



Agenda Date: 06/15/11
Agenda Item: VA

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center, Suite 801
Newark, NJ 07102
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE PETITION OF UNITED)	ORDER
WATER NEW JERSEY INC. FOR APPROVAL OF)	
MUNICIPAL CONSENT TO CONSTRUCT, INSTALL,)	
OPERATE AND MAINTAIN A WATER SYSTEM FOR)	
BLOCK 141, LOT 10.01 IN THE TOWNSHIP OF)	
VERNON, COUNTY OF SUSSEX AND APPROVAL OF)	
THE ISSUANCE OF REVISED TARIFF SHEET)	
SETTING FORTH UNITED WATER NEW JERSEY)	
INC.'S ENLARGED TERRITORY PURSUANT TO)	
<u>N.J.A.C. 14:1-5.11</u>)	DOCKET NO. WE10110870

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

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 November 23, 2010, 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 October 14, 2010, by the Township of Vernon ("Township") to allow the Company to construct, install, operate and maintain water system facilities and to provide water service to Block 141, Lot 10.01 in the Township. The Company also sought approval of a revised tariff that included the section of the service territory to be added as part of the Township municipal consent.

On April 21, 2011, a duly noticed public hearing on the Company's petition was held at the Board's Trenton office. Legal Specialist, Jim Kane, Esq., presided over the hearing at which representatives of the Company, Division of Rate Counsel ("Rate Counsel") and Board Staff appeared. No members of the public appeared at the hearing.

On October 14, 2010, the Township of Vernon adopted Ordinance #10-19 ("Ordinance") which granted the Company the consent and permission to lay and maintain water pipes beneath and along such public roads, streets and alleys as may be necessary and to extend its franchise, subject to such additional approvals or consents as required by law, within the lands and

premises designated within the Ordinance as Block 141, Lot 10.01. The property is owned by Valley View Apartments ("Valley View") and is located in the Township. The property includes 24 existing apartments. Valley View provides water service to the existing apartments through two private existing wells, which contain high levels of gross alpha and uranium in its present state. Petitioner and Valley View entered into a Developer's Agreement dated June 16, 2010.

Using New Jersey Department of Environmental Protection ("NJDEP") guidelines, daily demand for Valley View is estimated at 3,600 gallons per day ("gpd"). The Company currently has an existing Water Allocation Permit for the water system of 1,200 gallons per minute. Petitioner's water system in the township has a capacity of 246 million gallons per year. According to the NJDEP's guidelines, the projected demand of 3,600 gpd for Valley View Apartments 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 Valley View to its water system in order to address water quality issues, specifically gross alpha and uranium, associated with Valley View Apartment's existing private water system.

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. The Petitioner currently operates a water system in the Township. The Company will handle any emergencies with a 24/7 response capacity.

The owner of Valley View 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 Valley View. The owner will be billed monthly at a rate of \$4.76 per 1,000 gallons along with an annual facility charge of \$350.16. Water service will be included in the tenants monthly rent and will not be billed separately to tenants.

Any required costs of connecting the Valley View Apartments to Petitioner's system will be paid in full by the owner of Valley View. The Company's current ratepayers will see no increase in rates due to the costs associated with the system's expansion. To the extent a refundable deposit and an applicable tax gross up is collected, refunds will include the applicable tax gross up amount and will be given in accordance with provisions under Extensions to Provide Regulated Services, N.J.A.C. 14:3-8.1, et seq.

By letter dated May 5, 2011, Rate Counsel submitted its comments to 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 #10-19 dated October 14, 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 Valley View Apartments to be served in the new service territory.

The approvals granted, hereinabove, shall be subject to the following provisions:

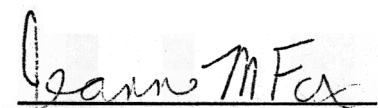
- 1 This Order shall not be construed as directly or indirectly fixing for any purposes, whatsoever, the value of any tangible or intangible assets now owned or hereafter to be owned by the Company.
2. This Order shall not effect nor in any way limit the exercise of the authority of this Board or of this State, in any future petition or in any future proceeding, with respect to rates, franchise, 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 June 25, 2011.


DATED: 6/15/11


BOARD OF PUBLIC UTILITIES
BY:

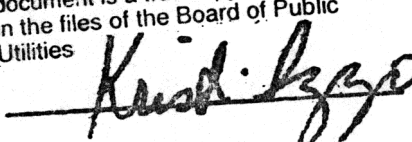

LEE A. SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER


NICHOLAS ASSELTA
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 MUNICIPAL CONSENT TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN A WATER SYSTEM FOR BLOCK 141, LOT 10.01 IN THE TOWNSHIP OF VERNON, COUNTY OF SUSSEX AND APPROVAL OF THE ISSUANCE OF REVISED TARIFF SHEET SETTING FORTH UNITED WATER NEW JERSEY INC.'S ENLARGED TERRITORY PURSUANT TO N.J.A.C. 14:1-5.11

DOCKET NO. WE10110870

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