

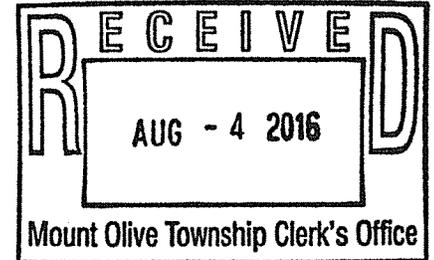
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Entire Document
* On file in
Clerks Office

August 2, 2016

VIA OVERNIGHT DELIVERY

Hon. Irene Kim Asbury, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
P.O. Box 350
Trenton, NJ 08625-0350



Re: In the Matter of the Joint Application of Aqua New Jersey, Inc. and Oakwood Village Sewerage Associates, L.L.C. for Approval of the Acquisition of the Assets of a Public Utility and Other Related Approvals BPU Docket No. WR1608

Dear Secretary Asbury:

Enclosed for filing please find an original and ten (10) copies of a Joint Petition initiating the above-referenced matter. Additionally, I have enclosed an extra copy of this filing. Kindly stamp this copy "filed" and return it to me in the enclosed self-addressed, stamped envelope.

Please contact me if you have any questions regarding this proceeding. Thank you for your attention to this matter.

Respectfully submitted,

A handwritten signature in cursive script that reads "Colleen A. Foley".

Colleen A. Foley

Enclosures

cc: Service List (as indicated)
Lisa Lashway, Mount Olive Township Clerk (via FedEx.)
Diane M. Ketchum, Clerk, Morris County Board of Chosen Freeholders (via FedEx.)
John Bonanni, Morris County Administrator (via FedEx.)

SERVICE LIST

**In the Matter of the Joint Application of Aqua New Jersey, Inc. and
Oakwood Village Sewerage Associates, L.L.C. for Approval of the Acquisition of the Assets
of a Public Utility and Other Related Approvals
BPU Docket No. WR1608 _____**

Maria Moran, Director
Division of Water
Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625

Stefanie Brand, Director
Division of Rate Counsel
140 East Front Street
P.O. Box 003
Trenton, NJ 08625
(2 copies)

For Aqua New Jersey, Inc.

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Division of Law
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(2 copies)

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For Oakwood Village
Sewerage Associates, LLC

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**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE JOINT APPLICATION
OF AQUA NEW JERSEY, INC. AND OAKWOOD
VILLAGE SEWERAGE ASSOCIATES, L.L.C
FOR APPROVAL OF THE ACQUISITION OF THE
ASSETS OF A PUBLIC UTILITY AND OTHER
RELATED APPROVALS

VERIFIED JOINT PETITION
BPU DOCKET NO. WM1608____

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

Joint Petitioner, Aqua New Jersey, Inc., is a public utility corporation of the State of New Jersey, having its principal office at 10 Black Forest Road, Hamilton, New Jersey 08691 (hereinafter referred to as “the Company” or “Aqua”). Joint Petitioner, Oakwood Village Sewerage Associates, L.L.C. (“OVSA”), a New Jersey limited liability corporation, is also a public utility subject to the jurisdiction of the Board of Public Utilities (the “Board”), having its principal office located at 77 Oakwood Village, #9, Flanders, New Jersey 07836. The Joint Petitioners respectfully submit this Joint Petition pursuant to N.J.S.A. 48:2-51.1, N.J.A.C. 14:1-5.14 and N.J.S.A. 48:2-24, and show that:

1. Pursuant to an Assets Purchase Agreement dated July 21, 2016, Aqua has agreed to acquire the wastewater system assets now owned by OVSA. OVSA provides wastewater service to 35 customers, including 34 single-family homes and Oakwood Village Apartments, a garden apartment complex consisting of 1,224 rental apartments, located in the Township of Mount Olive (the “Township”), Morris County, New Jersey. OVSA is owned by AION Oakwood Sewer, L.L.C. (“AION”).¹

¹ OVSA was acquired by AION in a transaction that was approved by the Board in I/M/O The Joint Application of Oakwood Village Sewerage Associates, L.L.C. and AION Oakwood Sewer, L.L.C. for Approval of a Transfer of Control of a Public Utility, BPU Docket No. WM15091006, Order of Approval (dated December 16, 2015) (the “2015 Order”).

