



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

WATER

IN THE MATTER OF THE JOINT PETITION OF ) ORDER ADOPTING  
ENVIRONMENTAL DISPOSAL CORP. AND NEW ) STIPULATION OF SETTLEMENT  
JERSEY-AMERICAN WATER COMPANY, INC. FOR ) AND APPROVING MERGER  
APPROVAL OF THE MERGER OF ENVIRONMENTAL )  
DISPOSAL CORP. WITH AND INTO NEW JERSEY- )  
AMERICAN WATER COMPANY, INC. ) DOCKET NO. WM23030145

Parties of Record:

**Brian O. Lipman, Esq., Director**, New Jersey Division of Rate Counsel  
**Christopher M. Arfaa, Esq., Director, Corporate Counsel**, for Joint Petitioners New Jersey-  
American Water Company, Inc. and Environmental Disposal Corp.

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities (“Board”) considers the Stipulation of Settlement (“Stipulation”) executed by representatives of Environmental Disposal Corp. (“EDC”) and New Jersey-American Water Company, Inc. (“NJAWC” or “Company”) (together, “Joint Petitioners”), the New Jersey Division of Rate Counsel (“Rate Counsel”), and Board Staff (“Staff”) (collectively, “Parties”) agreeing to the Joint Petitioners’ merger proposed in this matter.

**BACKGROUND**

EDC is a regulated public utility corporation providing wastewater service to approximately 5,400 customers in Bedminster and Bernards Townships in Somerset County, New Jersey. EDC also provides wastewater treatment service to the Boroughs of Far Hills, Peapack and Gladstone, and portions of the Township of Bedminster adjacent to EDC’s service territory, pursuant to long-term contracts.

NJAWC is a regulated public utility corporation engaged in the production, treatment and distribution of water and the collection and treatment of wastewater in its defined service territory including portions of Atlantic, Bergen, Burlington, Camden, Cape May, Essex, Gloucester, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Salem, Somerset, Union and Warren counties. As of December 31, 2022, NJAWC serves approximately 662,000 water and fire service customers and 53,200 wastewater service customers in 190 municipalities.

By Order dated December 16, 2015, the Board approved a stipulation and authorized the acquisition by American Water Works Company, Inc. (“American Water”) of all of the issued and outstanding capital stock of EDC from The Hills Development Company (“2015 Change in Control Proceeding”).<sup>1</sup> American Water also owns NJAWC.

By Order dated April 21, 2017, the Board approved the transfer of all of EDC’s issued and outstanding shares of capital stock of EDC from American Water to NJAWC, with EDC remaining as a stand-alone operating subsidiary of NJAWC (“2017 Transfer of Control Proceeding”).<sup>2</sup>

In approving the transactions proposed in both the 2015 Change in Control Proceeding and the 2017 Transfer of Control Proceeding, pursuant to N.J.S.A. 48:2-51.1, the Board found, with respect to each transaction, that the transaction would not adversely affect the public interest. Specifically, the Board found, in each case, that there would be no adverse impact on competition, that there would be no adverse impact on rates, that EDC’s financial position would not be subject to substantial change, that as EDC had no employees there would be no adverse impact on utility employees, and that the provision of safe and adequate service would continue. The Board further found, in each case, that the proposed transaction would not jeopardize EDC’s ability to continue to render safe, adequate, and proper utility service.

### **JOINT PETITION**

On March 16, 2023, the Joint Petitioners filed a joint petition pursuant to N.J.A.C. 14:1-5.14 and N.J.S.A. 48:3-7 for approval of the merger of EDC with and into NJAWC, with the Company as the surviving entity (“Proposed Merger”).

On September 12, 2023, the Joint Petitioners filed an Amended and Restated Joint Petition (“Amended and Restated Petition”), which restated and amended the original petition to clarify that the merger of EDC into NJAWC is a ministerial act that would complete the 2015 Change in Control Proceeding and the 2017 Transfer of Control Proceeding previously approved by this Board as described above.

