



Agenda Date: 11/16/15
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)
IMPLEMENTATION OF AN INITIAL TARIFF FOR)
WASTEWATER SERVICE WITHIN ELK TOWNSHIP,)
COUNTY OF GLOUCESTER) DOCKET NO. WT15070780

Parties of Record:

Robert J. Brabston, Esq., New Jersey-American Water Company, Inc.
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:¹

On July 10, 2015, New Jersey-American Water Company, Inc. ("NJAW", "Petitioner" or "Company"), a public utility of the State of New Jersey, subject to the jurisdiction of the New Jersey Board of Public Utilities ("Board"), filed a petition with the Board, pursuant to N.J.S.A. 48:2-13, N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.11, seeking approval to implement an initial tariff for wastewater service within the Township of Elk, Gloucester County, New Jersey.

BACKGROUND

NJAW 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. Petitioner serves approximately 612,791 water and fire service customers and approximately 35,987 sewer service customers in all or part of 189 municipalities in 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.

In I/M/O the Petition of New Jersey-American Water Company, Inc. for Approval of a Municipal Consent Granted by the Township of Elk, County of Gloucester, State of New Jersey, (Docket No. WE12070661, April 29, 2013) the Board approved the municipal consent of the Township of Elk², Gloucester County ("Township") and thus approved the expansion of NJAW's franchised service territory to include the provision of water and wastewater service to the Township.

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

² Elk Township Ordinance O-2-2012 (May 3, 2012).

The consent granted by the Township allowed NJAW to extend its regional water transmission mains to the Township. The Board further approved the use of NJAW's existing water tariff applicable in the new service territory.

The Township's wastewater will be collected by gravity sewers and will flow to a proposed lift station that will serve the Township. The wastewater will in turn be pumped directly to the Glassboro's wastewater collection system where it will be transmitted to the Gloucester County Utilities Authority's West Deptford wastewater treatment plant. At the time of the approval of the municipal consent, NJAW had not yet developed a rate structure for wastewater service. The Board directed the Company to file a formal initial sewer tariff prior to the commencement of wastewater service.

The Township encompasses approximately 20 square miles and has a population of approximately 4,200 people. The Township has no municipal water or sewer system. The municipal consent and franchise area granted by the Township encompasses the geographic borders of the Township. The development to be served by the Company pursuant to this initial tariff filing is the Aura Development by the Aura Development Group, LLC consisting of up to 395 residences once the development is completed and fully occupied. The proposed tariff is intended to be applicable to all wastewater customers within the Township and will remain in effect unless and until modified in the course of a future base rate proceeding.

The proposed tariff, Exhibit A to the petition³, includes a Fixed Service Charge (per customer) of \$15.06 per month and a sewer usage (volumetric) charge that is assumed to be equal to a customer's water meter registration. Monthly wastewater charges shall be based upon a customer's winter quarter consumption but in no case less than 2,000 gallons per month. The proposed wastewater usage charge will be \$0.68546 per 100 gallons (\$6.8546 per 1,000 gallons) or \$0.51272 per 10 Cubic Feet (\$5.1272 per 100 Cubic Feet).

The proposed tariff is expected to generate approximately \$17,000 in annual revenues the first year and approximately \$50,000 in annual revenues the second year. Operating expenses for Elk Township are projected to approximately \$12,372 for the first year and approximately \$37,000 for the second year. This will result in a projected operating income of approximately \$4,600 for the first year and of approximately \$13,000 for the second year. (Exhibit C to the Petition).

DISCUSSIONS AND FINDINGS

By letter dated October 28, 2015, the New Jersey Division of Rate Counsel submitted its comments to the Petition and stated that it is not opposed to its approval subject to the provisions that there is no authorization to include any specific assets or amounts in rate base or any other ratemaking treatment.

Based on the foregoing and a thorough review of the record in this proceeding, the Board **HEREBY FINDS** that the rates set forth above and included in the proposed initial wastewater tariff, Rate Schedule 12-A, to be just and reasonable and necessary for New Jersey-American Water Company to provide safe, adequate and proper wastewater service to the residents of Elk Township, New Jersey.

