



Agenda Date: 6/18/25  
Agenda Item: 5B

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu](http://www.nj.gov/bpu)

WATER

IN THE MATTER OF THE PETITION OF NEW JERSEY-	)	ORDER APPROVING
AMERICAN WATER COMPANY, INC. FOR: (1)	)	STIPULATION OF
APPROVAL OF ITS AGREEMENT WITH HOPEWELL	)	SETTLEMENT
BOROUGH, MERCER COUNTY, NEW JERSEY FOR	)	
THE PURCHASE AND SALE OF WATER SYSTEM; (2) A	)	
DETERMINATION THAT THE PURCHASE PRICE IS	)	
REASONABLE; (3) A DETERMINATION THAT THE	)	
TRANSACTION COSTS ARE REASONABLE; AND (4)	)	
FOR SUCH OTHER APPROVALS AS MAY BE	)	
NECESSARY TO COMPLETE THE PROPOSED	)	
TRANSACTION	)	DOCKET NO. WM25040191

**Parties of Record:**

**Christine Soares, Esq.**, Polsinelli PC, on behalf of New Jersey-American Water Company, Inc.  
**Brian O. Lipman, Esq., Director**, New Jersey Division of Rate Counsel

BY THE BOARD:

On April 4, 2025, New Jersey-American Water Company, Inc. (“NJAWC” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) seeking: 1) approval pursuant to the provisions of the Water Infrastructure Protection Act, N.J.S.A. 58:30-1 et seq. (“WIPA”), of an agreement between Hopewell Borough, Mercer County (“Borough”) and NJAWC (“Agreement”); 2) a determination that the purchase price pursuant to the Agreement (“Purchase Price”) is reasonable and thus the rate base of the Borough’s water system; 3) approval that NJAWC’s transaction, closing, and transition costs are reasonable and prudent and may be deferred for recovery in a future base rate case; and 4) such other approvals as may be necessary to complete the proposed transaction (“Transaction”) (“Petition”). By this Order, the Board considers the Petition.

**BACKGROUND AND PROCEDURAL HISTORY**

In 2015, the New Jersey Legislature passed WIPA, which authorizes certain owners of water or wastewater systems to enter into long-term lease contracts, or sell their water or wastewater assets to a capable private or public entity, without a referendum, if an emergent condition exists as defined in N.J.S.A. 58:30-5(b). In order to qualify for WIPA consideration, an owner must demonstrate the existence of at least one (1) of the five (5) emergent conditions specified by

WIPA. Potential emergent conditions include:

- (1) The system is located in an area designated by the Department of Environmental Protection as an Area of Critical Water Supply Concern I or II, or any future designation or newly added area of critical water supply concern;
- (2) The owner of the system is a significant noncomplier, as defined pursuant to section 3 of P.L. 1977, c. 7 (C.58:10A-3), has been the subject of a formal enforcement action initiated by the department, or is substantially out of compliance with an administrative consent order, settlement agreement, stipulation of settlement, or judicial consent order entered into with the department; or
- (3) There is a present deficiency or violation of maximum contaminant levels established pursuant to the "Safe Drinking Water Act," P.L. 1977, c. 224 (C. 58:12A-1 et seq.), concerning the availability or potability of water, or concerning the provision of water at adequate volume or pressure, or distribution or treatment of wastewater;
- (4) There is a demonstrated lack of historical investment, repair, or sustainable maintenance as determined by the department, or material damage to the infrastructure of the system; or
- (5) The system owner lacks the financial, technical, or managerial capacity to adequately address any of the foregoing on a sustainable basis or own and operate the system in a way that supports economic activity in the municipality on a sustainable basis.

[N.J.S.A. 58:30-5.]

As noted in the Petition, NJAWC serves approximately 672,000 water and fire service customers and approximately 70,300 wastewater service customers. The Borough currently owns and operates a water system that serves approximately 888 water service along with forty-one (41) connections in the Township of Hopewell ("System").<sup>1</sup>

Pursuant to N.J.S.A. 58:30-5(a), Boswell Engineering ("Boswell") conducted an engineering analysis of the System ("Asset Management Plan"). In March 2024, Boswell completed its Asset Management Plan, which found that the Borough's System met Emergent Conditions Nos. 3 and 5 as described by WIPA.<sup>2</sup>

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<sup>1</sup> NJAWC represents that Hopewell Township will be granting NJAWC municipal consent to serve the portion of Hopewell Township currently served by the Borough. NJAWC serves other portions of Hopewell Township through previously granted municipal consents approved by the Board. NJAWC will be seeking approval of such municipal consent in a separate docket.

