



Agenda Date:10/13/11  
Agenda Item: VA

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</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 UNITED )  
WATER NEW JERSEY INC. FOR APPROVAL OF )  
MUNICIPAL CONSENT TO OWN, CONSTRUCT, INSTALL, )  
LAY, RELAY AND MAINTAIN WATER PIPES FOR A )  
WATER SYSTEM FOR BLOCK 232.01, LOTS 1 THROUGH )  
44, IN THE TOWNSHIP OF VERNON, COUNTY OF )  
SUSSEX AND APPROVAL OF THE ISSUANCE OF )  
REVISED TARIFF SHEETS SETTING FORTH UNITED )  
WATER NEW JERSEY INC.'S ENLARGED TERRITORY )  
PURSUANT TO N.J.A.C. 14:1-5.11. )

ORDER

DOCKET NO. WE11030155

Parties of Record:

**Nathaniel H. Yohalem, Esq.**, Attorney for Petitioner  
**Mary Campbell, Esq.**, United Water New Jersey Inc.  
**Stefanie A. Brand, Director**, New Jersey Division of Rate Counsel

BY THE BOARD:

United Water New Jersey Inc. ("Company" or "Petitioner" or "UWNJ"), 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 March 23, 2011, the 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. 14:1-5.11 for approval of a municipal consent granted on November 29, 2010, by the Township of Vernon ("Township") to allow the Company to own, construct, install, lay, relay and maintain water pipes and to provide water service to Block 232.01, Lots 1 through 44, in the Township. The Company also sought approval of a revised tariff to include the section of the service territory to be added as part of the Township's municipal consent.

On August 17, 2011, a duly noticed public hearing on the Company's petition was held at the Board's Trenton office. Legal Specialist, James P. Kane, Esq., presided over the hearing at which representatives of the Company, Division of Rate Counsel ("Rate Counsel") and the Board Staff appeared. No members of the public were present at the hearing.

On November 29, 2010, the Township adopted Ordinance #10-22 ("Ordinance") which granted the Petitioner the consent and permission to expand its water franchise area and to lay pipes beneath and along such public roads, streets and alleys as may be necessary subject to such additional approvals or consents as required by law, within the land and premises designated in the Ordinance as Block 232.01 Lots 1 through 44, also known as the Great Gorge Terrace Condominiums ("GGTC"). The property is a 44 unit condominium complex. GGTC provides water service to the existing complex through two private existing wells, which contain high levels of radionuclides including radium and uranium. The Petitioner and GGTC entered into a Developer's Agreement dated December 16, 2009.

According to New Jersey Department of Environmental Protection ("NJDEP") guidelines, daily demand for GGTC is estimated at 6,600 gallons per day or 198,000 gallons per month. The Company currently has an existing Water Allocation Permit rated at 1,200 gallons per minute of instantaneous pumping. The Petitioner's water system in the Township has a capacity of 246 millions gallons per year. The Petitioner asserts that its system has sufficient capacity under its existing NJDEP permits to serve the development and will have no impact on the established Water Allocation Permit threshold limits for Petitioner's system.

The NJDEP's Compliance Section has requested that the Petitioner proceed with connecting GGTC to its water system in order to address water quality issues, specifically radionuclides including radium and uranium, associated with GGTC's existing private well system. GGTC is currently under an Administrative Consent Order issued by the NJDEP to connect to the Petitioner's system. The Company will handle any emergencies with a 24/7 response capacity.

The homeowners' association of GGTC will be charged for service at the Petitioner's existing rates for water service as set forth in its Board approved tariff. A 1.5 inch master meter will be used to register the total gallons supplied to GGTC. The homeowners' association will be billed monthly at a rate of \$4.76 per 1,000 gallons along with an annual facilities charge of \$350.16. A 6 inch meter will be used to provide fire protection service. The homeowners' association will be billed monthly at a rate of \$274.87 resulting in an annual charge of \$3,298.44. Water service and fire service protection will be included in the association fees paid by condominium owners and will not be billed separately.

The cost of connecting the GGTC to Petitioner's water system is estimated to be \$794,132 and it will be paid entirely by GGTC pursuant to the Developer's Agreement. The Company's current ratepayers will not see any rates increases due to the costs associated with the system's expansion. Pursuant to the Developer's Agreement, the Developer is not entitled to any refunds or costs for the expansion of the system.

By letter dated September 14, 2011, Rate Counsel submitted its comments on the petition and is not opposed to its approval. Rate Counsel recommends that any approval should not include authorization to include constructed or 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 thorough review of the record to this proceeding, the Board **HEREBY ORDERS** approval of the municipal consent, Ordinance #10-22 dated November 29, 2010, granted to United Water New Jersey Inc., by the Township of Vernon. The Board **FURTHER APPROVES** the use of United Water New Jersey Inc.'s existing tariff applicable to the Great Gorge Terrace Condominium to be served in the new service territory.

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 the Company.
2. This Order shall not effect nor in any way limit the exercise of the authority of this Board or of this State, in any future petition or in any future proceeding, with respect to rates, franchises, services, financing, accounting, capitalization, depreciation or in any other matters affecting the Company.
3. In an appropriate subsequent proceeding, United Water New Jersey Inc. 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 does not constitute approval by the Board 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 costs and expenses, shall be made in an appropriate subsequent proceeding.

This order will be effective on October 23, 2011.

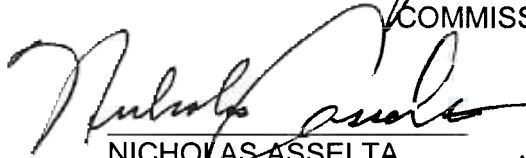
DATED: 10/13/11

BOARD OF PUBLIC UTILITIES  
BY:

  
LEE A. SOLOMON  
PRESIDENT

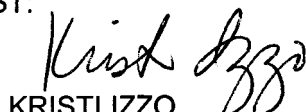
  
JEANNE M. FOX  
COMMISSIONER

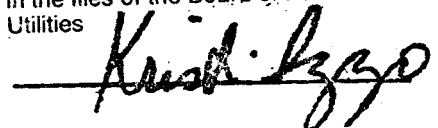
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
NICHOLAS ASSELTA  
COMMISSIONER

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities

ATTEST:

  
KRISTI IZZO  
SECRETARY



IN THE MATTER OF THE PETITION OF UNITED WATER NEW JERSEY INC. FOR APPROVAL OF MUNICIPAL CONSENT TO OWN, CONSTRUCT, INSTALL, LAY, RELAY AND MAINTAIN WATER PIPES FOR A WATER SYSTEM FOR BLOCK 232.01, LOTS 1 THROUGH 44, IN THE TOWNSHIP OF VERNON, COUNTY OF SUSSEX AND APPROVAL OF THE ISSUANCE OF REVISED TARIFF SHEETS SETTING FORTH UNITED WATER NEW JERSEY INC.'S ENLARGED TERRITORY PURSUANT TO N.J.A.C. 14:1-5.11.

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