



Agenda Date: 06/7/10  
Agenda Item: V A

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

WATER

IN THE MATTER OF THE PETITION OF UNITED WATER )  
NEW JERSEY INC., FOR APPROVAL OF A MUNICIPAL )  
CONSENT TO CONSTRUCT, INSTALL, OPERATE, AND )  
MAINTAIN A WATER SYSTEM FOR BLOCK 61, LOT 42.03; )  
BLOCK 72, LOTS 1.01 AND 1.02; BLOCK 72.01, LOT 3; BLOCK )  
82, LOTS 1.01, 1.02, 1.03, AND 1.04; BLOCK 82.01, LOT 1; )  
BLOCK 83, LOTS 9, 15.01, AND 15.02; BLOCK 83.01, LOT 1; )  
BLOCK 84, LOT 3; BLOCK 72, LOT 2; AND BLOCK 72, LOT 3; )  
AND FOR FIRE PROTECTION SERVICES ONLY FOR BLOCK )  
61, LOTS 42.01 AND 42.02 IN THE BOROUGH OF MOUNT )  
ARLINGTON AND APPROVAL OF THE ISSUANCE OF A )  
REVISED TARIFF SHEET SETTING FORTH UNITED WATER )  
NEW JERSEY INC.'S ENLARGED SERVICE TERRITORY )  
PURSUANT TO N.J.A.C. 14:1-5.11 ) DOCKET NO. WE09121006

Nathaniel H. Yohalem, Esq., c/o Mary Campbell, Esq., United Water New Jersey,  
Harrington Park, NJ for Petitioner

(SERVICE LIST ATTACHED)

BY THE BOARD:

United Water New Jersey Inc. ("Company" or "Petitioner"), a wholly owned subsidiary of United Water Resources Inc., a New Jersey corporation, is engaged in the business of collecting, treating, and distributing water for retail service to customers located in the northern and western portions of the State. Specifically, UWNJ serves approximately 195,000 customers located in portions of Bergen, Hudson, Passaic, Morris, Hunterdon and Sussex counties.

On December 17, 2009, the Company filed a petition for approval of a municipal consent granted by the Borough of Mount Arlington ("Borough") to allow Petitioner to provide water and fire service within portions of the Borough as described above. The Company also sought approval of a revised tariff that included those sections of the service territory to be added as part of the Borough municipal consent. On April 20, 2010, a duly noticed public hearing was held on the Company's petition at the Board's Newark Office before Legal Specialist, Joseph Quirolo, the Board's designated Hearing Examiner.

On April 27, 2009, the Borough of Mount Arlington adopted Ordinance 10-09 ("Ordinance") which granted the Company the consent and permission to lay, maintain, and relay its water pipes, mains connections, apparatus and appurtenances beneath public roads, streets, alleys,

and places as the Company deems necessary for its corporate purposes and for the purpose of providing water service, subject to such additional approvals or consents as required by law, within the lands and premises designated within the Ordinance as: Block 61, Lot 42.03; Block 72, Lots 1.01 and 1.02; Block 72.01, Lot 3; Block 82, Lots 1.01, 1.02, 1.03, and 1.04; Block 82.01, Lot 1; Block 83, Lots 9, 15.01, and 15.02; Block 83.01, Lot 1; Block 84, Lot 3; Block 72, Lot 2, and Block 72, Lot 3. The development property is owned by Valley Road Development, LLC, Seasons Associates, LLC and Trailwood Associates, LLC (collectively the "Developer") and is located along Valley Road in the Borough. The property includes a proposed development known as "Shadow Woods" ("Shadow Woods") and three vacant lots ("the Lots"). Petitioner will provide full water service to Shadow Woods and the Lots. Service to the Lots is conditioned on the continuation of the Lots being zoned for single family homes and used as such; and the ability of Petitioner or any successor water utility to have sufficient capacity to provide water services at the time each property owner requests to connect to the service.

The Ordinance further provided municipal consent to provide fire protection services only to an area designated within the Ordinance as: Block 61, Lots 42.01 (600 Valley Road ) and 42.02 (500 Valley Road). These lots are the proposed site for two commercial office buildings. When constructed, the office building at 600 Valley Road will measure 196,000 square feet and the other at 500 Valley Road at 121,000 square feet (collectively the "Office Buildings"). The Office Buildings will receive potable water service from individual wells at this time.