<sup>2</sup> Emergent Condition No. 3 states "[t]here is a present deficiency or violation of maximum contaminant levels established pursuant to the "Safe Drinking Water Act," P.L. 1977, c. 224 (C.58:12A-1 et seq.),

The Borough hired Phoenix Advisors, LLC (“Phoenix”) as its independent financial advisor pursuant to N.J.S.A. 58:30-5(c). On April 4, 2024, the Borough adopted Resolution No. 2024-56 accepting the Water System Evaluation Report prepared by Phoenix.

On April 9, 2024, the Borough submitted the Water System Evaluation Report to the New Jersey Department of Environmental Protection (“DEP”), the Board, and the Director of the Division of Local Government Services in the Department of Community Affairs (“DLGS”) pursuant to N.J.S.A. 58:30-5(e).

On April 9, 2024, the Borough posted on its website a Notice of Public Hearing on May 13, 2024, under N.J.S.A. 58:30-5(d), to consider and evaluate the Borough’s Certification of Emergent Conditions in anticipation of the proposed sale of the System in accordance with WIPA.

Pursuant to N.J.S.A. 58:30-5(e), on May 13, 2024, the Borough adopted Resolution No. 2024-69 certifying the existence of Emergent Conditions Nos. 3 and 5 and stated its intent to proceed with the sale of the System. On May 16, 2024, Resolution No. 2024-69 was transmitted to the Board, DEP, and DLGS.

On June 13, 2024, DEP issued a determination that approved the Borough’s certification as to the existence of Emergent Condition No. 3 and denying the Borough’s Emergent Condition Certification No. 5.

Pursuant to N.J.S.A. 58:30-5(f), on June 21, 2024, the Borough issued a public notice regarding DEP’s approval of Emergent Condition No. 3 and denying Emergent Condition Certification No. 5 and provided notice of the forty-five (45)-day period pursuant to N.J.S.A. 58:30-5(g) for the public to file a petition in protest of the proposed sale of its System without public referendum. Pursuant to N.J.S.A. 58:30-5(g), when a petition for referendum is received, a resolution to lease or sell water or wastewater assets shall not take effect unless the lease or sale of such assets is approved under N.J.S.A. 40:62-4 and N.J.S.A. 40:62-5.

On August 5, 2024, prior to the expiration of the forty-five (45)-day period, Borough residents filed a petition in protest of the proposed sale of the System without public referendum. As a result, the Borough intends to undertake the public referendum process and place the sale of the System on its November 4, 2025 ballot for voter approval.<sup>3</sup>

Pursuant to N.J.S.A. 58:30-6, on November 8, 2024, the Borough issued a Request for Qualifications. NJAWC, Aqua New Jersey, and Veolia Water New Jersey, Inc. all provided qualified bids and the Borough subsequently issued formal Requests for Proposals pursuant to N.J.S.A. 58:30-6(b).

On February 6, 2025, the Borough adopted Resolution 2025-43 selecting NJAWC as the designated respondent for purposes of commencing negotiations of a contract for the sale of the

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concerning the availability of potability of water, or concerning the provision of water at adequate volume or pressure, or distribution or treatment of wastewater.” Emergent Condition No. 5 states “[t]he system owner lacks the financial, technical, or managerial capacity to adequately address any of the foregoing on a sustainable basis or own and operate the system in a way that supports economic activity in the municipality on a sustainable basis.”

<sup>3</sup> Because N.J.S.A. 40:62-5 requires the price of the sale to be included in the referendum, NJAWC is seeking the Board’s approval as to the price of the sale, pursuant to N.J.S.A. 58:30-7(c), before the matter is placed on the ballot for referendum.

Borough's System under WIPA pursuant to N.J.S.A. 58:30-6(c). Thereafter, the Borough began negotiations with NJAWC leading up to the Agreement.

