

December 18, 2013

**VIA FEDERAL EXPRESS**

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

Re: In the Matter of the Petition of Aqua New Jersey, Inc. for Approval  
of Municipal Consents to Provide Water and Wastewater Service to  
Areas of the Township of North Hanover and the Borough of  
Wrightstown, and Other Required Approvals  
BPU Docket No. WE1312 11 &c

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 it 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**  
Beslow(2)  
DAG  
RPA  
M. MORAN

M. KAMMER  
M. BEYER  
B. WOJCIAK  
WATER(2)

Respectfully submitted,

*Colleen A. Foley*  
Colleen A. Foley

CAF/jg

Enclosures

cc: Service List (w/encl.)  
Cindy A. Dye, Clerk, North Hanover Township (2 copies)  
Freda H. Gorman, Clerk, Borough of Wrightstown (2 copies)  
Paul Drayton, County Administrator & Clerk, Burlington County Board of Freeholders (2 copies)

## SERVICE LIST

I/M/O the Petition of Aqua New Jersey, Inc.  
For Approval of Municipal Consents to Provide Water and  
Wastewater Service to Areas of the Township of North Hanover  
And the Borough of Wrightstown,  
And Other Required Approvals  
BPU Docket No. WE13121186

Maria Moran  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> floor  
P.O. Box 350  
Trenton, NJ 08625-0350  
[maria.moran@bpu.state.nj.us](mailto:maria.moran@bpu.state.nj.us)

Michael Kammer  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> floor  
P.O. Box 350  
Trenton, NJ 08625-0350  
[mike.kammer@bpu.state.nj.us](mailto:mike.kammer@bpu.state.nj.us)

Mark Beyer  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> floor  
P.O. Box 350  
Trenton, NJ 08625-0350  
[mark.beyer@bpu.state.nj.us](mailto:mark.beyer@bpu.state.nj.us)

Mona Mosser  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> floor  
P.O. Box 350  
Trenton, NJ 08625-0350  
[Mona.Mosser@bpu.state.nj.us](mailto:Mona.Mosser@bpu.state.nj.us)

Caroline Vachier, DAG  
Division of Law  
Dept. of Law and Public Safety  
124 Halsey Street, 5<sup>th</sup> Floor  
P.O. Box 45029  
Newark, NJ 07101  
[caroline.vachier@dol.lps.state.nj.us](mailto:caroline.vachier@dol.lps.state.nj.us)  
(Two copies)

Stefanie A. Brand, Director  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Fl.  
P.O. Box 003  
Trenton, NJ 08625  
(Two copies)

Debra F. Robinson, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Fl.  
P.O. Box 003  
Trenton, NJ 08625  
[drobinson@rpa.state.nj.us](mailto:drobinson@rpa.state.nj.us)

Darlene Nichols, Water Paralegal  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Fl.  
P.O. Box 003  
Trenton, NJ 08625  
[dnichols@rpa.state.nj.us](mailto:dnichols@rpa.state.nj.us)

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

Colleen A. Foley, Esq.  
Saul Ewing LLP  
One Riverfront Plaza, 15<sup>th</sup> Fl.  
1037 Raymond Blvd.  
Newark, NJ 07102  
[cfoley@saul.com](mailto:cfoley@saul.com)



2. The Company currently serves portions of North Hanover Township, Burlington County, New Jersey (the "Township"), with water and wastewater service under municipal consents previously approved by the Board of Public Utilities (the "Board" or the "BPU") by Orders dated December 11, 2006, in Docket No. WE05121010, January 13, 2005, in Docket No. WE04050325, and January 13, 2003, in Docket No. WE02060373.

3. At Aqua's request, the Township has enacted Ordinance 2013-06 which grants to the Company additional franchise territory to provide water service and wastewater service to certain lands located in the Township. A copy of the Township's municipal consent is attached as Exhibit A. Under the terms of the municipal consent, the Company is authorized to maintain, repair, replace and operate water and wastewater facilities in an area now known as Spartan Village. Spartan Village, Inc. is the owner of the Spartan Village, which is a mobile home community presently serving approximately 221 residents and one connection for the Village itself. A detailed map depicting the proposed service territory is attached to the Ordinance as Exhibit A.

