

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

**IN THE MATTER OF THE PETITION OF
UNITED WATER TOMS RIVER INC.
FOR APPROVAL OF AN INCREASE IN
RATES FOR WATER SERVICE AND
OTHER TARIFF CHANGES**

VERIFIED PETITION

BPU DOCKET NO. WR0911 _____

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

Petitioner, United Water Toms River Inc. ("UWTR" or the "Company"), respectfully submits this Petition pursuant to N.J.S.A. 48:2-21, N.J.A.C. 14:1-5.12 and other related statutes and regulations and shows that:

1. Petitioner is a public utility corporation of the State of New Jersey subject to the jurisdiction of the New Jersey Board of Public Utilities (the "Board"). Petitioner maintains its principal business office at 15 Adafre Avenue, Toms River, New Jersey, 08754.
2. Petitioner is engaged in the business of collecting, treating and distributing water for retail service to approximately 50,000 customers located in the central portion of Ocean County, specifically in the municipalities of Toms River Township (formerly known as Dover Township), the Borough of South Toms River, and a portion of Berkeley Township.
3. In this Petition, the Company is seeking Board approval to increase rates to produce additional revenues of \$9,278,961 or approximately 37% above current revenues. The need for, and the magnitude of, the proposed rate increase is driven by a number of factors. UWTR has made, and will continue to make, significant capital investments in system facilities

to serve customers. Specifically, UWTR has upgraded its existing iron treatment plant at the Holly Well Station to treat all three wells at that location. The upgraded treatment facilities became operational in May, 2009. Also, UWTR is currently installing a radionuclide treatment unit at the Berkeley Well Station at the direction of the New Jersey Department of Environmental Protection ("NJ DEP"). Pursuant to an Administrative Consent Order with the NJ DEP, this unit is required to be operational in March, 2010. The costs of these facilities are not currently included in rates. The Company is entitled to earn a fair return of, and on, these investments, and this may only be accomplished through the updating of rate base and the implementation of the results of a base rate proceeding. Additionally, UWTR has experienced significant declines in its revenues as a result of decreased consumption, and has, and will, experience increases in labor, power and operating costs of the capital investments and other expenses.

4. The rate increase proposed in this Petition is required to enable the Company to maintain a satisfactory credit position, preserve its financial integrity, permit proper maintenance and improvement of the utility facilities required to furnish safe, adequate and proper service, encourage effective management and provide incentives for efficiency, prevent confiscation or diminution of its property, and to earn a reasonable return upon the fair value of its property used and useful in the public service.

5. The Company seeks approval to increase rates for water service as described in further detail in the Testimony of Mr. Charles E. Loy, PT-6, for service beginning on and after December 18, 2009, which is at least thirty (30) days after the filing of this Petition. UWTR hereby notifies the Board that it will implement the proposed rates on August 18, 2010 if

the Board has suspended the effective date of the new rates pursuant to N.J.S.A. 48:2-21 without having finally determined a just and reasonable tariff schedule prior to that date.

6. The test year used in support of this Petition is the twelve month period ending April 30, 2010,¹ and reflects all known and anticipated changes, annualized, that will occur before April 30, 2010. Annexed hereto and made a part hereof, as if fully set forth herein, are the following Petitioner's exhibits and testimonies:

EXHIBITS:

- Exhibit P-1 Income Statements & Balance Sheets -- 2006, 2007 & 2008
- Exhibit P-2 Income Statements--Twelve Months Ended September 30, 2009
- Exhibit P-3 Balance Sheets--Twelve Months Ended September 30, 2009
- Exhibit P-4 Income Statement, Revenues, O&M Expenses, Depreciation Expense, GRFT, Taxes, Income Taxes, Capitalization, & Rate Base
- Exhibit P-5 Capital Program
- Exhibit P-6 Lead/Lag Study
- Exhibit P-7 Cost of Capital
- Exhibit P-8 Cost of Service Study
- Exhibit P-9 Tariff
- Exhibit P-10 Proposed Form of Notice

TESTIMONY:

- PT-1 Daniel R. Pfleiderer
- PT-2 Gail P. Brady
- PT-3 Robert A. Woodcock, P.E.

¹ The Test Year period includes five months of actual data and seven months of budgeted data, and will be updated during this proceeding as actual results become available.

PT-4 Charles Loy (Lead/Lag Study)

PT-5 Pauline M. Ahern

PT-6 Charles Loy (Cost of Service Study & Tariffs)

7. As described in the testimony of Gail Brady, the Company is seeking deferred accounting treatment for certain Pension and Post Employment Benefits expenses. Specifically, the Company is requesting Board approval to defer any differences, either positive or negative, between the Pension and Post Employment Benefits calculated in accordance with FAS 87 and FAS 106 by an actuary and the amount allowed in this case. The Company requests that the deferred amount, if any, would be amortized beginning in the Company's next base rate proceeding.

8. The Company intends to supplement this Petition as needed and will furnish such other and additional information as may be required by the Board.