The Proposed Merger was set forth in the “Agreement and Plan of Merger” between NJAWC and EDC dated March 9, 2023, which provides that, subject to obtaining regulatory approvals, EDC shall merge with and into NJAWC, the separate corporate existence of EDC shall cease, and NJAWC shall continue as the surviving corporation.

The Amended and Restated Petition was served upon the Secretary of the Board, Rate Counsel, and the municipalities in which or to which EDC provides wastewater service. Rate Counsel and Staff propounded discovery requests upon Joint Petitioners, which have been answered.

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<sup>1</sup> In re the Joint Petition of American Water Works Company, Inc. and Environmental Disposal Corp. for Among Other Things, Approval of a Change in Control of Environmental Disposal Corp., BPU Docket No. WM15040492, Order dated December 16, 2015.

<sup>2</sup> In re the Joint Petition of American Water Works Company, Inc., Environmental Disposal Corp., and New Jersey-American Water Company, Inc. for Approval of a Plan to Transfer Ownership and Control of Environmental Disposal Corp. to New Jersey-American Water Company, Inc., BPU Docket No. WM16100969, Order dated April 21, 2017.

## **STIPULATION**

The Parties reviewed the Amended and Restated Petition and responses to discovery and conducted settlement negotiations to reach the proposed Stipulation resolving all issues in this proceeding. On December 1, 2023, the Parties stipulated and agreed as follows:<sup>3</sup>

1. The Amended and Restated Petition complies with N.J.A.C. 14:1-5.14, the Proposed Merger satisfies and is consistent with the applicable criteria of N.J.S.A. 48:3-7, and, as such, the Parties agreed the Proposed Merger should be approved by the Board. The Amended and Restated Petition, discovery responses, and conferences among the Parties established the following:
  - a. Competition. The Proposed Merger will have no impact on competition. There will be no adverse impact on competition since there is no retail competition in the water and wastewater utility industries. Additionally, EDC is already a stand-alone operating subsidiary of NJAWC.
  - b. Customer Rates. The Proposed Merger will have no adverse impact on rates. There will be no changes to the rates of NJAWC or EDC as a result of the Proposed Merger, and the rates of NJAWC will remain subject to the jurisdiction of the Board. Following the Proposed Merger, NJAWC will continue to provide service to EDC customers under EDC's current tariffed rate schedules until the Board approves changes in such rate schedules in a future rate proceeding. The Proposed Merger will cause no deterioration in the balance sheet or financial position of NJAWC, nor will the Merger impair the ability of NJAWC to raise necessary capital on reasonable terms or to maintain a reasonable capital structure.
  - c. Employees. The proposed merger will have no adverse impact on employees. NJAWC will honor its collective bargaining agreements, and there will be no change in any existing collective bargaining agreement as the result of the Proposed Merger. As EDC has no employees, the Proposed Merger cannot adversely affect the ability of NJAWC to fulfill the obligations of EDC with regard to employees. NJAWC employees currently provide services to EDC.
  - d. Provision of Safe and Adequate Service. The Proposed Merger will have no adverse impact on the provision of safe, adequate and proper service to EDC customers. NJAWC will continue to maintain sufficient operating personnel, post-merger, to ensure the continued provision of safe, adequate and proper utility service, and it will remain subject to the jurisdiction of the Board. NJAWC will continue to receive funding priorities that are consistent with its needs and its ability to have prudently deployed capital recognized in rates at fair rates of return, and that are at a level that is consistent with the safe and adequate operation of its systems, including necessary upgrades, capital projects and maintenance programs. The Proposed Merger is a ministerial act that will complete the transaction initiated in the 2015 Change of Control Proceeding and continued in the 2017 Transfer of Control Proceeding. The Proposed Merger will continue the positive benefits found in those proceedings. The Proposed Merger should result

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<sup>3</sup> Although summarized in this Order, the detailed terms of the Stipulation control, subject to the findings and conclusions of the Order. Paragraphs are numbered to coincide with the Stipulation.

in additional positive benefits because of the continued provision of safe and adequate service to customers with the additional efficiency of a single, combined entity (for example, EDC shall not file a separate annual report for 2023 and thereafter).