On March 20, 2025, the Borough adopted Resolution No. 2025-51 approving the execution of the Agreement, and authorizing NJAWC to file a petition for approval of the Agreement with the Board. Pursuant to the Agreement, the purchase price for the System is \$6,400,000. According to an appraisal conducted by Weinert Appraisal and Depreciation Services, LLC, the appraised value of the System is \$6,422,881.

As stated in the Petition, the Borough is financially unable to properly operate and maintain the System for the proper benefit of the Borough's residents. According to the Company, the financial resources and backing of NJAWC enhances its ability to access capital markets, which will be a benefit to the System's customers in the rehabilitation and replacement of infrastructure and compliance with environmental laws and regulations. Therefore, NJAWC stated that the Board should approve the transaction pursuant to WIPA. Further, NJAWC stated that the Board should determine that the purchase price is reasonable and that the transaction costs (approximately \$19,000 to date) should be deferred for recovery in a future base rate case.

By Order dated April 23, 2025, the Board determined that the Petition should be retained by the Board for hearing and, pursuant to N.J.S.A. 48:2-32, designated President Christine Guhl-Sadovy as the presiding officer authorized to rule on all motions that arise during the pendency of the proceedings and modify any schedules.<sup>4</sup> Additionally, the April 2025 Order directed that entities seeking to intervene or participate in this matter file the appropriate application with the Board by May 9, 2025, and any party wishing to file a motion for admission of counsel pro hac vice do so concurrently with any motion to intervene or participate. No such motions were filed.

### **STIPULATION**

Following a review of the Petition, conducting discovery, and settlement discussions, the Parties executed the Stipulation, which provides for the following:<sup>5</sup>

### **Financial Advisor Independence and Emergent Condition Certification**

25. The Parties agree that the Water System Evaluation Report was prepared by Phoenix Advisors, an independent financial advisor as contemplated under WIPA and will not contest whether the statutory requirements related to its independence were satisfied here or in any future agency or legal proceeding related to the acquisition of the System by NJAWC.
26. The Parties agree that an Emergent Condition exists under WIPA, N.J.S.A. 58:30-5, in this matter and will not contest whether statutory requirements of an Emergent Condition were satisfied here or in any future agency or legal proceeding related to the Transaction.

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<sup>4</sup> In re the Petition of New Jersey-American Water Company, Inc. for: (1) Approval of its Agreement with Hopewell Borough, Mercer County, New Jersey for the Purchase and Sale of Water System; (2) a Determination that the Purchase Price is Reasonable; (3) a Determination that the Transaction Costs are Reasonable; and (4) for Such Other Approvals as May Be Necessary to Complete the Proposed Transaction, BPU Docket No. WM25040191, Order dated April 23, 2025 ("April 2025 Order").

<sup>5</sup> Although summarized in this Order, should there be any conflict between this summary and the Stipulation, the detailed terms of the Stipulation are controlling, subject to the findings and conclusions of this Order. Paragraphs are numbered to coincide with the Stipulation.

**Initial Rates**

27. The Parties agree that immediately after the Transaction, NJAWC will bill Borough residents for general metered water service in accordance with its Rate Schedule A-1, including all applicable tariff schedules and surcharges, which include NJAWC's distribution system improvement charge, purchased water adjustment clause, special program charge, lead service line replacement charge and resiliency and environmental system investment charge.
28. The Transaction will result in an approximate thirty-six (36%) percent reduction in rates for the average Borough resident.
29. The Parties agree that immediately after the Transaction, NJAWC will bill Borough private fire customers in accordance with its Rate Schedule L-13 and Borough public fire customers in accordance with Rate Schedule M-12.
30. The Parties agree that, as set forth in the Agreement, rates for Borough residents and public and private fire service will change at the same time and frequency as NJAWC's base rate case proceedings.
31. The Parties agree that in the Company's next base rate case, the Board may impose any rate upon Borough residents that is deemed just and reasonable.
32. The Company agrees that all educational communications directed to Borough residents related to initial rates, the Agreement, the Transaction, and the referendum will be consistent with the Stipulation and the Board's Order approving the Stipulation.