³ This description of the proposed tariff is intended as a summary. The actual tariff, Rate Schedule 12-A, General Metered Service, Exhibit A to the petition, will form the basis for how a customer's bill will be determined unless and until Petitioner's rates are modified in a future base rate proceeding.

The Board **HEREBY APPROVES** the proposed initial wastewater tariff, Rate Schedule 12-A, to be just and reasonable and necessary for New Jersey-American Water to provide wastewater service to the Township, subject to the following conditions:

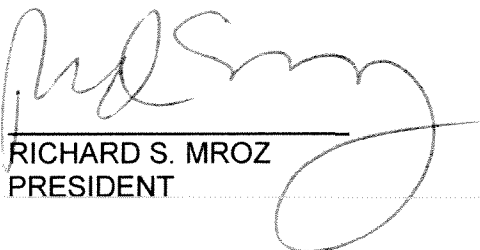
1. This Order shall not be construed as directly or indirectly fixing, for any purpose, whatsoever, any value of the tangible or intangible assets now owned or hereafter to be owned by Petitioner.
2. This Order shall not affect, or in any way limit, the exercise of the authority of this Board or of this State in any petitions or in any proceedings with respect to rates, franchises, services, financing, including method of sale of securities, accounting, capitalization, depreciation, or any other matters affecting Petitioner.
3. In an appropriate subsequent proceeding, the Company shall have the burden of demonstrating whether and to what extent the costs associated with this petition shall be allocated to ratepayers. Approval of this initial tariff does not include the costs of the specific assets that are or will be completed as a result of the new service territory.

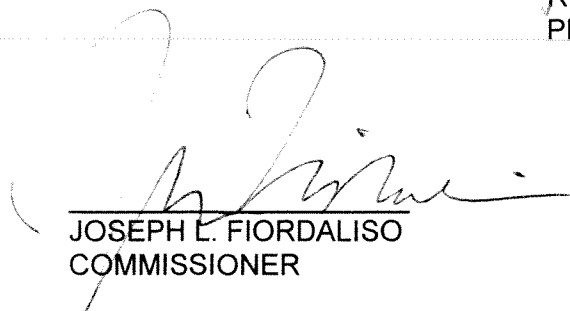
Tariff pages conforming to the terms of this Order must be submitted within ten (10) business days of this effective date of this Order.

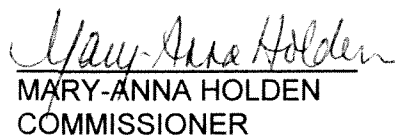
This Order shall be effective on November 26, 2015.

DATED: 11-16-15

BOARD OF PUBLIC UTILITIES:
BY:

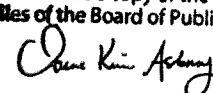

RICHARD S. MROZ
PRESIDENT


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 IMPLEMENTATION OF AN INITIAL TARIFF FOR
WASTEWATER SERVICE WITHIN ELK TOWNSHIP, COUNTY OF GLOUCESTER**

BPU DOCKET NO. WT15070780

SERVICE LIST

Robert Brabston, Esq.
Corporate Counsel
New Jersey-American Water Co., Inc.
167 J. F. Kennedy Parkway
Short Hills, NJ 07078

Stefanie A. Brand, Esq., Director
New Jersey Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003

**ELK TOWNSHIP
COMMITTEE MEETING AGENDA
MAY 3, 2012**

MEETING CALLED TO ORDER

Open Public Meeting Act Statement

SALUTE TO THE FLAG AND INVOCATION

ROLL CALL: Mr. Pantaleo _____ Mrs. Sammons _____ Mr. Spring _____ Mr. Swanson _____
Mayor Barbaro _____ Mr. Duffield _____ Mr. Considine _____ Mrs. Pine _____
Chief DeFalco _____

