



Agenda Date: 1/15/25

Agenda Item: 5A

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)	ORDER GRANTING MOTION TO
JERSEY-AMERICAN WATER COMPANY, INC. FOR)	INTERVENE
AUTHORIZATION TO CHANGE THE LEVEL OF ITS)	
PURCHASED WATER ADJUSTMENT CLAUSE)	
AND PURCHASED WASTEWATER TREATMENT)	
ADJUSTMENT CLAUSE)	DOCKET NO. WR24110850

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

Stephen R. Bishop, Esq., Vice President & General Counsel, New Jersey-American Water Company, Inc.

Jay L. Kooper, Esq., Vice President, General Counsel & Secretary, Middlesex Water Company

BY THE BOARD:

On November 15, 2024, pursuant to N.J.S.A. 48:2-21, N.J.A.C. 14:9-7.1 et seq., and other relevant statutes and regulations, New Jersey-American Water Company, Inc. ("NJAWC" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") requesting approval to modify its Purchased Water Adjustment Clause ("PWAC") and Purchased Wastewater Treatment Adjustment Clause ("PSTAC") rates ("Petition").

BACKGROUND

NJAWC is a regulated public utility corporation engaged in the production, treatment and distribution of water, and collection and treatment of wastewater within its defined service territory within the State of New Jersey. Said service territory includes 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. As of December 31, 2023, NJAWC serves approximately 668,000 water and fire service customers and approximately 64,200 wastewater service customers. The PWAC is not applicable to customers receiving private or public fire protection, since these customers do not receive metered water consumption services.

Currently, NJAWC purchases water on a routine basis from six (6) separate entities and purchases wastewater treatment services from three (3) separate entities, each of which adjusts

its rates for service, and, in the case of wastewater treatment service providers, issues wastewater deficit/credit adjustments, at different times throughout the year.

The six (6) sources with which NJAWC collaborates to purchase water are: 1) Passaic Valley Water Commission; 2) Morris County Municipal Utilities Authority; 3) Montclair Water Bureau; 4) New Jersey Water Supply Authority; 5) City of Newark; and 6) Borough of Florham Park. Additionally, the three (3) wastewater treatment providers from which the Company purchases treatment services are: 1) the Cape May County Municipal Utilities Authority for the Company's "Ocean City Sewer" tariff group; 2) the Ocean County Utilities Authority for the Company's "Lakewood Sewer" tariff group; and 3) Howell Township for the Company's "Adelphia Sewer" tariff group.

By Order dated April 2, 2007, the Board ordered that all purchased water adjustment costs and purchased wastewater treatment costs be 1) removed from the Company's base rates, 2) subject to deferred accounting, and 3) recovered through the PWAC and PSTAC, pursuant to N.J.A.C. 14:9-7.1 et seq.¹ The Board further ordered NJAWC to make annual PWAC and PSTAC filings.

NJAWC's current PWAC and PSTAC rates, other than those noted in the following paragraph, were established by Board Order dated March 20, 2024.²

By Order dated September 4, 2024, the Board authorized the Company to establish new PSTAC Rate Schedules 12-B (Elk Township) and 20-B (Somerville), which became effective September 15, 2024, and 16-B (Egg Harbor City) which will become effective June 2, 2025.³ In the instant Petition, NJAWC proposed no increase for these tariffs, as the Company is maintaining the Rate Schedules established in the September 2024 Order. The Company indicated that it intends to file the respective true-up reconciliation schedules associated with the newly establish rate schedules in its next PSTAC annual filing.

On December 5, 2024, Middlesex Water Company ("Middlesex") filed a motion to intervene in this matter. Middlesex noted that it procures water through a contractual agreement with NJAWC via the Elizabethtown System of NJAWC. The charges for purchased water are outlined in NJAWC's Rate Schedule G, "Sales for Resale – Service to Other Systems," and Rate Schedule O-1, "PWAC." Middlesex noted that, according to the existing contract, Middlesex is obligated to purchase a minimum of three (3) million gallons of water per day from NJAWC which, utilizing Rate Schedules G and O-1, results in a minimum annual cost of approximately \$3.8 million. As a contract customer uniquely affected by NJAWC's request for a change in water service rates, Middlesex argued that it has the right to intervene in this proceeding.