### **DISCUSSION AND FINDINGS**

As a result of the Proposed Merger, EDC will be merged with and into NJAWC with NJAWC remaining as the surviving entity. N.J.S.A. 48:2-51.1 provides:

No person shall acquire or seek to acquire control of a public utility directly or indirectly through the medium of an affiliated or parent corporation or organization, or through the purchase of shares, the election of a board of directors, the acquisition of proxies to vote for the election of directors, or through any other manner, without requesting and receiving the written approval of the Board of Public Utilities. Any agreement reached, or any other action taken, in violation of this act shall be void. In considering a request for approval of an acquisition of control, the board shall evaluate the impact of the acquisition on competition, on the rates of ratepayers affected by the acquisition of control, on the employees of the affected public utility or utilities, and on the provision of safe and adequate utility service at just and reasonable rates. The board shall accompany its decision on a request for approval of an acquisition of control with a written report detailing the basis for its decision, including findings of fact and conclusions of law.

In addition to the statutory requirements, N.J.A.C. 14:1-5.14(c) provides:

The Board shall not approve a merger, consolidation, acquisition and/or change in control unless it is satisfied that positive benefits will flow to customers and the State of New Jersey and, at a minimum, that there are no adverse impacts on any of the criteria delineated in N.J.S.A. 48:2-51.1.

The Board, having reviewed the entire record, including the Amended and Restated Petition and the Stipulation, **HEREBY FINDS** that the Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes all issues in this proceeding and is consistent with the law. The Board **FURTHER FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board **HEREBY ADOPTS** the Stipulation, attached hereto, as its own, incorporating by reference the terms and conditions of the Stipulation. The Board **FURTHER FINDS**:

1. The Proposed Merger will have no impact on competition. There will be no adverse impact on competition since there is no retail competition in the water and wastewater utility industries. Additionally, EDC is already a stand-alone operating subsidiary of NJAWC.
2. The Proposed Merger will have no adverse impact on rates. The Proposed Merger will not have an adverse impact on rates because the Company and EDC will not change their rates as a result of the Proposed Merger, and NJAWC's rates will remain subject to the Board's jurisdiction. Following the Proposed Merger, NJAWC will continue to provide service to EDC customers under EDC's current tariffed rate schedules until the Board approves updated rate schedules in a future rate proceeding.

3. The Proposed Merger will have no adverse effect on employees. NJAWC will honor its collective bargaining agreements, and there will be no change in any existing collective bargaining agreement as a result of the Proposed Merger. Furthermore, EDC has no employees; NJAWC employees currently provide services to customers of EDC.
4. The Proposed Merger will favorably impact the provision of safe, adequate and proper Service. NJAWC will continue to maintain sufficient operating personnel, post-merger, to ensure the continued provision of safe, adequate and proper utility service, and it will remain subject to the jurisdiction of the Board. NJAWC will continue to receive funding priorities that are consistent with its needs and its ability to have prudently deployed capital recognized in rates at fair rates of return, and that are at a level that is consistent with the safe and adequate operation of its systems, including necessary upgrades, capital projects and maintenance programs. The Proposed Merger is likely to increase operational efficiency by eliminating the need for separate boards of directors and their accompanying costs and administrative burdens, separate assessments to the Board and Rate Counsel, as well as separate Board filings, including annual reports and rate cases (for example, EDC shall not file a separate annual report for 2023 and thereafter). Furthermore, EDC's rate case expenses will be spread across NJAWC's larger customer base, thus reducing the degree of impact on ratepayers resulting from future rate changes.

