



Agenda Date: 12/18/18
Agenda Item: 5C

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE JOINT PETITION OF NEW)
JERSEY-AMERICAN WATER COMPANY, INC.; AND)
ROXBURY WATER COMPANY FOR: (1) NEW)
JERSEY-AMERICAN WATER COMPANY, INC. TO)
ACQUIRE CONTROL OF ROXBURY WATER)
COMPANY, INC.; (2) FOR ROXBURY WATER)
COMPANY, INC. TO TRANSFER UPON ITS BOOKS)
ALL OF ITS CAPITAL STOCK TO NEW JERSEY-)
AMERICAN WATER COMPANY, INC.; (3) SHORTLY)
THEREAFTER, FOR ROXBURY WATER COMPANY,)
INC. TO BE MERGED INTO NEW JERSEY-AMERICAN)
WATER COMPANY, INC.; AND (4) FOR SUCH OTHER)
APPROVALS AS MAY BE NECESSARY TO)
COMPLETE THE PROPOSED TRANSACTION)

DECISION AND ORDER
APPROVING STIPULATION

DOCKET NO. WM18080904

Parties of Record:

Stephen R. Bishop, Esq., New Jersey American Water Company, Inc.
Stephen B. Genzer, Esq., Saul Ewing Arnstein & Lehr, LLP, on behalf of Roxbury Water Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On August 17, 2018, New Jersey-American Water Company, Inc. ("NJAWC") and Roxbury Water Company ("Roxbury") (collectively, "Joint Petitioners"), filed a verified petition with the Board of Public Utilities ("Board"), pursuant to N.J.S.A. 48:2-51.1 and N.J.S.A. 48:3-10, for approval to acquire control of Roxbury and to transfer on its books and records all of its capital stock held by Roxbury shareholders to NJAWC. At that point, Roxbury will be a wholly-owned subsidiary of NJAWC. The Joint Petitioners indicate that, subsequently, Roxbury will be merged into NJAWC, pursuant to N.J.S.A. 48:3-7, with NJAWC emerging as the surviving entity. The Joint Petitioners are also seeking approval to close the Succasunna, New Jersey office currently operated in Roxbury, New Jersey.

NJAWC is operating under the laws of the State of New Jersey and currently provides general metered water service to approximately 620,000 water customers and 41,000 sewer customers in all or part of 191 municipalities in 18 of New Jersey's 21 counties. Its service territory includes portions of the following counties: Atlantic, Bergen, Burlington, Camden, Cape May, Essex, Gloucester, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Salem, Somerset, Union and Warren.

Roxbury is a regulated public utility corporation which currently provides general metered water service to approximately 3,900 customers in Roxbury Township, New Jersey.

THE PROPOSED TRANSFER

N.J.S.A. 48:2-51.1 and N.J.A.C. 14:1-5.14 require Board approval for any person to acquire control of a public utility. The proposed transaction is set forth in a Stock Purchase Agreement ("Agreement"), by and among NJAWC, Roxbury and the shareholders of Roxbury. The Agreement was executed on July 18, 2018 and, among other things, provides that, subject to obtaining regulatory approvals and the satisfaction of certain other conditions, Roxbury shall continue to be a wholly-owned subsidiary of NJAWC and will transfer on its books and records all of its capital stock to NJAWC. At a date shortly after the closing date, Roxbury will be merged into NJAWC, without further order of the Board.

IMPACT ON NJAWC

The Joint Petitioners state that the proposed transaction will have no adverse impact on the NJAWC and no impact on NJAWC's current rates. They represent that NJAWC will continue to operate under its existing Board-approved tariffs and rate structures until such time as such tariffs and rate structures are revised in accordance with New Jersey law.

In addition, the Joint Petitioners assert that there will be no impact on NJAWC's employees and no change in NJAWC's collective bargaining agreement as a result of the proposed transaction. They claim that there will be no adverse impact to NJAWC's present or future service levels and NJAWC will continue to provide safe, adequate and reliable service to its customers.

Furthermore, the Joint Petitioners state that the proposed transaction will not adversely impact competition because NJAWC will continue to service its customers in its current franchised service territories, as classic competition for customers does not exist in the regulated water utility industry. Finally, they represent that NJAWC will continue to pursue opportunities to provide water and wastewater service throughout New Jersey, including opportunities to acquire other water and wastewater systems as those opportunities arise.

