



January 13, 2025

Via Electronic Mail

Hon. Sherri L. Golden, Secretary
Board of Public Utilities
44 S. Clinton Ave., 1st Floor
Trenton, NJ 08625

Re: I/M/O the Petition of New Jersey-American Water Company, Inc. for: (1) Approval of its Agreement with Shrewsbury Township, New Jersey for the Purchase and Sale of Water System; (2) A Determination that the Purchase Price is Reasonable; (3) A Determination that the Transaction Costs are Reasonable; and (4) For Such Other Approvals as May Be Necessary to Complete the Proposed Transaction
BPU Docket No.: WM24100783

Dear Secretary Golden:

Enclosed herewith for the Board's consideration is a signed stipulation, representing the signatory parties' settlement of the above-captioned matter.

Thank you for your attention to this matter. Please do not hesitate to contact me should you have any questions.

Very truly yours,



Stephen R. Bishop

SRB:dlc

Enclosure

c: Attached service list (via email, w/enc.)

**I/M/O the Petition of New Jersey American Water Company, Inc. for
(1) Approval of its Agreement with Shrewsbury Township, New Jersey for the Purchase and
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as May Be Necessary to Complete the Proposed Transaction**

BPU Docket No. WM24100783

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Determination that the Transaction Costs are Reasonable; and (4) For Such Other Approvals
as May Be Necessary to Complete the Proposed Transaction**

BPU Docket No. WM24100783

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF NEW	:	
JERSEY-AMERICAN WATER COMPANY,	:	STIPULATION OF
INC. FOR: (1) APPROVAL OF ITS	:	SETTLEMENT
AGREEMENT WITH SHREWSBURY	:	
TOWNSHIP, NEW JERSEY FOR THE	:	
PURCHASE AND SALE OF WATER SYSTEM;	:	
(2) A DETERMINATION THAT THE	:	BPU Docket No. WM24100783
PURCHASE PRICE IS REASONABLE; (3) A	:	
DETERMINATION THAT THE	:	
TRANSACTION COSTS ARE REASONABLE;	:	
AND (4) FOR SUCH OTHER APPROVALS AS	:	
MAY BE NECESSARY TO COMPLETE THE	:	
PROPOSED TRANSACTION	:	

APPEARANCES:

Stephen Bishop, Esq., New Jersey-American Water, Inc.

Christine Juarez, Esq., New Jersey Division of Rate Counsel (**Brian O. Lipman, Esq.**,
Director, New Jersey Division of Rate Counsel)

Meliha Arnautovic, Deputy Attorney General, Staff of the New Jersey Board of Public Utilities,
Office of Attorney General (**Matthew J. Platkin**, Attorney General of New Jersey)

This Stipulation of Settlement (“Stipulation”) is hereby made and executed as of the dates indicated below, by and among the petitioner, New Jersey-American Water Company, Inc. (“NJAWC” or “Company”), the Staff of the New Jersey Board of Public Utilities (“Staff”), and the New Jersey Division of Rate Counsel (“Rate Counsel”) (collectively, “Parties”).

The Parties do hereby join in recommending that the New Jersey Board of Public Utilities (“Board”) issue an Order approving the Stipulation without modification, based upon the following terms:

Background

1. On October 7, 2024, NJAWC filed a petition (“Petition”) with the Board seeking the following relief: (1) approval pursuant to the provisions of the Water Infrastructure

Protection Act, N.J.S.A. 58:30-1 et seq. (“WIPA”) of an agreement between Shrewsbury Township, Monmouth County, New Jersey (“Township”) and NJAWC (“Agreement”); (2) a determination that the purchase price (“Purchase Price”) pursuant to the Agreement is reasonable and thus the rate base of the Township water system; (3) approval that NJAWC’s transaction, closing and transition costs (“Transaction Costs”) are reasonable and prudent and may be deferred for recovery in a future base rate case; and (4) such other approvals as may be necessary to complete the proposed transaction (“Transaction”).

2. The Petition outlined the steps the Township had taken to comply with the requirements under WIPA prior to seeking Board approval. The Petition was accompanied by (a) Township Resolution No. 2023-65 accepting and adopting the Emergent Condition Report prepared by Colliers Engineering and Design and the “Final Report, Township of Shrewsbury New Jersey Water System Asset Valuation” (“Asset Valuation Report”) prepared by NW Financial Group, LLC (“NW Financial”); (b) the New Jersey Department of Environmental Protection (“DEP”) certification of Emergent Condition No. 4 under WIPA; (c) Township Resolution No. 2023-91 seeking authorization to allow NJAWC to respond to a Request for Proposal for the purchase of the Township water system; (d) Township Resolution No. 2024-36 authorizing negotiations with NJAWC; (e) Township Resolution No. 2024-69 approving execution of the Agreement with NJAWC and authorizing NJAWC to bring this Petition before the Board; and (f) the “Fair Market Value Appraisal Report” of the Township water system by Weinert Appraisal and Depreciation Services, LLC.