The Shadow Woods development contemplates 60 townhouses, 10 single family homes and a clubhouse. Using New Jersey Department of Environmental Protection ("NJDEP") flow criteria, daily demand for the development is estimated at 17,750 gallons per day ("gpd"). Service to the Lots would impose an additional 1,185 gpd, for a total capacity requirement of 18,935 gpd. The Office Buildings would impose no demand because of the provision of potable water service from individual wells.<sup>1</sup> The Company currently has a monthly NJDEP permitted water allocation of 9.3 million gallons per month with a monthly summer peak demand of 8 million gallons. Therefore the addition of 18,935 gpd for the Shadow Woods development and the Lots would not exceed the Company's permitted capacity.

The expansion of the Company's service territory will not impose any negative impact on current customers and will not cause any adverse consequences on these customers or the Company's ability to provide safe, adequate, and proper service. Petitioner currently operates a water system in the Borough and its affiliate United Water Arlington Hills Sewerage, Inc. also provides wastewater in this community. The Company will handle any emergencies with 24/7 response capacity.

The proposed development of Shadow Woods will be charged for service at the Petitioner's existing rates for water service as set forth in its tariff approved by the Board. The rates are \$4.3967 per 1,000 gallons of metered water consumption with residential customers paying a quarterly facility charge of \$17.04 for a 5/8" meter. The proposed development of two office buildings located on 500 Valley Road and 600 Valley Road will be charged fire protection service at the Petitioner's existing rates. The rates are \$56.77 per hydrant per month.

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<sup>1</sup> The agreement between Petitioner and the Developer contemplates that an additional municipal consent and Board approval may be sought to provide full water service to the Office Buildings if the Petitioner determines that it has "Sufficient Capacity" and "System Expansion" (as set forth in the Developers agreement) to supply water service to the Office Buildings. Such a municipal consent will require separate Board approval and will not be addressed in this Order.

Any required "System Expansion" (as described in the Developers agreement) will be paid for by the Developer. The Company's current ratepayers will see no increase in rates due to the costs associated with the System Expansion.

The Company anticipates that the expansion will provide additional revenues of approximately \$40,000 with estimated annual expenses of \$12,600.

By letter dated May 19, 2010, the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel"), submitted its comments 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 this Order.

Based on the foregoing and a review of the complete record in this matter, the Board HEREBY FINDS that:

1. The consent granted to the Company by the Borough to provide water service to the additional area within the Borough known as Block 61, Lot 42.03; Block 72, Lots 1.01 and 1.02; Block 72.01, Lot 3; Block 82, Lots 1.01, 1.02, 1.03, and 1.04; Block 82.01, Lot 1; Block 83, Lots 9, 15.01, and 15.02; Block 83.01, Lot 1; Block 84, Lot 3; Block 72, Lots 2; Block 72, Lot 3; and for the provision of Fire Protection Services only for Block 61, Lots 42.01 and 42.02 are necessary and proper for the public convenience and are in the public interest;
2. The cost of providing water and fire protection services will be exceeded by revenues received by the Company for the services rendered in the new franchise area; and
3. The approval of the consent will not result in increased rates to current customers or compromise the Company's ability to provide safe, adequate and proper service.

Accordingly, the Board HEREBY ORDERS that the municipal consent granted to the Company by the Borough to provide water service to the area within the Borough known as Block 61, Lot 42.03; Block 72, Lots 1.01 and 1.02; Block 72.01, Lot 3; Block 82, Lots 1.01, 1.02, 1.03, and 1.04; Block 82.01, Lot 1; Block 83, Lots 9, 15.01, and 15.02; Block 83.01, Lot 1; Block 84, Lot 3; Block 72, Lots 2; Block 72, Lot 3; and for the provision of Fire Protection Services only for Block 61, Lots 42.01 and 42.02 is HEREBY APPROVED pursuant to the provisions of N.J.S.A. 48:2-14 and 48:19-17 and N.J.A.C. 14:1-5.5. The Board FURTHER APPROVES the amending of Petitioner's tariff to allow for Petitioner to charge rates for water service and fire protection service as set forth in its tariff approved by the Board.

