



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)
APPLIED WASTEWATER MANAGEMENT INC.,)
FOR APPROVAL OF A MUNICIPAL CONSENT)
GRANTED BY THE TOWNSHIP OF TEWKSBURY,)
HUNTERDON COUNTY; AND EXTENSION OF ITS)
EXISTING WATER TARIFF TO THE NEW SERVICE)
AREA)

ORDER

DOCKET NO. WE08100908

(SERVICE LIST ATTACHED)

BY THE BOARD:

Applied Wastewater Management, Inc. ("AWWM" or "Company") currently provides water and/or wastewater service to approximately 4,100 customers in communities located in Bergen, Warren, Hunterdon, Morris, Burlington, Monmouth, Cape May, and Somerset Counties, New Jersey. AWWM is a subsidiary of American Water Works Company, a large investor-owned water and wastewater corporation providing regulated and unregulated utility services nationwide.

On April 10, 2007 the Township of Tewksbury governing body adopted Ordinance No.04-2007, which granted AWWM authority to operate equipment, pipe, and mains for a potable water production, storage, and distribution system in a portion of the Township. On October 8, 2008, Applied Wastewater Management, Inc. ("AWWM" or "Company") filed a petition with the Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:2-14 and N.J.A.C. 14:1-5.5, for approval of this municipal consent granted by the Township of Tewksbury. In its petition, the Company also requests the Board's approval to apply the Company's existing water tariff to the new service area.

On May 6, 2009, a duly noticed public hearing on the Company's petition was held at the Board's Newark office. Legal Specialist, Joseph Quirolo, Esq., presided over the hearing at which representatives of the Company, the Department of Public Advocate, Division of Rate Counsel ("Rate Counsel") and Board Staff appeared.

The municipal consent authorizes AWWM to operate and maintain a potable water utility system in an area of Tewksbury known as the Bartles Site. Recent construction at the Bartles Site includes a United Cerebral Palsy community living center consisting of 18 units and a separate municipal firehouse. The project also includes, 3 Council on Affordable Housing apartment units and 15 age-restricted housing units developed by the Northwest NJ Community Action Program.

The United Cerebral Palsy community living center and firehouse presently receive water service by means of an on-site private well. Once this project is complete, water service will be transferred to AWWM. Wastewater service is provided by the Township of Tewksbury with a treatment facility that was completed in 2006. Water service to this area will be made from the Company's Northern Region. The Company currently owns and operates a potable water supply system in a portion of Tewksbury commonly referred to as Crossroads at Oldwick. Crossroads at Oldwick is adjacent to the Bartles Site and AWWM intends to provide water service to the Bartles Site from its existing water treatment system at Crossroads at Oldwick. The plant has a firm capacity of 0.0504 million gallons per day (mgd) with a daily peak demand of 0.032 mgd. There will be no impact on the Company's ability to provide safe, adequate and reliable service to the other areas served by the Northern Region. The Company has sufficient capacity to provide service, having a capacity cushion of approximately 0.0114 mgd. The new customers will come under the Company's Northern Region tariff and will have customer assistance through the Northern Region office, including a 24 hour emergency line.

The Project is located in State Development and Redevelopment Plan Area 5. The development is also located in the Highlands Planning Area. Water mains have been or will be constructed by the site developers. The developers will also contribute a public water supply well. These facilities will be contributed to the Company and any funds received will be considered as contributions in aid of construction. Consistent with the State Plan and the Board's Main Extension Rules at 14:3-8.1 *et seq.*, AWWM will not pay for, nor refund to the developers, any of the costs associated with extending service to the new service area as these costs will be fully borne by the developer.

By letter dated May 29, 2009, Rate Counsel submitted its comments to the petition and is not opposed to its approval. Rate Counsel recommends that any approval should not include authorization to include acquired assets in rate base. The inclusion into rate base of any asset and any associated ratemaking determination should be addressed in a future base rate proceeding. Rate Counsel further recommended the inclusion of specific language in any Board Order approving the petition, which is incorporated in the order.

AWWM provides potable water and wastewater service to customers in various communities located in eight counties throughout the State. Its employees are qualified and possess the expertise to operate and maintain potable water systems and facilities so as to provide safe, adequate and proper service. This same level of service will be provided to the new service area. As a subsidiary of American Water Works, the Company has the financial stability and access to a wealth of utility related expertise and capital should the need arise.

Therefore, the Board **HEREBY FINDS** that the extension requested is necessary and proper for the public convenience and properly conserves the public interests, and **HEREBY APPROVES** the Township of Tewksbury Ordinance 04-2007 adopted on April 10, 2007, for the provision of water service in the Township of Tewksbury on Block 44, Lots 22 and 22.01 of the Tewksbury tax map as sought in the Company's petition.

The Board **FURTHER APPROVES** the use of the existing tariff of Applied Wastewater Management for water service provided to the Bartles Site. AWWM's current rates on file at the Board for the proposed franchise provide for a fixed service charge of \$27.48 per quarter for a 5/8 inch or 5/8 x 3/4 inch meter and a consumption charge of \$3.896 per thousand gallons. Hydrant charges are \$55.00 per quarter per hydrant.

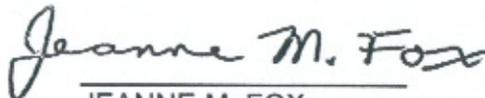
The approvals granted, hereinabove, shall be subject to the following provisions:

1. This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever the value of any tangible or intangible assets now owned or hereafter to be owned by Applied Wastewater Management Inc.
2. This Order shall not affect nor in any way limit the exercise of the authority of this Board or of this State in any future petition or in any proceedings with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or in any other matters affecting Applied Wastewater Management Inc.
3. In an appropriate subsequent proceeding, the Company shall have the burden of demonstrating whether, and to what extent, any of the costs associated with this petition shall be allocated to ratepayers. Approval of this municipal consent does not include authorization to include in rate base the specific assets that are or will be completed as a result of the new service territory.

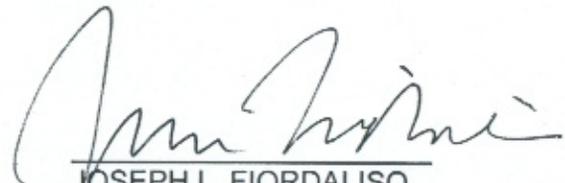
4. Approval of this municipal consent ordinance does not constitute Board approval of any costs or expenses associated with this petition. Any determination as to the appropriateness or reasonableness of the costs and expenses related to the franchise, including, but not limited to, cost of construction, contributions in aid of construction, depreciation on contributed plant, the cost of connection, or any related capital improvements, and the allocation of such cost and expenses, shall be made in an appropriate subsequent proceeding.

DATED: 7/1/09

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT

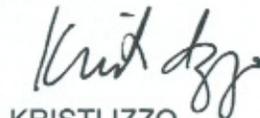

FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

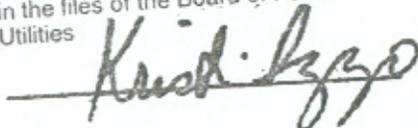

NICHOLAS ASSELTA
COMMISSIONER


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



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BPU Docket No. WE08100908

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