IMPACT ON ROXBURY

The Joint Petitioners state that there will be no impact on Roxbury's customer rates. They indicate that Roxbury's existing rates will remain in effect under the current Board-approved tariff and any new rate schedules applicable solely to the current Roxbury service territory will be added to NJAWC's tariff. Those rate schedules will contain the rates currently charged by Roxbury to its general metered service, municipal service and private fire protection customers. Roxbury customers will follow the general terms and conditions, including accessorial services contained in NJAWC's current tariff upon completion of the merger.

The Joint Petitioners are seeking Board approval to move the Roxbury customers to a monthly billing cycle. The Joint Petitioners state that there will be some changes in ancillary charges, such as termination fees for non-payment and bad check fees, which they claim are consistent with the current NJAWC tariff and apply only upon specific customer-driven activity.

The Joint Petitioners state that Roxbury is a closely held, family owned and operated company, and four of Roxbury's six full-time employees are immediate family members of the president. In addition, three of the four individuals are Roxbury shareholders-- the sellers of Roxbury. The Joint Petitioners claim that none of these four family member employees are interested in continuing employment with NJAWC post-close of the transaction. NJAWC intends to continue employment for the remaining two full-time employees, subject to routine pre-employment screening required of all NJAWC employees. Upon hiring, these employees would become eligible for NJAWC pay and benefit packages, including 401(k) retirement savings plan, comprehensive health and wellness benefits. The Joint Petitioners indicate that these employees will benefit by being employed by a financially strong, well-managed company whose continuation is virtually assured. They further claim that no NJAWC employees will be adversely affected.

The Joint Petitioners claim that the provision of safe, adequate and proper utility service will be enhanced as a result of the proposed transaction in that it will make available to customers of Roxbury the environmental, technical, operational and capital resources of NJAWC.

According to the Joint Petitioners, the proposed transaction will have no immediate, direct or measurable impact on competition as NJAWC will serve the present customers of Roxbury under the same market conditions that currently exist, and NJAWC will continue to be subject to the jurisdiction of the Board.

SPECIFIC BENEFITS TO CUSTOMERS OF NJAWC AND ROXBURY

The Joint Petitioners state that immediately after completion of the transaction and merger, Roxbury will be part of NJAWC and shortly thereafter be merged into NJAWC. The Joint Petitioners further state that the proposed transaction will promote the public interest and result in the following positive benefits:

1. The need to comply with increasingly stringent water quality and environmental standards has created substantial demands for capital investment for water and wastewater utilities. The financial resources and backing of NJAWC will be a benefit to Roxbury customers in the replacement of infrastructure.
2. NJAWC's size and scale enable it to address the water needs of Roxbury customers well into the future.
3. The customers of Roxbury will benefit from becoming part of NJAWC, a substantially larger water and wastewater company, regulated by the Board. These customers will receive the benefits of industry-standard best practices in the areas of planning, research, environmental compliance, water quality, customer service, finance, risk management, operations and service delivery and management.
4. After the completion of the proposed transaction, customers of Roxbury will have access to NJAWC's customer service call centers to resolve any customer service issues that may arise.

5. NJAWC will continue to invest in the water system and provide customers with access to additional customer service resources as well as access to additional financial and technical resources.

THE STIPULATION¹

Following discovery and settlement discussions, on November 29, 2018, the Joint Petitioners, Board Staff, and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, "Signatory Parties") executed a stipulation of settlement ("Stipulation") which fully resolved all issues in this proceeding. Among other things, the Signatory Parties have agreed as follows:

