



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE PETITION OF GORDON'S)
CORNER WATER COMPANY TO CHANGE THE LEVELS)
OF ITS PURCHASED WATER ADJUSTMENT CLAUSE)
)
) DECISION AND ORDER
) APPROVING STIPULATION
)
) DOCKET NO. WR22070458

Parties of Record:

Brian O. Lipman, Esq, Esq., Director, New Jersey Division of Rate Counsel
Stephen B. Genzer, Esq., Saul Ewing LLP, on behalf of Gordon’s Corner Water Company,
Attorney for Petitioner

BY THE BOARD:

On July 27, 2022, Gordon’s Corner Water Company (“GCWC” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) requesting approval to modify its Purchased Water Adjustment Clause (“PWAC”) pursuant to N.J.A.C. 14:9-7.1 et seq.

By this Decision and Order, the Board considers a stipulation of settlement (“Stipulation”) executed by GCWC, the New Jersey Division of Rate Counsel (“Rate Counsel”), and Board Staff (“Staff”) (collectively, “Parties”) intended to resolve the Company’s request related to the above docketed matter.

BACKGROUND AND PROCEDURAL HISTORY

GCWC provides water to approximately 14,600 customers in portions of Marlboro and Manalapan Townships in Monmouth County, New Jersey. The Company obtains a substantial portion of the water necessary to meet its overall water supply requirements through two separate water purchase contracts with the Township of Marlboro (“Marlboro”) and SUEZ-Matchaponix Water Company (“Suez”).¹

¹ SUEZ Water New Jersey merged with Veolia North America, Inc., as approved by the Board’s Order in I/M/O Joint Petition of Veolia Environment S.A., Veolia North America, Inc., SUEZ S.A., and Suez Water New Jersey, Inc. for Approval of a Change of Control of SUEZ Water New Jersey, Inc., and other Related Approvals, 2021 N.J. PUC LEXIS 496 (Dec. 15, 2021). The surviving entity of the merger with respect to New Jersey-regulated activities was Veolia Water New Jersey, Inc. (“Veolia”).

The Company's tariff set the PWAC of \$0.00 per thousand gallons for all water sales, which was reset to that "0" level by the Board's Order in GCWC's most recent base rate case, per the applicable PWAC regulations.² GCWC's previous base rate case set the Company's purchased water expense level at \$4,571,214, which was based on the Company paying the following rates, per thousand gallons of water, to its suppliers: 1) \$2.8957 to SUEZ; and 2) \$5.45355 to Marlboro. As of the conclusion of the most recent rate case, the Company served approximately 14,600 water and fire service customers. The total actual volume of purchased water as set in the most recent rate case was 1,095,000 thousand gallons, and the actual volume of purchased water at the end of the most recent calendar year (2021) was 1,095,000 thousand gallons.

The Company's basis for the increase in the PWAC is the increased rate GCWC is going to be charged for purchased water from Marlboro. GCWC understands that Marlboro obtains a portion of its water supply from Middlesex Water Company ("Middlesex") and that the rates Middlesex charges Marlboro have increased as a result of Middlesex's most recent base rate proceeding.³

Virtual public hearings were held on November 21, 2022 at 4:30 p.m. and 5:30 p.m., following publication of an appropriate public notice. No members of the public appeared or provided comments at the virtual public hearing and no written comments have been received by the Board.

STIPULATION

Following settlement negotiations, the Parties executed the Stipulation which resolved all of the issues in the proceeding. The Stipulation is summarized below.⁴

1. The Parties recommend that the Board approve an increase to GCWC's PWAC rate contained upon PWAC Rate Schedule No. 1A from \$0.00 to \$0.08 per thousand gallons of water for general service customers.
2. The effective PWAC rate adjustment would result in an increase in the monthly bill for a residential customer with a 5/8" meter, using 7,000 gallons of water per month, from \$62.90 to \$63.46, an increase of \$0.56 per month or 0.9%. Attached to the Stipulation as Exhibit A is a schedule reflecting GCWC's new purchased water costs effective January 1, 2023.
3. The PWAC rate of \$0.08 per thousand gallons of water is calculated as being effective January 1, 2023, as indicated in Exhibit B of the Stipulation.
4. The PWAC established in the Stipulation will increase annual revenues by \$110,560 or 0.8%.