APPROVAL OF MINUTES

COMMITTEE REPORTS

POLICE CHIEF REPORT

TOWNSHIP ENGINEER REPORT

FIRE DEPARTMENT REPORT

COMCAST APPLICATION RENEWAL – PUBLIC HEARING

Comcast overview on application renewal

Public Comment

Committee question period for Comcast

ORDINANCE O – 1 – 2012

**ORDINANCE OF THE TOWNSHIP OF ELK, COUNTY OF GLOUCESTER, STATE OF NEW JERSEY
DISSOLVING THE ELK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY PURSUANT TO N.J.S.A.
40A:5A-20 AND REPEALING CHAPTER 38 OF THE CODE OF THE TOWNSHIP OF ELK ENTITLED
“UTILITIES AUTHORITY, MUNICIPAL”
FINAL ADOPTION**

ORDINANCE O – 2 – 2012

**ORDINANCE OF THE MAYOR AND COMMITTEE OF THE TOWNSHIP OF ELK, COUNTY OF
GLOUCESTER, STATE OF NEW JERSEY GRANTING CONSENT TO NEW JERSEY AMERICAN
WATER COMPANY, INC. TO PERMIT THE CONSTRUCTION, EXPANSION AND MAINTENANCE
OF WATER INFRASTRUCTURE FACILITIES AND SEWERAGE COLLECTION AND TREATMENT
FACILITIES ON PUBLIC AND PRIVATE PROPERTY IN THE TOWNSHIP OF ELK
FINAL ADOPTION**

ORDINANCE O – 3 – 2012

**ORDINANCE OF THE MAYOR AND COMMITTEE OF THE TOWNSHIP OF ELK, COUNTY OF
GLOUCESTER, STATE OF NEW JERSEY AMENDING CHAPTER 60 ENTITLED “ANIMAL
CONTROL” OF THE CODE OF THE TOWNSHIP OF ELK
PUBLIC HEARING**

**ORDINANCE O – 4 – 2012
ORDINANCE OFFERING FOR SALE MUNICIPAL PROPERTY IDENTIFIED AS BLOCK 162, LOT 1
PUBLIC HEARING**

**ORDINANCE O – 5 – 2012
ORDINANCE AMENDING CHAPTER 96 ENTITLED “UNIFIED DEVELOPMENT” – GRADING PLAN
PUBLIC HEARING**

**ORDINANCE O – 6 – 2012
ORDINANCE AMENDING CHAPTER 64 ENTITLED “FIRE PREVENTION”
OF THE CODE OF THE TOWNSHIP OF ELK
TITLE ONLY**

1st PUBLIC PORTION – on resolutions only

**RESOLUTION R-60-2012
RESOLUTION GRANTING DISABLED VETERAN STATUS TO JAMES E. SEENEY**

**RESOLUTION R-61-2012
RESOLUTION TO GO INTO CLOSED EXECUTIVE SESSION TO DISCUSS CONTRACT
NEGOTIATIONS IN REGARDS TO ELK TOWNSHIP POLICE DEPARTMENT**

**RESOLUTION R-62-2012
RESOLUTION CONDUCTING ANNUAL BUDGET – SELF EXAMINATION**

**RESOLUTION R-63-2012
RESOLUTION INTRODUCTION OF THE 2012 MUNICIPAL BUDGET FOR ELK TOWNSHIP**

APPROVAL OF SOCIAL PERMITS

Elk Township Little League – May 19, 2012 – Ferrell Fire House

Ferrell Fire Department – June 30, 2012 – Ferrell Fire House

APPROVAL OF RAFFLE LICENSE

Ferrell Fire Department – June 30, 2012 – Ferrell Fire House

- Letter from Ferrell United Methodist Church – request to waive township portion of permit fees