4. A small portion of Spartan Village is located in the Borough of Wrightstown, Burlington County, New Jersey (the "Borough"). In order to provide water and wastewater service to all portions of Spartan Village, Aqua requested a municipal consent from the Borough. The Borough has enacted Ordinance 2013-04 which grants to the Company franchise territory to provide water service and wastewater service to certain lands located in the Borough. A copy of the municipal consent, as well as a copy of a Limited Franchise Agreement between Aqua and the Borough, are attached as Exhibit B (which also includes a map of the Franchise Area). Under the terms of the municipal consent, the Company is authorized to maintain, repair, replace and operate water and wastewater facilities in the Franchise Area located in the Borough.

5. As noted previously, the purpose of obtaining the franchise grants from the Township and the Borough is to permit Aqua to provide water and wastewater service to Spartan Village (the "Franchise Area"). Spartan Village is a residential community consisting of 221 lots for mobile homes. Currently, all 221 lots are occupied with mobile homes. Residents of Spartan Village presently receive water and sewer service as a part of the services provided with lot rentals. The costs of these services are included in the monthly rental payments for each of the lots. Spartan Village does not provide water or wastewater service to the general public, or to areas located outside of the boundaries of the mobile home park. Spartan Village has not been subject to regulation by the Board as a public utility.

6. Aqua has agreed to acquire the water and sewer systems serving Spartan Village. Copies of the water system and sewer system Asset Purchase Agreements between Aqua and Spartan Village, Inc. are attached as Exhibits C and D respectively. As described more fully in Exhibits C and D, Aqua has agreed to pay Spartan Village, Inc. \$1.00 to purchase the wastewater system, and \$1.00 to purchase the water system. At the closing of the asset purchases, however, Spartan Village, Inc. has agreed to place \$300,000 in an escrow account to fund capital improvements to the water and wastewater systems.

7. The Company proposes to charge rates for water and wastewater services according to its tariffs already on file with, and approved by, the Board. These tariffs apply to other divisions of the Company, including areas of the Township currently being served by the Company. Consistent with that practice, it is requested that these tariffs apply to this Franchise Area as well. It is the current intention of the Company that Spartan Village will be included in, and served by, the Company's Central Division, located in Hamilton Township. The Company's service territory already includes several mobile home communities in the Township, which are near Spartan Village. Company employees currently visit these systems on a regular basis, so

acquisition of the water and wastewater systems at Spartan Village will be a good fit with service already being provided by the Company.

8. The approvals requested are necessary and proper for the public convenience, and service will be available where such service is necessary and proper within the Franchise Area. Currently, the residents of Spartan Village obtain water and sewer service in conjunction with their lot rentals. As a small, stand alone water and wastewater provider, Spartan Village has very limited access to high quality technical, operational and water quality and wastewater services, and a limited ability to invest in system maintenance and upgrades. Aqua will be able to bring such resources to bear in serving the customers located in Spartan Village. For example, the residents of Spartan Village are presently unmetered. Aqua intends to install individual customer meters after the asset purchase transaction closes. In addition, Aqua has agreed to undertake several significant upgrades to the water and wastewater systems including an extensive main replacement program, and ERT and SCADA installations. The upgrading and/or addition of these facilities in the Franchise Area will be a significant benefit to the residents of Spartan Village.

9. While Spartan Village is not a public utility, and N.J.S.A. 48:2-51.1 is not applicable to this transaction, the Company believes that the transaction is in the public interest, and that positive benefits will result. The proposed asset acquisitions will not have an adverse impact on competition, rates, employees or the provision of safe, adequate and proper water and wastewater service to residents of Spartan Village or to Aqua's present customers. Spartan Village does not have employees who are dedicated to the provision of utility services. As noted above, Aqua already has employees visiting the area on a regular basis, and so will assign qualified utility employees to inspect the Spartan Village water and wastewater systems on a regular basis. Moreover, as a part of a professional, well-run public utility, the water and

wastewater facilities at Spartan Village will be operated by an experienced management team with the resources to address the needs of the Spartan Village systems.