The Board **FURTHER FINDS:**

1. The Proposed Merger of EDC with and into NJAWC is a ministerial act that will complete the transaction previously approved by the Board in the 2015 Change in Control Proceeding, by which American Water acquired control of EDC, and the 2017 Transfer of Control Proceeding, by which American Water transferred EDC to NJAWC. The Proposed Merger furthers the positive benefits resulting from those proceedings. The Proposed Merger will result in additional positive benefits, specifically increased efficiency resulting from a combined entity and decreased per-customer rate impact as a result of a larger customer base.
2. As the Board noted in the 2015 Change in Control Proceeding, "EDC will be managed by experienced American Water personnel. New Jersey American will continue to provide safe, adequate and reliable, high-quality service consistent with its corporate history, in fulfillment of its obligations under New Jersey law, and subject to the continued jurisdiction of the Board." As the Board noted in the 2017 Transfer of Control Proceeding, American Water and NJAWC are "committed to ensuring the safe, adequate and proper service and will continue to maintain sufficient operating personnel, post-transfer, to ensure the continued provision of safe, adequate and proper utility service by both EDC and NJAW[C]." The further alignment of the corporate structure effectuated by the Proposed Merger will only enhance these benefits.
3. From and after receipt of the Board's Order in the 2015 Change in Control Proceeding, Joint Petitioners' intent has been to align EDC's governance, management, and operations with that of American Water's existing New Jersey utility operations. The first step was accomplished in the 2015 Change in Control Proceeding. The second step was accomplished in the 2017 Transfer of Control Proceeding. The third and final step will be accomplished by the merger of EDC with and into NJAWC, with NJAWC as the surviving entity.

4. The Proposed Merger will not affect any of the other conditions or commitments made by NJAWC or EDC in the 2015 Change in Control Proceeding or the 2017 Transfer of Control Proceeding.
5. No change in control will be effected by the Proposed Merger. The Board has already approved the merger of EDC with NJAWC with EDC remaining as a standalone operating subsidiary of NJAWC. The Board also found, in the 2015 Change in Control Proceeding, that the change in control would not have any adverse impact on competition, rates, employees or the provision of safe, adequate and proper utility services at just and reasonable rates to the customers of EDC and NJAWC.


Therefore, the Board **HEREBY FINDS** that the Proposed Merger is in the public interest, and the Board **HEREBY APPROVES** the Proposed Merger of EDC with and into NJAWC, with NJAWC remaining as the surviving entity, subject to the following conditions:

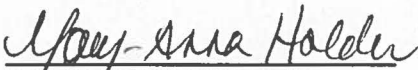
1. NJAWC shall provide to the Board for Staff's review a detailed accounting of its total reported wastewater revenues broken down by each company merged with and into NJAWC including supporting documents including, but not limited to, its "Statement of Gross Intrastate Revenues from Operations" form listing each wastewater system merged with and into NJAWC and detailing their respective operations revenues.
2. This Order is based upon the specific and particular facts of this transaction and shall not have precedential value in future transactions that may come before the Board and shall not be relied on as such.
3. This Order shall not affect or in any way limit the exercise of the authority of the Board, or of the State, in any future petition, or in any proceeding with respect to rates, franchises, service, financing, accounting, capitalization, depreciation or in any matters affecting NJAWC.
4. This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of the tangible or intangible assets now owned or hereafter to be owned by NJAWC.
5. Within 30 days of the date of the closing of this transaction, NJAWC shall file with the Board proof of the closing and final journal entries.


This Order shall be effective on December 27, 2023.

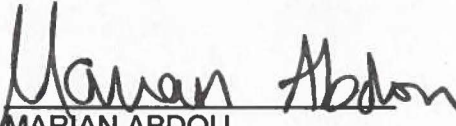
DATED: December 20, 2023

BOARD OF PUBLIC UTILITIES  
BY:

  
CHRISTINE GUHL-SADOVY  
PRESIDENT

  
MARY-ANNA HOLDEN  
COMMISSIONER

  
DR. ZENON CHRISTODOULOU  
COMMISSIONER

  
MARIAN ABDOU  
COMMISSIONER

ATTEST:

  
SHERRI L. GOLDEN  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public Utilities.

IN THE MATTER OF THE JOINT PETITION OF ENVIRONMENTAL DISPOSAL CORP. AND NEW  
JERSEY-AMERICAN WATER COMPANY, INC. FOR APPROVAL OF THE MERGER OF  
ENVIRONMENTAL DISPOSAL CORP. WITH AND INTO NEW JERSEY-AMERICAN WATER  
COMPANY, INC.