2. Attached as Exhibit A is a copy of the Asset Purchase Agreement (“APA”) between Aqua and OVSA. As set out in the APA, Aqua has agreed to acquire the OVSA wastewater system assets for a purchase price of \$1,250,000. At this time, Aqua is not seeking Board approval of the recovery of the costs of this transaction or of any possible acquisition adjustment. Rather, Aqua will address those matters in a future base rate proceeding. Aqua does not seek to capitalize any franchise cost.

3. Upon completion of the assets purchase transaction, OVSA will abandon the provision of wastewater service, and seeks Board approval of this action pursuant to N.J.S.A. 48:2-24. OVSA also requests that the Board confirm that OVSA will be relieved of its obligations under its current Board-approved tariff, and any and all conditions or Orders of the Board applicable to OVSA, upon the closing of the asset sale contemplated in the APA and in this Joint Petition.

4. Pursuant to a Board-approved tariff, OVSA customers pay for wastewater service on a quarterly basis.² Each of the 34 single-family homes pays a Board-approved tariff rate of \$206.25 per quarter. The owner of the garden apartment complex pays a Board-approved tariff rate of \$59,191.25 per quarter (equivalent to approximately \$48.36 per quarter for each of the 1,224 apartment units in the complex). Aqua does not seek to change these rates, but will include them in the Company’s tariff for wastewater service applicable to customers located in the territory now served by OVSA. In addition, Aqua seeks approval to add a new, initial tariff for vacant apartments in the apartment complex. Specifically, Aqua proposes a vacant apartment rate of \$20.00 per apartment unit per quarter to be charged to the owner of the garden apartment complex for each rental unit that is vacant. This proposed rate is in lieu of the \$48.36 equivalent

² OVSA’s tariff rates were approved by the Board in 2002, and have remained unchanged since that time. See I/M/O the Application of Oakwood Village Sewerage Associates, L.L.C. for Approval of (A) Service Area, (B) Issuance of Equity Interests, and (C) Initial Tariff, BPU Docket No. WE00120986, Order (dated December 19, 2002); 2015 Order (Board approved revisions to the original tariff, with no changes in sewer rates).

rate that the owner of the garden apartment complex presently pays for all apartments, whether occupied or vacant, thereby reducing, from time-to-time, the quarterly rate paid by the owner of the garden apartment complex.

5. The public interest will be served by approval of the requests in this Petition. Aqua is an experienced operator of wastewater systems, and will bring additional financial, technical and managerial resources to bear in operating the wastewater system assets now owned by OVSA. For example, as set out in further detail in Exhibit B, Aqua intends to invest over \$675,000 in the system over the next two years to complete needed capital investments. Thereafter, the Company will evaluate the need for additional capital improvements based on its experience operating the system, applicable regulations and sound engineering practice. These investments in the OVSA facilities will be a significant benefit to the residents served by the wastewater system, and demonstrate the proposed transaction is in the public interest.

6. OVSA has no employees, and operates the wastewater system using contracted services provided by Applied Water Management, Inc. (d/b/a Natural Systems Utilities), which Aqua intends to continue. Therefore, the proposed asset acquisition will not have an adverse impact on employment or the operation of the wastewater system. It is the intention of the Company that the system will be included in, and served by, the Company's Northern Division, located in Phillipsburg. Company employees will visit the system on a regular basis. Emergencies and customer service inquiries for OVSA customers will be handled by Aqua in the same manner as the Company handles these matters for all of its existing customers: customers will have access to Company service personnel to respond to emergencies 24/7, as well as customer service representatives to answer service questions, and address billing matters during normal business hours. Aqua also maintains a website that provides information

to customers on a variety of water and wastewater topics, as well as customer service information.

