The Spartan Village, Inc. water system has two wells pumping with a capacity of 30 gallons per minute for well #1 and 70 gallons per minute for well #2 (running 24 hours per day, the two pumps would produce 144,000 gallons per day) along with a storage tank of 20,000 gallons. Presently Spartan Village is unmetered. Given the size of the lots and individual homes, the Company has estimated monthly use of approximately 3,000 gallons per residence. Wastewater treated volume capacity is 35,000 gallons per day. Actual treated volume in 2012 was calculated at 12,500,000, or approximately 34,246 gallons per day. The Company plans to maintain the same level of service it provides in its current service territories in the franchise area. This system will continue to operate as a stand alone system.

The Company proposes to charge rates for wastewater services according to its tariffs already on file with, and approved by, the Board. Residents will experience a fixed monthly bill of \$51.98 which is based on Aqua-NJ's current wastewater fixed rate. Currently the Spartan Village residents do not have individual meters. The Company intends to install meters in Spartan Village, however this project will not be completed until approximately one year after Board approval. On April 29, 2014, the Company submitted an initial tariff for the implementation of a fixed rate for water service on an interim basis. The proposed flat fixed rate of \$25.00 was calculated to be approximately 90% of the Company's current fixed charge, \$12.95 plus 3,000 gallons of monthly usage at present rate ($\$4.93 \times 3 = \14.79), which was rounded down. The unmetered fixed rate for water service will be charged to water service customers located in Spartan Village until such time as individual customer meters are installed and operational. Upon the installation of individual customer meters, customers will be charged the fixed service charge and general metered consumption charge set out in the Board approved tariff. Since utility services are presently included in the monthly lot rental fee, the owner of Spartan Village has agreed to rollback that portion of the lot rental fee (\$70.00 per month).

According to the Petition, the expansion of the Company's service territory will not impose any negative impact on current customers, and will not cause any adverse consequences on these customers or the Company's ability to provide safe, adequate and proper service.

Aqua-NJ has agreed to North Hanover Township's franchise term, which shall be fifty years. Upon expiration of the initial term, and subject to review and/or approval of the Board, the Township may renew its consent upon the written request or application of the Company. Aqua-NJ has agreed to the Borough of Wrightstown's franchise term of three years. Upon expiration of the initial term, the consent shall automatically renew for three years, and thereafter for nine additional three year terms.

Public Fire Protection is provided by North Hanover Township to Spartan Village.

By letter dated July 2, 2014, Rate Counsel submitted its comments to the Petition and stated that it is not opposed to its approval with certain conditions that are contained in this Order.

Based on the foregoing and a thorough review of the record to this proceeding, the Board **HEREBY APPROVES** the Municipal Consent, Ordinance No. 2013-06 adopted October 8, 2013, granted to Aqua New Jersey, Inc. by the Township of North Hanover and Ordinance 2013-04 adopted October 23, 2013, granted by the Borough of Wrightstown. The Board **FURTHER APPROVES** the use of Aqua New Jersey, Inc.'s existing wastewater tariff applicable in the new service territory. The Board **HEREBY FINDS** that the rates set forth above and included in the provisional initial tariff to be just and reasonable and necessary to permit Aqua-NJ to provide safe, adequate and proper service. The Board **FURTHER APPROVES** the use of a provisional tariff for a temporary flat fixed rate for water. Upon the installation of individual customer meters to all customers, the Company intends to move the customers to the general metered service – main fixed service charge and consumption charge set out in the Board approved tariff on Sheet 4, Schedule 1. The Board **FURTHER APPROVES** the use of Aqua-NJ's general metered service – main residential customer tariff upon the installation of individual meters to all affected customers.

The approvals granted, hereinabove, shall be subject to the following provisions:

1. No less than fifteen days prior to the intended transition from the initial provision flat fee tariff to the volumetric tariff, the Company shall file a compliance filing with the Board advising of the effective date of the transition and discontinuance of the use of the provisional flat rate tariff.
2. The Company shall further provide the affected residents no less than fifteen days' notice of the effective date of the volumetric tariff.
3. Within five business days of the transition from the provisional flat rate tariff to the volumetric tariff, the Company shall file updated tariff pages with the Board.
4. This Order shall not be construed as directly or indirectly fixing for any purposes, whatsoever, the value of any tangible or intangible assets now owned or hereafter to be owned by the Company.
5. This Order shall not effect nor in any way limit the exercise of the authority of this Board or of this State, in any future Petition or in any future proceeding, with

respect to rates, franchise, services, financing, accounting, capitalization, depreciation or in any other matters affecting the Company.

6. In an appropriate subsequent proceeding, the Company shall have the burden of demonstrating whether, and to what extent, any of the costs associated with this Petition shall be allocated to ratepayers. Approval of these municipal consents does not include authorization to include in rate base the costs of the asset purchase or specific assets that are or will be completed as a result of the new service territory.
7. Approval of these municipal consents does not constitute approval by the Board of any costs or expenses associated with this Petition. Any determination as to the appropriateness or reasonableness of the costs and expenses related to the franchises, including, but not limited to, cost of construction, contributions in aid of construction, depreciation on contributed plant, the cost of connection or any related capital improvements, and the allocation of such costs and expenses, shall be made in an appropriate subsequent proceeding.
8. Approval of these municipal consents does not constitute approval of any specific main extension or plan for service. In extending service, Aqua-NJ must comply with all applicable laws.

Tariff pages conforming to the terms of this Order must be submitted within five (5) business days of the effective date of this Order.

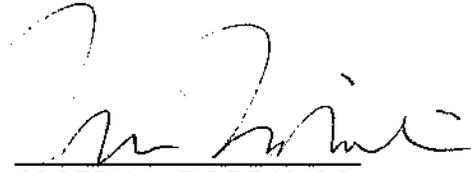
This Order shall be effective on August 2, 2014.

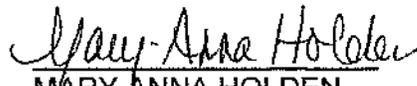
DATED: 7/23/14

BOARD OF PUBLIC UTILITIES
BY:


DIANNE SOLOMON
PRESIDENT

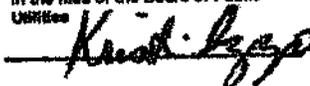

JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

ATTEST: 
KRISTI IZZO
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 AQUA NEW JERSEY, INC. FOR APPROVAL OF
MUNICIPAL CONSENTS TO PROVIDE WATER AND WASTEWATER SERVICE TO AREAS
OF THE TOWNSHIP OF NORTH HANOVER AND THE BOROUGH OF WRIGHTSTOWN,
AND OTHER REQUIRED APPROVALS

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