1. The transfer of all capital stock now held by Roxbury's current shareholders to New Jersey-American Water Company is consistent with the criteria of N.J.S.A. 48:3-10. The Signatory Parties recommend that the proposed transfer of stock from Roxbury to NJAWC be approved.
2. The merger of Roxbury with and into NJAWC is consistent with the criteria of N.J.S.A. 48:3-7 and recommend that the proposed merger be approved by the Board.
3. The transaction will not have an adverse impact on existing rates for Roxbury customers. Roxbury's existing rates will remain in effect under the current Board-approved tariff until the Board orders otherwise. Following the transaction and merger, new rate schedules applicable solely to the current Roxbury service territory will be added to NJAWC's tariff. These rate schedules will contain the rates currently charged by Roxbury to its General Metered Service, Municipal Service and Private Fire Protection customers and found in the Roxbury tariff. The Roxbury customers will be moved to a monthly billing cycle and there will be some changes in ancillary charges, such as termination fees for non-payment and bad check fees, which are consistent with the current NJAWC tariff and apply only upon specific customer-driven activity.
4. Immediately after closing of the transaction and post-merger, Roxbury become part of the larger NJAWC system. Positive benefits include the provision of service to Roxbury customers by NJAWC and former Roxbury system management by experienced personnel.
5. The transaction will not have an adverse impact on competition. NJAWC will continue to operate and provide service to Roxbury's existing customers as a regulated public utility.
6. NJAWC intends to continue employment for two full-time employees of Roxbury, subject to routine pre-employment screening required for all NJAWC employees. No NJAWC employees will be adversely affected.
7. Roxbury currently maintains an office where customers may make application for service, complaints, service inquiries and bill payments at 79 Sunset Strip, Succasunna, New Jersey. NJAWC seeks Board approval to close the Succasunna, NJ office post-merger as this office may become superfluous. The Signatory Parties agree that the closure of

¹Although described in the Order at some length, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions in this Order.

this office is reasonable and does not unduly prejudice the public interest. Complaints and service inquiries may be made via a toll-free Customer Service Center or by using the MyH2O Online tool at www.amwater.com/myh20. Customers will be able to utilize four payment locations within ten miles of the current Roxbury office, with the closest payment center being located less than one mile away: Wal-Mart Store, 461 Rt. 10, Ledgewood Mall, Ledgewood, NJ; Wal-Mart Store, 40 International Drive South, Flanders, NJ; Wal-Mart Store, 220 Enterprise Drive, Rockaway, NJ; and Wal-Mart Store, 1885 Rt. 57, Suite 100, Hackettstown, NJ. Customers will also be able to schedule face-to-face appointments at either NJAWC's Short Hills or Washington Operations Centers.

DISCUSSION AND FINDINGS

N.J.S.A. 48:2-51.1 provides in part:

[N]o person shall acquire or seek to acquire control of a public utility directly or indirectly through the medium of an affiliated or parent corporation or organization, or through the purchase of shares, the election of a board of directors, the acquisition of proxies to vote for the election of directors, or through any other manner, without requesting and receiving the written approval of the Board of Public Utilities. Any agreement reached, or any other action taken, in violation of this act shall be void. In considering a request for approval of an acquisition of control, the board shall evaluate the impact of the acquisition on competition, on the rates of ratepayers affected by the acquisition of control, on the employees of the affected public utility or utilities, and on the provision of safe and adequate utility service at just and reasonable rates. The board shall accompany its decision on a request for approval of an acquisition of control with a written report detailing the basis for its decision, including findings of fact and conclusions of law.

In addition to the statutory requirements, N.J.A.C. 14:1-5.14(c) provides:

The Board shall not approve a merger, consolidation, acquisition and/or 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 any of the criteria delineated in N.J.S.A. 48:2-51.1.

Thus, in considering a request for approval pursuant to N.J.S.A. 48:2-51.1 and N.J.A.C. 14:1-5.14(c), the Board looks to determine whether positive benefits will flow to customers and the State and that the transaction will not adversely impact any of the four factors set forth under N.J.S.A. 48:2-51.1. The Board, having reviewed the petition and the entire record, **FINDS** that positive benefits will flow to customers and the State from the transaction and that the transaction will not adversely impact any of the four factors set forth under N.J.S.A. 48:2-51.1, and it will not adversely affect the public interest.

In addition, pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-10, the Board must determine whether the public utility or a wholly-owned subsidiary thereof may be unable to fulfill its pension obligations to any of its employees. The Board, having reviewed the petition and the entire record, **FINDS** that the Joint Petitioners will be able to fulfill their obligations to their employees.

The Board **FURTHER FINDS** that there will be no adverse impact on competition. The proposed transaction will also have no adverse impact on the existing Roxbury rates as NJAWC will adopt the existing Board-approved tariffs and rate structures, until such time as such tariffs and rate structures are revised in accordance with New Jersey law.

