



Agenda Date: 4/30/24

Agenda Item: VA

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE PETITION OF AQUA NEW)
JERSEY, INC. FOR APPROVAL OF A MUNICIPAL)
CONSENT TO PROVIDE WASTEWATER SERVICE)
TO PORTION OF THE TOWNSHIP OF HARRISON)
AND OTHER REQUIRED APPROVALS)

ORDER APPROVING
MUNICIPAL CONSENT
DOCKET NO. WE23100730

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Colleen Foley, Esq., Saul Ewing, on behalf of Aqua New Jersey Inc.

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities (“Board”) considers a petition filed pursuant to N.J.S.A. 48:2-14 and N.J.A.C. 14:1-5.5 by Aqua New Jersey, Inc. (“Aqua” or “Company”) for approval of a municipal consent granted by the Township of Harrison (“Township”) on September 18, 2023 via Ordinance No. 18-2023 (“Ordinance” or “Municipal Consent”) giving the Company authority to provide wastewater services throughout a portion of the Township.

BACKGROUND

Aqua is engaged in the business of collecting, treating, and distributing water for retail service to approximately 55,000 customers, and providing retail wastewater service to approximately 6,600 customers. The Company collects wastewater effluent and conveys it to treatment facilities from which Aqua purchases wastewater treatment services. The Company’s water and wastewater customers are located in municipalities in Warren, Hunterdon, Mercer, Burlington, Monmouth, Camden, Ocean, Sussex, and Gloucester Counties, New Jersey. The Company’s business is organized in the following divisions: a Northern Division with its base in Phillipsburg; a Central Division, with its base in Hamilton; an Eastern Division, with its base in Berkeley; and a Southern Division, with its base in Blackwood.

By the Municipal Consent, the Township permitted the Company to provide wastewater service to a partially developed area abutting a portion of the State Route 322 corridor (“Proposed Franchise Area”), which has been identified for further residential and commercial development. Currently, there is no public wastewater service in the Proposed Franchise Area. To the extent wastewater service is available in the Proposed Franchise Area, it is provided by private septic systems and cesspools. Elsewhere in the Township, wastewater service is provided by the Township.

PETITION

On October 12, 2023, Aqua filed a petition with the Board pursuant to N.J.S.A. 48:2-14 and N.J.A.C. 14:1-5.5, seeking approval of the Municipal Consent and granting the Company a franchise to maintain, repair, replace and operate wastewater facilities, and provide wastewater service to the Proposed Franchise Area. A map of the Proposed Franchise Area was attached to the petition and is depicted on Exhibit A of the Ordinance. The Municipal Consent did not contain provisions limiting the term of the franchise or Aqua's ability to renew or transfer the franchise.

By the petition, the Company noted that the Township does not have the resources necessary to provide public wastewater service to the Proposed Franchise Area. The Company further noted that it intends to provide wastewater service via an interconnection with its existing facilities in Woolwich Township, which is directly adjacent to the Proposed Franchise Area. Through discovery, the Company further identified that any emergencies in the Proposed Franchise Area would be handled by the operations staff who currently cover water and wastewater operations in Woolwich Township.

The Company proposed to provide wastewater service to customers in the Proposed Franchise Area at its Board-approved rates, including any then-effective purchased sewerage treatment adjustment, effective at the time wastewater service commences.

On February 20, 2024, a duly noticed virtual public hearing was held on the petition, presided over by Michael Hunter, Regulatory Officer. Representatives from the Company, the New Jersey Division of Rate Counsel ("Rate Counsel"), and Board Staff ("Staff") appeared. No members of the public attended and the Board received no written public comments.

By letter dated February 22, 2024, Rate Counsel submitted its comments on the petition noting that, subject to certain conditions, it did not oppose the request for approval of the Municipal Consent. Rate Counsel recommended that the Board modify the term of the Municipal Consent to be limited to 50 years for the specific authorization to provide wastewater service and to access public streets and places within the Township. Rate Counsel also recommended that the Board condition its approval of the petition to specify that transaction costs cannot be recovered in rates; namely, that there be no authorization to include any specific assets or amounts in rate base, or authorization for any other ratemaking treatment.

DISCUSSION AND FINDINGS

No municipality or other political subdivision of the State may grant a privilege or franchise to any public utility unless approved by the Board. N.J.S.A. 48:2-14. The Board should grant approval when, after hearing, the Board determines the franchise is necessary and proper for the public convenience and properly conserves the interests of the public. Ibid. The Board may impose conditions on its approval as the public convenience and interests may require. Ibid.

The Board, having reviewed the petition and the entire record in this matter, **HEREBY FINDS** the Municipal Consent is necessary and proper for the public convenience and properly conserves the public interests.

Accordingly, the Board **HEREBY APPROVES** the Municipal Consent and the expansion of Aqua's service territory to include customers in the Proposed Franchise Area. The Board **FURTHER FINDS** that the Company has the ability to provide safe, adequate, and proper service

in the Proposed Franchise Area. The approvals granted hereinabove shall be subject to the following provisions:

1. 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 matter affecting the Company.
2. This Order shall not be construed as directly or indirectly fixing, for any purposes whatsoever, any value of any tangible or intangible assets or liabilities now owned or hereafter to be owned by the Company.
3. Aqua shall not depreciate any portion of the wastewater system that is funded by Contributions in Aid of Construction.
4. This Order applies only to the approval of the Municipal Consent and shall not be construed as approving any ratemaking issues.
5. Pursuant to N.J.S.A. 48:3-15, the Municipal Consent for the use of streets is limited to a term of 50 years.
6. Approval of this Municipal Consent does not constitute approval by the Board of any costs or expenses associated with the 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 of contributed plant, the cost of connection or any related capital improvements, and the allocation of such costs and expenses, shall be made in an appropriate subsequent proceeding.
7. Approval of this Municipal Consent does not constitute approval of any specific main extension or plan for service. In extending service, the Company must comply with all applicable laws.
8. Staff is authorized to approve, subject to comments filed by Rate Counsel, any written request by the Company for additional time to comply with any applicable items above.

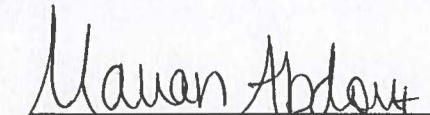
This Order shall be effective on May 7, 2024.

DATED: April 30, 2024


BOARD OF PUBLIC UTILITIES
BY:


CHRISTINE GUHL-SADOVY
PRESIDENT


DR. ZENON CHRISTODOULOU
COMMISSIONER


MARIAN ABDOU
COMMISSIONER


MICHAEL BANGE
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 PETITION OF AQUA NEW JERSEY, INC. FOR APPROVAL OF A
MUNICIPAL CONSENT TO PROVIDE WASTEWATER SERVICE TO PORTION OF THE
TOWNSHIP OF HARRISON AND OTHER REQUIRED APPROVALS

DOCKET NO. WE23100730

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