

October 16, 2013

Via Overnight Delivery

Honorable Kristi Izzo, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th floor
P.O. Box 350
Trenton, NJ 08625-0350

Re: Petition for Approval of the Acquisition of the Assets of the Seaview
Harbor Water Company, LLC and Other Required Approvals
BPU Docket No. WM13100957

Dear Secretary Izzo:

Enclosed for filing please find an original and ten (10) copies, plus one additional copy, of a Petition submitted on behalf of Petitioner, Aqua New Jersey, Inc., initiating the above-referenced matter. Kindly stamp the additional copy "Filed" and return in the enclosed self-addressed, stamped envelope.

If you have any questions regarding this filing, please contact me. Thank you for your attention to this matter.

CMS
Bestw(2)
DAG
RPA
M. Kammer
WATER (5)

CAF/jg

Enclosures

cc: Service List (w/encl.)

Eileen M. Tedesco, Clerk, Egg Harbor Township (two copies)

Sonya G. Harris, Clerk, Atlantic County Board of Freeholders (two copies)

Dennis Levinson, County Executive, Atlantic County (two copies)

Respectfully submitted,

Colleen A. Foley
Colleen A. Foley

SERVICE LIST

Petition for Approval of the Acquisition of the Assets Of the Seaview Harbor Water Company, LLC and Other Required Approvals

BPU Docket No. WM1310 _____

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**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

RECEIVED
OCT 17 2013
BOARD OF PUBLIC UTILITIES
TREASURY

PETITION FOR APPROVAL OF THE ACQUISITION OF THE ASSETS OF THE SEAVIEW HARBOR WATER COMPANY, LLC AND OTHER REQUIRED APPROVALS	: : : : : : :	PETITION BPU DKT. NO. WM1310_____
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TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

Petitioner, Aqua New Jersey, Inc., a public utility corporation of the State of New Jersey, having its principal office at 10 Black Forest Road, Hamilton, New Jersey 08691 (hereinafter referred to as "the Company" or "Aqua"), respectfully submits this Petition pursuant to N.J.S.A. 48:2-51.1, N.J.S.A. 48:3-7, N.J.S.A. 48:2-24, N.J.S.A. 48:2-14, N.J.A.C. 14:1-5.5 and N.J.A.C. 14:1-5.14 and shows that:

1. Pursuant to an Assets Purchase Agreement dated February 22, 2013, the Company has agreed to acquire certain assets of the Seaview Harbor Water Company, LLC, a small water production and distribution public utility presently serving approximately 93 residential customers and one municipal customer located in the Township of Egg Harbor (the "Township"), Atlantic County, New Jersey. Seaview Harbor Water Company, LLC ("Seaview Harbor" or the "Seller") is a limited liability company owned by three individuals, that maintains a business address at 409-411 Longport-Somers Point Boulevard, Egg Harbor, New Jersey 08234. As will be discussed more fully below, Aqua seeks approval of the Board of Public Utilities (the "Board") of the following requests:

- a. to purchase certain utility assets now owned and operated by Seaview Harbor;

- b. to approve the municipal consent granted by the Township to Aqua to provide water service in the Seaview Harbor section of the Township;
- c. to approve the implementation by Aqua of monthly billing for utility service upon the closing of the proposed asset sale to Aqua;
- d. to allow Seaview Harbor to discontinue utility service upon the closing of the proposed asset sale to Aqua; and
- e. to abandon the provision of public fire protection service provided by Seaview Harbor.

2. Aqua New Jersey, Inc. is engaged in the business of collecting, treating and distributing water for retail service to approximately 50,900 customers.¹ The Company's customers are located in several municipalities in Warren, Hunterdon, Mercer, Burlington, Monmouth, Camden, Ocean, Sussex and Gloucester Counties, New Jersey. The Company has organized its business by the following Divisions: Northern Division (based in Phillipsburg), Central Division (based in Hamilton), Eastern Division (based in Berkeley) and the Southern Division (based in Blackwood). The Company is a wholly owned subsidiary of Aqua America, Inc., one of the nation's largest publicly-traded water utilities, providing water and wastewater services to approximately 3 million people located in ten states.

Proposed Asset Sale

3. Aqua has agreed to acquire certain assets now owned and operated by the Seller and herein seeks the Board's approval of that acquisition. A copy of the Assets Purchase Agreement (the "Agreement") between Aqua and the Seller is attached hereto as Exhibit A. As described more fully in the Agreement, Aqua has agreed to pay the Seller \$225,000 to purchase

¹ Aqua New Jersey, Inc. is also engaged in the wastewater collection, treatment and transmission business and currently serves approximately 5,430 wastewater customers.

most of the Seaview Harbor water system assets.² As described in Section 1.3(c) of the Agreement, Aqua has also agreed to pay the Seller an additional fee of \$2,000 per residential unit in the event that there is additional build out of the water system over the next ten years.

