



Agenda Date: 6/18/14
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 AQUA NEW)
JERSEY, INC. FOR APPROVAL OF A MUNICIPAL) ORDER
CONSENT TO PROVIDE WATER SERVICE TO A)
PORTION OF THE TOWNSHIP OF HARDYSTON AND)
OTHER REQUIRED APPROVALS) DOCKET NO. WE13101001

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 subject to the jurisdiction of the Board. Aqua's principal place of business is located at 10 Black Forest Road, Hamilton, New Jersey. Aqua provides water distribution and related services to approximately 57,000 residential, commercial and industrial customers located in Mercer, Burlington, Camden, Hunterdon, Gloucester, Sussex, Monmouth and Ocean Counties.

On October 30, 2013, the Company filed a Petition with the New Jersey Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:2-14 for approval of a Municipal Consent Ordinance No. 2013-07 adopted August 27, 2013, by the Township of Hardyston ("Township") to allow Aqua -NJ to construct, lay, maintain and operate the necessary mains, pipes and appurtenances for the rendering of water services on property located in the Township ("proposed franchise area"). The Company further seeks Board approval pursuant to N.J.S.A. 48:2-24 for Summit Lake Water System ("Summit Lake") to abandon service to the proposed franchise area.

On May 9, 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.

Pursuant to an Assets Purchase Agreement dated July 10, 2013, the Company has agreed to acquire the municipally owned and operated water system assets presently serving a portion of the Township of Hardyston, known as Summit Lake Water System. The Summit Lake Water System is owned and operated by the Township of Sparta ("Seller"). The water system presently provides service to approximately seventy six (76) customers located in the Summit Lake portion of Hardyston.

The Company has agreed to pay the Seller ten thousand dollars (\$10,000) to purchase the water system assets. 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.

A letter dated August 15, 2013, distributed by the Township of Sparta, informed Summit Lake Water System customers of the transfer of operation and ownership to Aqua-NJ. The letter further states that Sparta Township will continue to provide water service until ownership has been transferred through appropriate approvals. Customers were also given a contact number for the Township Utility Office, if they had any issues or concerns. No customers contacted the Township or raised any issues concerning the transfer.

Section 5.6 of the Assets Purchase Agreement negotiated between Sparta Township and Aqua-NJ, requires that certain governmental approvals be obtained. Included among those approvals is an Order of the Board authorizing, among other things, Sparta Township to abandon service to Summit Lake. While Aqua-NJ does not believe that such approval is required pursuant to N.J.S.A. 48:2-24, Aqua-NJ recognizes that the Board is the ultimate arbiter of this question and may reach a contrary conclusion. The Board has examined the request of the Seller's abandonment of service to the Summit Lake portion of Hardyston, pursuant to N.J.S.A. 48:2-24 and determined it has no jurisdiction over the Summit Lake Water System.

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 the Township's franchise term, which shall be in perpetuity. Aqua-NJ has also agreed to the Township's term of fifty years for use of the right of way.

The Company shall provide water service to customers located in the Township at its current Board-approved rates, billed on a monthly basis. It is the intention of the Company that the system will be included in, and served by, the Company's Northern Division located in Phillipsburg. The Summit Lake Water System, which is a standalone system, has a capacity of 86,400 gallons per day. It is estimated that the average domestic demand will be 11,000 gallons per day. The Company will charge for water service according to its current approved tariff. The Company plans to maintain the same level of service it provides in its current service territories, in the franchise area. Aqua-NJ's present water rates include: a fixed charge of \$12.95; a Distribution System Improvement Charge of \$2.04; and a consumption charge of \$4.93 per thousand gallons for a 5/8" meter. A Summit Lake customer with a 5/8" meter using 4,000 gallons of water per month will experience a bill of approximately \$34.71.

There is no wastewater service provider for the proposed franchise area, as the community is on private septic systems. Public Fire Protection is provided by Hardyston Township and the nearest fire station is approximately one mile from the proposed franchise area.

By letter dated May 29, 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. 2013-07 dated August 27, 2013, granted to Aqua New Jersey, Inc. by the Township of Hardyston. The Board **FURTHER APPROVES** the use of Aqua New Jersey, Inc.'s existing water tariff applicable in the new service territory. The Board **HEREBY FINDS** that it has no jurisdiction over the Summit Lake portion of Hardyston; however it does not object to the discontinuation of service.

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 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.
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 costs of the asset purchase or 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, Aqua-NJ must comply with all applicable laws.

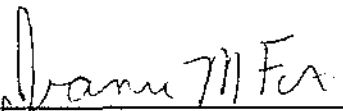
6. As set forth in Ordinance 2013-07, the municipal consent for the use of streets is limited to a reasonable term not to exceed 50 years.

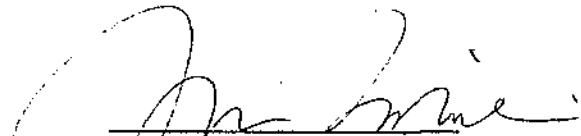
This Order shall be effective on June 28, 2014.

DATED: 6/18/14

BOARD OF PUBLIC UTILITIES
BY:


DIANNE SOLOMON
PRESIDENT

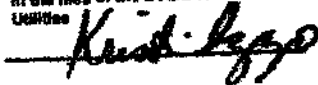

JEANNE M. FOX
COMMISSIONER


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



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MUNICIPAL CONSENT TO PROVIDE WATER SERVICE TO A PORTION OF THE
TOWNSHIP OF HARDYSTON AND OTHER REQUIRED APPROVALS

DOCKET NO. WE13101001

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