



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

WATER

IN THE MATTER OF THE JOINT PETITION OF	)	ORDER FURTHER SUSPENDING
MONTAGUE WATER AND SEWER COMPANIES	)	INCREASES, CHANGES OR
FOR AN INCREASE IN RATES AND CHARGES	)	ALTERATIONS IN RATES FOR
FOR WATER SERVICE	)	WATER SERVICE
	)	
	)	BPU DOCKET NO. WR22010018
	)	OAL DOCKET. No. PUC 00535-2022 N

**Parties of Record:**

**Laura M. Miller, Esq., Norris McLaughlin, P.A.**, on behalf of Montague Water and Sewer Company  
**Brian O. Lipman, Esq., Director**, New Jersey Division of Rate Counsel

BY THE BOARD:

On January 14, 2022, pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.12, Montague Water and Sewer Companies (“Montague,” “Companies,” or “Petitioners”), two (2) public utility corporations in the State of New Jersey and subject to the jurisdiction of the New Jersey Board of Public Utilities (“Board”), and having an office in Montague Township at 452 Route 206, Montague, New Jersey 07827, filed a joint petition seeking to increase rates. Montague’s proposed water rates were designed to increase revenues from metered water service by approximately \$401,754 or 97.4% above pro-forma present revenues of \$412,514. Montague’s proposed sewer service rates were designed to increase revenue by approximately \$212,123 or 88.9% above pro-forma present revenues of \$238,695. Petitioners are regulated public utility corporations engaged in the production, treatment and distribution of water and collection and disposal of sewage in Montague Township, Sussex County, in the State. In the service territory, the utilities serve approximately 772 water customers and 268 sewer customers, all within Montague Township, Sussex County, New Jersey.

In the Petition, Montague proposed that the increase in rates become effective on February 13, 2022.<sup>1</sup> Additionally, in the petition, the Companies indicated that they intend to implement the proposed rates on October 13, 2022, on an interim basis pursuant to law, applicable Board regulations, and only if the Board has suspended the effective date of the new rates pursuant to N.J.S.A. 48:2-21 but has not finally determined a new just and reasonable rate prior to that date.

Petitioners claimed that the current water and sewer charges are inadequate to meet present operating and maintenance expenses and to cover the needed system improvements. According to the Montague, the proposed increase in rates would establish an income level which will permit the Petitioners to finance essential and continuing plant investment; to comply with ongoing environmental and health regulations; to permit the Petitioners to earn a fair and adequate rate of return on investment in property that is used and useful in public utility service; to establish rates which will be sufficient to enable Petitioners to maintain financial integrity and to raise such funds as necessary for the proper discharge of their duties; to offset expense increases experienced by Petitioners since their last rate increases; and to enable Petitioners to continue to provide safe, adequate and proper service to customers.

Since last requesting a rate change in 2012, the Petitioners have made significant improvements to the utility systems to comply with New Jersey Department of Environmental Protection mandates and to maintain their ability to continue to provide safe, adequate and proper service. The Petitioners are in the process of making further required improvements, benefitting both the water and sewer systems. Petitioners asserted that, in particular, the combination of ongoing capital improvements and significant expense increases since the last rate filing results in a negative rate of return for the Petitioners — for both the water and sewer services separately and combined — for the pro-forma test year. The proposed increase in rates are to recover the costs of service and to provide a fair return on investment. According to Montague, the proposed increase is based on current cost levels and known cost changes. Petitioners stated that it is the minimum required to assure continued safe, adequate and proper service and establishes a level of rates which is just and reasonable.

Additionally, Montague is proposing to transition from a flat rate billing structure for sewers to a fixed/volumetric rate structure, with a usage cap of 2,000 gallons per month. Billed sewer usage will be based on the customer's water meter readings.

By Order dated February 23, 2022, the Board suspended the proposed rate increase until June 13, 2022. The matter was transmitted to the Office Administrative Law (“OAL”) for hearings as a contested case and was assigned to Administrative Law Judge (“ALJ”) Kimberly Moss for consideration and hearing.

On May 13, 2022, the Petitioners updated the petition to include 12 months of actual data. The updated request reflects a proposed increase in water revenues of \$395,288 or 96.66% about pro-form present revenues of \$382,071. With respect to wastewater, the updated schedules reflect a proposed increase of \$224,569 or 101.6% about pre-forma present rate revenues of \$221,072.

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<sup>1</sup>By letter dated January 25, 2022, the Petitioners indicated that they had been informed by Staff that the Board will not be considering the Initial Suspension Order in this matter until its February 23, 2022 meeting, and agreed not to implement rates on an interim basis prior to the effective date of the Board's Initial Suspension Order.

Therefore, in light of the fact that this matter will not be completed prior to June 13, 2022, it is **HEREBY ORDERED** that:


- (1) Pursuant to N.J.S.A. 48:2-21, the proposed revisions are further suspended until October 13, 2022, unless the Board prior to that date, makes a determination disposing of the petition, or enters an Order further suspending the proposed revisions;
- (2) Petitioners shall, at least 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, 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), the 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) Petitioners 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 the affected municipality, the clerk of the Board of County Commissioners of the affected county and, if appropriate, the executive officer of the affected county within its service area. Service of this petition, notice of hearings and this Order may be made simultaneously. Proof of service of the Order shall be filed with the Board within 15 days of the date of this Order.

This Order shall be effective on June 12, 2022.

DATED: June 8, 2022

BOARD OF PUBLIC UTILITIES

BY:

  
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JOSEPH L. FIORDALISO  
PRESIDENT


  
\_\_\_\_\_  
MARY-ANNA HOLDEN  
COMMISSIONER

  
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DIANNE SOLOMON  
COMMISSIONER

  
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UPENDRA J. CHIVUKULA  
COMMISSIONER

  
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ROBERT M. GORDON  
COMMISSIONER

ATTEST:

  
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CARMEN D. DIAZ  
ACTING SECRETARY

IN THE MATTER OF THE JOINT PETITION OF MONTAGUE WATER AND SEWER COMPANIES FOR AN  
INCREASE IN RATES AND CHARGES FOR WATER SERVICE

BPU DOCKET NO. WR22010018

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