GLOUCESTER COUNTY REPRESENTATIVE – David Lubelski or William Bain

PUBLIC PORTION

PAY BILLS

RECESS

SUMMARY OF CLOSED SESSION

ADJOURNMENT

ORDINANCE O – 2 – 2012

**AN ORDINANCE OF THE MAYOR AND COMMITTEE OF THE TOWNSHIP OF ELK,
COUNTY OF GLOUCESTER, STATE OF NEW JERSEY GRANTING CONSENT TO
NEW JERSEY AMERICAN WATER COMPANY, INC. TO PERMIT THE CONSTRUCTION,
EXPANSION AND MAINTENANCE OF WATER INFRASTRUCTURE FACILITIES AND SEWERAGE
COLLECTION AND TREATMENT FACILITIES ON PUBLIC AND PRIVATE PROPERTY IN THE
TOWNSHIP OF ELK**

WHEREAS, New Jersey American Water Company, Inc. ("Company") is a regulated public utility corporation of the State of New Jersey seeking from the Township of Elk ("Township") the approval of an exclusive and perpetual franchise to provide water and sewer service within the Township, and the municipal consent of the Township to permit said Company to extend water and sewer service and its related facilities to the Township; and

WHEREAS, the Company has requested the approval of an exclusive and perpetual franchise to provide water and sewer service within the Township, pursuant to N.J.S.A. 48:2-14; and

WHEREAS, the Company has requested the consent of the Township as required by N.J.S.A. 48:3-11 and 48:3-15 for the use of the streets, with such consent limited to the fifty (50) year duration set forth in 48:3-15, including the consent of the Township pursuant to N.J.S.A. 48:19-17 and 48:19-20, as amended, to lay its pipes beneath and restore such public roads, streets and places as it may deem necessary for its corporate purposes, free from all charges to be made for such privilege, provided that said pipes shall be laid at least three feet (3') below the surface and shall not in any way unnecessarily obstruct or interfere with the public travel or cause or permit other than temporary damage to public or private property, and the Township desires and permits the Company to construct and maintain water infrastructure facilities and sewerage collection and treatment facilities on and along roads streets and places at locations to be designated by the Township; and

NOW, THEREFORE, BE IT ORDAINED, by the Mayor and Committee of the Township of Elk in the County of Gloucester and State of New Jersey and it is hereby enacted and ordained by the authority of same as follows:

Section 1.

The Township hereby grants unto the Company, its successors and assigns, in perpetuity, the exclusive franchise to provide water and sewer service within the Township pursuant to N.J.S.A. 48:2-14.

Section 2.

The Township hereby grants unto the Company, its successors and assigns the municipal consent to use the streets pursuant to N.J.S.A. 48:3-11 and 48:3-15, with such consent limited to the fifty (50) year duration set forth in 48:3-15; as well as the municipal consent required pursuant to N.J.S.A. 48:19-17 and 48:19-20 as amended, without charge therefore, as the same may be required in order to permit the said Company to add to, extend, operate and maintain said water infrastructure facilities and sewerage collection and treatment facilities on public and private property located in the Township in only that area that is more particularly described in and depicted on Schedule A of this Ordinance. The privilege granted herein shall include the construction installation and maintenance of water infrastructure facilities and sewerage collection and treatment facilities on and along the Township's roads streets and places at locations as the Township shall designate from time to time.

Section 3.

Certified copies of this Ordinance, upon final passage, shall be sent to the Company who shall forward same to the New Jersey Department of Environmental Protection and the Board of Public Utilities of the State of New Jersey.

Section 4.

The consent granted herein shall be subject to the Company complying with the applicable Township Ordinances. State of New Jersey Statutes and any New Jersey Administrative agency's rules and regulations which apply to

the subject matter of this Ordinance; and that the Mayor and Committee of the Township are authorized to execute the documents and agreements necessary to effectuate the municipal consent and to protect the rights of the public involved.

Section 5.

The grant of municipal consent set forth in this Ordinance is contingent upon and shall take effect simultaneously with the approval of the Local Finance Board of the State of New Jersey of Elk Township Ordinance No. O-1-2012 as required by N.J.S.A. 40A:5A-20

Section 6.

Repealer.

All prior Ordinances or parts of Ordinances inconsistent with this Ordinance be and the same are hereby repealed to the extent of such inconsistencies.

Section 7.

Severability.

