



Agenda Date: 1/15/25  
Agenda Item: VA

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</sup> Floor  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

WATER

IN THE MATTER OF THE PETITION OF NEW )  
JERSEY-AMERICAN WATER COMPANY, INC. FOR )  
APPROVAL OF A MUNICIPAL CONSENT )  
GRANTED BY THE TOWNSHIP OF QUINTON, )  
SALEM COUNTY ) DOCKET NO. WE24040228

**Parties of Record:**

**Stephen R. Bishop, V.P. Managing General Counsel & Secretary**, New Jersey-American Water Company, Inc.  
**Brian O. Lipman, Esq., Director**, New Jersey Division of Rate Counsel

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities (“Board”) considers a petition filed by New Jersey-American Water Company, Inc. (“NJAWC” or “Company”) on April 11, 2024, pursuant to N.J.S.A. 48:2-14 and N.J.A.C. 14:1-5.5, seeking approval of a municipal consent granted by the Township of Quinton, County of Salem (“Quinton” or “Township”) on April 2, 2024 (“Municipal Consent”) via Ordinance No. 2024-03 granting the Company authority to provide potable water services throughout a portion of the Township (“Petition”).<sup>1</sup>

**BACKGROUND**

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. The Company’s service territory includes portions of Atlantic, Bergen, Burlington, Camden, Cape May, Essex, Gloucester, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Salem, Somerset, Union, and Warren counties.

By the Municipal Consent, the Township permitted the Company to construct, lay, maintain, and operate the necessary water mains, pipes, and appurtenances throughout the geographical area of the Township previously served by the City of Salem (“Proposed Franchise Area”) and to provide water services to the Township.

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<sup>1</sup> Ordinance No. 2024-03 is attached to this Order as Exhibit A.

## **PETITION**

By the Petition, NJAWC sought Board approval of the Municipal Consent granting the Company a franchise to provide water services to the Township. By the Petition, the Company identified that the Township previously received potable water services from the system owned and operated by the City of Salem prior its sale to NJAWC. Further, the Township granted the Municipal Consent in anticipation of the sale of Salem's water and wastewater systems ("Salem System") to the Company.<sup>2</sup>

As a result of the sale of the Salem System to NJAWC, the Township decided it is in the public interest for the Township to consent to NJAWC to provide water services to the Township. The Company further noted that the Proposed Franchise Area would, following Board approval of the Municipal Consent, benefit from the industry practices followed by the Company and the Company's ability to provide quality, reliable service.

By the Petition, NJAWC noted that it only seeks Board approval of the Municipal Consent. The Company did not, as part of its requests in the Petition, seek any ratemaking treatment relative to the Salem System.

Following proper notice to the public, a virtual public hearing was held on September 26, 2024, presided over by a hearing officer of the Board. 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 in this matter.

By letter dated October 1, 2024, Rate Counsel submitted 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 fifty (50) years for the specific authorization to provide water service and to access public streets and places within the Township. Rate Counsel also recommended that the Board condition its approval on the requirement 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 interest 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 interest.

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

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<sup>2</sup> See In re the Petition of New Jersey-Water Company, Inc. for Approval of the Municipal Consent Granted by the City of Salem, Salem County, BPU Docket No. WE23120922, Order dated May 22, 2024.

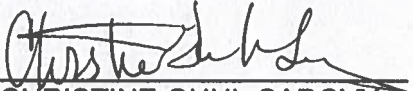
in the Proposed Franchise Area. The approvals granted hereinabove shall be subject to the following provisions:

1. This Order shall not affect or in any way limit the exercise of the authority of the Board, or of the State, with regard to 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. NJAWC shall not depreciate any portion of the Salem 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 fifty (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 the 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 terms above.


This Order shall be effective on January 22, 2025.

DATED: January 15, 2025

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 NEW JERSEY-AMERICAN WATER COMPANY, INC.  
FOR APPROVAL OF THE MUNICIPAL CONSENT GRANTED BY THE TOWNSHIP OF  
QUINTON, COUNTY OF SALEM

DOCKET NO. WE24040228

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**ORDINANCE# 2024-03**  
**AN ORDINANCE GRANTING CONSENT AND PERMISSION**  
**TO NEW JERSEY-AMERICAN WATER COMPANY, INC.**  
**TO FURNISH POTABLE WATER CONVEYANCE AND SERVICE**  
**TO A PORTION OF THE TOWNSHIP OF QUINTON, NEW JERSEY AND GRANTING**  
**MUNICIPAL CONSENT TO USE TOWNSHIP RIGHT-OF-WAY TO PROVIDE SAID**  
**SERVICE**

