Agenda Date: 4/23/14 Agenda Item: VA



## STATE OF NEW JERSEY

Board of Public Utilities 44 South Clinton Avenue, 9<sup>th</sup> Floor Post Office Box 350 Trenton, New Jersey 08625-0350

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ORDER FURTHER
SUSPENDING INCREASES,
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WATER

CHANGES OR ALTERATIONS IN RATES FOR WATER SERVICE

DOCKET NO. WR13111059

# Parties of Record:

OTHER TARIFF CHANGES

IN THE MATTER OF THE PETITION OF MIDDLESEX

INCREASE IN RATES FOR WATER SERVICE AND

WATER COMPANY FOR APPROVAL OF AN

Stephen B. Genzer, Esq., Saul Ewing LLP, on behalf of Middlesex Water Company, Petitioner Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

#### BY THE BOARD:

On November 8, 2013, pursuant to N.J.S.A. 48:2-21, N.J.A.C. 14:1-5.11, N.J.A.C. 14:1-5.12, N.J.A.C. 14:9-7.1 et seq., and N.J.A.C. 14:9-10.1 et seq., Middlesex Water Company ("Middlesex", "Company", or "Petitioner") a public utility of the State of New Jersey subject to the jurisdiction of the New Jersey Board of Public Utilities ("Board") filed a petition for approval of an increase in rates for water service and other tariff changes amounting to approximately \$10.6 million or 15.89%. According to the Petition, the increase in rates is proposed to become effective on December 15, 2013. The Petitioner does not seek interim rate relief pending final determination on the petition<sup>1</sup>.

As part of its filing, Middlesex seeks to update the base consumption and base costs which were established in the last base rate proceeding (Docket No. WR12010027) within the meaning of the applicable Purchased Water Adjustment Clause regulations N.J.A.C. 14:9-7.1 et seq., and to establish a Distribution System Improvement Charge to recover a portion of the costs of necessary improvements in the Company's distribution system pursuant to N.J.A.C. 14:9-10.1 et seq.

Middlesex services approximately 59,000 retail water customers in the Townships of Edison and Woodbridge, the Boroughs of South Plainfield, Metuchen and Carteret and the City of South

<sup>&</sup>lt;sup>1</sup> On November 19, 2013, the Company submitted a letter to the Board Secretary advising that the Company will not implement rates on an interim basis prior to the effective date of the Board's Suspension Order of December 28, 2013.

Amboy in Middlesex County, the Township of Clark in Union County, and the Township of Downe in Cumberland County. On a contract basis, the Company serves part of the Township of Edison, the Borough of Highland Park, the Old Bridge Municipal Utilities Authority, the Marlboro Township Municipal Utilities Authority and the City of Rahway. The Company also services the Township of East Brunswick under a special contract for water treatment and pumping services.

According to the petition, the Company is engaged in an ongoing capital program to maintain and improve safe, adequate and proper service to its customers. Increases have occurred in various expense areas, including operations, maintenance, depreciation and taxes. The Company has experienced the loss of sales and the revenues associated with those sales have not been offset by customer growth. Middlesex seeks the increase to enable the Company to maintain a satisfactory credit position, preserve its financial integrity, permit proper maintenance, development and improvements of the utility plant required to furnish safe, adequate and proper service, encourage continued good management, prevent confiscation or diminution of the Company's property, and earn a reasonable return upon the fair value of the Company's property used and useful in the public service.

On December 13, 2013, the Board transmitted this matter to the Office of Administrative Law for hearings and on December 18, 2013, the Board issued an Order suspending the Company's proposed rate increase until April 15, 2014<sup>2</sup>.

In light of the fact that this matter will not be completed by April 15, 2014, and that the proposed revisions will increase existing rates and change or alter existing classifications in Petitioner's tariff, it is **HEREBY ORDERED** that:

- (1) Pursuant to N.J.S.A. 48:2-21, the proposed revisions be, and are suspended until August 15, 2014, unless the Board prior to that date, makes a determination disposing of the petition;
- (2) Petitioner shall, at least ten (10) days prior to the date set for hearing on the petition by the Office of Administrative Law, file with this Board and with the Office of Administrative Law (33 Washington Street, Newark, NJ 07102) proof of compliance with the Notice provisions of N.J.S.A. 48:2-32.2 and N.J.A.C. 14:1-5.12 (b) and (c), which Notice shall include a statement that any relief found by the Board to be just and reasonable may be allocated by the Board to any class or classes of customers on any rate or schedule as the Board may determine; and
- (3) Petitioner shall serve copies of this Order upon the Office of Administrative Law, the Division of Rate Counsel (140 East Front Street, 4<sup>th</sup> Floor, Post Office Box 003, Trenton, N.J. 08625-0003), the clerk of each affected municipality, the clerk of the Boards of Chosen Freeholders of each affected county, and where appropriate, the executive officer of each affected county within its service area. Service of the petition, notice of hearings and this Order may be made simultaneously. Proof of service of this Order shall be filed with the Board within fifteen (15) days of the date of this Order.

<sup>&</sup>lt;sup>2</sup> On March 21, 2014 the Company submitted a letter to the Board Secretary advising that the Company will not implement rates on an interim basis prior to the effective date of the Board's Further Suspension Order resulting from that April 23, 2014 meeting.

This Order shall be effective on May 3, 2014.

DATED:

4/24/14

BOARD OF PUBLIC UTILITIES BY:

DIANNE SOLOMON

COMMISSIONER

PRESIDENT

EANNE M. FOX

JOSEPH L. FIORDALISO

COMMISSIONER

ATTEST:

KRISTI IZZO SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public

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# IN THE MATTER OF THE PETITION OF MIDDLESEX WATER COMPANY FOR APPROVAL OF AN INCREASE IN RATES FOR WATER SERVICE AND OTHER TARIFF CHANGES DOCKET NO. WR13111059

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