**Purchase Price/Transaction Costs**

33. The Parties agree that the Purchase Price of \$6,400,000 provided in the Agreement is reasonable and thus the rate base of the System as of the Board's approval.
34. As of June 2, 2025, the Transaction costs are \$30,000.
35. The Parties agree that all Transaction costs are estimated and that the Company may incur additional costs during and subsequent to the closing of the Transaction.
36. The Parties agree that at the time of closing, NJAWC will record on its books and records an estimated amount of \$6,430,00 as utility plant in service, which includes system assets and organizational costs for the Transaction which will be included in NJAWC's next base rate case.
37. The Parties agree that all Transaction costs will be subject to a review for reasonableness and prudence in NJAWC's next base rate case.

38. The Parties agree and recommend that the Board should approve, without modification, the Stipulation, determine that the Purchase Price provided in the Agreement is reasonable as required under WIPA and is thus the rate base of the System as of the Board's approval, and authorize NJAWC and the Borough to enter into the Transaction subject to and contingent upon the following:
  - a. further approvals by the New Jersey Department of Community Affairs of the proposed use of funds as required under WIPA; and
  - b. passage of voter referendum by a majority of legal Borough voters voting in the November 2025 general election pursuant to N.J.S.A. 40:62-5.

### **Customer Assistance Programs**

39. Shortly after closing, NJAWC will provide information about its customer assistance programs to all Borough residents via a direct mail packet ("Welcome Packet"). The Welcome Packet will include a contact number and website for the New Jersey Statewide Heating Assistance and Referral Energy Service and the customer bill of rights outlining, among other programs, the Winter Termination Program. The packet will also include information about water assistance programs.
40. NJAWC will provide a copy of the Welcome Packet and confirmation of mailing to the Parties.

### **DISCUSSION AND FINDINGS**

In evaluating a proposed settlement, the Board must review the record, balance the interests of the ratepayers and the shareholders, and determine whether the settlement represents a reasonable disposition of the issues that will enable the Company to provide its customers in this State with safe, adequate, and proper service at just and reasonable rates.<sup>6</sup> After a review of the record in this proceeding, including the Petition, exhibits and the Agreement, the Board **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with the law.

Under WIPA, "[i]f an owner [of a water system] determines that emergent conditions exist, the owner may long-term lease or sell its water or wastewater assets to a capable private or public entity..."<sup>7</sup> After an owner determines that an emergent condition exists, the owner must retain the services of an independent financial advisor to "review, analyze and report on" the value of the system.<sup>8</sup> Following such analysis, the owner must certify that the emergent condition exists and submit that certification to DEP for approval.<sup>9</sup> After the emergent condition is certified, the system owner may request qualified bids to purchase the system and eventually negotiate a sale price.<sup>10</sup>

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<sup>6</sup> In re Petition of Pub. Serv. Elec. & Gas, 304 N.J. Super. 247 (App. Div.), cert. denied, 152 N.J. 12 (1997).

<sup>7</sup> N.J.S.A. 58:30-4.

<sup>8</sup> N.J.S.A. 58:30-5(c).

<sup>9</sup> N.J.S.A. 58:30-5(e).

<sup>10</sup> See N.J.S.A. 58:30-6, 7.

WIPA limits the Board's role to approval or rejection of the contract and determination of whether the purchase price is reasonable.<sup>11</sup> After the system owner and system purchaser reach an agreement on a proposed contract to purchase the system, the system owner must submit the contract, together with "any appraisals supporting the rent or sale price, documentation regarding the defeasance of debt, and any other information requested by the [B]oard."<sup>12</sup> Following receipt of this information, the Board is required under WIPA to approve or reject the proposed contract. After careful review of the record, including the Stipulation and proposed contract for sale, the Board **HEREBY APPROVES** the contract consistent with N.J.S.A. 58:30-7(c)(1).

In addition to reviewing the contract for sale, WIPA also requires the Board to review the purchase price for reasonableness.<sup>13</sup> The statute requires the Board to deem the purchase price reasonable if 1) the "rent or sale price is sufficient to defease the debt of the owner" and either 2a) the rent or sale price is "within the range of appraisals obtained" or 2b) "[i]f there is little or no established rate base...the rent or sale price is reasonably comparable to a proxy rate base equivalent to the rate base of the designated respondent."<sup>14</sup> As noted in the Petition, the Borough has \$618,000 in outstanding debt on the System. In addition, according to the appraisal filed with the Petition, the appraised value of the System is \$6,422,881. After review of the record, including the \$6,400,000 purchase price, which exceeds the amount of outstanding debt and is roughly equivalent to the appraised value of the System, the Board **HEREBY FINDS** that the purchase price is reasonable because it is within the range of the appraisal obtained with respect to the sale of the assets and is sufficient to defease the Borough of the outstanding debt on the System. The Board **HEREBY ORDERS** the Borough to file documentation with the Board showing that the debt on the System has been satisfied once the transaction is closed.

