



Agenda Date: 1/8/03
Agenda Item: V D

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

IN THE MATTER OF THE PETITION OF)
THE MOUNT HOLLY WATER COMPANY)
FOR APPROVAL OF A RENEWAL OF ITS)
FRANCHISE CONSENT TO SERVE A)
PORTION OF MANSFIELD TOWNSHIP)

WATER & WASTEWATER

ORDER OF APPROVAL

DOCKET NO. WE00110866

(SERVICE LIST ATTACHED)

BY THE BOARD:

By petition filed October 30, 2000, The Mount Holly Water Company (Mount Holly or Company), a public utility subject to the jurisdiction of the Board of Public Utilities (Board), requested Board approval of a municipal consent granted by Mansfield Township (Township). The municipal consent authorized Mount Holly to provide water service to a portion of Mansfield Township that was served by the former Homestead Water Utility Company (Homestead Water). Homestead Water was sold to and has been merged into Mount Holly. The municipal consent granted to Homestead Water was transferred, at closing, to Mount Holly. The Board approved the transfer of the former Homestead Water municipal consent to Mount Holly in Docket No. WE99050368. Mount Holly, by way of this petition, seeks to hereby include as part of its franchise that portion of Mansfield Township currently served by the former Homestead Water.

On February 23, 2000, the Township Committee of Mansfield approved a resolution granting to Mount Holly, its successors and assigns (Franchisee), for a period of 100 years from the date of adoption of the ordinance (Ordinance No. 2000-2) permission to construct, lay, maintain, and operate the necessary mains, pipes, and appurtenances for the rendering of water services, beneath such public roads, streets, avenues, parks, parkways, sidewalks, lanes, alleys, squares and other public places as it may deem necessary for its corporate purposes and to construct and maintain hydrants on or along such roads and other places within the service areas of the Township, subject to the condition that whenever an opening or excavation is made for the purposes aforesaid, the Franchisee shall restore all such public places to a condition at least as good as existed prior to commencement of such opening or excavation and shall comply with all ordinances of the Township regarding road openings.

After appropriate notice, a hearing on this matter, pursuant to N.J.S.A. 48:2-14, was held on December 13, 2001, at the Board's offices in Newark before Donna Pereksta Luhn, Esq., the Board's duly designated Hearing Examiner.

At the hearing, Mount Holly relied upon the testimony of Mr. Robert Schaefer, Director of Asset Planning, of Elizabethtown Water Company. Mr. Schaefer identified that the Township Ordinance consented to a water franchise for Mount Holly within the Township, along with a paragraph indicating that Homestead Water had been sold and merged into Mount Holly. The witness described by use of a map (Exhibit D to the transcript record), the exact portion of the Township which was previously served by Homestead Water and exactly where this is in relation to the rest of the Township.

Mr. Schaefer also testified that there have been significant improvements made in the Mansfield area and sufficient capacity exists to serve the entire franchise area. According to Mr. Schaefer, the Homestead area requires approximately 150,000 gallons per day. The Mount Holly plant is capable of providing four million gallons per day. Total capacity of the wells is approximately five million gallons per day. This, together with a new plant, has a combined capacity of nine million gallons per day. Mr. Schaefer submits that Mount Holly's capacity is more than enough to serve the Homestead area. Furthermore, he stated that pump tests have been performed in the past on the wells currently in use, and the static levels of wells are constant at this point. Mount Holly considers them a very viable source for current and continued use and production. Mr. Schaefer concluded that the tests have shown the water quality standards to be compliant with all state and federal regulations.

Ms. Beth Gates, Vice President of Business Development and Mr. Gary Prettyman, Vice President of Rates and Regulation, both of Elizabethtown Water Company, joined Mr. Schaefer in testifying on behalf of the Company. Ms. Gates explained that there were originally two franchises in question, the Mansfield Township franchise, which expired on or about December 31, 1998, and the Homestead franchise, which was separate and was transferred to Mount Holly when Mount Holly purchased Homestead Water in June of 1999. It was incumbent upon the municipality to actually adopt the ordinance before Mount Holly could file the present petition with the Board. The Township chose to merge the two franchises. Homestead now becomes part of the overall Mansfield Township Ordinance. There is an area designated as Planning Area 4 (PA-4) by the N.J. State Planning Commission for portions of the State that are considered rural planning areas. The Homestead wells are located within PA-4 and supply the area. Ms. Gates testified that there are two wells in Homestead. There is no capability to transfer water out of the Homestead system. There is no physical capability and there is no intention on the part of Mount Holly to do such a transfer.

According to Ms. Gates, there are four developments identified in the franchise area for Homestead. These developments are: Homestead at Mansfield; Country Walk; Linwood Farms; and Mansfield Crossing. Mansfield Crossing has all of its required approvals, but is not yet developed. Those are the only four identified developments within the franchise area.

Mr. Prettyman testified that the rates currently being charged to Homestead Water are different than the rates being charged to the rest of the Mount Holly system. The Homestead Water rates were approved by the Board for Homestead Water, and through the acquisition by Mount Holly they are still being charged and will continue to be charged the former Homestead Water rates until such time as Mount Holly files a rate case request proposing a change.

By letter dated January 7, 2002, the Ratepayer Advocate stated that it has reviewed the petition and is not opposed to the approval of the petition by the Board since Mount Holly and its owner, Elizabethtown Water Company, have demonstrated the capability to provide service in the State.

After review of the record, the Board HEREBY FINDS that the consent granted to Mount Holly by the Township is necessary and proper for the public convenience and properly conserves the public interest. The Board FURTHER FINDS that the renewal of the franchise consent to serve a portion of Mansfield Township is reasonable and in the public interest. Accordingly, pursuant to N.J.S.A. 42:2-14 and N.J.S.A. 48:19-20, the Board HEREBY APPROVES the consent granted to the Mount Holly Water Company for the provision of water service to a specific portion of Mansfield Township previously serviced by the Homestead Water Utility Company.

In addition, the Board HEREBY DIRECTS that all water service provided in the renewal franchise area be billed at the Homestead Water rates as contained in the current tariff. Said rates shall remain in effect until modified by the Board in a subsequent appropriate rate proceeding.

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 Mount Holly.
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 Mount Holly.
3. In an appropriate subsequent proceeding, Mount Holly 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 will be completed as a result of the new 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 or expenses related to the franchise, including, but not limited to, the cost of construction, contributions in aid of construction, 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.

5. The approval of the municipal consent shall be subject to Mount Holly obtaining all necessary NJDEP approvals and filing copies of the permits with the Board within thirty (30) days of their acceptance.

The effective date of this Order is as dated below.

DATED: 1/13/03

BOARD OF PUBLIC UTILITIES

BY


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


CAROL J. MURPHY
COMMISSIONER


CONNIE O. HUGHES
COMMISSIONER


JACK ALTER
COMMISSIONER

ATTEST:


KRISTI IZZO
BOARD SECRETARY

IN THE MATTER OF THE PETITION
OF THE MOUNT HOLLY WATER COMPANY
FOR APPROVAL OF A RENEWAL OF
ITS FRANCHISE CONSENT TO SERVE A
PORTION OF MANSFIELD TOWNSHIP

DOCKET NO. WE00110866

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