3. On October 23, 2024, the Board entered an Order designating Commissioner Zenon Christodoulou as the presiding officer and directing that any entities seeking to intervene or participate file the appropriate application by November 8, 2024.¹

4. No parties sought to intervene or participate in this matter.

Stipulation

The undersigned Parties DO HEREBY STIPULATE AND AGREE as follows:

Financial Advisor Independence and Emergent Condition Certification

5. The Parties agree that the Asset Valuation Report was prepared by NW Financial, an independent financial advisor as contemplated under WIPA and will not contest whether the statutory requirements related to its independence were satisfied here or in any future agency or legal proceeding related to the acquisition of the Township water system by NJAWC.

6. The Parties agree that an emergent condition exists under WIPA, N.J.S.A. 58:30-5, in this matter and will not contest whether statutory requirements of an emergent condition were satisfied here or in any future agency or legal proceeding related to the Transaction.

Initial Rates

7. The Parties agree that immediately after the Transaction, NJAWC will bill Township residents in accordance with its Rate Schedule A-1, including all applicable tariff schedules. Township residents will be subject to NJAWC's distribution system improvement charge, purchased water adjustment clause, special program charge, and lead service line replacement charge, either immediately after the Transaction or when assessed.

¹ In re the Petition of New Jersey-American Water Company, Inc. for: (1) Approval of its Agreement with Shrewsbury Township, New Jersey for the Purchase and Sale of Water System; (2) a Determination that the Purchase Price is Reasonable; (3) a Determination that the Transaction Costs are Reasonable; and (4) for Such Other Approvals as May Be Necessary to Complete the Proposed Transaction, BPU Docket No. WM24100783, Order dated October 23, 2024.

8. The Parties agree that NJAWC will charge the Township for twelve (12) public fire hydrants as defined by NJAWC's Rate Schedule M-1. The Township will be responsible for public fire protection charges for all existing and future public fire hydrants connected to the Township water system.

Purchase Price/Transaction Costs

9. The Parties agree that the purchase price of \$525,000 provided in the Agreement is reasonable and thus the rate base of the Township water system as of the Board's approval.

10. As of November 30, 2024, the recoverable transaction, closing and transition costs are \$18,976.

11. The Parties agree that at the time of closing, NJAWC will record on its books and records as utility plant in service an estimated amount of \$543,976, which includes system assets and organizational costs for the Transaction and which amount will be included in rate base in NJAWC's next base rate case.

12. The Parties agree and recommend that the Board should approve, without modification, this Stipulation, determine that the purchase price provided in the Agreement is reasonable as required under WIPA and thus the rate base of the Township water system as of the Board's approval, and authorize NJAWC and the Township to enter into the Transaction subject to further approvals by the New Jersey Department of Community Affairs of the proposed use of funds as required under WIPA.

Customer Assistance Programs

13. Shortly after closing, NJAWC will provide information about its customer assistance programs to all Township residents via a direct mail packet ("Welcome Packet"). The Welcome Packet will include a contact number and website for the New Jersey Statewide

Heating Assistance and Referral Energy Service and the customer bill of rights outlining, among others, the Winter Termination Program.

14. NJAWC will provide a copy of the Welcome Packet and confirmation of mailing to the Parties.

15. The Parties agree that this Stipulation contains mutual balancing and interdependent clauses and is intended to be accepted and approved in its entirety. In the event any particular provision of this Stipulation is not accepted and approved in its entirety by the Board, or is modified by a court of competent jurisdiction, then any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right, upon written notice to be provided to all other Parties within ten (10) days after receipt of any such adverse decision, to litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not adopted in its entirety by the Board in an appropriate Order, or is modified by a court of competent jurisdiction, then any Party hereto is free, upon the timely provision of such written notice, to pursue its then available legal remedies with respect to all issues addressed in this Stipulation, as though this Stipulation had not been signed. The Parties agree that this Stipulation shall be binding on them for all purposes herein.

16. The Parties agree that this Stipulation represents a negotiated agreement and, except as otherwise expressly provided for herein:

- a. By executing this Stipulation, no Party waives any rights it possesses under any prior Stipulation, except where the terms of this Stipulation supersede such prior Stipulation.
- b. The contents of this Stipulation shall not in any way be considered, cited or used by any of the undersigned Parties as an indication of any Party's position on any related

or other issue litigated in any other proceeding or forum, except to enforce the terms of this Stipulation.

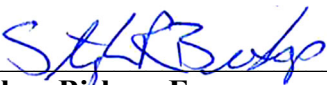
17. This Stipulation may be executed in any number of counterparts, each of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties. The Parties understand that the Board's Order approving this Stipulation shall become effective in accordance with N.J.S.A. 48:2-40.

CONCLUSION

WHEREFORE, the Parties hereto have duly executed and do respectfully submit this Stipulation to the Board and recommend that the Board enter an Order adopting and approving this Stipulation in its entirety and without modification in accordance with the terms hereof.

New Jersey American Water, Company, Inc.

**Brian Lipman, Esq.
Director, Division of Rate Counsel**

By: 

Stephen Bishop, Esq.


By: *Christine M. Juarez*

Christine Juarez, Esq.

Dated: 1/8/25

Dated: January 8, 2025

Matthew Platkin, Attorney General of New Jersey, Attorney for Staff of the Board of Public Utilities

By: 

Steven Chaplar, Esq.
Deputy Attorney General

Dated: January 7, 2025