Accordingly, the Board **HEREBY ADOPTS** the Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as fully set forth herein, subject to any terms and conditions set forth in this Order.

The Board **HEREBY RATIFIES** the decisions made by President Guhl-Sadovy during the pendency of this proceeding for the reasons stated in her decisions and Orders. The Company's costs will remain subject to audit by the Board. This Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

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<sup>11</sup> N.J.S.A. 58:30-7(c).

<sup>12</sup> N.J.S.A. 58:30-7(c)(1).

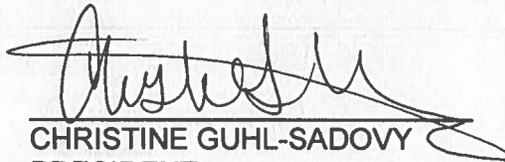
<sup>13</sup> N.J.S.A. 58:30-7(c)(2).

<sup>14</sup> N.J.S.A. 58:30-7(c)(2)(a) and -7(c)(2)(b).

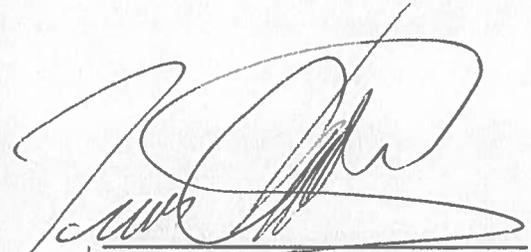
This Order shall be effective June 25, 2025.

DATED: June 18, 2025

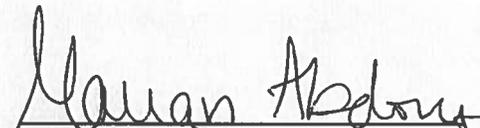
BOARD OF PUBLIC UTILITIES  
BY:



CHRISTINE GUHL-SADOVY  
PRESIDENT



DR. ZENON CHRISTODOULOU  
COMMISSIONER



MARIAN ABDOU  
COMMISSIONER



MICHAEL BANGE  
COMMISSIONER

ATTEST:



SHERRI L. LEWIS  
BOARD 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: (1) APPROVAL OF ITS AGREEMENT WITH HOPEWELL BOROUGH, MERCER  
COUNTY, NEW JERSEY FOR THE PURCHASE AND SALE OF WATER SYSTEM; (2) A  
DETERMINATION THAT THE PURCHASE PRICE IS REASONABLE; (3) A DETERMINATION  
THAT THE TRANSACTION COSTS ARE REASONABLE; AND (4) FOR SUCH OTHER  
APPROVALS AS MAYBE NECESSARY TO COMPLETE THE PROPOSED TRANSACTION

DOCKET NO. WM25040191

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STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

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IN THE MATTER OF THE PETITION OF NEW	:	STIPULATION OF
JERSEY-AMERICAN WATER COMPANY, INC.	:	SETTLEMENT
FOR: (1) APPROVAL OF ITS AGREEMENT	:	BPU Docket No. WM25040191
WITH HOPEWELL BOROUGH, MERCER	:	
COUNTY, NEW JERSEY FOR THE PURCHASE	:	
AND SALE OF WATER SYSTEM; (2) A	:	
DETERMINATION THAT THE PURCHASE	:	
PRICE IS REASONABLE; (3) A	:	
DETERMINATION THAT THE TRANSACTION	:	
COSTS ARE REASONABLE; AND (4) FOR SUCH	:	
OTHER APPROVALS AS MAY BE NECESSARY	:	
TO COMPLETE THE PROPOSED TRANSACTION	:	

**APPEARANCES:**

**Christine Soares, Esq.,** Polsinelli PC, Attorneys for New Jersey-American Water Company, Inc.

**Susan McClure, Deputy Rate Counsel, Christine Juarez, Esq., Assistant Deputy Rate Counsel, and Megan Lupo, Assistant Deputy Rate Counsel,** New Jersey Division of Rate Counsel (**Brian O. Lipman, Esq.,** Director, New Jersey Division of Rate Counsel)

