



Agenda Date: 12/17/09

Agenda Item: VC

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu

WATER

IN THE MATTER OF THE PETITION OF CRESTWOOD) ORDER APPROVING
VILLAGE WATER COMPANY & CRESTWOOD) DISCONTINUANCES OF
VILLAGE SEWER COMPANY FOR AUTHORITY TO) WATER AND SEWER SERVICES
PURSUANT TO N.J.S.A. 48:2-24)
) DOCKET NO. WD09100826

Douglas R. Kleinfeld, Esq. for Crestwood Village Water Company and Crestwood Village Sewer Company, Whiting, New Jersey

BY THE BOARD:

On October 9, 2009, Petitioners Crestwood Village Water Company ("Crestwood Water") and Crestwood Village Sewer Company ("Crestwood Sewer") (collectively "Petitioners") filed a petition with the Board of Public Utilities ("Board") in accordance with N.J.S.A. 48:2-24 for permission to discontinue water and sewer services. Petitioners, public utilities of the State of New Jersey, supply water and sewer collection services to approximately 9,900 customers within the Whiting section of Manchester Township, Ocean County, New Jersey.

Petitioners' service territory consists of a portion of Manchester Township. Crestwood Water service territory also consists of two small sections of Berkeley Township, Ocean County, New Jersey near the Manchester Township border. The two sections of the Berkeley Township franchise are referred to as the north and south sections. Petitioners state that there are currently no customers in the Crestwood Water franchise area of Berkeley Township known as the north section which area is predominantly a conservation area owned principally by the State of New Jersey, Ocean County and the New Jersey Natural Land Trust. The remainder of the northern section of the Berkeley Township franchise is a fifty acre parcel bisected by a stream and associated wetlands and subject to minimum 30 acre zoning requirements.

The southern portion of the Berkeley Township franchise is an industrial park known as Arthur L. Newman Industrial Park. Crestwood Water holds a franchise to supply a water main extension to the area. Pursuant to Berkeley Township Ordinance #20-0-79, adopted August 7, 1979, the franchise was revocable if the extension was not completed within five years. To date, no extension was constructed. As part of this proceeding, Petitioner contacted Berkeley Township and requested the termination its franchises. On December 8, 2009, Berkeley Township issued a resolution, seeking to terminate the Berkeley Township franchises held by Petitioner.

By letter dated November 25, 2009, the attorney for Manchester Township advised that on November 23, 2009, the Township Council, by unanimous vote, adopted the Ordinance for acquisition of Petitioners' water and sewer operating assets and further advised that the Ordinance would be executed 20 days after final publication. Crestwood Water's and Crestwood Sewer's Board of Directors approved the sale of Petitioners' water and sewer operating assets to the Township of Manchester on November 23, 2009. After the closing, which is scheduled to take place on or before December 31, 2009, water and sewer services to the customers of Petitioners will be assumed by Manchester. The Township currently owns and operates its own water supply and sewer collection and conveyance systems serving approximately 11,650 water and 7,600 sewer retail customers, all within its municipal boundaries. The Township plans to keep the Crestwood Water and Crestwood Sewer operations separate from the water and sewer systems currently operated by it and operate these systems as independent self-supporting entities.

Upon the closing of the sale, which is expected to occur on or about December 31, 2009, all of Petitioners' water and sewer utility operations will be taken over by Manchester and Petitioners will cease operations and will be liquidated and dissolved. The discontinuance of service and related transfer of assets by Petitioners to the Township will be transparent in nature in that rates will not change and the plant previously operated by Crestwood Water and Crestwood Sewer will be operated as systems separate and apart from Manchester's current water and sewer systems. Manchester has also indicated that it will employ those employees now employed by Petitioners of which there are ten.

