



Agenda Date: 5/19/15
Agenda Item: VB

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 NEW)
JERSEY-AMERICAN WATER COMPANY, INC. FOR) ORDER
APPROVAL OF A MUNICIPAL CONSENT GRANTED)
BY THE BOROUGH OF HADDONFIELD, COUNTY OF)
CAMDEN) DOCKET NO. WE15010073

Parties of Record:

Robert J. Brabston, Esq., New Jersey-American Water Company, Inc.
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Stuart A. Platt, Esq., Platt & Riso, P.C., on behalf of the Township of Haddon

BY THE BOARD¹:

New Jersey-American Water Company, Inc. ("NJAWC" or "Company") is a regulated public utility corporation engaged in the production, treatment and distribution of water and collection of sewage within its defined service territory within the State of New Jersey. Said service territory includes portions of the following counties: Atlantic, Bergen, Burlington, Camden, Cape May, Essex, Gloucester, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Salem, Somerset, Union, and Warren.

On January 13, 2015, the Company filed a Petition with the New Jersey Board of Public Utilities ("Board"), pursuant to N.J.S.A. 48:2-14, N.J.A.C. 14:1-5.5, and such other regulations and statutes as may be deemed applicable and appropriate by the Board, for approval of Municipal Consent Ordinance No. 2014-13 ("Municipal Consent") granted to the Company on July 15, 2014, by the Borough of Haddonfield ("Borough"), in the County of Camden, to allow NJAWC to construct, lay, maintain, and operate the necessary water and wastewater mains, pipes, and appurtenances throughout the geographical area of the Borough, and to provide water and wastewater services in the Borough. See Petition at 1-2. The Municipal Consent adopted by the Borough was part of a sale process conducted, pursuant to the procedures set forth in N.J.S.A. 40:62-3 to N.J.S.A. 40:62-6, in which the Borough sought public bids for the sale of its water and wastewater systems, as reflected in Ordinance 2014-14 approving the agreement of

¹ President Richard S. Mroz and Commissioner Upendra J. Chivukula recused themselves due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

sale between the Borough and NJAWC ("Agreement of Sale"). See Petition at 2-3. Finally, pursuant to the Petition, NJAWC is only seeking Board approval of the Municipal Consent and does not seek the Board's determination on any ratemaking treatment on the to be purchased utility systems. Id. at 3-4.

NJAWC will be acquiring one operable water treatment plant, Centre Street, from the Borough. The plant's capacity is approximately 2 million gallons per day ("mgd"). The average gallons per day consumed by the proposed franchise area in the last five years is approximately 1.3 mgd. NJAWC will not be treating wastewater. All wastewater is conveyed to the Camden County Municipal Utilities Authority ("CCMUA") collection system and is treated at the CCMUA treatment facility in Camden.

The Borough currently services the Borough of Audubon, the Borough of Barrington, the Borough of Tavistock, the Borough of Haddon Heights and the Township of Haddon ("Township"), through separate bulk contracts for sewer service only. Additionally, the Borough provides water service to the National Church Residence in the Township. This service is provided directly through an agreement between the Borough and the National Church Residence. NJAWC will not be acquiring any mains or appurtenances located outside the municipal boundaries of the Borough.

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.

NJAWC will continue the rates that were charged by the Borough for water and sewer service. The rates will freeze for a three-year period upon the closing of the Agreement of Sale, after which any change in rates would be requested as part of a general rate case proceeding. The rate to be charged for water service shall be as follows: Tier 1 - \$0.5600 per hundred gallons for the first 2,700 gallons per month; Tier 2 - \$0.7060 per hundred gallons for next 10,700 gallons per month; and Tier 3 - \$0.7840 per hundred gallons over 13,400 gallons per month. The rate to be charged for sewer service shall be as follows: Tier 1 - \$0.2690 per hundred gallons of water consumption for the first 2,700 gallons per month; Tier 2 - \$0.3390 per hundred gallons of water consumption for the next 10,700 per month; and Tier 3 - \$0.3770 per hundred gallons of water consumption over 13,400 gallons per month. A service fee of \$4.16 per month shall be charged to each user of water and/or sewer service.

By motion papers dated February 23, 2015, and filed with the Board on March 2, 2015, the Township moved to intervene pursuant to N.J.S.A. 48:2-32.2(a) and N.J.A.C. 1:1-16.1. The Board granted the intervention on April 15, 2015.

On April 8, 2015, a duly noticed public hearing on the Company's Petition was held at the Board's Trenton office. The notice indicated that no change in rates would result from the Petition. Legal Specialist, James P. Kane, Esq., presided over the hearing at which representatives of the Company, the New Jersey Division of Rate Counsel and Board Staff appeared. Two representatives from the Company testified during the public hearing. No members of the public appeared at the hearing.

By letter dated April 24, 2015, Rate Counsel submitted its comments to the petition and stated that it is not opposed to its approval. Rate Counsel recommends that the Board condition its approval on limitation of the municipal consent to a reasonable period not exceeding fifty years. The Board acknowledges Rate Counsel's recommendations; however, Ordinance No. 2014-13 does not limit the term of the municipal consent.

The Board has reviewed Rate Counsel's recommendations and has determined not to limit the term of the municipal consent to operate in the franchise area.

Based on the foregoing and a thorough review of the record to this proceeding, the Board, pursuant to N.J.S.A. 48:2-14, **HEREBY APPROVES** the Municipal Consent, Ordinance No. 2014-13, granted to New Jersey-American Water Company, Inc. by the Borough on July 15, 2014. The Board **FINDS** that the Municipal Consent is necessary and proper for the public convenience and properly conserves the public interest, and that the Company has the ability to provide safe, adequate and proper service in the Borough.

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

1. 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.
2. 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 future proceeding, with respect to rates, franchise, services, financing, accounting, capitalization, depreciation or in any other matters affecting the Company.
3. 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 this municipal consent does not include authorization to include in rate base the specific assets that are or will be completed as a result of the new service territory.
4. Approval of this municipal consent 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 franchise, 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.
5. Approval of this municipal consent does not constitute approval of any specific main extension or plan for service. In extending service, NJAWC must comply with all applicable laws.

Within fifteen (15) days of closing, NJAWC will file appropriate tariff pages.

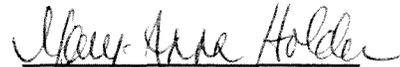
This Order shall be effective on May 29, 2015.

DATED: 5/19/15

BOARD OF PUBLIC UTILITIES
BY:



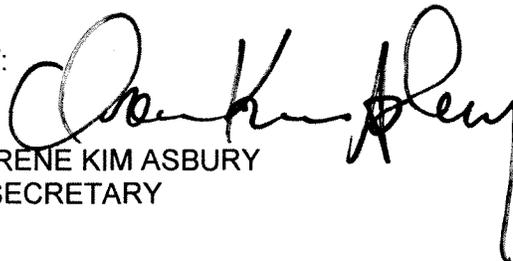
JOSEPH L. FIORDALISO
COMMISSIONER



MARY-ANNA HOLDEN
COMMISSIONER

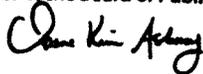


DIANNE SOLOMON
COMMISSIONER

ATTEST: 

IRENE KIM ASBURY
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities



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FOR APPROVAL OF A MUNICIPAL CONSENT GRANTED BY THE BOROUGH OF
HADDONFIELD, COUNTY OF CAMDEN
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