



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

IN THE MATTER OF THE PETITION OF NEW)
JERSEY-AMERICAN WATER COMPANY, INC. FOR)
APPROVAL OF A MUNICIPAL CONSENT GRANTED)
BY THE TOWNSHIP OF BRIDGEWATER, COUNTY)
OF SOMERSET)
ORDER APPROVING)
MUNICIPAL CONSENT)
DOCKET NO. WE23040233)

Parties of Record:

Stephen R. Bishop, Esq., on behalf of New Jersey-American Water Company, Inc.
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities (“Board”) considers a petition filed by New Jersey-American Water Company, Inc. (“NJAWC,” “Company,” or “Petitioner”) on April 17, 2023 for approval of a municipal consent (“Municipal Consent”) granted by the Township of Bridgewater (“Township”) on March 30, 2023 via Ordinance No. 23-07 (“Ordinance”) in anticipation of the Borough of Somerville’s (“Somerville”) sale of its wastewater collection system (“System”) to the Company (“Petition”).¹

BACKGROUND

The Petitioner is a regulated public utility corporation engaged in the production, treatment, and distribution of water and the collection and treatment of sewage within its defined service territory within the State of New Jersey, including portions of Atlantic, Bergen, Burlington, Camden, Cape May, Essex, Gloucester, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Salem, Somerset, Union, and Warren counties.

¹ On March 29, 2023, NJAWC filed a petition with the Board for approval of a municipal consent granted by Somerville to provide wastewater services to the System. See In re the Petition of New Jersey-American Water Company, Inc. for Approval of a Municipal Consent Granted by the Borough of Somerville, Somerset County, BPU Docket No. WE23030197.

NJAWC filed the Petition, pursuant to N.J.S.A. 48:2-14, N.J.S.A. 48:19-17, N.J.S.A. 48:19-20, and N.J.A.C. 14:1-5.5, seeking approval of the Municipal Consent, which granted the Company authority to serve the portion of the Township (“Proposed Franchise Area”) currently served by the Somerville System. Approximately 43 connections served by the System are in the Township, all of which already receive water service from NJAWC.

The Township introduced and adopted the Municipal Consent pursuant to N.J.S.A. 48:3-11 to 15, N.J.S.A. 48:19-17 and N.J.S.A. 48:19-20 to permit the Petitioner to construct, lay, maintain, and operate the necessary wastewater mains, pipes, and appurtenances throughout the geographical area of the Township.

PETITION

By the Petition, NJAWC sought approval of the Municipal Consent; the Company did not seek ratemaking treatment for costs associated with the System. NJAWC noted it will seek ratemaking adjustments for the System as part of its next general base rate proceeding.

The Company explained that the Municipal Consent would not have an adverse impact on the provision of safe, adequate, and proper service to NJAWC’s customers. According to the Company, the addition of customers within the Proposed Franchise Area would not have an adverse impact on the service to other portions of the Company’s service territory.

NJAWC explained that customers in the Proposed Franchise Area would pay general service tariff rates for all wastewater service provided by the Company and will be subject to any changes to those tariffs when, and if, the Board approves any such modifications by regulation or Order.

NJAWC further explained that the Municipal Consent is necessary and proper for public convenience and to properly conserve the public interest by facilitating wastewater utility service provision to the proposed franchise area.

On August 23, 2023, the Board held a duly noticed virtual municipal consent hearing on the Petition. Michael Hunter, Regulatory Officer, presided over the hearing at which representatives of the Company, the New Jersey Division of Rate Counsel (“Rate Counsel”), and Board Staff (“Staff”) appeared. No members of the public attended the hearings, and the Board received no written comments from the public.

COMMENTS

By letter dated September 12, 2023, Rate Counsel submitted its comments on the Petition explaining that, subject to certain conditions, it did not oppose the Municipal Consent. Rate Counsel identified that the Municipal Consent grants the Company a perpetual franchise and access to streets and public places with no duration. Rate Counsel noted that N.J.S.A. 48:3-15 limits such grants to 50 years and, as such, recommended that the Board limit the term of the Municipal Consent to a term of 50 years for the specific authorization to provide wastewater service and to access public streets and places within the Borough. Rate Counsel further recommended that the Board condition its approval of the Petition on the requirement that transaction costs cannot 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. N.J.S.A. 48:2-14. The Board will grant approval when, after a duly noticed public hearing, it determines the franchise is necessary and proper for the public convenience, and properly conserves interests of the public. Ibid. The Board may impose conditions on its approval as the public convenience and interest may require. Id.

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


Accordingly, the Board **HEREBY APPROVES** the Municipal Consent, adopted March 30, 2023, granted to NJAWC by the Township, and the expansion of NJAWC's service territory to include 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 NJAWC.
3. The Petitioner shall not depreciate any portion of the 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 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, NJAWC must comply with all applicable laws.
8. Within 10 days of the signed order, NJAWC shall submit any revised tariff pages.
9. 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 September 27, 2023.

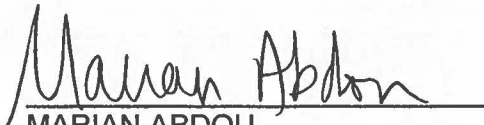
DATED: September 27, 2023

BOARD OF PUBLIC UTILITIES
BY:


CHRISTINE GUHL-SADOVY
PRESIDENT


MARY-ANNA HOLDEN
COMMISSIONER


DR. ZENON CHRISTODOULOU
COMMISSIONER


MARIAN ABDOU
COMMISSIONER

ATTEST:


SHERRI L. GOLDEN
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 OF A MUNICIPAL CONSENT GRANTED BY THE TOWNSHIP OF BRIDGEWATER,
COUNTY OF SOMERSET

DOCKET NO. WE23040233

SERVICE LIST

<p>New Jersey American Water One Water Street Camden, NJ 08102</p> <p>Stephen R. Bishop, Esq. stephen.bishop@amwater.com</p> <p>John Tomac john.tomac@amwater.com</p> <p>Donna L. Carney donna.carney@amwater.com</p> <p>Brandi Belvey brandi.belvey@amwater.com</p> <p>Division of Rate Counsel 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>Sherri L. Golden, Board 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>Malike Cummings, Deputy Director malike.cummings@bpu.nj.gov</p> <p>Rupal Patel rupal.patel@bpu.nj.gov</p> <p>Magdy Mekhaeil magdy.mekhaeil@bpu.nj.gov</p> <p><u>Counsel's Office</u></p> <p>Michael Hunter, Regulatory Officer Michael.Hunter@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>
---	--