4. Consistent with the requirements of N.J.S.A. 48:3-51.1, the proposed asset sale is in the public interest, and will not have an adverse impact on rates, employees, competition or the provision of safe, adequate and proper utility service. The Company proposes to provide water service to Seaview Harbor's customers pursuant to the rates contained in Seaview Harbor's current Board-approved tariff. Therefore, the customers of Seaview Harbor will not experience a rate increase as a result of the proposed transaction.

5. With respect to employees, Seaview Harbor does not have any employees but instead contracts for the services needed to operate the system. It is the current intention of the Company that the system will be included in, and served by, the Company's Southern Division, located in Blackwood. Company employees will visit the system on a regular basis. Emergencies and customer service inquiries for customers served by the Seaview Harbor system will be handled by Aqua in the same manner as Aqua handles these matters for all of its existing customers.

6. The proposed asset acquisition will not have an adverse impact on competition. As a small, isolated system, the proposed transaction will not adversely impact competition since there is little or no competition for the provision of water service in the immediate area, and Seaview Harbor has limited water supply capability.

² As noted in Sections 1.1 and 1.2 of the Agreement, the Seller has sought, and ultimately obtained, approval to subdivide the parcel of land on which the water system is located. As depicted on Schedules 1.1(b) and 1.1(b)-A of the Agreement, the Seller proposes to sell a portion of the property containing the water system assets to Aqua, and retain the remaining portion of the property for further development.

7. The proposed transaction will not have an adverse impact on the provision of safe, adequate and proper utility service at just and reasonable rates to the customers of Seaview Harbor, or to the existing Aqua customers. Indeed, Aqua believes that service to the Seaview Harbor customers will likely be enhanced as a result of the proposed transaction. As a small, stand alone water provider, the Seller has very limited access to high quality environmental, technical and operational resources, and a very limited ability to invest in system maintenance and upgrades. Aqua will be able to bring such resources to bear in serving the customers of Seaview Harbor. Once the proposed transaction closes, Aqua intends to initiate various capital projects which will result in additional capital investment exceeding \$300,000 over a five year period. For example, Aqua intends to install RF meter technology, install SCADA, install a chemical feed addition to implement chlorination, install a chlorine contact line, and make main repairs and replacements. The total estimated cost of these, and other, system improvement projects is over \$300,000. Clearly, such capital investments will be a significant benefit to the customers of Seaview Harbor.

8. The proposed transaction should provide positive benefits to the customers served by Seaview Harbor in several ways. First, the Seller currently operates the water system using contracted services, and does not have any employees who are dedicated to the provision of utility services. As noted above, Aqua's qualified utility employees will be assigned to operate the system, and will inspect the water system on a regular basis. Second, by becoming part of a professional, well-run public utility, the water facilities will be operated by an experienced management team with the technical and financial resources to address the on-going needs of the water system, including making needed capital investments. Third, customers will have access to customer service representatives 24/7 to respond to emergencies, answer service questions,

and address billing issues. Fourth, the proposed transaction will provide these benefits to customers with no impact on existing rates. With regard to Aqua's current customers, the Company does not anticipate any adverse impact from this proposal given the relatively small size of the transaction relative to the entire Aqua system.

9. Aqua intends to perform a comprehensive system review and may seek an acquisition adjustment in a future base rate proceeding. Aqua requests that any consideration of an acquisition adjustment be deferred to a future base rate proceeding.

10. As noted above, the approval of the proposed asset purchase by Aqua will not have an adverse impact on employees, rates, competition or the provision of safe, adequate and proper utility service, and should result in positive benefits to the customers of Seaview Harbor in the form of increased capital investment, enhanced customer service, and improved access to qualified utility managers and operators.

Municipal Consent

11. Aqua also seeks the Board's approval of a municipal consent to provide service in the Seaview Harbor section of the Township. On August 28, 2013, the Township enacted an Ordinance (Ordinance No. 28) which grants to the Company a franchise to operate and maintain the Seaview Harbor water facilities, and provide water service to the Seaview Harbor area (the "Franchise Area") located in the Township. A copy of the Ordinance is attached as Exhibit B. Under the terms of the municipal consent, and as described more fully therein, the Company is authorized to maintain and operate water service facilities within the Franchise Area for the purpose of providing water service to the Franchise Area.

12. Approval of Aqua's request in this matter is in the public interest. As noted above, Aqua will be able to bring significant financial, technical and managerial resources to bear in

serving customers located in the Township. Approval of the Franchise grant will allow Aqua to provide service to customers and to invest in the system for the benefit of customers.

Monthly Billing

13. As noted in Section 5.6(a) of the Agreement, Aqua hereby requests authority to bill customers on a monthly basis—rather than quarterly as currently authorized in Seller’s tariffs. Aqua bills its existing customers on a monthly basis, and requests authority to implement this practice upon completion of the proposed asset sale transaction. Aqua does not seek authority to change the current Board-approved rates of Seaview Harbor, but rather to bill customers on a monthly basis for service provided pursuant to those rates. Aqua believes that monthly billing provides customers with more timely consumption information and so allows customers to better manage their water use and to identify more quickly any leaks or other issues of concern.