² See In re Gordon's Corner Water Company for Approval of an Increase in its Rates for Water Service and Other Tariff Changes, 2022 N.J. PUC LEXIS 65 (Feb. 23, 2022).

³ See In re Middlesex Water Company for Approval of an Increase in its Rates for Water Service and other Tariff Changes, 2021 N.J. PUC LEXIS 476 (Dec. 15, 2021).

⁴ Although summarized in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusion in this Order.

5. Attached to the Stipulation as Exhibit C is PWAC Rate Scheduled No. 1A, a tariff sheet reflecting the new PWAC rate. The new PWAC rate conforms to the Stipulation and is designed to produce revenues to which the Parties have stipulated.
6. In accordance with the provisions N.J.A.C. 14:9-7.4, the Petitioner shall file with the Board, not later than 45 days after the end of the PWAC year, PWAC true-up schedules in connection with this proceeding. GCWC's PWAC year resulting from this matter ends on December 31, 2023.

DISCUSSION AND FINDINGS

Having reviewed the record in this matter, including the Stipulation, the Board **HEREBY FINDS** that the Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes all issues in this proceeding and is consistent with the law. The Board **FURTHER FINDS** the Stipulation, to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board **HEREBY ADOPTS** the Stipulation, attached hereto, including all attachments and schedules, as its own, incorporating by reference the terms and conditions of the Stipulation, as if they were fully set forth at length herein, subject to the following:


In accordance with the provisions of N.J.A.C. 14:9-7.3 (c) and 14:9-8.3 (c), the GCWC shall file with the Board, no later than 45 days after the adjustment clause has been in effect for one year, a PWAC true-up schedule in connection with this proceeding. Copies of the true-up schedule shall be served upon all parties to the present proceeding.

The Board **HEREBY DIRECTS** the Company to file tariff pages conforming to the terms and conditions of the Stipulation, and this Order by December 30, 2022.

The effective date of this Order is December 28, 2022 with rates to become effective on and after January 1, 2023.

DATED: December 21, 2022

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER




ROBERT M. GORDON
COMMISSIONER



DR. ZENON CHRISTODOULOU
COMMISSIONER

ATTEST:



CARMEN D. DIAZ
ACTING 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 PETITION OF GORDON'S CORNER WATER COMPANY TO
CHANGE THE LEVELS OF ITS PURCHASED WATER ADJUSTMENT CLAUSE

DOCKET NO. WR22070458

SERVICE LIST

<p>Gordon's Corner Water Company Stephen B, Genzer, Esq. Saul Ewing, Arntsein & Lehr, LLP One Riverfront Plaza, Suite 1520 1037 Raymond Blvd, Newark, NJ 07102-5426 stephen.genzer@saul.com</p> <p>Shane P. Simon, Esq. shane.simon@saul.com</p> <p>Division of Rate Counsel 140 East Front Street, 4th Floor Post Office Box 003 Trenton, NJ 08625-0003</p> <p>Brian Lipman, Esq., Director blipman@rpa.nj.gov</p> <p>Susan McClure, Esq., smcclure@rpa.nj.gov</p> <p>Emily Smithman, Esq. esmithman@rpa.nj.gov</p> <p>Department of Law and Public Safety Division of Law, Public Utilities Section Richard J. Hughes Justice Complex 25 Market Street, Post Office Box 112 Trenton, NJ 08625</p> <p>Pamela Owen, DAG, Assistant Section Chief pamela.owen@law.njoag.gov</p> <p>Meliha Arnautovic, DAG meliha.arnautovic@law.njoag.gov</p> <p>Brandon Simmons, DAG brandon.simmons@law.njoag.gov</p>	<p>Board of Public Utilities 44 South Clinton Avenue, 1st Floor Post Office Box 350 Trenton, NJ 08625-0350</p> <p>Carmen D. Diaz, Acting Secretary board.secretary@bpu.nj.gov</p> <p>Stacy Peterson, Deputy Executive Director stacy.peterson@bpu.nj.gov</p> <p><u>Division of Water and Energy</u></p> <p>Michael Kammer, Director mike.kammer@bpu.nj.gov</p> <p>Malike Cummings, Deputy Director malike.cummings@bpu.nj.gov</p> <p>Paul Lupo, Bureau Chief paul.lupo@bpu.nj.gov</p> <p>Andrew Tuzzo, Rate Analyst andrew.tuzzo@bpu.nj.gov</p> <p>Kyle Felton, Rate Analyst kyle.felton@bpu.nj.gov</p> <p><u>Counsel's Office</u></p> <p>Michael Beck, Chief Counsel michael.beck@bpu.nj.gov</p> <p>Carol Artale, Deputy Chief Counsel carol.artale@bpu.nj.gov</p> <p>David Schmitt david.schmitt@bpu.nj.gov</p>
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**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE PETITION	:	
OF GORDON’S CORNER WATER COMPANY	:	
FOR APPROVAL TO CHANGE THE LEVELS	:	BPU Docket No. WR22070458
OF ITS PURCHASED WATER ADJUSTMENT	:	
CLAUSE PURSUANT TO N.J.A.C.	:	
14:9-7.1 ET SEQ.	:	

