



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE PETITION OF UNITED)
WATER PRINCETON MEADOWS, INC. FOR) ORDER
DEFERRAL ACCOUNTING AUTHORITY FOR THE)
FINANCIAL IMPACT OF DAMAGE RELATED TO)
HURRICANE IRENE AND SUPERSTORM SANDY) DOCKET NO. WO13100969

Parties of Record:

John T. Dillon, Esq., Senior Corporate Attorney, Regulated Operations, on behalf of United Water
Stefanie A. Brand, Esq., Director, Division of Rate Counsel

BY THE BOARD:

BACKGROUND AND PROCEDURAL HISTORY

On October 23, 2013, United Water Princeton Meadows Inc.¹ ("Company" or "Petitioner"), a public utility of the State of New Jersey, subject to the jurisdiction of the New Jersey Board of Public Utilities, filed a petition pursuant to N.J.S.A. 48:2-16, N.J.S.A. 48:2-21.1 and N.J.S.A. 48:2-23, seeking authorization for deferred accounting treatment of actually incurred incremental storm costs associated with Hurricane Irene and Superstorm Sandy that are not otherwise recovered through the Company's currently approved base rates. The Company proposed that the appropriate amortization period for such deferred costs be addressed in its next base rate case.²

In its petition, Petitioner asserted that the storm related incremental expenses that the Company seeks to defer are actual, were prudently incurred and were associated with the impact of Hurricane Irene and Superstorm Sandy, on the Company's water distribution and wastewater collection system. The costs associated with Hurricane Irene and Superstorm Sandy, for which the Company is seeking deferral authority, is currently \$461,784.00 and

¹ United Water Princeton Meadows, Inc., provides wastewater service to approximately 3,500 customers in a portion of the Township of Plainsboro, Middlesex County, New Jersey.

² United Water Princeton Meadows, Inc. current rates became effective on May 11, 1993 (I/M/O the Petition of Princeton Meadows Utility Company, Inc for Approval to Increase its Rates for Sewer Service and Change in Depreciation Rates (WR92040394J, May 11, 1993). Princeton Meadows Utility Company, Inc. was a predecessor company of Petitioner.

includes the cost of overtime, outside contractor costs, fuel, generator rental and transport, rental of equipment and other directly related expenses resulting from storm damage mitigation, assessment, repair, clean up and restoration activities in the affected Company's service areas. The Company further stated that no ongoing, routine non-emergency expenses will be included in the requested deferral accounts established for costs associated with Hurricane Irene and Superstorm Sandy storm damages.

By letter dated December 2, 2013, the Division of Rate Counsel ("Rate Counsel") submitted comments regarding Petitioner's request. Rate Counsel stated that it did not object to the Company's request to defer on its books and records, for accounting purposes only, the actual incurred uninsured incremental storms costs associated with Hurricane Irene and Superstorm Sandy that are not otherwise recovered through its currently approved base rates. Rate Counsel further requested that the Board's Order addressing the Company's request include language noting that said Order did not in any way limit the authority of the Board or the State in any future petition or in any proceeding with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or in any other matter affecting United Water Princeton Meadows, Inc. Rate Counsel also requested that the Board order the Company to file a petition for a base rate case, within two years from the date of the Board's Order, so that the prudence and recoverability of actually incurred storm costs can be determined.

After reviewing the petition, the Board **FINDS** that the Petitioner's request is reasonable, in the public interest, and in accordance with the law. The Board **HEREBY AUTHORIZES** United Water Princeton Meadows Inc. to defer on its books, for accounting purposes only, actually incurred prudent otherwise unreimbursed, incremental storm restoration costs not otherwise recoverable through base rates or insurance.

Further, in I/M/O the Board's Establishing a Generic Proceeding to Review the Prudence of Costs Incurred by NJ Utility Companies in Response to Major Storm Events in 2011 and 2012 (Docket No. AX13030196, March 20, 2013), the Board initiated a generic proceeding to evaluate the prudence of extraordinary, storm-related costs incurred by all the regulated utilities as a result of the natural disasters New Jersey experienced in 2011 and 2012, thereby satisfying the Board's concern that delayed review of extraordinary costs be avoided. In this proceeding, the Board will determine the manner in which such prudent qualifying costs shall be recovered.

The Board **ORDERS** that the prudence and recovery of any deferred uninsured Hurricane Irene and Superstorm Sandy related expenses will be reviewed in a future proceeding. Additionally, the Board **HEREBY ORDERS** that, as a condition for approval of the right to defer unreimbursed storm related costs on its books and records for accounting purposes only and without interest, Petitioner shall cooperate with staff as the Board reviews the prudence of storm-related costs in the proceeding and shall provide requested information including, but not limited to the following:

- 1) An estimate of the total of actually incurred unreimbursed, uninsured incremental storm restoration costs;
- 2) For each cost identified, information as to the eligibility for, and probability of cost recovery from insurance, any governmental program or any other third party;
- 3) The costs and ratemaking treatment for those costs for which the company continues to request deferred accounting;

- 4) The tax treatment expected for each storm-related cost; and
- 5) How the company intends to report storm related costs for GAAP purposes.

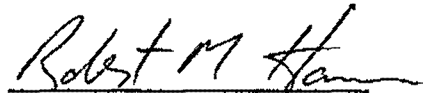
This Order is subject to the following additional conditions:

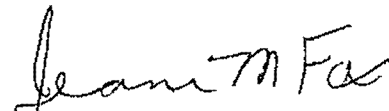
1. This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever the value of any tangible or intangible assets not owned or hereafter to be owned by Petitioner.
2. This Order shall not affect nor in any way limit the exercise of the authority of this Board or of this State in any future petition or in any proceedings with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or in any other matters affecting United Water Princeton Meadows, Inc.
3. Approval of this deferred accounting treatment request constitutes approval for accounting purposes only and does not constitute approval for ratemaking purposes; any determination of the appropriateness or reasonableness of the costs and expenses shall be made in an appropriate subsequent proceeding.


This Order shall be effective on December 28, 2013.

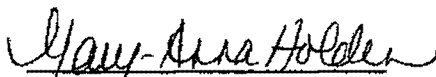
DATED: 12/18/13

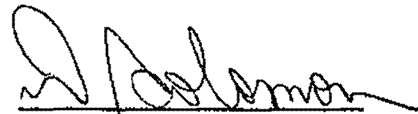
BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

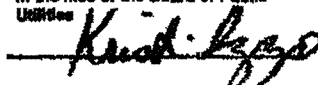

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
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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RELATED TO HURRICANE IRENE AND SUPERSTORM SANDY

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