The Township has represented that all customers in Petitioners' service territory will be charged the same rates as currently charged by Petitioners. Crestwood Water rates are currently higher than Manchester's water rates. Crestwood Sewer rates, however, are currently lower than Manchester's sewer rates. The Crestwood customer bill for combined water and sewer service for 20,000 gallons of water per quarter or 80,000 gallons per year with a 5/8" meter will be about 3½% higher than the Manchester customer combined bill.

Pursuant to a letter dated December 10, 2009, the Department of the Public Advocate, Division of Rate Counsel does not object to Board approval of the petition filed by Petitioners for discontinuance of service to their customers.

After reviewing the petition and based upon Staff's investigation of the matter, the Board FINDS that the discontinuance of water and sewer services by Petitioners will not have an adverse impact on public convenience and necessity.

Therefore, the Board HEREBY ORDERS that the discontinuance of said water and sewer services be and is HEREBY APPROVED effective on the day of the closing. The Board expressly states that its decision in this matter to permit the Petitioners to discontinue utility services under N.J.S.A. 48:2-24 is based upon the finding that there will be a continuity of services to those customers previously provided service by Crestwood Water and Crestwood Sewer, who will now be served by the Township.

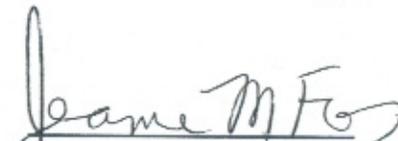
The Board FURTHER ORDERS that the municipal consents held by Petitioner to serve Berkeley Township are hereby terminated.

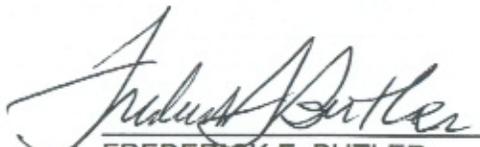
The permission to discontinue water and sewer services herein granted is subject to the following conditions:

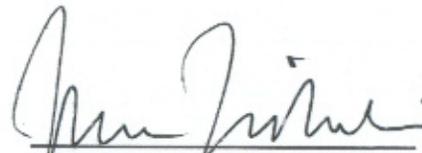
1. Petitioners shall notify the Board, in writing, of the closing date within fifteen (15) days of closing.
2. Crestwood Water and Crestwood Sewer shall file with the Board their 2009 Annual Report, pursuant to N.J.A.C. 14:3-6.3.
3. Crestwood Water and Crestwood Sewer shall file with the Board, within thirty (30) days of closing, their Statement of Gross Intrastate Operating Revenues for the Year Ended December 31, 2009 (BPU Form AR-3-1).
4. Pursuant to the applicable statutes, Crestwood Water and Crestwood Sewer shall be responsible for the Board of Public Utilities' and the Division of the Rate Counsel's State assessment liability based upon their 2009 gross intrastate revenues.
5. Upon entry of this Order, Petitioners are to provide notice to their customers advising them of the discontinuance of service and that water and sewer services to the former Crestwood Water and Crestwood Sewer customers will now be provided by the Township of Manchester.
6. This Order approving discontinuance of service shall be void if closing does not occur on or before February 17, 2010.

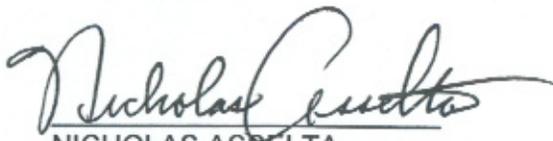
DATED: 12/17/09

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

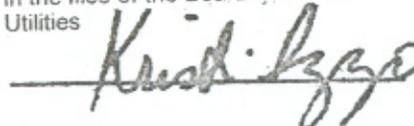

NICHOLAS ASSELTA
COMMISSIONER


ELIZABETH RANDALL
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



IN THE MATTER OF THE PETITION OF
CRESTWOOD VILLAGE WATER COMPANY
& CRESTWOOD VILLAGE SEWER COMPANY
FOR AUTHORITY TO DISCONTINUE
SERVICE PURSUANT TO N.J.S.A. 48:2-24

BPU DOCKET NO. WD09100826

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