Should any section, clause, sentence, phrase or provision of this Ordinance be declared unconstitutional or invalid by a Court of competent jurisdiction, such decision shall not affect the remaining portions of this Ordinance.

Section 8.

When effective.

This Ordinance shall take effect immediately upon final passage and publication in accordance with law.

TOWNSHIP OF ELK



PHILIP A. BARBARO, JR., MAYOR

ATTEST:



DEBORA R. PINE, TOWNSHIP CLERK

FINAL ADOPTION MAY 3, 2012

NOTICE

The Ordinance published herein was introduced and passed upon first reading at a meeting of the Mayor and Committee of the Township of Elk, in the County Of Gloucester and State of New Jersey, held on February 2, 2012. It will be further considered for final passage, after public hearing hereon, at a meeting of said Mayor and Committee to be held in the Township Municipal Building on March 1, 2012 at 7:30 P.M. During the week prior and up to and including the date of such meeting, copies of said Ordinance will be made available at the Clerk's office at the said Municipal Building, 667 Whig Lane Road, Monroeville, New Jersey. to the members of the general public who shall request the same.



DEBORA R. PINE, TOWNSHIP CLERK

RATE SCHEDULE 12-A
GENERAL METERED SERVICE

APPLICABILITY

Applicable for general residential, commercial, industrial and municipal wastewater service in Elk Township. The charge for wastewater service shall consist of the total of the Fixed Service Charge and the Sewer Usage Charge.

CHARACTER OF SERVICE

Continuous, except as limited by the "Standard Terms and Conditions."

FIXED SERVICE CHARGE

All wastewater service customers shall pay a Fixed Service Charge in addition to the Sewer Usage Charge, if any, as follows:

Fixed Service Charge per customer per month.	<u>Non-Exempt</u> \$ 15.06
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SEWER USAGE CHARGE

The volume of sewer use is assumed to equal water meter registration. Monthly Sewer Usage Charges shall be determined based upon winter quarter consumption, but in no case less than 2,000 gallons per month. Winter quarter consumption shall be determined based on an initial water meter reading taken in December of one year with the concluding meter reading taken approximately 90 days thereafter in March of the following year.

The monthly Sewer Usage Charge shall be determined as follows:

Meters read in January, February and March

The Sewer Usage Charge for each respective month shall be determined by multiplying the applicable monthly usage times applicable volumetric charges.

Meters read in April through December

The Sewer Usage Charge for each month April through December shall be based on the Monthly Usage Constant, equal to one-third of the winter quarter consumption, but in no case less than 2,000 gallons per month, multiplied by applicable volumetric charges.

Volumetric Charges

	<u>Gallons</u> <u>Per Month</u>	<u>Gallons</u> <u>Per Quarter</u>	<u>Rate</u> <u>Per 100 Gallons</u>	<u>Rate</u> <u>Per 1,000 Gallons</u>
Non-Exempt	All	All	\$0.68546	\$6.8546
	<u>Cubic Feet</u> <u>Per Month</u>	<u>Cubic Feet</u> <u>Per Quarter</u>	<u>Rate</u> <u>Per 10 Cubic Feet</u>	<u>Rate</u> <u>Per 100 Cubic Feet</u>
Non-Exempt	All	All	\$0.51272	\$5.1272

(Continued)

Issued:

Effective: April 1, 2015

By: William M. Varley, President
 1025 Laurel Oak Road, Voorhees, New Jersey 08043
 Filed pursuant to Order of the Board of Public Utilities entered in
 Docket No. _____ dated _____.

RATE SCHEDULE 12-A
GENERAL METERED SERVICE
(Continued)

In the case of new customers, the volume of sewer use shall be determined as follows:

1. New Customers In An Existing Dwelling or Premises For Which Actual Full Period Winter Quarter Usage History is Available.

Determination of the monthly use constant shall be based on the last known full period winter quarter usage at that property, but in no case less than 2,000 gallons per month. This monthly use constant will be used for billing purposes until the customer receives the January bill in the following year. The January and subsequent bills will be calculated in accordance with the method described in this Tariff for determining the monthly Sewer Usage Charge.