The approval granted hereinabove shall be subject to the following provisions:

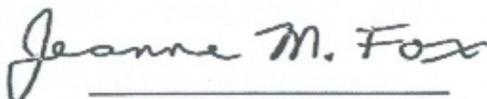
1. The approval granted herein is contingent on (a) a determination by Petitioner that prior to connecting any portion of this project to its water system, that Petitioner has "Sufficient Capacity" (as set forth in the Developer's Agreement) and has implemented appropriate "System Expansion" (as set forth in the Developer's Agreement) to provide service and that water for fire protection service and domestic and/or commercial water service for each is available; and (b) Petitioner and/or the Developer first obtaining all necessary DEP approvals;

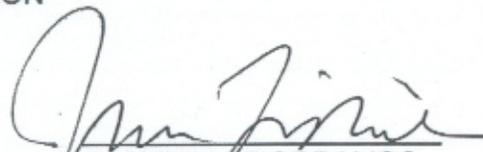
2. Petitioner shall not connect any portion of this project to its system if it does not have "Sufficient Capacity" to service that portion of the project;
3. The rates for service to the Company's existing customers shall continue to be those set out in the Petitioner's current tariff approved by and on file with the Board;
4. Approval of this municipal consent ordinance does not constitute Board approval of any costs or expenses associated with this franchise extension. Any determination as to the appropriateness or reasonableness of the costs and expenses related to the franchise, including, but not limited to, the cost of construction, contributions in aid of construction, the cost of connection or any related capital improvements, and the allocation of such costs and expenses, shall be made in an appropriate subsequent proceeding;
5. The journal entries relating to the new service territory of Petitioner are approved for accounting purposes only;
6. This Order shall not affect or in any way limit the authority of this Board or of this State in any future petition with respect to rates, franchises, services, financing, accounting, capitalization, depreciation or any other matters affecting the Petitioner;
7. This order shall not be construed as directly or indirectly fixing, for any purposes whatsoever, any value of any tangible or intangible assets now owned or hereafter to be owned by the Petitioner; and
8. The Petitioner shall not depreciate the portion of the water system that is funded by CIAC.

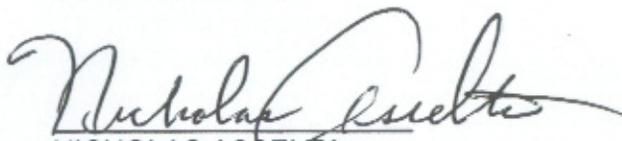
DATED: 6/7/10

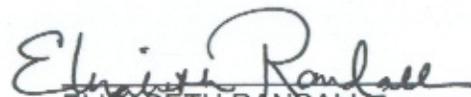
BOARD OF PUBLIC UTILITIES  
BY:

  
LEE A. SOLOMON  
PRESIDENT

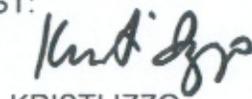
  
JEANNE M. FOX  
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JOSEPH L. FIORDALISO  
COMMISSIONER

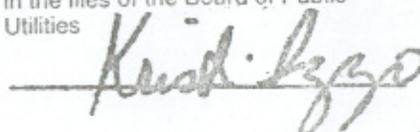
  
NICHOLAS ASSELTA  
COMMISSIONER

  
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 UNITED WATER NEW JERSEY INC., FOR APPROVAL OF A MUNICIPAL CONSENT TO CONSTRUCT, INSTALL, OPERATE, AND MAINTAIN A WATER SYSTEM FOR BLOCK 61, LOT 42.03; BLOCK 72, LOTS 1.01 AND 1.02; BLOCK 72.01, LOT 3; BLOCK 82, LOTS 1.01, 1.02, 1.03, AND 1.04, BLOCK 82.01, LOT 1; BLOCK 83, LOTS 9, 15.01, AND 15.02; BLOCK 83.01, LOT 1; BLOCK 84, LOT 3, BLOCK 72, LOT 2; AND BLOCK 72, LOT 3; AND FOR FIRE PROTECTION SERVICES ONLY, FOR BLOCK 61, LOTS 42.01 AND 42.02 IN THE BOROUGH OF MOUNT ARLINGTON AND APPROVAL OF THE INSSUANCE OF A REVISED TARIFF SHEET SETTING FORTH UNITED WATER NEW JERSEY INC.'S ENLARGED SERVICE TERRITORY PURSUANT TO N.J.A.C. 14:1-5.11

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