



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)	ORDER ADOPTING INITIAL
NEW JERSEY-AMERICAN WATER COMPANY,)	DECISION/STIPULATION
INC. FOR APPROVAL TO CHANGE THE LEVEL)	
OF ITS PURCHASED WATER AND PURCHASED)	
WASTEWATER (SEWERAGE) TREATMENT)	BPU DOCKET NO. WR09040303
ADJUSTMENT CLAUSE)	OAL DOCKET NO. PUC 05380-09

(SERVICE LIST ATTACHED)

BY THE BOARD:

On April 7, 2009, New Jersey-American Water Company, Inc. ("NJAW" or "Petitioner"), a public utility of the State of New Jersey, filed a petition with the New Jersey Board of Public Utilities ("Board") pursuant to N.J.A.C. 14:9-7.1, et seq., and 14:9-8.1 et seq., for approval to change the level of its existing purchased water adjustment clause charge and purchased sewerage treatment adjustment clause charge to become effective April 1, 2009. The total revenue requirement increase requested was \$4,973,666 or 0.84% per year.

Petitioner is a water and wastewater utility providing water service to approximately 610,000 water customers in certain municipalities in the Counties of Atlantic, Burlington, Camden, Cape May, Essex, Gloucester, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Salem, Somerset, Union and Warren, and wastewater service to approximately 29,000 customers in certain municipalities in the Counties of Monmouth, Ocean, Somerset and Cape May.

Petitioner obtains water from thirteen separate entities and purchases sewerage treatment services from three separate entities. Each provider has adjusted its rates for service, and in the case of wastewater treatment service providers, has issued sewerage deficiency/credit adjustments at different times throughout the year.

After extensive settlement discussions, a proposed increase of \$4,620,496 in purchased water and purchased sewerage treatment costs, representing a 0.78% increase over NJAW's total revenues, was agreed to by the parties to the proceeding.

PROCEDURAL HISTORY

This matter was transmitted to the Office of Administrative Law ("OAL") on April 23, 2009, and was assigned to Administrative Law Judge ("ALJ") Walter M. Braswell. ALJ Braswell conducted a pre-hearing conference on June 3, 2009, and issued a pre-hearing Order on June 11, 2009, which among other things, directed that public hearings be held on this matter. Subsequently, Middlesex Water Company ("Middlesex") filed a Motion for Intervention in this matter on June 22, 2009. ALJ Braswell granted Middlesex's Motion on July 9, 2009.

Four (4) public hearings were held in this matter. Two public hearings were held on July 13, 2009, one at 2:00 pm in Maplewood, NJ, and one at 7:00 pm in Westampton, NJ. Two public hearings were held on July 20, 2009, one at 2:00 pm in Ocean City, NJ and one at 7:00 pm in Freehold, NJ. No members of the public appeared at either the Maplewood or the Westfield public hearings to provide comments on the proposed PWAC and PSTAC rate filings. At the Freehold public hearing, no members of the public were in attendance. At the Westampton public hearing, only one person was in attendance and voiced concerns with respect to the proposed increase.

Subsequent to the public hearings, the Petitioner, the Department of the Public Advocate, Division of the Rate Counsel ("Rate Counsel"), and Board Staff (collectively, the "Parties") engaged in settlement negotiations. As a result of these discussions and extensive discovery, the Parties reached a stipulation of settlement on all issues ("Stipulation"). The Intervener, Middlesex, submitted a letter not opposing the settlement.

On August 6, 2009, ALJ Braswell issued his Initial Decision in this matter recommending adoption of the Stipulation executed by the Parties, finding that the Parties had voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues and is consistent with the law.

DISCUSSION AND FINDINGS

As more fully discussed in the attached Stipulation, the Parties agreed that the following increases are reasonable and appropriate to allow the Petitioner to recover increased purchased water and purchased sewerage treatment expenses:

- o For customers included within SA-1 service territory, the average bill for a single family water customer with 5/8" meter and using 84,000 gallons of water per year will increase \$3.36 per year or an increase of .57%, and will result in an increase in an annual water bill from the current \$592.37 to \$595.73.
- o For customers in the SA-2 and SA-3 service territories, the average bill for a single family water customer with a 5/8" meter and using 84,000 gallons of water per year will increase \$3.36 per year or an increase of .64% and will result in an increase in the annual water bill from the current \$528.00 to \$531.36.
- o For customers in the Manville service territory, the average bill for a single family water customer with a 5/8" meter and using 84,000 gallons of water per year will increase \$3.36 per year or an increase of .70% and will result in an increase in an annual water bill from the current rate of \$499.83 to \$503.19.

- For customers in the Southampton District, (SA-3 customers) the average bill for a single family water customer with a 5/8" meter and using 84,000 gallons of water per year will increase \$3.36 per year or an increase of .80% and will result in an increase in an annual water bill from \$454.81 to \$458.17.
- For customers the Homestead District, (SA-3 customers) the average bill for a single family water customer with a 5/8" meter and using 84,000 gallons of water per year will increase \$3.36 per year or an increase of .57% and will result in an increase in an annual bill from \$568.25 to \$571.61.
- For customers in the Harrison District (SA-1a customers) the average bill for a single family water customer with a 5/8" meter and using 84,000 gallons of water per year will increase \$3.36 per year or an increase of .64% and will result in an increase in an annual water bill from \$514.35 to \$517.71.
- For customers in the Pennsgrove District (SA-1b customers) the average bill for a single family water customer with a 5/8" meter and using 84,000 gallons of water per year will increase \$3.36 per year or an increase of .87% and will result in an increase in an annual water bill from \$403.70 to \$407.06.
- For sewer customers in the Lakewood Township, Ocean County district, the average bill for a single family sewer customer and using 18,000 gallons of water in the winter quarter, and 72,000 gallons of water per year, will increase \$84.84¹ per year or an increase of 12.64% and will result in an increase in an annual sewer bill from \$671.28 to \$756.12.
- For sewer customers in the Ocean City, Cape May County district, the average bill for a single family sewer customer and using 20,000 gallons of water in the summer quarter, and 44,000 gallons of water per year will increase \$35.52 per year or an increase of 5.26% and will result in an increase in an annual sewer bill from \$675.62 to \$711.14
- For sewer customers in the Adelpia section of Howell Township, Monmouth County district, the average bill for a single family sewer customer and using 48,000 gallons of water per year will see a decrease of \$18.00 per year or an increase of 3.29% and will result in a decrease in an annual sewer bill from \$547.68 to \$529.68.

Having reviewed the Initial Decision and the Stipulation of Settlement, the Board FINDS that the Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. The Board FINDS the Initial Decision, which adopts the Stipulation to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board HEREBY ADOPTS the Initial Decision and the Stipulation, attached hereto, including all attachments and schedules, as its own, incorporating by reference the terms and conditions of the Stipulation, as if they were fully set forth at length herein, subject to the following:

¹Petitioner disputes certain 2007 (\$404,921.80) and 2008 (\$397,191.60) true-up deficiency charges assessed by OCUA. The parties agreed that these charges would be amortized over six years beginning in the 2009-2010 PSTAC year at \$67,487 (2007) and \$66,199 (2008) per year for Lakewood Sewer Service Customers. If resolved, any unamortized balance of the deficiency charge will be recovered in the Petitioner's next filed PWAC/PSTAC proceeding.

In accordance with the provisions of N.J.A.C. 14:9-7.3 (c) and 14:9-8.3 (c), the Petitioner shall file with the Board, no later than 45 days after the adjustment clauses has been in effect for one year, a PWAC and PSTAC true-up schedules in connection with this proceeding. Copies of the true-up schedules shall be served upon all parties to the present proceeding.

The Board HEREBY ACCEPTS the tariff pages attached to the Stipulation as filed with the Board, to be effective as of the date of this Order.

The effective date of this Order is as dated below:

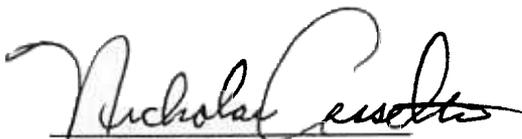
DATED: 8/19/09

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

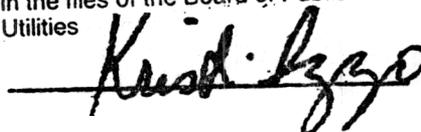

NICHOLAS ASSELTA
COMMISSIONER


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



In the Matter of the Petition of New Jersey-American Water Company, Inc.
for Approval to Change the Level of its Purchased Water and Purchased
Wastewater (Sewerage) Treatment Adjustment Clause

BPU Docket No. WR09040303
OAL Docket No. PUC 05380-09

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