DOCKET NO. WM23030145

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Peapack and Gladstone, and portions of Bedminster adjacent to EDC’s service territory, pursuant to long-term contracts.

NJAWC is a regulated public utility corporation engaged in the production, treatment and distribution of water and the collection and treatment of wastewater within its defined service territory within the State of New Jersey. Said service territory includes portions of the following counties: Atlantic, Bergen, Burlington, Camden, Cape May, Essex, Gloucester, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Salem, Somerset, Union, and Warren. As of December 31, 2022, NJAWC serves approximately 662,000 water and fire service customers and 53,200 wastewater service customers in 190 municipalities.

By Order dated December 16, 2015, the Board approved, pursuant to stipulation, the acquisition by American Water Works Company, Inc. (“American Water”) of all of the issued and outstanding capital stock of EDC from The Hills Development Company (“2015 Change in Control Proceeding”).<sup>1</sup> American Water also owns New Jersey American Water.

By Order dated April 21, 2017, the Board approved the transfer of all of EDC’s issued and outstanding shares of capital stock from American Water to New Jersey American Water, with EDC remaining as a stand-alone operating subsidiary of NJAWC (“2017 Transfer of Control Proceeding”).<sup>2</sup>

In approving the transactions proposed in both the 2015 Change in Control Proceeding and the 2017 Transfer of Control Proceeding, the Board found, with respect to each transaction,

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<sup>1</sup> In Re Joint Petition of American Water Works Company, Inc. and Environmental Disposal Corp. for, Among Other Things, Approval of a Change in Control of Environmental Disposal Corp., BPU Docket No. WM15040492, Order dated December 16, 2015.

<sup>2</sup> In Re Joint Petition of American Water Works Company, Inc., Environmental Disposal Corp., and New Jersey-American Water Company, Inc. for Approval of a Plan to Transfer Ownership and Control of Environmental Disposal Corp. to New Jersey-American Water Company, Inc., BPU Docket No. WM16100969, Order dated April 21, 2017.

that the transaction would not adversely affect the public interest. Specifically, the Board found, in each case, that there would be no adverse impact on competition, that there would be no adverse impact on rates, that EDC's financial position would not be subject to substantial change, that as EDC had no employees there would be no adverse impact on utility employees, and that the provision of safe and adequate service would continue. The Board further found in each case that the proposed transaction would not jeopardize EDC's ability to continue to render safe, adequate, and proper utility service.

On March 16, 2023, the Joint Petitioners filed a joint petition pursuant to N.J.A.C. 14:1-5.14 and N.J.S.A. 48:3-7 for approval of the merger of EDC with and into New Jersey American Water, with NJAWC as the surviving entity ("Proposed Merger").

On September 12, 2023, the Joint Petitioners filed an Amended and Restated Joint Petition ("Amended and Restated Petition"), which restated the original petition and amended it to clarify that the merger of EDC into NJAWC is a ministerial act that will complete the 2015 Change in Control Proceeding and the 2017 Transfer of Control Proceeding previously approved by this Board as described above.

The Proposed Merger is set forth in an Agreement and Plan of Merger between NJAWC and EDC dated March 9, 2023, which provides that, subject to obtaining regulatory approvals, EDC shall merge with and into NJAWC, the separate corporate existence of EDC shall cease, and NJAWC shall continue as the surviving corporation.

The Amended and Restated Petition was served upon the Secretary of the Board, Rate Counsel, and the municipalities in which or to which EDC provides sewer service.

Rate Counsel and Staff have propounded discovery requests upon Joint Petitioners, which have been answered.

The Parties have reviewed the Amended and Restated Petition and responses to discovery and have conducted discussions in an effort to reach a proposed settlement of all issues in this proceeding.