10. With respect to rates, Aqua estimates that rates for water service would be approximately \$29.78 per month (based on current rates and estimated usage of 3,000 gallons per month, and including a Distribution System Improvement Charge ("DSIC") of \$2.04 to be effective in January, 2014), and \$41.58 per month for sewer service.<sup>1</sup> Aqua intends to install meters at Spartan Village, however, this project will not be completed until approximately one year after the closing of the acquisition. Therefore, Aqua proposes to implement a temporary flat rate for water service of \$23.00 per month.<sup>2</sup> Wastewater rates are imposed on a flat rate, rather than a metered basis, and so will be charged pursuant to the Company's tariff at the time the transaction closes. Since utility services are presently included in the monthly lot rental fee, the owner of Spartan Village has agreed to a rollback of the lot rental fee of \$70.00 per month. See Addendum to Exhibit C. The owner of Spartan Village has also agreed to limit the first annual increase in the base monthly lot rental (after the \$70.00 reduction) to no more than \$20.00 per month. This agreement will help to mitigate any rate impact of the proposed transaction on residents of Spartan Village. With regard to Aqua's current customers, the Company does not anticipate adverse impacts as a result of this transaction: the terms of the asset purchases will help to offset the costs of capital investment in Spartan Village, employees already service existing systems in the area and can add Spartan Village to their rounds, and customers in Spartan Village will ultimately pay the same rates as current Aqua customers.

11. Aqua respectfully requests that the Board review this request on an expedited basis. To that end, Aqua has prepared Exhibit E to this Petition which includes

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<sup>1</sup> Please note that these rate estimates are based on Aqua's current Board-approved tariff rates for water and wastewater service. Aqua presently has a wastewater case pending before the Board, and anticipates filing a water base rate case. In addition, Aqua may seek to alter its DSIC.

<sup>2</sup> The Company's proposed flat monthly rate for water does not include any applicable DSIC surcharge, which would be added to the monthly flat rate.

responses to frequently propounded data requests. Aqua believes the system to be in need of significant upgrade work which it would like to begin during the 2014 spring construction season. Clearly, these efforts cannot commence until the Board has approved this matter and the asset purchases have been completed. Aqua hopes that Exhibit E will facilitate prompt review of this request.

12. All correspondence regarding this Petition should be addressed to the undersigned with copies to the following:

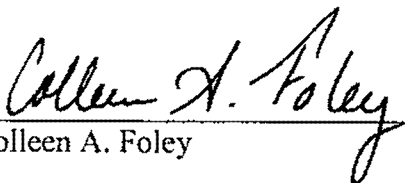
Scott Mitchell  
Director, Corporate Development  
Aqua New Jersey, Inc.  
10 Black Forest Road  
Hamilton, NJ 08691



WHEREFORE, Petitioner, Aqua New Jersey, Inc., respectfully requests that the Board of Public Utilities:

- a. approve the municipal consents granted by North Hanover Township and the Borough of Wrightstown as described herein;
- b. approve, to the extent the Board deems necessary, the acquisition by Aqua New Jersey, Inc. of the water and wastewater system assets now serving Spartan Village;
- c. approve the use of the Company's filed tariffs for charges to customers located in Spartan Village;
- d. approve the use of an interim flat rate for water service of \$23.00 per month, exclusive of any applicable DSIC surcharge; and
- e. grant such other relief as the Board deems reasonable and necessary.

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

By:   
Colleen A. Foley

DATED: December 18, 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 15<sup>th</sup> day of December, 2013.

  
\_\_\_\_\_  
Notary Public  
My commission expires: 2-20-17

**ERIKA GRECO**  
Notary Public, New Jersey  
My Commission Expires February 20, 2017

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 with the Secretary of the New Jersey Board of Public Utilities.

3. On this date, I caused to be served by Federal Express, two (2) copies of the attached Petition on the Clerk, Township of North Hanover.

4. On this date, I caused to be served by Federal Express, two (2) copies of the attached Petition on the Clerk, Borough of Wrightstown.


5. On this date, I caused to be served by Federal Express, two (2) copies of the attached Petition on each of the Clerk, Burlington County Board of Chosen Freeholders, and the Administrator, Burlington County.

6. On this date, I caused to be served by first class mail, two (2) copies of the attached Petition on each of the Division of Rate Counsel and the Department of Law & Public Safety.

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.

DATED: December 18, 2013

By:   
Colleen A. Foley