**Meliha Arnautovic,** Deputy Attorney General, Staff of the New Jersey Board of Public Utilities, Office of Attorney General (**Matthew J. Platkin,** Attorney General of New Jersey)

This Stipulation of Settlement (“Stipulation”) is hereby made and executed as of the dates indicated below, by and among the petitioner, New Jersey-American Water Company, Inc. (“NJAWC” or “Company”), the Staff of the New Jersey Board of Public Utilities (“Staff”), and the New Jersey Division of Rate Counsel (“Rate Counsel”) (collectively, “Parties”).

The Parties do hereby join in recommending that the New Jersey Board of Public Utilities (“Board” or “BPU”) issue an Order approving the Stipulation without modification, based upon the following terms:

## Background

1. On April 4, 2025, NJAWC filed a petition with the Board seeking the following relief: (1) approval pursuant to the provisions of the Water Infrastructure Protection Act, N.J.S.A. 58:30-1 et seq. (“WIPA”) of an agreement between Hopewell Borough, Mercer County, New Jersey (“Borough”) and NJAWC (“Agreement”); (2) a determination that the purchase price (“Purchase Price”) pursuant to the Agreement is reasonable and thus the rate base of the Borough water system (“System”); (3) approval of NJAWC’s transaction, closing and transition costs (“Transaction Costs”) as reasonable and prudent and allowed to be deferred for recovery in a future base rate case; and (4) such other approvals as may be necessary to complete the proposed transaction (“Transaction”) (“Petition”).

2. As noted in the Petition, NJAWC serves approximately 672,000 water and fire service customers; the Borough owns and operates the System, which serves approximately 888 water service customers to its approximately 1,912 residents and approximately 89 commercial accounts, along with 41 connections in Hopewell Township.<sup>1</sup>

3. Pursuant to N.J.S.A. 58:30-5, the Borough engaged the engineering firm of Ferriero Engineering, Inc. (“Ferriero”) to determine whether WIPA was applicable to the System.

4. In March 2024, Boswell Engineering (which acquired Ferriero during the pendency of the engagement) completed its engineering analysis of the System and submitted an Asset Management Plan to the Borough.

5. The Borough also hired Phoenix Advisors, LLC (“Phoenix Advisors”) to undertake a financial analysis of the System under N.J.S.A. 58:30-5(c).

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<sup>1</sup> Hopewell Township (“Township”) will be granting NJAWC municipal consent to serve the portion of the Township currently served by the Borough. NJAWC serves other portions of the Township through previously granted municipal consents approved by the BPU.

6. On March 28, 2024, Phoenix Advisors completed its financial analysis of the System and submitted a Water System Evaluation Report to the Borough.

7. On April 4, 2024, by Resolution 2024-56, the Borough Council accepted and approved the Water System Evaluation Report of Phoenix Advisors and directed that a copy of the report be transmitted to the BPU, the Director of the Division of Local Government Services (“DLGS”) in the New Jersey Department of Community Affairs, and the New Jersey Department of Environmental Protection (“DEP”).

8. On April 9, 2024, the Borough posted on its website a Notice of Public Hearing scheduled on May 13, 2024, pursuant to N.J.S.A. 58:30-5(d), to consider and evaluate the Borough’s Certification of Emergent Conditions in anticipation of the proposed sale of the System in accordance with WIPA.

9. The Notice of Public Hearing was published in the Hopewell Valley News and the Times of Trenton on April 12, 2024.

10. In May 2024, Boswell Engineering issued an Emergent Conditions Analysis to the Borough certifying that the System met Emergent Conditions No. 3 and No. 5.

11. On May 13, 2024, the Administrator of the Borough determined and certified that Emergent Conditions No. 3 and No. 5 were present.

12. Pursuant to N.J.S.A. 58:30-5(e), at the May 13, 2024 Public Hearing, the Borough adopted Resolution No. 2024-69 certifying the existence of Emergent Conditions No. 3 and No. 5 under WIPA and stating its intent to proceed with the sale of the System, which Resolution was transmitted to the BPU, DEP and DLGS on May 16, 2024.