9. In addition to the Secretary of the Board, two copies each of this filing and all annexed exhibits are being served upon the State of New Jersey, Department of the Public Advocate, Division of Rate Counsel and on the Office of the Attorney General. Notice of the filing and a statement of its effect will be furnished to customers of UWTR by a notice placed in newspapers published and circulated in the Company's service area pursuant to the rules of the Board. Copies of the notice of filing, the proposed tariffs and of the date set for hearing in this matter will be served on the municipalities and the Clerks of the Boards of Chosen Freeholders, and where applicable the County Executive, pursuant to the Board's regulations at N.J.A.C. 14:1-5.12(b)-(d). Proof of service of the notices referred to herein will be filed with the Board in accordance with the Board's regulations.

10. Correspondence in this matter should be addressed to the following:

Stephen B. Genzer, Esq.
Colleen A. Foley, Esq.
Saul Ewing LLP
One Riverfront Plaza, 15th Floor
Newark, New Jersey 07102

And

Tim Michaelson
Senior Director – Regulatory Business
United Water Management & Services Inc.
200 Old Hook Road
Harrington Park, New Jersey 07640

WHEREFORE, United Water Toms River Inc. respectfully requests that the Board:

A. Authorize an increase in rates to produce additional revenues of approximately \$9,278,961 above the annual level of revenues for the test year ending April 30, 2010; and

B. Authorize deferred accounting treatment for the Pension and Post Employment Benefits expenses calculated in accordance with FAS 87 and FAS 106 and as described herein; and

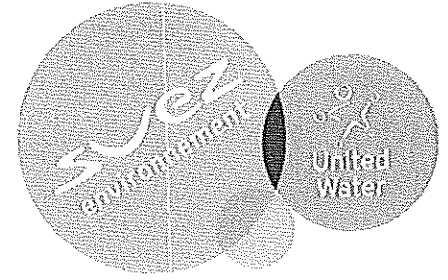
C. Grant such other relief as is just and proper.

Respectfully submitted,

By: Stephen B. Genzer *CGF*
Stephen B. Genzer, Esq.
Saul Ewing LLP
Attorneys for Petitioner

Dated: November 18, 2009

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FOR IMMEDIATE RELEASE

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NEWS

UNITED WATER TOMS RIVER FILES RATE REQUEST WITH NJBPU

Over \$29 million in water system improvements near completion

TOMS RIVER, NJ, November 18, 2009 – United Water Toms River today filed for rate relief with the New Jersey Board of Public Utilities (NJBPU). The proposed increase, if approved by the NJBPU, would increase the typical residential customer's bill by approximately \$13.13 per month or 44 cents per day – making the cost of water delivered to customer taps on a 24-hour, seven days a week basis less than one penny per gallon. At the time new rates could go into effect, more than \$29 million of investments will have been placed into service for the benefit of customers since the company's last rate decision.

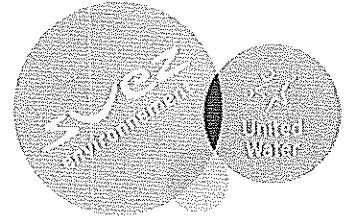
"This filing with the BPU is directly related to the water quality improvements being made at the Holly Water Treatment Plant in Toms River and the Berkeley Radionuclide Treatment Plant on Mule Road in Berkeley Township," said Rick Pfleiderer, director of operations for United Water Toms River. "We fully realize that this is a difficult economy and our customers are feeling squeezed in many ways."

"However, like many communities across the nation, we continue to confront the challenges of aging water infrastructure and the need to ensure the safety and reliability of our water system so that we can meet increasingly strict water quality regulations," Pfleiderer said. "These projects, though, demonstrate United Water's commitment to meet our customers' needs both today and in the future."

Pfleiderer explained that the Holly Water Treatment Plant was extensively upgraded in 2009 using the latest water treatment technology for iron removal and disinfection. In addition to improving water quality, the upgrades provide greater pumping capacity to meet increased customer demand during peak periods.

In September of 2009, the company started construction of the new Berkeley Radionuclide Treatment Plant, which is being mandated by the New Jersey Department of Environmental Protection. Located in the Holiday City South area in the Township of Berkeley, the plant will remove naturally occurring radionuclides from the water. It is required to be on line by early spring of 2010. United Water also installed almost a mile of new 20-inch diameter pipeline and recently started making significant upgrades to three wells and high service pumps. These investments will provide customers with improved water quality as well as more efficient and reliable service.

MORE



Notwithstanding concentrated cost control efforts, the company's expenses have increased for items such as employee benefits, chemicals and energy. Additionally, many of these everyday expenditures related to providing high-quality water service have exceeded the rate of inflation.

"We've worked hard to control operating costs but prices continue to go up," said Pfleiderer. "That's one of the reasons we offer an aggressive water conservation program which helps our customers save water and lower their water bill. In addition, we also offer assistance through our UW Cares program for customers who cannot pay their water bill due to a financial hardship."

The proposed increase in rates is subject to review, analysis and decision by the NJBPU, which may accept, modify or reject it in whole or in part. It may take up to nine months to process the filing.

About United Water

United Water Toms River provides water services to about 50,000 customers in Toms River, South Toms River and Berkeley. Its parent company, United Water, provides water and wastewater services to 7.3 million people in the United States. In addition to owning and operating 20 regulated utilities, United Water operates 240 municipal and industrial systems through public-private partnerships and contract agreements including three of the nation's largest water and wastewater contracts. The company's affiliate, Utility Service Company, is the nation's leading provider of long-term water tank management contracts with municipal and industrial clients. Founded in 1869, United Water is a subsidiary of SUEZ ENVIRONNEMENT.

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