Abandonment of Service

14. As described in Section 5.6(a) of the Agreement, upon the completion of the asset purchase transaction, Seaview Harbor will no longer provide utility service and so seeks the Board’s approval to discontinue utility service pursuant to N.J.S.A. 48:2-24. As further noted in Section 5.6(b), Seller and Aqua also seek the Board’s approval to terminate the provision of public fire protection service by Seaview Harbor. While Seaview Harbor presently provides public fire protection to the Seaview Harbor portion of the Township, the Agreement states that the water system is not capable of providing this service in accordance with current fire protection standards, and termination of the service is therefore appropriate and in the public interest. The Agreement states that the asset purchase will not take place until the Board authorizes the termination of the provision of public fire protection service, and Seller has provided timely written notice to its customers and the municipal fire department of the

abandonment of public fire protection service. Seller further notes that it will paint its existing fire hydrants black to denote that they are no longer operational for fire protection purposes.

Other Information

15. To facilitate the Board's review of this request, the Company has included additional background information in Exhibit C. Aqua and the Seller respectfully request that the Board review this matter on an expedited basis.

16. All correspondence regarding this Petition should be addressed to:

Colleen A. Foley, Esq.
Saul Ewing LLP
One Riverfront Plaza, 15th Floor
Newark, New Jersey 07102-5490

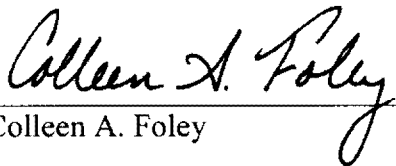
Copies should also be sent to the following:

Scott H. Mitchell
Director of Corporate Development
Aqua New Jersey, Inc.
10 Black Forest Road
Hamilton, NJ 08691

Conclusion

WHEREFORE, Petitioner, Aqua New Jersey, Inc., respectfully requests that the Board of Public Utilities authorize Aqua to purchase certain utility assets now owned and operated by Seaview Harbor; approve the municipal consent granted by Egg Harbor Township to Aqua to provide service in the Seaview Harbor section of Egg Harbor Township; approve the implementation by Aqua of monthly billing for utility service upon the closing of the proposed asset sale to Aqua; allow Seaview Harbor to discontinue utility service upon the closing of the proposed asset sale to Aqua; allow Seaview Harbor to abandon the provision of public fire protection service, and grant such other relief as the Board deems necessary and appropriate.

Respectfully submitted,
Saul Ewing LLP
Attorneys for Petitioner
Aqua New Jersey, Inc.

By: 
Colleen A. Foley

DATED: October 16, 2013

VERIFICATION


STATE OF NEW JERSEY)
 :
COUNTY OF MERCER)

Scott H. Mitchell, of full age, being duly sworn, upon his oath deposes and says:

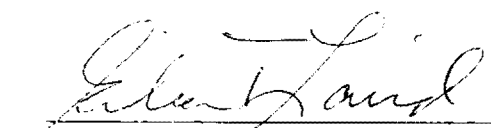
1. I am Director, Corporate Development of Aqua New Jersey, Inc., Petitioner in the foregoing Petition, and in that capacity I am authorized to make this Verification on behalf of Aqua New Jersey, Inc. in this matter.

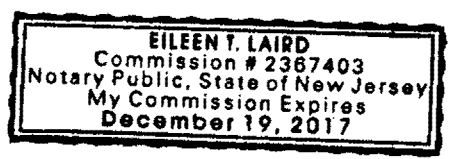
2. I have reviewed the within Petition and exhibits thereto, and the same are true and correct to the best of my knowledge, information and belief.

3. I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.


Scott H. Mitchell

Sworn to and subscribed before me
this 13th day of September, 2013.


Notary Public
My commission expires: 12/19/17



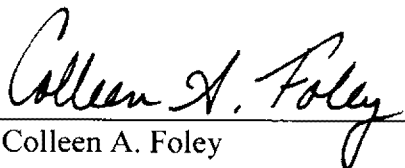
CERTIFICATION OF SERVICE

Colleen A. Foley, an Attorney at Law of the State of New Jersey, hereby certifies as follows:

1. I am a Partner at the firm of Saul Ewing LLP, attorneys for Petitioner, Aqua New Jersey, Inc., and in that capacity I make the within Certification.
2. On this date, I caused to be filed by Federal Express an original and ten (10) copies of the attached Petition to the Secretary of the New Jersey Board of Public Utilities.
3. On this date, I caused to be served by first class mail, two (2) copies of the attached Petition on the Clerk, Egg Harbor Township.
4. On this date, I caused to be served by first class mail, two (2) copies of the Petition on the Clerk of the Board of Freeholders, Atlantic County.
5. On this date, I caused to be served by first class mail, two (2) copies of the Petition on the County Executive, Atlantic County.
6. On this date, I caused to be served by first class mail, two (2) copies each of the attached Petition on the Division of Rate Counsel and on the Department of Law & Public Safety, Board of Public Utilities/Civil Rights Section.

I certify that the foregoing statements made by me are true. I understand that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Saul Ewing LLP
Attorneys for Petitioner
Aqua New Jersey, Inc.

By: 
Colleen A. Foley

DATED: October 16, 2013