



New Jersey Board of Public Utilities

NEWS RELEASE

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N.J. BPU Approves Distribution System Improvement Charge Draft Rules to Enhance Reliability and Water Safety

– Water infrastructure improvements to create jobs, improve reliability and reduce costs –

TRENTON, N.J. – The New Jersey Board of Public Utilities (Board) today voted to propose draft rules for public comment on the implementation of a Distribution System Improvement Charge (DSIC) program. The DSIC regulatory mechanism would enable investment by regulated water companies to accelerate the rehabilitation and replacement of critical water distribution components. Planned and accelerated investment in the aged water infrastructure will improve reliability of the distribution system, create well paying jobs. By reducing the likelihood for emergency repairs due to failures, costs will also be reduced.

“New Jersey’s water infrastructure, like much of the nation’s is nearing the end of its useful life,” said Lee A. Solomon, President of the N.J. Board of Public Utilities. “The water distribution systems in many of our cities and towns are well over 50 years-old, while others are well over 100 years-old. For too long the practice of maintaining the water distribution systems has been to replace water pipes and other components on an emergent basis, which is both inconvenient and costly to customers.” “We need to begin to rebuild the system now to take advantage of capital costs being at historic lows, to create well paying jobs for New Jerseyans and to ensure customers have safe and reliable water for generations to come.”

The New Jersey Chapter of the National Association of Water Companies estimates that an accelerated infrastructure system could result in the 4 largest regulated water utilities investing a total of approximately \$119.7 million annually for each the next five years, resulting in the creation over 900 jobs.

Critical water distribution components form the basis of a functional and modern water infrastructure system, and enhance the safety, reliability, system flows, and quality of water while also improving its pressure and conservation. These advancements will ensure that New Jersey’s water supply infrastructure is capable of supporting both current and future water needs.

The rules proposal will be published in the NJ Register and, following a period of public notice and comment, may be approved by the Board. If approved and implemented, the DSIC permits the regulated water companies to charge customers, up to a pre-set cap amount, for the costs associated with improving water infrastructure on an accelerated basis. Under the proposed DSIC rules, investment occurs in a sustained and systematic way to hasten the replacement of non-revenue producing water distribution components, including lining projects, valve replacements, hydrant replacements, and water main relocations. To ensure that the required and prudent updates take place, the Board would require frequent and detailed reporting of all expenditures made by the companies during the different phases of the DSIC. The DSIC term shall last five years without continued action of the Board.

Public comments will be accepted at the New Jersey Board of Public Utilities located at 44 S. Clinton Avenue in Trenton, N.J., or via email at Board.Secretary@bpu.state.nj.us . The comment period will last from December 19, 2011 to Feb 17, 2012.

Jobs: The New Jersey Chapter of the National Association of Water Companies - Total annual DSIC Investment by 4 largest regulated water utilities estimated to be \$119.7 Million annually resulting in:

Direct job-years: 760 annually for five years (a job-year is the equivalent of one job in a single year).

Indirect job-years when key materials purchased in NJ: 190

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