WHEREAS, the Township of Quinton, County of Salem and State of New Jersey (the "Township"), hereby grants consent and permission to New Jersey-American Water Company, Inc. ("New Jersey American Water"), a New Jersey corporation, to furnish potable water conveyance and service to a portion of the Township as set forth below; and

WHEREAS, New Jersey American Water is in the process of acquiring the water and wastewater systems (the "Systems") currently owned and operated by the City of Salem, New Jersey, ("Salem") subject to regulatory approvals; and

WHEREAS, Salem is desirous of having New Jersey American Water acquire the Systems; and

WHEREAS, the Salem water system provides water service directly to Township residents in a portion of the Township described below, and by way of a service agreement the Salem wastewater system accepts wastewater from the Township; and

WHEREAS, New Jersey American Water is a regulated public utility corporation of the State of New Jersey presently seeking the municipal consent of the Township to permit New Jersey American to provide services in the Township to include the right to provide potable water conveyance and service to the Township and directly to those Township residents in the area shown on Schedule A; and

WHEREAS, New Jersey American Water has requested the consent of the Township as required by N.J.S.A. 48:19-17 and 48:19-20, as amended, to lay its pipes beneath and restore such public roads, streets and places as it may deem necessary for its corporate purposes, free from all charges to be made for said privilege (except that fees for road opening permits shall be paid), provided that all said pipes installed after the date of this Ordinance shall be laid at least three feet (3') below the surface and shall not in any way unnecessarily obstruct or interfere with the public travel or cause or permit other than temporary damage to public or private property; and

WHEREAS, it is deemed to be in the best interests of the citizens of the Township to provide this consent;

WHEREAS, the Mayor and Township Committee have concluded that granting of said consent shall enhance the health, safety and welfare of the citizens of the Township.

**NOW THEREFORE, BE IT RESOLVED BY THE TOWNSHIP COMMITTEE AS FOLLOWS:**

Section 1. That exclusive and perpetual consent and permission to furnish water conveyance to residents, businesses and government buildings on properties situated within the Township as shown on **Schedule A (the "Designated Franchise Area")**, is hereby given and granted to New Jersey American Water, its successors and assigns, subject to approval of such consent and permission by the New Jersey Board of Public Utilities ("Board").

Section 2. That exclusive consent and permission is given to New Jersey American Water, its successors and assigns, under the provisions of N.J.S.A. 48:19-17 and N.J.S.A. 48:19-20, as amended, without charge therefore, (except fees for road opening permits which shall be paid) as the same may be required in order to permit New Jersey American Water to own and operate the water system, add to, extend, replace, operate and maintain said system in the public property described herein in order to provide said potable water conveyance service within the Designated Franchise Area. This shall include permission to lay pipes, valves, pumps, manholes and other necessary equipment beneath the public roads, streets, public property and public places within the Designated Franchise Area. The privilege granted herein shall include the right to construct, install and maintain fire hydrants within the Designated Franchise Area. As permitted by N.J.S.A. 48:3-15, the term of this Municipal Consent shall be fifty (50) years commencing on the effective date of this Ordinance.

Section 3. That a certified copy of this Ordinance, upon final passage, shall be sent to New Jersey American Water who shall send same to the Board.

Section 4. That the grants of a Municipal Franchise and a Municipal Consent are subject to a final order issued by the Board approving the Municipal Franchise and Municipal Consent given by Salem to New Jersey American Water.

Section 4. That the consent granted herein shall be subject to New Jersey American Water complying with all applicable laws of the Township and/or the State of New Jersey including, but not limited to, any and all applicable statutes and administrative agency rules and/or regulations.


Section 5. The Mayor and the Township Committee are authorized to execute the documents and agreements necessary to effectuate this municipal consent.

Section 6. Each section, subsection, sentence, clause and phrase of this Ordinance is declared to be an independent section, subsection, sentence, clause and phrase, and the finding or holding of any such portion of this Ordinance to be unconstitutional, void, or ineffective for any cause, or reason, shall not affect any other portion of this Ordinance.

Section 7. All ordinances or parts of ordinances inconsistent with this Ordinance are hereby repealed to the extent of such inconsistency.

**BE IT FURTHER ORDAINED**, that this Ordinance shall take effect upon final passage, approval and publication as required by law.

ATTEST:

  
Marty R. Uzdancovics, Township Clerk

  
Marjorie Sperry, Mayor

**CERTIFICATION**

I hereby certify the above to be a true copy of an Ordinance introduced and passed by the Quinton Township Committee on second reading following a public hearing at a regular meeting held on April 2, 2024.