



Agenda Date: 5/24/23
Agenda Item: 5A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE PETITION OF NEW JERSEY-)
AMERICAN WATER COMPANY, INC. FOR APPROVAL)
OF A SEWER COLLECTION SERVICES AGREEMENT)
WITH THE TOWNSHIP OF BRIDGEWATER)
)
) ORDER APPROVING
SEWER COLLECTION
SERVICES AGREEMENT

) DOCKET NO. WO22110713

Parties of Record:

Stephen R. Bishop, Esq., New Jersey-American Water Company, Inc.
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:¹

By this Order, the New Jersey Board of Public Utilities (“Board”) considers the petition of New Jersey-American Water Company, Inc. (“NJAW” or “Company”), seeking authorization to enter into a Sewer Collection Services Agreement (“SCS Agreement”) with the Township of Bridgewater (“Bridgewater”), a township located in Somerset County in the State of New Jersey (“Petition”).

BACKGROUND/PROCEDURAL HISTORY

NJAW is engaged in the production, treatment, and distribution of water, and the collection and treatment of wastewater. The Company serves approximately 660,000 metered water and fire service customers and 49,900 sewer customers throughout portions of Atlantic, Bergen, Burlington, Camden, Cape May, Essex, Gloucester, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic Salem, Somerset, Union, and Warren counties in the State of New Jersey.

The Borough of Bound Brook (“Bound Brook” or “Borough”), located in Somerset County in the State of New Jersey, owned and operated a sewer collection system within its limits which NJAW acquired on August 11, 2022.² On August 25, 2009, the Borough and Bridgewater entered into an Interlocal Services Agreement (“IS Agreement”) whereby certain properties within Bridgewater were connected to Bound Brook’s sewer system. Although the IS Agreement expired in 2016,

¹ Commissioner Christodoulou recused himself due to a potential conflict of interest and as such took no part in discussion or deliberation of this matter.

² By letter dated August 18, 2022, NJAW stated that the closing on this transaction occurred on August 11, 2022.

Bound Brook and Bridgewater continued to act under the terms of the IS Agreement pending execution of a new service agreement.

On February 10, 2022, during the pendency of negotiations pertaining to a new service agreement, NJAW and Bound Brook entered into an asset purchase agreement (“APA”) whereby NJAW agreed to purchase the Borough’s sewer collection system. On February 17, 2022, the Company filed a petition with the Board for approval of the Borough’s municipal consent approving the APA, Ordinance No. 2022-08, adopted May 10, 2022. The Board approved the municipal consent via Order dated July 13, 2022.³

In the Municipal Consent Order, the Board noted that, pending execution of a new sewer collection agreement between NJAW and Bridgewater, NJAW intended to continue accepting and billing wastewater flow from Bridgewater customers formerly served by Bound Brook on a bulk basis pursuant to the terms and conditions of the expired IS Agreement.

PETITION

On December 1, 2022, NJAW filed the Petition, seeking approval of a Sewer Collection Agreement (“SCS Agreement”) between the Company and Bridgewater. The Company proffered that the SCS Agreement became necessary when NJAW acquired the sewer collection system previously owned and operated by Bound Brook.

Under the terms of the SCS Agreement, Bridgewater would pay NJAW an annual fee of \$390.00 for each Bridgewater property connected to the NJAWC sewer collection system (“Serviced Address”), inclusive of purchased wastewater treatment costs. NJAW will invoice Bridgewater monthly in equal installments. According to NJAW, in the event the wastewater treatment costs charged to NJAW by the Middlesex County Utilities Authority (“MCUA”) increase in any given year, the annual fee for each Serviced Address shall be increased by the same proportional amount.

The Company further noted that the SCS Agreement will not change or affect NJAW’s Board-approved tariff in any way but will continue the bulk wastewater services provided by Bound Brook to Bridgewater prior to NJAW’s acquisition of the wastewater system and that NJAW’s tariff does not contain rates or terms pertaining to bulk wastewater collection customers. NJAW additionally provided that any increase in sewer treatment costs charged to the Company by the MCUA will be passed through to Bridgewater on a proportional basis. The Company anticipates no impact on other NJAW customers for these sewer treatment costs.

By letter dated March 7, 2023, the New Jersey Division of Rate Counsel (“Rate Counsel”) noted it did not object to the approval of the SCS Agreement. Rate Counsel further proffered that annual review of the Serviced Addresses and the MCUA treatment charges will result in a fair allocation of costs between Bridgewater and retail customers in the Company’s Bound Brook service area. Rate Counsel also noted that the SCS Agreement furthers a long-standing practice between the Borough and the Township formerly embodied in the IS Agreement and it is in the interest of the public to continue this arrangement in the form of the SCS Agreement.

³ In re the Petition of New Jersey-American Water Company, Inc. for Approval of a Municipal Consent Granted by the Borough of Bound Brook, County of Somerset, 2022 N.J. PUC LEXIS 241, BPU No. WE22020072 (July 13, 2022) (“Municipal Consent Order”).

DISCUSSIONS AND FINDINGS

The Board, following review of the record in this matter, including the Petition, exhibits, the SCS Agreement, and the comments of Rate Counsel and the law **HEREBY FINDS** that the SCS Agreement between NJAW and Bridgewater is consistent with the law and is in the public interest, and approving of the purposes thereof, **HEREBY ORDERS** that NJAW is **HEREBY AUTHORIZED** to enter into the SCS Agreement with Bridgewater, subject to the following provisions:

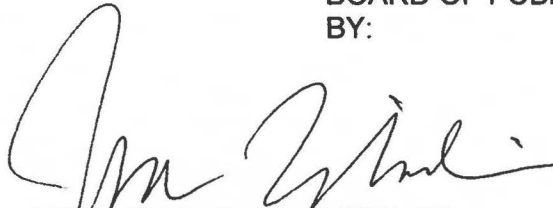
1. This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever any value of any tangible or intangible assets now owned or hereafter to be owned by the Petitioner.
2. This Order shall not affect nor in any way limit the exercise of the authority of this Board or of this State, in any future Petition or in any proceedings with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or in any other matter affecting the Petitioner.

The Company's rates remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

This Order shall be effective June 1, 2023.

DATED: May 24, 2023

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER

ATTEST:



SHERRILL 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.

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FOR APPROVAL OF A SEWER COLLECTION SERVICES AGREEMENT WITH THE
TOWNSHIP OF BRIDGEWATER

DOCKET NO. WO22110713

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