



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 AQUA NEW
JERSEY, INC., FOR APPROVAL OF A MUNICIPAL
CONSENT TO PROVIDE WATER SERVICE TO A
PORTION OF UPPER FREEHOLD TOWNSHIP

ORDER

DOCKET NO. WE09120965

Collen A. Foley, Esq., Saul Ewing LLP, Newark, NJ for Petitioner

(SERVICE LIST ATTACHED)

BY THE BOARD:

Aqua New Jersey, Inc. ("Aqua-NJ" or "Company") provides water and wastewater services to nearly 50,000 customers in municipalities located in Warren, Hunterdon, Mercer, Burlington, Monmouth, Camden, Ocean, Sussex, and Gloucester Counties, New Jersey. Through its Central Division headquartered in Hamilton, New Jersey, the Company provides water service to franchise areas including a portion of Upper Freehold Township ("Upper Freehold" or "Township"), in Monmouth County. Aqua-NJ has provided water service to portions of Upper Freehold since 1995. The Company currently serves approximately 500 customers located within the Township. Water service to the Township is made pursuant to municipal consents previously granted by the Township to Aqua-NJ and approved by the Board of Public Utilities ("Board" or "BPU") in BPU Docket Nos. WE96010026, WE05100882, and WE08040230.

On December 2, 2009, Aqua-NJ, Inc. filed a petition with the Board pursuant to N.J.S.A. 48:2-14 and N.J.A.C. 14:1-5.5 for approval of a municipal consent granted on November 9, 2009, by Upper Freehold authorizing Aqua-NJ to provide water service in a portion of the Township through Ordinance No. 233-09. The parcel of land functions as a public park also known as the Mark Harbourt Soccer Complex and is located on Block 46, Lot 1, of the Township's tax map.

On February 17, 2010, a duly noticed public hearing on the Company's petition was held at the Board's Newark office. Legal Specialist, Joseph Quirolo, Esq., presided over the hearing at which representatives of the Company, the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") and Board Staff (collectively the "Parties") appeared. No members of the public appeared at the hearing.

The purpose of the grant of franchise to the Petitioner is to provide water service to restrooms that will be constructed at the Mark Harbourt Soccer Complex. According to the Ordinance, the

Township has received a grant to construct these facilities and that construction is scheduled for early Spring 2010.

In order to provide service, Aqua-NJ will need to install service lines at the new facilities which will be connected to an existing water main located about 100 feet from the new facilities. The Petitioner estimates peak demand for this expansion at approximately 1,200 gallons per day on a seasonal basis. The Company is capable of delivering approximately 10 million gallons per day with an average demand of 4.33 million gallons per day providing an ample reserve capacity to meet the demands of the new facilities.

The small size of the facility 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. Service will be provided from Petitioner's Central Division located in Hamilton Township which is approximately five miles from the Mark Harbourt Soccer Complex. Aqua-NJ employees work in the vicinity of the additional franchise area on a daily basis serving the adjacent territory already within the Company's service area. The Central Division will handle any emergencies with 24/7 response capacity.

By letter dated March 30, 2010, 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 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 APPROVES** the municipal consent, Ordinance 233-09 dated November 9, 2009, granted to Aqua New Jersey, Inc. by the Township of Upper Freehold. The Board **FURTHER APPROVES** the use of Aqua-NJ's existing tariff applicable to the proposed facilities at the Mark Harbourt Soccer Complex to be served in the new service territory. Aqua's current rates on file at the Board for the proposed franchise provide for a monthly service charge of \$24.73 and a consumption charge of \$4.12254 per 1,000 gallons consumed.

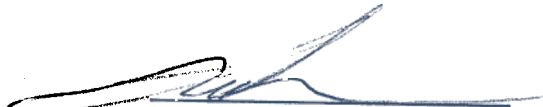
The approvals granted, hereinabove, shall be subject to the following provisions:

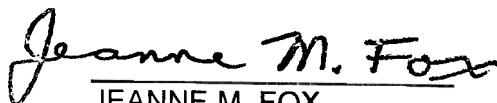
- 1 This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever the value of any tangible or intangible assets now owned or hereafter to be owned by Aqua New Jersey Inc.
2. This Order shall not effect now in any way limit the exercise of the authority of this Board 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 Aqua New Jersey 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: 4/16/10

BOARD OF PUBLIC UTILITIES
BY:


LEE A. SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER

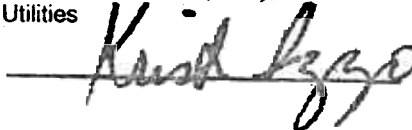

JOSEPH L. FIORDALISO
COMMISSIONER


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



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SERVICE LIST

Geoffrey R. Gersten, DAG
Dept. of Law & Public Safety
Division of Law
124 Halsey St., 5th Floor
Newark, NJ 07101

William C. Packer, Jr.
Aqua New Jersey, Inc.
10 Black Forest Road
Hamilton, NJ 08691

Collen A. Foley, Esq.
Saul Ewing LLP
One Riverfront Plaza, 5th Floor
Newark, NJ 07102

Stefanie Brand, Director
Debra Robinson, Esquire
Division of the Ratepayer
Advocate
1 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101