



Agenda Date: 8/19/15
Agenda Item: 5B

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 APPROVAL)
TO DISCONTINUE SERVICE TO A PORTION OF THE)
TOWNSHIP OF MOUNT OLIVE, MORRIS COUNTY)
)
) BPU DOCKET NO. WD15050634

Parties of Record:

Suzana Duby, Esq., Corporate Counsel, New Jersey American Water Company, Inc.
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD: ¹

BACKGROUND AND PROCEDURAL HISTORY

On May 27, 2015, New Jersey American Water Company, Inc. (“Petitioner,” “NJAWC,” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”), pursuant to N.J.S.A. 48:2-24 and N.J.S.A. 48:3-7, for permission to discontinue water service in its Morris Chase and Morris Hunt (“Morris Chase/Morris Hunt”) service area located in the Township of Mount Olive, Morris County (“Mt. Olive” or “Township”).² The Petitioner 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. Its 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. As of December 31, 2014, NJAWC services approximately 612,791 water and fire service customers and 35,987 wastewater (“sewer”) service customers in 188 municipalities.

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.

² NJAWC filed two amendments to the original Petition: June 16, 2015 - Provided amended Exhibit A which includes the agreement referenced within the Ordinance as Exhibit B to that Ordinance; June 19, 2015 – Clarified that the original Petition mistakenly referenced N.J.S.A. 48:3-7 as a basis for approval and that it is not seeking approval to discontinue service pursuant to N.J.S.A. 48:3-7.

Mt. Olive is a New Jersey municipality located in Morris County, New Jersey, having a total population of 28,117 (2010 US Census). The Township presently owns and operates several public water systems serving approximately 16,600 Mt. Olive residents. The Mt. Olive Township Water and Sewer Department is a municipally owned utility and is not subject to the Board's jurisdiction.

On August 19, 2008, Mt. Olive adopted Ordinance No. 42-2008 ("Ordinance") granting its municipal consent to Applied Wastewater Management, Inc. ("AWWM") to provide water service to the Morris Chase/Morris Hunt service areas. As set forth in the Ordinance, this municipal consent is revocable and subject to the right of Mt. Olive to require transfer of ownership and operation of the Morris Chase/Morris Hunt system to Mt. Olive, at its sole discretion, in accordance with the procedures set forth therein, and at no cost to Mt. Olive.³

On September 21, 2009, in BPU Docket No. WE09030185, the Board approved Mt. Olive's Ordinance No. 42-2008 granting the municipal consent to AWWM. Board approval included the Township's right to acquire the Morris Chase/Morris Hunt system upon serving written notice of such intent to AWWM.

On April 16, 2010, in BPU Docket No. WM09110890, the Board approved the merger of AWWM with and into NJAWC, with NJAWC emerging as the surviving entity. The Morris Chase and Morris Hunt water system was among the AWWM assets acquired by NJAWC in this transaction.

On April 13, 2015, NJAWC received formal notice from Mt. Olive requesting transfer of ownership of the water utility assets of the Morris Chase/Morris Hunt system to the Township, pursuant to the Ordinance and the Board's Municipal Consent Order. NJAWC will continue to provide wastewater service to the Morris Chase/Morris Hunt customers.

Petitioner, the New Jersey Division of Rate Counsel ("Rate Counsel"), and the Staff of the Board (Staff") engaged in discovery and exchange of information regarding the Petition. Pursuant to its letter of July 23, 2015, Rate Counsel does not object to Board approval of the Petition filed by NJAWC for discontinuance of service to its customers in the Morris Chase/Morris Hunt service area. Letter at 2. However, Rate Counsel asserts that "[s]ince the closing must take place within one year of receiving notice from the Township, Rate Counsel recommends that any approval granted by the Board be contingent on the two parties satisfying this requirement." Ibid.

³ It should be noted that the Ordinance requires that this transfer be effectuated within 365 days after receipt of written notice to NJAWC from Mt. Olive, which notice occurred on April 13, 2015.

FINDINGS

The discontinuance of water by the Company will cause no interruption of service, as customers affected by the transfer will continue to be provided with safe, adequate, and proper service by NJAWC until the transfer takes place. The Petitioner will not discontinue service until Mt. Olive takes over the provision of water service to the Morris Chase/Morris Hunt customers.

The NJAWC water system currently serving Morris Chase/Morris Hunt, that is the subject of this Petition, is contiguous to and interconnected with Mt. Olive's Goldmine public water system. As such, the transfer of service should be seamless.

The Board has no regulatory control over the water service rates charged to the Morris Chase/Morris Hunt customers by the Mt. Olive Township Water and Sewer Department, as it is a municipally owned utility.

After reviewing the record, and based upon Staff's investigation of the matter, the Board **FINDS** that the discontinuance of water service by the Petitioner will not have an adverse impact on public convenience and necessity, as there will be no interruption of service to customers.

Therefore, the Board **HEREBY ORDERS** that the discontinuance of said water service be **APPROVED** effective on the day of the closing for the transfer of service. The Board expressly states that its decision in this matter to permit the Petitioner to discontinue water utility service under N.J.S.A. 48:2-24 is based upon the finding that there will be a continuity of water service provided by NJAWC until the transfer of the water utility assets of Morris Chase/Morris Hunt to the Township is complete.

The permission to discontinue water service herein granted is subject to the following conditions:

1. Upon entry of this Order, the Petitioner will provide written notice to the Morris Chase/Morris Hunt customers advising them of the discontinuance of water service and that water service will now be provided by the Township of Mount Olive;
2. Customers affected by the transfer will continue to be provided with safe, adequate, and proper service by NJAWC until the transfer of ownership and operation of the system takes place;
3. The Petitioner will discontinue service at the same time that Mt. Olive takes over the provision of water service;
4. The Petitioner will provide written notice to the Board that the transfer has occurred, within fifteen (15) days of its completion; and
5. This Order approving discontinuance of service shall be void if closing does not occur on or before April 13, 2016.

This Order shall be effective on August 29, 2015.

DATED: 8/19/15


BOARD OF PUBLIC UTILITIES
BY:



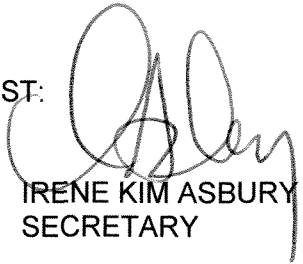
JOSEPH L. FIORDALISO
COMMISSIONER



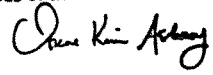
MARY-ANNA HOLDEN
COMMISSIONER



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


**In the Matter of the Petition of New Jersey American Water Company, Inc. for Approval to
Discontinue Service to a Portion of the Township of Mount Olive, Morris County
BPU Docket No. WD15050634**

SERVICE LIST

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