2. Existing or New Customers In An Existing or New Dwelling or Premises For Which No Full Period Winter Quarter History Has Been Established.

- a. For service established outside of the winter quarter:

Determination of the monthly use constant shall be based on 12,000 gallons per quarter (a monthly usage constant of 4,000 gallons) until the customer receives the January bill in the following year. The January and subsequent bills will be calculated in accordance with the method described in this Tariff for determining the monthly Sewer Usage Charge.

- b. For service established during the winter quarter:

Determination of the monthly use constant will be based upon the actual usage during the winter quarter with a minimum of 12,000 gallons (a monthly usage constant of 4,000 gallons). This monthly use constant will be used for billing purposes until the customer receives the January bill in the following year. The January and subsequent bills will be calculated in accordance with the method described in this Tariff for determining the monthly Sewer Usage Charge.

TERMS OF PAYMENT

Valid bills for service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date.

Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

Issued:

Effective: April 1, 2015

By: William M. Varley, President
1025 Laurel Oak Road, Voorhees, New Jersey 08043
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. _____ dated _____.

**Proforma Income Statement - Elk Township Sewer
Years 1 and 2 of Rates in Effect
Unaudited**

	Unaudited Elk Twp Year 1	Unaudited Elk Twp Year 2
Operating revenues	\$ 16,856	\$ 50,569
Operating expenses		
Operation and maintenance	8,998	26,994
Depreciation	1,054	3,161
Amortization	-	-
General taxes	2,320	6,960
Total operating expenses, net	12,372	37,115
Operating income	4,485	13,454
Other income (deductions)		
Allowance for other funds used during construction	-	-
Other income, net	-	-
Total other income (deductions)	-	-
Income before interest charges and income taxes	4,485	13,454
Interest charges		
Interest on long-term debt	1,063	3,189
Interest on short-term debt	-	-
Amortization of debt expense	-	-
Other interest (income) expense, net	-	-
Allowance for borrowed funds used during construction	-	-
Total interest deductions (income)	1,063	3,189
Income before income taxes	3,422	10,265
Provision for income taxes	1,198	3,593
Net income	\$ 2,224	\$ 6,673

Proforma Balance Sheet - Elk Township Sewer
As of Years 1 and 2
Unaudited

	Assets		
	Unaudited Elk Twp Beginning Year 1	Unaudited Elk Twp End Year 1	Unaudited Elk Twp End Year 2
Property, plant and equipment			
Utility plant - at original cost, net of accumulated depreciation	\$ 1,530,820	\$ 1,529,766	\$ 1,526,605
Utility plant acquisition adjustments	-	-	-
Nonutility property	-	-	-
Total property, plant and equipment	<u>1,530,820</u>	<u>1,529,766</u>	<u>1,526,605</u>
Notes receivable	-	-	-
Current assets			
Cash and cash equivalents	-	3,278	13,111
Customer accounts receivable	-	1,405	4,214
Allowance for uncollectible accounts	-	(89)	(268)
Unbilled revenues	-	-	-
Other accounts receivable	-	-	-
Materials and supplies	-	-	-
Prepaid taxes	-	-	-
Other	-	-	-
Total current assets	<u>-</u>	<u>4,593</u>	<u>17,057</u>
Regulatory and other long-term assets			
Regulatory assets	-	-	-
Goodwill	-	-	-
Restricted funds	-	-	-
Other	-	-	-
Total regulatory and other long-term assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,530,820</u>	<u>\$ 1,534,359</u>	<u>\$ 1,543,662</u>
	Capitalization and Liabilities		
	Elk Twp Beginning Year 1	Elk Twp End Year 1	Elk Twp End Year 2
Capitalization			
Common stockholder's equity	\$ -	\$ 46,050	\$ 96,549
Long-term debt, excluding current portion	-	40,455	80,910
Total capitalization	<u>-</u>	<u>86,505</u>	<u>177,459</u>
Current liabilities			
Current portion of long-term debt	-	-	-
Accounts payable	-	1,315	3,946
Accrued purchased water	-	-	-
Accrued interest	-	-	-
Accrued taxes, including income taxes	-	-	-
Other	-	-	-
Total current liabilities	<u>-</u>	<u>1,315</u>	<u>3,946</u>
Regulatory and other long-term liabilities			
Deferred income taxes	-	-	-
Advances for construction	1,530,820	1,446,538	1,362,257
Deferred investment tax credits	-	-	-
Regulatory liabilities	-	-	-
Other	-	-	-
Total regulatory and other long-term liabilities	<u>1,530,820</u>	<u>1,446,538</u>	<u>1,362,257</u>
Contributions in aid of construction	-	-	-
Commitments and contingencies	-	-	-
Total Capitalization and Liabilities	<u>\$ 1,530,820</u>	<u>\$ 1,534,359</u>	<u>\$ 1,543,662</u>