13. On June 13, 2024, DEP issued a determination approving the Borough’s Emergent Condition Certification as to Emergent Condition No. 3 and denying the Borough’s Emergent

Condition Certification as to Emergent Condition No. 5.

14. On June 21, 2024, pursuant to N.J.S.A. 58:30-5(f), the Borough issued a Public Notice of DEP's approval of Emergent Condition No. 3 and provided notice of the forty-five (45) day petition period pursuant to N.J.S.A. 58:30-5(g) for the public to have an opportunity to protest the proposed sale of the System without referendum pursuant to WIPA.

15. On August 5, 2024, Borough residents filed a timely protest with the Borough Clerk.

16. Pursuant to N.J.S.A. 58:30-6, on November 8, 2024, the Borough issued a Request for Qualifications.

17. On January 2, 2025, the Borough adopted Resolution 2025-29 designating the three (3) water companies, including NJAWC, who submitted qualifications for purposes of purchasing the System under WIPA as Qualified Respondents and authorizing the issuance of a formal Request for Proposals ("RFP").

18. On January 3, 2025, the Borough issued a formal RFP and the Qualified Respondents submitted proposals on January 31, 2025. The Borough Council's Water Committee, in consultation with the Borough Administrator, Engineer, Attorney and Financial Consultant, engaged in a comprehensive review and analysis of the proposals, all of which met the minimum standards for submission of a proposal under the RFP.

19. Under N.J.S.A. 58:30-6(c), on February 6, 2025, the Borough authorized negotiations with NJAWC.

20. On March 20, 2025, the Borough adopted Resolution No. 2025-51 approving the execution of the Agreement, and authorizing NJAWC to file a petition for approval of the Agreement by the BPU.

21. Under the Agreement, the Purchase Price for the System is \$6,400,000.
22. According to an appraisal conducted by Weinert Appraisal and Depreciation Services, LLC the appraised value of the System is \$6,422,881.
23. By Order dated April 23, 2025, the Board designated President Christine Guhl-Sadovy as the presiding officer and directed that any entities seeking to intervene or participate file the appropriate application by May 9, 2025.<sup>2</sup>
24. No parties sought to intervene or participate in this matter.

#### Stipulation

The undersigned Parties DO HEREBY STIPULATE AND AGREE as follows:

#### Financial Advisor Independence and Emergent Condition Certification

25. The Parties agree that the Water System Evaluation Report was prepared by Phoenix Advisors, an independent financial advisor as contemplated under WIPA and will not contest whether the statutory requirements related to its independence were satisfied here or in any future agency or legal proceeding related to the acquisition of the System by NJAWC.
26. The Parties agree that an Emergent Condition exists under WIPA, N.J.S.A. 58:30-5, in this matter and will not contest whether statutory requirements of an Emergent Condition were satisfied here or in any future agency or legal proceeding related to the Transaction.

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<sup>2</sup> In re the Petition of New Jersey-American Water Company, Inc. for: (1) Approval of its Agreement with Hopewell Borough, Mercer County, New Jersey for the Purchase and Sale of Water System; (2) A Determination that the Purchase Price is Reasonable; (3) A Determination that the Transaction Costs are Reasonable; and (4) For Such Other Approvals as may be Necessary to Complete the Proposed Transaction, BPU Docket No. WM25040191, Order dated April 23, 2025.

**Initial Rates**

27. The Parties agree that immediately after the Transaction, NJAWC will bill Borough residents for general metered water service in accordance with its Rate Schedule A-1, including all applicable tariff schedules and surcharges, which include NJAWC's distribution system improvement charge, purchased water adjustment clause, special program charge, lead service line replacement charge and resiliency and environmental system investment charge.

28. The Transaction will result in an approximate thirty-six (36%) percent reduction in rates for the average Borough resident.

29. The Parties agree that immediately after the Transaction, NJAWC will bill Borough private fire customers in accordance with its Rate Schedule L-13 and Borough public fire customers in accordance with Rate Schedule M-12.

30. The Parties agree that, as set forth in the Agreement, rates for Borough residents and public and private fire service will change at the same time and frequency as NJAWC's base rate case proceedings.

31. The Parties agree that in the Company's next base rate case, the Board may impose any rate upon Borough residents that is deemed just and reasonable.

32. The Company agrees that all educational communications directed to Borough residents related to initial rates, the Agreement, the Transaction, and the referendum will be consistent with the Stipulation and the Board's Order approving the Stipulation.