APPEARANCES:

Stephen B. Genzer, Esq., Saul Ewing LLP, on behalf of Gordon’s Corner Water Company, Attorney for Petitioner;

Christine M. Juarez, Assistant Deputy Rate Counsel and Emily Smithman, Assistant Deputy Rate Counsel (Brian O. Lipman, Director) on behalf of the New Jersey Division of Rate Counsel;

Meliha Arnautovic, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (Matthew J. Platkin, Attorney General of New Jersey).

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

Petitioner, Gordon’s Corner Water Company (“Petitioner” or “Company”), is a public utility of the State of New Jersey, subject to the jurisdiction of the New Jersey Board of Public Utilities (“Board”) and franchised to provide water service in the Townships of Marlboro and Manalapan, Monmouth County, New Jersey. On July 27, 2022, Petitioner filed a petition with the Board, pursuant to N.J.A.C. 14:9-7.1 et seq., for approval to change the levels of its purchased water adjustment clause (“PWAC”). As a result of settlement discussions, New Jersey Division of Rate Counsel (“Rate Counsel”), Board of Public Utilities Staff (“Board Staff”), and the Company (collectively, “Signatory Parties”), have agreed to a total overall stipulated increase of **\$110,560** or 0.8% of Company revenues of \$14,003,593.

Petitioner purchases water on a routine basis from two separate entities, each of which adjusts its rates for water service: the Marlboro Township Water Utility Division and Veolia Water New Jersey, all pursuant to water purchase agreements. In the Petition filed in the instant proceeding, Petitioner proposed to increase its PWAC rate from \$0.00 to \$0.10 per thousand gallons of water.

Virtual public hearings were held on November 21, 2022 at 4:30 p.m. and 5:30 p.m., following publication of an appropriate public notice. No members of the public appeared or provided comments at the virtual public hearing.

In the course of this proceeding, Petitioner was served with, and responded in full to, discovery requests propounded by Rate Counsel and by Board Staff. Petitioner, Rate Counsel, and Board Staff also conferred on a number of occasions regarding this matter. As a result of an analysis of the Petition and Exhibits, Petitioner's responses to discovery, as well as the Parties' discussions and negotiations in this matter, the Signatory Parties have reached an agreement on this matter, the provisions of which are set forth below.

SETTLEMENT AGREEMENT

1. The Signatory Parties recommend that the Board approve an increase to Petitioner's PWAC rate upon PWAC Rate Schedule No. 1A from \$0.00 to \$0.08 per thousand gallons of water for general service customers.

2. The effective PWAC rate adjustment would result in an increase in the monthly bill of a residential customer with a 5/8" meter, using 7,000 gallons of water per month, from \$62.90 to \$63.46 an increase of \$0.56 per month, or 0.9%. Attached hereto as **Exhibit A** is a Schedule reflecting Petitioner's new purchased water costs effective January 1, 2023.

3. The PWAC rate of \$0.08 per thousand gallons of water is calculated as being effective **January 1, 2023**, as indicated in **Exhibit B**.

4. The PWAC rate established herein will increase annual revenues by \$110,560, or 0.8%, as reflected in **Exhibit B**.

5. Attached hereto as **Exhibit C** is PWAC Rate Schedule No. 1A, a tariff sheet reflecting the new PWAC rate. The new PWAC rate conforms to this Stipulation and is designed to produce the revenues to which the parties have stipulated herein.