State of New Jersey
DIVISION OF RATE COUNSEL
140 EAST FRONT STREET, 4TH FL
P. O. BOX 003
TRENTON, NEW JERSEY 08625

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

STEFANIE A. BRAND
Director

October 28, 2015

Via Electronic Mail and US Regular Mail

Irene Kim Asbury, Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625

**Re: I/M/O the Petition of New Jersey American Water Company, Inc., for
Implementation of an Initial Tariff for Wastewater Service within Elk Township,
County of Gloucester
BPU Docket No.: WT15070780**

Dear Ms. Asbury:

Please accept for filing an original and ten (10) copies of comments filed on behalf of the Division of Rate Counsel ("Rate Counsel") regarding the above-referenced matter. Enclosed is one additional copy. Please date stamp the copy as "filed" and return it to the courier. Thank you for your consideration and attention to this matter.

On July 8, 2015, New Jersey American Water Company, Inc. ("NJAW" or "Company") filed a petition for approval with the Board of Public Utilities ("BPU" or "Board"), pursuant to N.J.S.A. 48:2-13, N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5., of an initial tariff for wastewater service within Elk Township (the "Township") (the "Petition"). The Petition was also filed pursuant to the municipal consent and franchise granted by the Township and approved by the Board in an Order dated April 29, 2013, in Docket No.: WE12070661. Rate Counsel has reviewed the Petition filed by NJAW and the discovery responses provided by NJAW in response to questions from Board Staff in connection with this matter. Based upon that review,

Rate Counsel has no objection to the Board approving the Company's request to implement an initial tariff within Elk Township subject to the following provisions. Approval of the Petition should not include authorization to include in rate base the specific assets that will be constructed as a result of approval of this Petition. The determination of any assets to be included in rate base and the ratemaking impact of serving these new customers should be addressed in a future base rate proceeding.

Accordingly, Rate Counsel recommends that any Board Order approving the Company's Petition contain the following language:

1. This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever any value of any tangible or intangible assets now owned or hereafter to be owned by the Petitioner.
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 proceedings with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or in any other matter affecting the Petitioner.

These provisions will satisfy the concerns of Rate Counsel that BPU approval is limited to implementation of the initial tariff, and that there is no authorization to include any specific assets or amounts in rate base, nor authorization for any other ratemaking treatment. If the Board adopts these conditions, Rate Counsel is not opposed to approval of the Petition. Thank you for your attention to this matter. If you require any additional information, please do not hesitate to contact me.

Respectfully submitted,

STEFANIE A. BRAND, ESQ.
Director, Rate Counsel

By: 

Susan E. McClure, Esq.
Assistant Deputy Rate Counsel

SEM/ddg
cc: Service List

**I/M/O The Petition of New Jersey American
Water Company, Inc., for Implementation of An
Initial Tariff for Wastewater Service Within Elk
Township, County of Gloucester
BPU Docket No.: WT15070780**

**Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street 4th Floor
P.O. Box 003
Trenton, New Jersey 08625**

***Debra F. Robinson, Esq.
Water & Wastewater
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140 East Front Street 4th Floor
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