



Agenda Date: 3/17/10
Agenda Item: 5A

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 FOR THE)
APPROVAL OF A TRANSFER OF UNITED)
WATER TOMS RIVER INC.'S OWNERSHIP OF)
UNITED WATER OWEGO-NICHOLS INC. TO)
UNITED WATERWORKS INC., OR IN THE)
ALTERNATIVE, FOR A FINDING THAT NO)
SUCH APPROVAL IS NECESSARY)

ORDER

DOCKET NO. WM09110911

Kelly Ruggiero, United Water 200 Old Hook Road Harrington Park New Jersey 07640

BY THE BOARD:

United Water Toms River Inc. ("UWTR" or the "Petitioner") a corporation of the State of New Jersey, by petition filed with the Board of Public Utilities ("the Board") on November 10, 2009, requested approval:

- (a) To transfer the ownership of United Water Owego-Nichols Inc. ("UWON") from Petitioner UWTR to United Waterworks Inc. ("UWW"), contingent upon approval of the transfer by the New York Public Service Commission (the "Commission"); and
- (b) For any such other and further relief as the Board may determine.

UWTR has sought approval of a change in the ownership of UWON. This change in ownership is proposed to be accomplished by virtue of UWTR's payment of a non-cash return of capital distribution of all of its right, title and interest in the stock of its wholly-owned subsidiary, UWON, to UWW. Specifically, UWTR will transfer all of its right, title and interest in the One Thousand (1,000) authorized, issued and outstanding shares of UWON to UWW. As a result of the transfer of UWTR's ownership of UWON to UWW, UWTR will become, in effect, a "sister" or affiliate entity of UWON, rather than its parent company.

Subsequent to the filing of the Petition, UWTR indicated its agreement with the application of N.J.S.A. 48:3-10 to the transfer of ownership contemplated by the Petition in response to an informal inquiry made by the Board's Bureau of Rates. Board Staff reviewed the Petition including additional discovery through the issuance of data requests on December 14, 2009.

The Petitioner has stated that there are no costs associated with the proposed transfer. Further, the proposed transfer will have no impact on the rates, services, operations, management or employees of UWTR or UWON. Petitioner submitted that their ability to provide safe and adequate service to their respective customers will not be adversely affected.

Petitioner represents that no New Jersey Ratepayer funds were used to purchase UWON or have ever been invested in UWON. The Petitioner asserts that this is an internal "paper" reorganization of subsidiary companies for the sole purpose of properly aligning regulated companies and streamlining financial reporting. The Petitioner further asserts that it will not receive any payment for the transfer of UWON to UWW.

Petitioner UWTR advised the Board that, due to the fact that UWON is a New York public utility subject to the jurisdiction of the Commission, a parallel petition for the approval of the requested transfer and change in ownership was filed with the Commission by UWON. Petitioner has requested that any approval of said transfer by the Board be conditioned upon approval of the transfer by the Commission.

Pursuant to a letter dated January 27, 2010, the Department of the Public Advocate, Division of Rate Counsel is not opposed to Board approval of the petition filed by Petitioners.

The Board, after investigation, having considered the exhibits submitted by the Petitioner and the recommendations of its Staff, FINDS that the transaction is in accordance with law and is in the public interest, and approving the purposes thereof, HEREBY AUTHORIZES Petitioner:

To transfer the ownership of UWON from Petitioner UWTR to UWW in accordance with N.J.S.A. 48:3-10, contingent upon approval of the transfer by the Commission.

This Order is issued subject to the following provisions:

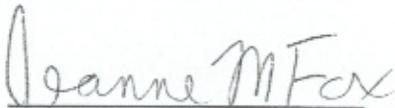
- (1) Petitioner shall inform the Board in writing upon Petitioner's receipt of the Commission's approval of the transfer and shall provide the Board with a copy of said approval Order.
- (2) This Order shall not affect or in any way limit the exercise of the authority of this Board or of the State in any future petition or in any proceeding with respect to rates, franchises, services, accounting, financing, capitalization, depreciation or any other matter affecting Petitioner.

- (3) This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of the tangible or intangible assets now owned or hereafter to be owned by Petitioner.

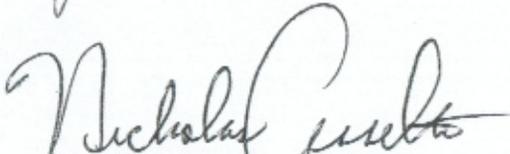
DATED: 3/17/10

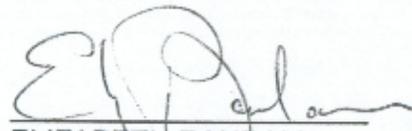
BOARD OF PUBLIC UTILITIES
BY:

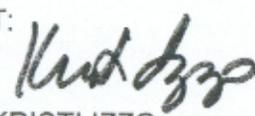

LEE A. SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER

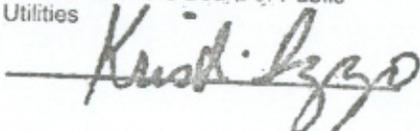

JOSEPH L. FIORDALISO
COMMISSIONER


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



SERVICE LIST

In The Matter Of The Petition For The Approval Of A Transfer Of United Water Toms River Inc.'s Ownership Of United Water Owego-Nichols Inc., To United Waterworks Inc., Or In The Alternative, For A Finding That No Such Approval Is Necessary

Docket No. WM09110911

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