

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

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| IN THE MATTER OF THE PETITION OF GORDON'S |) | ORDER APPROVING |
| CORNER WATER COMPANY, INC. FOR APPROVAL |) | MUNICIPAL CONSENT |
| OF A MUNICIPAL CONSENT TO PROVIDE WATER |) | |
| SERVICE TO A PORTION OF COLTS NECK |) | |
| TOWNSHIP |) | DOCKET NO. WE22060370 |

Parties of Record:

Stephen B. Genzer, Esq., on behalf of Gordon's Corner Water Company, Inc.
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

In this matter, the New Jersey Board of Public Utilities ("Board") considers a petition filed by Gordon's Corner Water Company, Inc. ("GCWC," "Company," or "Petitioner") for approval of a municipal consent granted by Colts Neck Township ("Township").

BACKGROUND

Petitioner is a regulated public utility corporation engaged in the business of treating and distributing water for retail service and wastewater collection service to approximately 15,000 customers in Marlboro and Manalapan townships, located in Monmouth County, New Jersey.

On June 3, 2022, GCWC filed a verified petition with the Board, pursuant to N.J.S.A. 48:2-14 and N.J.A.C. 14:1-5.5, for approval of the Township's municipal consent granting the Company a limited franchise to provide water service to a certain area of the Township ("Proposed Franchise Area").

The Township adopted Resolution No. 2021-172 ("Municipal Consent") on September 8, 2021 consenting to the expansion of GCWC's service area to a planned multi-family development project site ("Project"). Under the terms of the Municipal Consent, GCWC may expand its existing franchise area within neighboring Marlboro Township into Colts Neck Township to provide water service to the Project.

THE PROPOSED FRANCHISE AREA EXPANSION

The Project will include 360 total residential units, with eighty percent (80%) of the units being market-rate units and the remaining twenty percent (20%) being multi-family rental units affordable to moderate, low, and very low-income households.

The Project location and Proposed Franchise Area abuts GCWC's currently existing service area in the southern portion of Marlboro Township.

The Company indicated that it will adhere to the same emergency situation protocols that exist within its current franchise area in Marlboro and Manalapan Townships. The Proposed Franchise Area is geographically adjacent to the existing Marlboro Township franchise area and therefore provides timely travel access to the proposed development.

IMPACT ON GORDON'S CORNER WATER COMPANY INC.

The proposed franchise should not have an adverse impact on the provision of safe, adequate and proper service to GCWC's present customers. The addition of customers within the Proposed Franchise Area should not have an adverse impact on the service provided to current customers in other portions of the Company's service territory.

IMPACT ON RATES

GCW proposed to charge rates for water service according to its tariffs already on file with, and approved by, the Board. Customers would be subject to any changes to those tariffs when, and if, the Board approves any such modifications by Regulation or Order.

SPECIFIC BENEFITS TO CUSTOMERS OF THE WATER SYSTEM

The Petitioner argued that the Municipal Consent is necessary and proper for the public convenience, and service will be available where it is necessary and proper within the Proposed Franchise Area. The Proposed Franchise Area will permit GCWC to provide service to new residential housing projects, including a significant number of housing units intended for moderate, low, and very low-income households. Further, the Project is too large to serve with private wells.

MUNICIPAL CONSENT

The Municipal Consent does not contain a time limit or expiration date. GCWC understands the Board generally restricts the duration of a franchise grant with respect to the use of surrounding streets pursuant to N.J.S.A. 48:3-15, which limits the period for which the Board or a municipal body may grant consent to use "the street petitioned for" to 50 years.

On October 4, 2022, the Board held a duly noticed hearing via video conference on the Company's petition. David Schmitt, Legal Specialist, presided over the hearing at which representatives of the Company, the New Jersey Division of Rate Counsel ("Rate Counsel"), and Board Staff appeared. No members of the public attended or submitted written comments.

RATE COUNSEL COMMENTS

By letter dated November 1, 2022, Rate Counsel submitted its comments on the petition and stated that, subject to certain conditions, it is not opposed to approval of the Municipal Consent. Rate Counsel recommended that the Board limit authorization to provide water service and access public streets and places within the Borough to a term to 50 years. Rate Counsel further recommended that the Board condition its approval on the condition that transaction costs not be recovered in rates; namely, that there be no authorization to include any specific assets or amounts in rate base, or authorization for any other ratemaking treatment.

DISCUSSION AND FINDINGS

No municipality or other political subdivision of the State may grant a privilege or franchise to any public utility unless approved by the Board. The Board should grant approval when, after hearing, the Board determines the franchise is necessary and proper for the public convenience and properly conserves the public interests. The Board may impose conditions on its approval as the public convenience and interests may require.¹

The Board, having reviewed the Petition and the entire record, **HEREBY FINDS** the Municipal Consent is necessary and proper for the public convenience and properly conserves the public interests.