**Purchase Price/Transaction Costs**

33. The Parties agree that the Purchase Price of \$6,400,000 provided in the Agreement is reasonable and thus the rate base of the System as of the Board's approval.

34. As of June 2, 2025, the Transaction Costs are \$30,000.

35. The Parties agree that all Transaction Costs are estimated and that the Company may incur additional costs during and subsequent to the closing of the Transaction.

36. The Parties agree that at the time of closing, NJAWC will record on its books and records as utility plant in service an estimated amount of \$6,430,000, which includes system assets and organizational costs for the Transaction and which amount will be included in rate base in NJAWC's next base rate case.

37. The Parties agree that all Transaction Costs will be subject to a review for reasonableness and prudence in NJAWC's next base rate case.

38. The Parties agree and recommend that the Board should approve, without modification, this Stipulation, determine that the Purchase Price provided in the Agreement is reasonable as required under WIPA and is thus the rate base of the System as of the Board's approval, and authorize NJAWC and the Borough to enter into the Transaction subject to and contingent upon the following:

- a. further approvals by the New Jersey Department of Community Affairs of the proposed use of funds as required under WIPA; and
- b. passage of voter referendum by a majority of legal Borough voters voting in the November 2025 general election pursuant to N.J.S.A. 40:62-5.

#### Customer Assistance Programs

39. Shortly after closing, NJAWC will provide information about its customer assistance programs to all Borough residents via a direct mail packet ("Welcome Packet"). The Welcome Packet will include a contact number and website for the New Jersey Statewide Heating Assistance and Referral Energy Service and the customer bill of rights outlining, among others,

the Winter Termination Program. The packet will also include information about water assistance programs.

40. NJAWC will provide a copy of the Welcome Packet and confirmation of mailing to the Parties.

41. The Parties agree that this Stipulation contains mutual balancing and interdependent clauses and is intended to be accepted and approved in its entirety. In the event any particular provision of this Stipulation is not accepted and approved in its entirety by the Board, or is modified by a court of competent jurisdiction, then any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right, upon written notice to be provided to all other Parties within ten (10) days after receipt of any such adverse decision, to litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not adopted in its entirety by the Board in an appropriate Order, or is modified by a court of competent jurisdiction, then any Party hereto is free, upon the timely provision of such written notice, to pursue its then available legal remedies with respect to all issues addressed in this Stipulation, as though this Stipulation had not been signed. The Parties agree that this Stipulation shall be binding on them for all purposes herein.

42. The Parties agree that this Stipulation represents a negotiated agreement and, except as otherwise expressly provided for herein:

- a. By executing this Stipulation, no Party waives any rights it possesses under any prior Stipulation, except where the terms of this Stipulation supersede such prior Stipulation.
- b. The contents of this Stipulation shall not in any way be considered, cited or used by any of the undersigned Parties as an indication of any Party's position on any related

or other issue litigated in any other proceeding or forum, except to enforce the terms of this Stipulation.

43. This Stipulation may be executed in any number of counterparts, each of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties. The Parties understand that the Board's Order approving this Stipulation shall become effective in accordance with N.J.S.A. 48:2-40 and subject to the contingencies in paragraph 11 hereto.

**Conclusion**

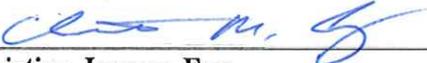
WHEREFORE, the Parties hereto have duly executed and do respectfully submit this Stipulation to the Board and recommend that the Board enter an Order adopting and approving this Stipulation in its entirety and without modification in accordance with the terms hereof.

**New Jersey American Water, Company, Inc.**

**Brian Lipman, Esq.**

**Director, Division of Rate Counsel**

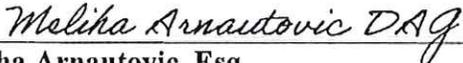
By:   
**Stephen Bishop, Esq.**

By:   
**Christine Juarez, Esq.**  
**Assistant Deputy Rate Counsel**

Dated: 6/10/25

Dated: 6/10/25

**Matthew Platkin, Attorney General of New Jersey, Attorney for Staff of the Board of Public Utilities**

By:   
**Meliha Arnautovic, Esq.**  
**Deputy Attorney General**

Dated: