



December 30, 2010

State of New Jersey  
Board of Public Utilities  
Two Gateway Center, Suite 801  
Newark, NJ 07102

Re: Proposed Distribution System Improvement Charge (DSIC) for Water and Wastewater Utilities

Dear President Solomon; Commissioners Fox, Fiordaliso, Asselta and Randall; and Secretary Izzo:

The League of Women Voters of New Jersey (the "League") is writing to express its concern regarding the position taken by the New Jersey Board of Public Utilities (the "BPU") in support of certain water and wastewater utilities imposing a Distribution System Improvement Charge (DSIC) on its rate payers. The League recognizes and respects the great responsibility vested in the BPU as the regulatory authority entrusted with ensuring safe, adequate, and proper utility services at reasonable rates for New Jersey customers. Consumers and rate payers have the right to fully expect the BPU to exercise its authority wisely and to make decisions that reflect their best interests. The League is concerned that the BPU's support of the proposed DSIC severely compromises and undermines consumer trust and protection, and we strongly oppose enacting the DSIC in its current form.

The League is a non-partisan, non-profit organization that has long held positions which support open government and the active and informed participation of citizens in public issues. In addition, the League has strong environmental credentials, particularly with regard to potable water supply and wastewater treatment matters, and believes that an informed public is a critical participant in determining necessary water conservation improvements and ensuring best water management practices.

The League is very much aware of the need to improve our aging water supply infrastructure. However, it believes that the best public policy to achieve improvement is through an open process whereby residents are directly informed about the costs and benefits of proposed changes to this infrastructure. While the BPU and the utility interests may be aware of these costs and benefits, the proposed DSIC does not allow for public comment on these changes. Nor does it afford the public the opportunity to evaluate such factors as alternate technologies, projected recovery costs, ratepayer return on investment, and environmental benefits to determine if a proposed improvement is, in the public's judgment, in their best interest. The currently proposed DSIC appears to do away with direct accountability to the public, essentially silences and removes the owners of the state's water resources from any debate over their stewardship and investment, and frees utilities of any direct commitment to their investors to perform infrastructure work as cost-effectively and efficiently as possible.

It is for these reasons that the League urges the BPU to take an introspective look at its mandate to serve and protect the public, and to seriously reconsider its proposal to allow the state's six investor-owned water utilities and potential wastewater utilities to impose the DSIC on New Jersey consumers.

Respectfully yours,

Anne Maiese, President