Accordingly, the Board **HEREBY APPROVES** the Municipal Consent, Resolution No. 2021-172, adopted September 8, 2021, granted to GCWC by the Township, and the expansion of GCWC's service territory to include customers in the Proposed Franchise Area. The Board **FURTHER FINDS** that the Company has the ability to provide safe, adequate and proper service in the Township. The approvals granted hereinabove shall be subject to the following provisions:

1. This Order shall not affect or in any way limit the Board's, or the State's, exercise of authority, in any future petition or in any proceeding with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or in any matter affecting the Company.
2. This Order shall not be construed as directly or indirectly fixing, for any purposes whatsoever, any value of any tangible or intangible assets or liabilities now owned or hereafter to be owned by GCWC.
3. The Petitioner shall not depreciate any portion of the water system expansion funded by Contributions in Aid of Construction.
4. This Order applies only to the approval of the Municipal Consent and shall not be construed as approving any ratemaking issues.
5. Pursuant to N.J.S.A. 48:3-15, the Municipal Consent for the use of streets is limited to a term of 50 years.
6. Approval of the Municipal Consent does not constitute Board approval of any costs or expenses associated with the Petition. Any determination as to reasonableness of costs and expenses related to the franchise, including, but not limited to, cost of

¹ N.J.S.A. 48:2-14.

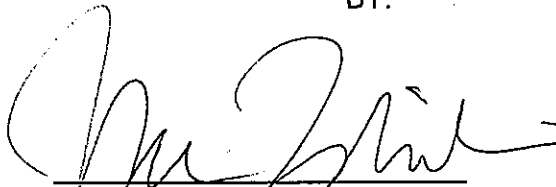
construction, Contributions in Aid of Construction, depreciation of contributed plant, cost of connection or any related capital improvements, and the allocation of such costs and expenses, shall be made in an appropriate subsequent proceeding.

7. Approval of the Municipal Consent does not constitute approval of any specific main extension or plan for service. In extending service, GCWC must comply with all applicable laws.
8. Within 10 days of the signed order, GCWC shall submit any revised tariff pages.
9. Board Staff may approve, subject to comments filed by Rate Counsel, any written request by the Petitioner for additional time to comply with these conditions.

The Order shall be effective on December 14, 2022.

DATED: December 7, 2022

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



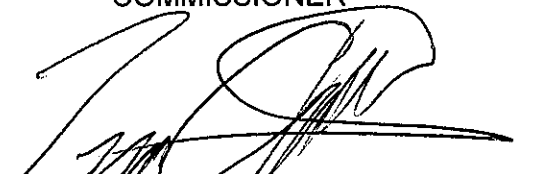
MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER



DR. ZENON CHRISTODOULOU
COMMISSIONER

ATTEST: 

CARMEN D. DIAZ
ACTING 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 GORDON'S CORNER WATER COMPANY, INC. FOR APPROVAL OF A MUNICIPAL CONSENT TO PROVIDE WATER SERVICE TO A PORTION OF COLTS NECK TOWNSHIP

DOCKET NO. WE22060370

SERVICE LIST

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| <p>Gordon's Corner Water Company</p> <p>David G. Ern, President dgern@gordonscornerwater.com</p> <p>Eric Olsen, Chief Operating Officer eolsen@gordonscornerwater.com</p> <p>John P. Morro, Jr., CPA johnmorro@jpmorrocpa.com</p> <p>Saul Ewing Arnstein & Lehr LLP</p> <p>Stephen B. Genzer, Esq. Saul Ewing Arnstein & Lehr One Riverfront Plaza, Suite 1520 1037 Raymond Blvd. Newark, NJ 07102 stephen.genzer@saul.com</p> <p>Shane P. Simon, Esq. shane.simon@saul.com</p> <p>Division of Rate Counsel</p> <p>140 East Front Street, 4th Floor Trenton, NJ 08625-0003</p> <p>Brian Lipman, Esq., Director blipman@rpa.nj.gov</p> <p>Susan McClure, Esq. smcclure@rpa.nj.gov</p> <p>Christine Juarez, Esq. cjuarez@rpa.nj.gov</p> <p>Emily Smithman, Esq. esmithman@rpa.nj.gov</p> <p>Marilyn Silva msilva@rpa.nj.gov</p> | <p>Board of Public Utilities 44 South Clinton Avenue, 1st Floor Post Office Box 350 Trenton, NJ 08625-0350</p> <p>Carmen Diaz, Acting Secretary board.secretary@bpu.nj.gov</p> <p>Stacy Peterson, Deputy Executive Director stacy.peterson@bpu.nj.gov</p> <p><u>Division of Water and Energy</u></p> <p>Michael Kammer, Director mike.kammer@bpu.nj.gov</p> <p>Rupal Patel rupal.patel@bpu.nj.gov</p> <p><u>Counsel's Office</u></p> <p>David Schmitt, Legal Specialist david.schmitt@bpu.nj.gov</p> <p>Division of Law R.J. Hughes Justice Complex, 7th Floor 25 Market Street, P.O. Box 112 Trenton, N.J. 08625</p> <p>Pamela L. Owen, Assistant Section Chief, DAG pamela.owen@law.njoag.gov</p> <p>Meliha Arnautovic, DAG meliha.arnautovic@law.njoag.gov</p> <p>Terel Klein, DAG terel.klein@law.njoag.gov</p> <p>Brandon Simmons, DAG brandon.simmons@law.njoag.gov</p> |
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