The Board notes that the need to comply with increasingly stringent environmental standards, while also rehabilitating and replacing aging water infrastructure, has created substantial demands for capital investment by water utilities. The financial resources and backing of NJAWC will be a benefit to Roxbury customers in the replacement of infrastructure and compliance with the Safe Drinking Water Act, N.J.S.A. 58:12A-1 to -37. After the completion of the proposed transaction, customers of Roxbury will have access to NJAWC's customer service call centers to resolve customer service issues.

Accordingly, the Board **FINDS** that the proposed acquisition will not jeopardize NJAWC's ability to continue to provide safe, adequate and proper utility service. The transaction will have no adverse impact on the provision of safe, adequate and proper service by NJAWC to its customers.

The Board **HEREBY APPROVES** the proposed acquisition of Roxbury by NJAWC and the subsequent merger of Roxbury with and into NJAWC as more fully described in the petition. Having considered the magnitude of the transaction, the Board **HEREBY FINDS** that the proposed acquisition, merger, and transaction are in the public interest subject to the following conditions:

1. This Order is based upon the specific and particular facts of this transaction and shall not have precedential value in future transactions that may come before the Board and shall not be relied on as such.
2. 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 matters affecting NJAWC.
3. 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 NJAWC.
4. Within 30 days of the date of the closing of the proposed transaction, the Joint Petitioners shall file with the Board proof of the closing, net transaction costs, and final journal entries along with a detailed calculation of all expenses related to the proposed transaction.
5. Within 10 days of the date of the closing of the proposed transaction, NJAWC shall submit any new or revised tariff pages that may be necessary as a result of the proposed transaction.
6. Joint Petitioners shall file with the Board their 2018 Annual Reports pursuant to N.J.A.C. 14:3-6.3.

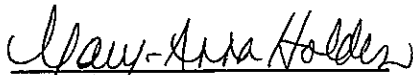
7. Joint Petitioners shall file with the Board, within 30 days of closing, their Statement of Gross Intrastate Operating Revenues for the Year Ended December 31, 2018 (Form AR-3-1).
8. Pursuant to the applicable statutes, NJAWC will be responsible for the Board's and Rate Counsel's assessment liability based upon NJAWC's 2018 Gross Operating Revenues.

This Order shall be effective on December 28, 2018.


DATED: 12/18/18

BOARD OF PUBLIC UTILITIES
BY:

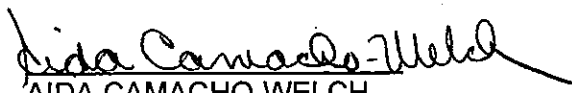

JOSEPH L. FIORDALISO
PRESIDENT


MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER


ROBERT M. GORDON
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
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 JOINT PETITION OF NEW JERSEY AMERICAN WATER COMPANY, INC; AND ROXBURY WATER COMPANY FOR: (1) NEW JERSEY AMERICAN WATER COMPANY, INC. TO ACQUIRE CONTROL OF ROXBURY WATER COMPANY, INC.; (2) FOR ROXBURY WATER COMPANY, INC. TO TRANSFER UPON ITS BOOKS ALL OF ITS CAPITAL STOCK TO NEW JERSEY AMERICAN WATER COMPANY, INC.; (3) SHORTLY THEREAFTER, FOR ROXBURY WATER COMPANY, INC. TO BE MERGED INTO NEW JERSEY AMERICAN WATER COMPANY, INC.; AND (4) FOR SUCH OTHER APPROVALS AS MAY BE NECESSARY TO COMPLETE THE PROPOSED TRANSACTION

DOCKET NO. WM18080904

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

IN THE MATTER OF THE JOINT PETITION	:	
OF NEW JERSEY AMERICAN WATER	:	
COMPANY, INC.; AND ROXBURY WATER	:	BPU DOCKET NO. WM18080904
COMPANY FOR: (1) NEW JERSEY-	:	
AMERICAN-WATER COMPANY, INC. TO	:	
ACQUIRE CONTROL OF ROXBURY WATER	:	
COMPANY, INC.; (2) FOR ROXBURY WATER	:	
COMPANY, INC. TO TRANSFER UPON ITS	:	
BOOKS ALL OF ITS CAPITAL STOCK TO	:	
NEW JERSEY-AMERICAN WATER	:	
COMPANY, INC.; (3) SHORTLY	:	STIPULATION OF
THEREAFTER FOR ROXBURY WATER	:	SETTLEMENT
COMPANY, INC. TO BE MERGED INTO NEW	:	
JERSEY AMERICAN WATER COMPANY,	:	
INC.; AND (4) FOR SUCH OTHER	:	
APPROVALS AS MAY BE NECESSARY TO	:	
COMPLETE THE PROPOSED	:	
TRANSACTION	:	