¹ In re the Joint Petition of New Jersey American Water Company, Inc., Elizabethtown Water Company, and the Mount Holly Water Company for Approval of Increased Tariff Rates and Charges for Water and Sewer Service and Other Tariff Revisions, BPU Docket No. WR06030257; OAL Docket No. PUCRL02635-2006S, Order dated April 2, 2007.

² In re the Petition of New Jersey-American Water Company, Inc. for Authorization to Change the Level of its Purchased Water Adjustment Clause and Purchased Wastewater Treatment Adjustment Clause, BPU Docket No. WR23110791, Order dated March 20, 2024.

³ In re the Petition of New Jersey-American Water Company, Inc., for Approval of Increased Tariff Rates and Charges for Water and Wastewater Service, Change in Depreciation Rates, and Other Tariff Modifications, BPU Docket No. WR24010056; OAL Docket No. PUC 02409-24, Order dated September 4, 2024 ("September 2024 Order").

On December 9, 2024, NJAWC filed a letter of non-objection with the Board stating that it does not oppose Middlesex's intervention in this matter.

DISCUSSION AND FINDINGS

In ruling on a motion to intervene, N.J.A.C. 1:1-16.3(a) requires that the decision-maker consider the following factors:

1. The nature and extent of the moving party's interest in the outcome of the case;
2. Whether that interest is sufficiently different from that of any other party so as to add measurably and constructively to the scope of the case;
3. The prospect for confusion and delay arising from inclusion of the party; and
4. Other appropriate matters.

If the standard for intervention is not met, N.J.A.C. 1:1-16.5 provides for a more limited form of involvement in the proceeding as a "participant" if, in the discretion of the trier of fact, the addition of the moving party is likely to add constructively to the case without causing undue delay or confusion. Under N.J.A.C. 1:1-16.6(c), such participation is limited to the right to argue orally, file a statement or brief, file exceptions, or all of these as determined by the trier of fact.

Application of these standards involves an implicit balancing test. The need and desire for development of a full and complete record, which involves consideration of a diversity of interests, must be weighed against the requirements of the New Jersey Administrative Code, which recognizes the need for prompt and expeditious administrative proceedings by requiring that an intervenor's interest be specific, direct, and different from those of the other parties so as to add measurably and constructively to the scope of the case.⁴

After consideration of the papers and given the lack of any objections, the Board **HEREBY FINDS**, pursuant to N.J.A.C. 1:1-16.3, that, due to its unique position as a large volume purchaser of water from NJAWC that will see direct changes in its purchased water costs if the Petition is approved, Middlesex will be directly and uniquely affected by the outcome of this proceeding and will add measurably and constructively to the case without causing undue delay or confusion. The Board **FURTHER FINDS** that Middlesex has met the standards for intervention in this proceeding. Accordingly, having received no objections, the Board **HEREBY GRANTS** Middlesex's motion to intervene.

⁴ In re the Joint Petition of Public Service Electric and Gas Company and Exelon Corporation for Approval of a Change in Control of Public Service Electric and Gas Company, and Related Authorizations, BPU Docket No. EM05020106; OAL Docket No. PUC1874-05, Order dated June 8, 2005.


The effective date of this Board Order is January 22, 2025.

DATED: January 15, 2025

BOARD OF PUBLIC UTILITIES
BY:

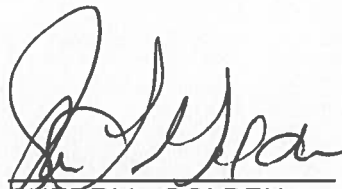

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ATTEST:


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
AUTHORIZATION TO CHANGE THE LEVEL OF ITS PURCHASED WATER ADJUSTMENT CLAUSE AND
PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE
DOCKET NO. WR24110850
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