



Agenda Date: 3-22-07
Agenda Item: VB

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

WATER

IN THE MATTER OF THE PETITION OF NEW JERSEY)
AMERICAN WATER COMPANY, INC. FOR APPROVAL)
OF A MUNICIPAL CONSENT GRANTED BY THE)
BOROUGH OF MOUNT EPHRAIM, COUNTY OF)
CAMDEN AND FOR ACQUISITION OF THE WATER)
SYSTEM ASSETS OF MOUNT EPHRAIM)

ORDER OF APPROVAL

DOCKET NO. WE06060431

(SERVICE LIST ATTACHED)

BY THE BOARD:

On June 5, 2006, New Jersey-American Water Company, Inc. ("Company" or "Petitioner") filed a petition with the New Jersey Board of Public Utilities ("Board") seeking Board approval of: (1) a municipal consent ordinance granted to the Company by the Borough of Mt. Ephraim ("Ordinance"); and (2) the acquisition by the Company of all of the Borough of Mt. Ephraim's water utility assets (the "Water System").

Since the Petition was filed, the Company has merged with Elizabethtown Water Company and the Mount Holly Water Company. Following the merger, the Company serves over 620,000 customers in 16 counties within the State of New Jersey.

The Petition demonstrates that approval of the Ordinance as well as the acquisition of the Water System will serve the public interest by permitting Petitioner to acquire the water utility assets of the Borough of Mt. Ephraim and to integrate the Water System into the Company's existing system. The proposed franchise is surrounded by and will be incorporated into the Company's existing service territory and it will be operated by the Petitioner's staff that manages the Camden-Burlington system. Integration into the Company's existing system will allow users of the Water System to avail themselves of the Company's significant existing resources. This will result in the provision of more efficient service to the users of the Water System and will also provide additional system reliability for the Borough of Mt. Ephraim customers and the Company's current water customers. Residents of the Borough of Mt. Ephraim will be charged the same rates as are the other customers of the Company. Granting the Petition will add approximately 1,715 water customers to the Company's current customer base.

The Borough of Mt. Ephraim approved the Ordinance (Mt. Ephraim Ordinance No. 758:06) on April 6, 2006. This Ordinance provides the requisite municipal consent required pursuant to N.J.S.A. 48:19-17 and 48:19-20 to permit Petitioner to construct and maintain water facilities on public property throughout the Borough of Mt. Ephraim and to provide water service to the Borough. Additionally, the residents of the Borough of Mt. Ephraim approved the sale of the Borough's Water System in the November 2005 general election. An agreement for the Sale of Assets transferring the Water System from the Borough of Mt. Ephraim to the Company has been entered into.

Following the required notice, a public hearing on this Petition was held on February 1, 2007, before, Joseph F. Quirolo, Esq., the Board's designated Hearing Examiner at the Board's offices in Newark. No member of the public appeared ant the public hearing.

Discovery was propounded on the Company by Board Staff and the Division of Rate Counsel, and the Company has answered the discovery in full. Rate Counsel does not object to Board approval of the Petition of the Company, subject to the conditions below.

Based on a review of the record in this proceeding, the Board, pursuant to N.J.S.A. 48:2-14, **HEREBY APPROVES** the municipal consent granted to New Jersey-American Water Company, Inc. for the provision of water service by the Borough of Mt. Ephraim as sought in New Jersey-American Water Company's petition.

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 New Jersey-American Water Company, 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 New Jersey-American Water Company, 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: 3/22/07

BOARD OF PUBLIC UTILITIES
BY:



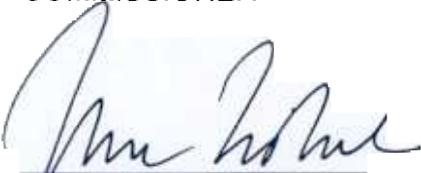
JEANNE M. FOX
PRESIDENT



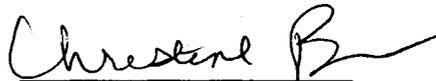
FREDERICK F. BUTLER
COMMISSIONER



CONNIE O. HUGHES
COMMISSIONER



JOSEPH L. FIORDALISO
COMMISSIONER



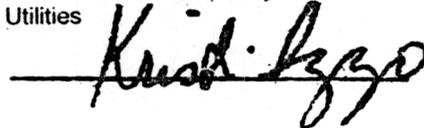
CHRISTINE V. BATOR
COMMISSIONER

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 NEW JERSEY-AMERICAN WATER COMPANY, INC.
FOR APPROVAL OF A MUNICIPAL CONSENT GRANTED BY THE BOROUGH OF MOUNT
EPHRAIM, COUNTY OF CAMDEN AND FOR ACQUISITION OF THE
WATER SYSTEM ASSETS OF MOUNT EPHRAIM

BPU DOCKET NO. WE06060431

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