APPEARANCES:

Stephen R. Bishop, Esquire, Corporate Counsel for Joint Petitioner New Jersey American Water Company, Inc.;

Stephen B. Genzer, Esquire (Saul Ewing Arnstein & Lehr LLP) for Joint Petitioner Roxbury Water Company;

Christine Juarez, Esquire, Assistant Deputy Rate Counsel, Division of Rate Counsel; (Stefanie A. Brand, Director, Division of Rate Counsel); and

Andrew Kuntz and Emma Yao Xiao, Deputy Attorneys General (Gurbir S. Grewal, Attorney General of the State of New Jersey) on behalf of the Staff of the Board of Public Utilities.

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

I. INTRODUCTION

1. On August 16, 2018, Joint Petitioners New Jersey-American Water Company, Inc. ("NJAWC"); and Roxbury Water Company ("Roxbury") (collectively, the "Joint Petitioners") filed a Joint Petition with the Board of Public Utilities (the "Board").

2. By the Joint Petition, NJAWC sought authorization from the Board, pursuant to N.J.S.A. 48:2-51.1, to acquire control of Roxbury. Roxbury sought authority pursuant to N.J.S.A. 48:3-10 to transfer upon its books and records all of the capital stock now held by Roxbury current shareholders (the "Current Shareholders") to NJAWC by way of a stock purchase as further described herein (the "Transaction"). At that point, Roxbury will be a wholly-owned subsidiary of NJAWC. NJAWC and Roxbury also sought authorization from the Board, shortly after closing of the Transaction, for a merger of Roxbury with and into NJAWC pursuant to N.J.S.A. 48:3-7, with NJAWC emerging as the surviving entity. In the Joint Petition, Joint Petitioners also sought approval, pursuant to N.J.A.C. 14:3-5.1, to close the Succasunna, New Jersey office currently operated by Roxbury. The Joint Petition was filed pursuant to N.J.A.C. 14:1-5.10 and N.J.A.C. 14:1-5.14.

II. THE ENTITIES INVOLVED

3. Roxbury is a regulated, public utility corporation of the State of New Jersey. Roxbury maintains its principal office at 79 Sunset Strip, Succasunna, New Jersey 07876. Roxbury serves approximately 3,900 customers in Roxbury Township, New Jersey.

4. NJAWC is a regulated, water and wastewater public utility corporation of the State of New Jersey. NJAWC maintains its principal office at 1025 Laurel Oak Road, Voorhees, New Jersey 08043. NJAWC is the largest privately owned water and wastewater utility in New

Jersey, serving 620,000 general metered services ("GMS") customers and approximately 41,000 wastewater customers in all or part of 191 municipalities in 18 of the State's 21 counties. Its service territory includes portions of the following counties: Atlantic, Bergen, Burlington, Camden, Cape May, Essex, Gloucester, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Salem, Somerset, Union and Warren.

III. TRANSACTION AND MERGER

5. The terms and conditions of the Transaction are established by the Stock Purchase Agreement by and among NJAWC, Roxbury and the shareholders of Roxbury (the "Agreement"), dated as of July 18, 2018. The Transaction is subject to the fulfillment of several requirements, including approval of the Transaction by the Board.

6. At a date shortly after the Closing Date, Roxbury will be merged into NJAWC, without further order of the Board, with NJAWC emerging as the surviving entity.

IV. PROCEDURAL POSTURE

7. This matter was retained for review with the Board and was not transmitted to the Office of Administrative Law. The Signatory Parties to this Stipulation of Settlement (the "Stipulation") include the Joint Petitioners, the Division of Rate Counsel ("Rate Counsel"), and the Staff of the Board ("Board Staff").

8. The Parties have engaged in a thorough exchange of discovery, and, HEREBY STIPULATE as follows:

V. STIPULATED MATTERS

9. Approval of Transaction. The acquisition of control of Roxbury by NJAWC pursuant to the Transaction is consistent with the criteria of N.J.S.A. 48:2-51.1 and N.J.A.C.