### **SETTLEMENT AGREEMENT**

The Parties hereby stipulate and agree as follows:

1. The Amended Joint Petition complies with N.J.A.C. 14:1-5.14, the Proposed Merger satisfies and is consistent with the applicable criteria of and N.J.S.A. 48:3-7, and, as such, the Proposed Merger should be approved by the Board. The Amended and Restated Petition, discovery responses, and conferences among the parties establish the following:

- a. Competition. The Proposed Merger will have no impact on competition. There will be no adverse impact on competition since there is no retail competition in the water and wastewater utility industries. Additionally, EDC is already a stand-alone operating subsidiary of New Jersey American Water.
- b. Customer Rates. The Proposed Merger will have no adverse impact on rates. There will be no changes to the rates of NJAWC or EDC as a result of the Proposed Merger, and the rates of New Jersey-American Water will remain subject to the jurisdiction of the Board. Following the Merger, NJAWC will continue to provide service to EDC customers under EDC's current tariffed rate schedules until the Board approves changes in such rate schedules in a future rate proceeding. The Proposed Merger will cause no deterioration in the balance sheet or financial position of NJAWC, nor will the Merger impair the ability of NJAWC to raise necessary capital on reasonable terms or to maintain a reasonable capital structure.

- c. Employees. The proposed merger will have no adverse impact on employees. NJAWC will honor its collective bargaining agreements, and there will be no change in any existing collective bargaining agreement as the result of the Proposed Merger. As EDC has no employees, the Proposed Merger cannot adversely affect the ability of NJAWC to fulfill the obligations of EDC with regard to employees. NJAWC employees currently provide services to EDC.
- d. Provision of Safe and Adequate Service. The Proposed Merger will have no adverse impact on the provision of safe, adequate and proper service to EDC customers. NJAWC will continue to maintain sufficient operating personnel, post-merger, to ensure the continued provision of safe, adequate and proper utility service, and it will remain subject to the jurisdiction of the Board. NJAWC will continue to receive funding priorities that are consistent with its needs and its ability to have prudently deployed capital recognized in rates at fair rates of return, and that are at a level that is consistent with the safe and adequate operation of its systems, including necessary upgrades, capital projects and maintenance programs. The Proposed Merger is a ministerial act that will complete the transaction initiated in the 2015 Change of Control Proceeding and continued in the 2017 Transfer of Control Proceeding. The Proposed Merger will continue the positive benefits found in those proceedings. The Proposed Merger should result in additional positive benefits because of the continued provision of safe and adequate service to customers with the additional efficiency of a single, combined entity (for example, EDC shall not file a separate annual report for 2023 and thereafter).

2. The Parties will use their best efforts to ensure that this Stipulation is presented to the Board for approval at its December 20, 2023 public agenda meeting. Service of the Board's Order approving this Stipulation shall be in accordance with N.J.S.A. 48:2-40 and will be effective within 10 days of issuance or upon electronic service of said Order, as permitted by the Board in Docket No. EO20030254, on all parties, whichever is sooner.

3. This Stipulation shall be binding on the Stipulating Parties upon approval hereof by the Board. This Stipulation shall bind the Parties in this matter only and shall not be considered precedent in any other proceeding involving the Stipulating Parties.


4. This Stipulation contains terms, each of which is interdependent with the others and essential in its own right to the signing of this Stipulation. Each term is vital to the agreement as a whole, since the Parties individually and jointly state that they would not have signed the Stipulation had any term been modified in any way. In the event that any modifications whatsoever are made to this Stipulation, each of the Stipulating Parties hereto is entitled to certain procedures in the event of such occurrence.

5. If any modification is made to the terms of this Stipulation, the Stipulating Parties must be given the right to be placed in the position in which each Stipulating Party was before this Stipulation was executed. It is essential that each party be given the option either to modify its own position, to accept the proposed change(s) or to resume the proceeding as if no agreement had been reached.

6. The Stipulating Parties believe that these procedures are fair to all concerned and, therefore, they are made an integral and essential element of this Stipulation.

7. This Stipulation may be executed in as many counterparts as there are signatories to this Stipulation, each of which counterpart shall be an original, but all of which shall constitute one and the same instrument.

NEW JERSEY-AMERICAN WATER COMPANY, INC. and ENVIRONMENTAL DISPOSAL CORP.

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Attorney for the Staff of the Board of Public Utilities

By: /s Meliha Arnautovic  
Meliha Arnautovic  
Deputy Attorney General

Dated: December 1, 2023