6. In accordance with the provisions of N.J.A.C. 14:9-7.4, the Petitioner shall file with the Board, not later than 45 days after the end of the PWAC year, PWAC true-up schedules in connection with this proceeding. Gordon's Corner's PWAC year resulting from this matter ends on December 31, 2023. Copies of the true-up schedules will be served upon Board Staff and Rate Counsel.

7. This Stipulation shall be binding on the Signatory Parties to this proceeding upon approval by the Board. This Stipulation shall bind the Signatory Parties in this matter only and shall not be considered precedential in any other proceeding involving the Signatory Parties hereto.

8. This Stipulation contains terms, each of which is interdependent with the others and essential in its own right to the signing of this Stipulation. Each term is vital to the agreement as a whole, since the Signatory Parties individually and jointly state that they would not have signed the Stipulation had any term been modified in any way. In the event that any modification whatsoever is made to this Stipulation, each of the Signatory Parties hereto is entitled to certain procedures in the event of such occurrence.

9. If any modification is made to the terms of this Stipulation, the Signatory Parties must be given the right to be placed in the position in which each Signatory Party was before this


Stipulation was executed. It is essential that each Signatory Party be given the option to modify its own position, to accept the proposed change(s), or to resume the proceeding as if no agreement had been reached.

10. The Signatory Parties believe that these procedures are fair to all concerned and, therefore, they are made an integral and essential element of this Stipulation.

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

GORDON'S CORNER WATER COMPANY
Attorney for Petitioner

December 5, 2022
Date

By: 
Stephen B. Genzer, Esq.
Saul Ewing, LLP

BRIAN O. LIPMAN, ESQ.
DIRECTOR, DIVISION OF RATE COUNSEL

12/7/22
Date

By: Christine M. Juarez
Christine Juarez, Esq.
Assistant Deputy Rate Counsel

MATTHEW J. PLATKIN
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey
Board of Public Utilities

12/6/22
Date

By: Melika Arnautovic
Meliha Arnautovic, Esq.
Deputy Attorney General

Exhibit A

**SCHEDULE OF PURCHASE WATER COSTS
EFFECTIVE January 1, 2023**

<u>PURVEYOR</u>	<u>RATE PER 1,000 GALLONS</u>	<u>MINIMUM TAKE OR PAY AMOUNTS (THOUSAND GALLONS)</u>	<u>COST</u>
SUEZ-MATCHAPONIX (VEOLIA)	\$2.8957	547,500	\$1,585,396
MARLBORO TWP WATER UTILITY DIVISION	\$5.6051	547,500	\$3,068,776
	TOTAL	1,095,000	\$4,654,172

Exhibit B

SCHEDULE OF INCREASE UNDER PURCHASE WATER ADJUSTMENT CLAUSE

New Purchase Water Cost As Per Exhibit E	\$4,654,172
Base Cost Determined in Last Base Rate Case	\$4,571,214
Purchased Water Cost Increase	\$ 82,958
Rate Case Cost @ \$25,000 (50% Cost Sharing)	\$ 12,500
Total Cost Increase	<u>\$ 95,458</u>
Cost Increase with GRFT @ 13.66%	\$ 110,560
Total Consumption(Thousand Gallons)	1,431,333
PWAC Water Rate/1000 Gal	\$ 0.08
Proposed PWAC Rate	<u>\$ 0.08</u>
Present Rate Revenue as per Exhibit A	\$ 14,003,593
Percentage Increase above Present Rate Revenue	0.8%

Exhibit C

GORDON'S CORNER WATER COMPANY
B.P.U. No. 8 – WATER

17th Revised Sheet No. 29
29 Superseding
16th Revised Sheet No. 29

RATE SCHEDULES

NO. 1A: GENERAL METERED SERVICE

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGE

A charge of \$ 0.08 per thousand gallons for all water sales will be made to recover increases in the purchased water costs not included in the Volume Charges in Rate Schedules No. 1 or 5.

ISSUED:

BY: DAVID G. ERN, PRESIDENT
GORDON'S CORNER WATER COMPANY
27 VANDERBURG ROAD
MARLBORO, NJ 07746

EFFECTIVE:

FILED PURSUANT TO ORDER OF THE
BOARD OF PUBLIC UTILITIES IN
DOCKET NO. WR22070458