14:1-5.14. The transfer of the Roxbury capital stock upon its books and records from the Current Shareholders to NJAWC is consistent with and should be approved pursuant to N.J.S.A. 48:3-10. The merger of Roxbury with and into NJAWC is consistent with and should be approved pursuant to N.J.S.A. 48:3-7, with NJAWC emerging as the surviving entity. All of the above transactions are consistent with, and should be approved pursuant to N.J.A.C. 14:1-5.10 and N.J.A.C. 14:1-5.14

10. The Parties hereto AGREE, based upon the verified Joint Petition filed, discovery responses and conferences held among the parties, as follows:

A. Impact on Competition.

The transaction will not have an adverse impact on competition. This Board has previously determined that there is no retail competition in the water and wastewater utility industry. *In re Joint Petition of American Water Works Company, Inc., New Jersey American Water Company, Inc. and Shorelands Water Company, Inc.*, Docket No. WM16101036 (Order 3/24/17) (Shorelands Order). *See also In re Joint Petition of American Water Works Company, Inc. and Environmental Disposal Corporation*, Docket No. WM15040492 (Order 12/16/15); *In Re Joint Petitioners of New Jersey American Water Company, Inc., S.J. Services, Inc., South Jersey Water Supply Company, Inc., and Pennsgrove Water Supply Company, Inc.*, Docket No. WM07020076 (Order 9/13/07). NJAWC will continue to operate and provide service to Roxbury's existing customers as a regulated public utility.

B. Customer Rates

The transaction will not have an adverse impact on existing rates for Roxbury customers. Roxbury's existing rates will remain in effect under the current Board-approved tariff until the Board orders otherwise. Following the Transaction and Merger, new rate schedules applicable solely to the current Roxbury service territory will be added to NJAWC's

Tariff. These rate schedules will contain the rates currently charged by Roxbury to its General Metered Service, Municipal Service and Private Fire Protection customers found in the Roxbury Tariff. As a result, there will be no immediate rate change to the Roxbury customers.¹

C. Impact of the Acquisition on Employees of Roxbury.

Roxbury is a closely held, family owned and operated company. Four (4) of Roxbury's six (6) full-time employees are immediate family members of the President. In addition, three (3) of those four (4) individuals are Roxbury shareholders, the sellers of Roxbury. None of these four (4) family member employees are interested in continuing employment with NJAWC post-close of the Transaction. NJAWC does, however, intend to continue employment for the remaining two (2) full-time employees, subject to routine pre-employment screening required of all new NJAWC employees. Upon hiring, these employees would become eligible for NJAWC pay and benefits packages, including 401(k) retirement savings plan, comprehensive health and wellness benefits. Moreover, these employees will benefit by being employed by a financially strong, well-managed company whose continuation is virtually assured. In short, Roxbury's employees will benefit from the Transaction. No NJAWC employees will be adversely affected.

D. The Acquisition Will Provide Substantial Benefits to the Provision of Safe, Adequate and Proper Utility Service at Just and Reasonable Rates.

Immediately after closing of the Transaction and post-merger, Roxbury will become part of the larger NJAWC system, and also become part of the American Water family. Positive benefits include the provision of service to former Roxbury customers by NJAWC and former Roxbury system management by experienced personnel. Building on the foundation established by Roxbury, the resources of NJAWC and American Water will provide the former

¹ The Roxbury customers will be moved to monthly billing and there will be some changes in ancillary charges, such as termination fees for non-pay and bad check fees, which are consistent with the current NJAWC tariff and apply only upon specific customer driven activity.

Roxbury with the ability to effectively address the water service needs of its customers into the future and to effectively access capital and expertise to plan for and respond to the broad range of issues that face the water industry in the future.

VI. AUTHORIZATION TO CLOSE OFFICE

11. Roxbury currently maintains an office where customers may make application for service, complaints, service inquiries, and bill payments at 79 Sunset Strip, Succasunna, New Jersey 07876.