7. As with other acquisitions it has completed, Aqua intends to perform a comprehensive system review and may seek an acquisition adjustment in a future base rate proceeding. Aqua requests that any consideration of an acquisition adjustment be deferred to a future base rate proceeding.

8. The Board has jurisdiction over this proposed transaction pursuant to N.J.S.A. 48:2-51.1, which requires Board approval prior to the acquisition of the assets of OVSA. Consistent with the provisions of N.J.S.A. 48:2-51.1 and the standard of review set out in N.J.A.C. 14:1-5.14(c), the Board shall not approve a 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 competition, rates, the employees of the affected public utility, and on the provision of safe and adequate utility service at just and reasonable rates.

9. As explained herein, the proposed transaction will not have an adverse impact on rates, employees, competition, or the provision of safe and adequate utility service, and indeed will have positive benefits for customers and the State of New Jersey. As noted above, the proposed asset acquisition will not have an adverse impact on rates since Aqua proposes to maintain the present Board-approved tariff rates for wastewater service to customers. The proposed asset acquisition will also not have an adverse impact on utility employees since OVSA does not have any employees. With respect to competition, OVSA is a relatively small, stand-alone wastewater system, with no plans to expand beyond its present service area or customer base. Therefore, approval of the proposed transaction will not have an adverse impact on competition in the wastewater industry. Additionally, Aqua will continue to invest in the wastewater system and provide customers with access to additional customer service resources,

as well as access to additional financial and technical resources. Taken together, these resources will insure that utility service continues to be safe, adequate and proper. Indeed, as a professional owner and operator of water and wastewater systems, Aqua believes OVSA customers should see service improve over time with continued system investment. This represents a benefit to both customers and the State of New Jersey.

10. The Joint Petitioners respectfully request that the Board review and approve the requests contained herein on an expedited basis. The Board has recently considered a change of control involving OVSA, and so is in possession of comprehensive, current information regarding OVSA and its operations. Aqua is also well-known to the Board. Moreover, Aqua has plans for significant capital investments in the wastewater system, and would like to begin that work as soon as practicable. An expedited review and approval of this Joint Petition will facilitate these improvements, and is in the public interest.

11. All correspondence regarding this Petition should be addressed to the undersigned counsel for the respective Joint Petitioners with copies to the following:

Nicholas V. Asselta
Aqua New Jersey, Inc.
10 Black Forest Road
Hamilton, NJ 08691

Steven E. Spencer
Aqua New Jersey, Inc.
10 Black Forest Road
Hamilton, NJ 08691

Victor Cole
AION Partners
11 East 44th St., Suite 1000
New York, NY 10017

Sean Belfi
AION Partners
11 East 44th St., Suite 1000
New York, NY 10017

WHEREFORE, the Joint Petitioners respectfully request that the Board of Public Utilities:

1. approve the proposed asset acquisition by Aqua as described more fully herein and in the attached Asset Purchase Agreement;
2. authorize Aqua to charge the same rates for wastewater service as contained in the Oakwood Village Sewerage Associates, LLC tariff Rate Schedule No. 1 General Service (approved in BPU Docket No. WM15091006, dated December 16, 2015);
3. authorize Aqua to implement an initial tariff of \$20.00 per quarter to be charged for vacant apartment units in the Oakwood Village Apartments complex;
4. authorize OVSA to abandon the provision of wastewater service upon the closing of the asset purchase transaction;
5. confirm that OVSA is relieved of its obligations under its Board-approved tariff, and of any and all conditions or Orders of the Board applicable to OVSA, upon the closing of the proposed asset acquisition;
6. review and approve the requests sought herein on an expedited basis; and
7. grant such other relief as the Board deems necessary, just and reasonable.

Respectfully submitted,

Saul Ewing LLP
Attorneys for Aqua New Jersey, Inc.

McCarter & English, LLP
Attorneys for Oakwood Village
Sewerage Associates, L.L.C.