12. In the petition, Joint Petitioners, requested authorization from the Board to close this office pursuant to N.J.A.C. 14:3-5.1(e). NJAWC seeks approval to close the Succasunna, New Jersey office located at 79 Sunset Strip, Succasunna, New Jersey post-merger as this office may become superfluous. The parties agree that the closure of this office is reasonable and does not unduly prejudice the public interest. Complaints and service inquiries may all be made via the toll-free Customer Service Center number (1-800-272-1325) or by using the My H2O Online tool at www.amwater.com/myh2o. Furthermore, customers will be able to utilize four payment locations within ten miles of the current Roxbury office with the closest one being located less than one mile away: Wal-Mart Store, 461 Rt. 10, Ledgewood Mall, Ledgewood, NJ 07852; Wal-Mart Store, 40 International Drive South, Flanders, NJ 07836; Wal-Mart Store, 220 Enterprise Drive, Rockaway, NJ 07866; Wal-Mart Store, 1885 Rt. 57 – Suite 100, Hackettstown, NJ 07840. In addition, Customers will be able to schedule face-to-face appointments at either NJAWC's Short Hills or Washington Operations Centers.

13. The parties agree that Joint Petitioners provided notice pursuant to N.J.A.C. 14:3-5.1(e); including posting notice in the affected office and in the local newspaper on November 8,

2018, with customers able to submit written comments to the Board of Public Utilities up until November 28, 2018; as of that date no comments had been received.

14. As a result, no Signatory Party opposes any grant of Board approval to close the Succasunna office located consistent with N.J.A.C. 14:3-5.1.

VII. MISCELLANEOUS

15. Board Approval. The Parties request that the Board issue an Order that adopts this Stipulation in its entirety. The Parties hereby request that the Board address this matter as soon as is reasonably practicable, and thereafter issue a written Order approving this Stipulation in accordance with N.J.S.A. 48:2-40.

16. Waiver of Rights of Appeal. Each Party specifically waives any right it may have to seek reconsideration of or to appeal an order by the Board that approves this Stipulation in the manner provided for herein without modification.

17. Rights Upon Disapproval or Modification. This Stipulation contains mutually balancing and interdependent provisions and is intended to be accepted and approved in its entirety. This Stipulation is an integral settlement and the various parts hereof are not severable without upsetting the balance of agreements and compromises achieved among the Parties. In the event the Board disapproves this Stipulation as a whole, it shall be null and void. In the event that any particular aspect of this Stipulation is not accepted and approved by the Board in its entirety, without modification, or is modified by a court of competent jurisdiction: (i) the Parties are not waiving any legal or procedural rights, arguments or claims they may have before the Board or in any forum; and (ii) this Stipulation shall, at the option and discretion of any Party aggrieved thereby, exercised by written notice to the other Parties within ten days after receipt of

any such adverse decision, be null and void, in which case the Parties shall be placed in the same position that they were in immediately prior to its execution.

18. Party Reservations. This Stipulation represents a negotiated compromise resolution that has been made exclusively for the purpose of resolving issues addressed in the above-captioned case and docket. Although binding on the Parties with respect to the issues resolved herein in this proceeding, this Stipulation, in total or by specific item, is in no way binding upon the Parties and is not to be considered or cited as precedent in favor of or against their respective positions on any issue in any other proceeding, except to enforce the terms of this Stipulation. The Parties agree that the resolution of the issues herein shall apply only to the above-captioned case and that any similar future cases shall be reviewed by the Board on an individual basis. The Parties agree that the purpose of this Stipulation is to reach a fair and reasonable settlement of the entire proceeding that avoids protracted and costly litigation of specific issues. Therefore, with respect to any policies or positions that were compromised in the spirit of reaching such agreement, none of the parties shall be prohibited from or prejudiced in arguing a different policy or position before the Board in any other proceeding, as such compromises pertain only to this matter and to no other matter. Further, by executing this Stipulation, no Party waives any rights it possesses under any prior Stipulation or Board Order.

19. Rates. The Parties agree that this Stipulation 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, or depreciation.

20. Tangible or Intangible Assets. The Parties agree that this Stipulation shall not be construed as directly or indirectly fixing for any purposes whatsoever any value of tangible or intangible assets or liabilities now owned or hereafter to be owned by the Joint Petitioners.


21. Counterparts This Stipulation may be executed in as many counterparts as there are parties of this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

[SIGNATURES APPEAR ON NEXT PAGE]

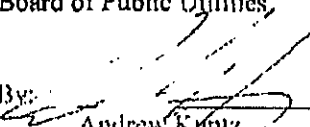
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By: 
Stephen R. Bishop


ROXBURY WATER COMPANY

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By:  12/6/18
Christine Juarez
Assistant Deputy Rate Counsel

Dated: November 29, 2018