By: Colleen A. Foley
Colleen A. Foley

By: Tricia M. Caliguire
Tricia M. Caliguire, Esq.

DATED: August 1, 2016

VERIFICATION

STATE OF NEW JERSEY)
 :
COUNTY OF MERCER)

Steven E. Spencer, of full age, being duly sworn, upon his oath deposes and says:

1. I am Director of Corporate Development of Aqua New Jersey, Inc., a Joint Petitioner in the foregoing Joint Petition, and in that capacity I am authorized to make this Verification on behalf of Aqua New Jersey, Inc. in this matter.

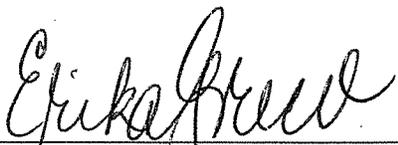
2. I have reviewed the within Joint Petition and exhibits thereto, and the same are true and correct to the best of my knowledge, information and belief.

3. I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

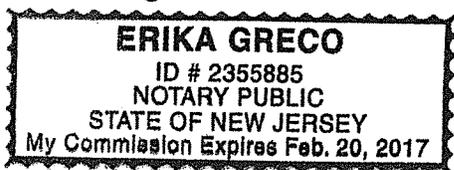


Steven E. Spencer

Sworn to and subscribed before me
this 28 day of July, 2016.



Notary Public
My commission expires: 2/20/17



VERIFICATION

STATE OF NEW YORK)
 :
COUNTY OF NEW YORK)

Michael Betancourt, of full age, being duly sworn, upon his/her oath deposes and says:

1. I am the Managing Member of Oakwood Village Sewerage Associates, L.L.C, ("OVSA") a Joint Petitioner in the foregoing Joint Petition, and in that capacity I am authorized to make this Verification on behalf of OVSA in this matter.

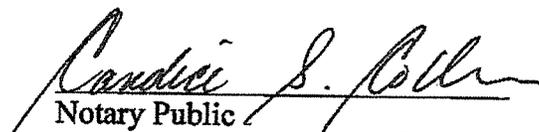
2. I have reviewed the within Joint Petition and exhibits thereto, and the same are true and correct to the best of my knowledge, information and belief.

3. I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.



Michael Betancourt

Sworn to and subscribed before me
this 1st day of August, 2016.


Notary Public
My commission expires: June 9, 2020

CANDICE S. COLLIER
Notary Public, State of New York
No. 01CO6188349
Qualified in Bronx County
Commission Expires June 9, 2020
ME1 23058747v.1

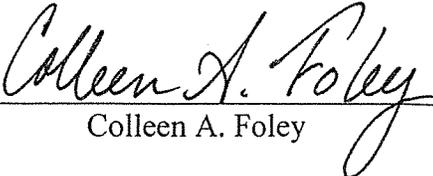
CERTIFICATION OF SERVICE

Colleen A. Foley, an Attorney-at-Law of the State of New Jersey, hereby certifies as follows:

1. I am a Partner at the firm of Saul Ewing LLP, attorneys for Petitioner, Aqua New Jersey, Inc., and in that capacity I make the within Certification.
2. On this date, I caused to be filed by Federal Express an original and ten (10) copies of the attached Joint Petition with the Secretary of the New Jersey Board of Public Utilities.
3. On this date, I caused to be served by first class mail, two (2) copies of the attached Joint Petition on the Clerk of the Township of Mount Olive.
4. On this date, I caused to be served by first class mail, two (2) copies of the attached Joint Petition on each of the Clerk, Morris County Board of Freeholders, and the Administrator, Morris County.
5. On this date, I caused to be served by first class mail, two (2) copies of the attached Joint Petition on each of the Division of Rate Counsel and the Department of Law & Public Safety.

I certify that the foregoing statements made by me are true. I understand that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Saul Ewing LLP
Attorneys for Joint Petitioner
Aqua New Jersey, Inc.

By: 
Colleen A. Foley

DATED: August 2, 2016