



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

WATER

IN THE MATTER OF THE PETITION OF ANDOVER )  
UTILITY COMPANY INC., FOR APPROVAL OF AN )  
INCREASE IN RATES FOR WASTEWATER SERVICE<sup>1</sup> )  
)  
) BPU DKT. NO. WR17070726  
) OAL DKT. NO. PUC 10621-2017S

**Parties of Record:**

**Craig Goodstadt, Esq., General Counsel, Andover Utility Company, Inc., Petitioner**  
**Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel**

**BY THE BOARD:**

On July 7, 2017, Andover Utility Company, Inc. ("Petitioner" or "Company"), a public wastewater utility of the State of New Jersey, filed a petition with the Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:2-21, N.J.A.C. 14:1-5.12 and N.J.A.C. 14:9-7.1 et seq., to increase rates for wastewater service and to make other tariff changes. The total amount originally requested was an overall increase of \$130,332 or 27.56% above the annual level of revenues for the test year period ending September 30, 2017 of \$472,897. As a result of settlement discussions, the Company, the New Jersey Division of Rate Counsel ("Rate Counsel") and Staff of the New Jersey Board of Public Utilities ("Staff") (collectively the "Parties") have agreed to a total overall stipulated increase of \$70,000 or 14.80% above total Company revenues of \$472,897.

The Petitioner services three wastewater customers: two nursing homes and a condominium Association in Andover Township located in Sussex County, New Jersey.

**BACKGROUND/PROCEDURAL HISTORY**

This matter was transmitted to the Office of Administrative Law ("OAL") as a contested case and assigned to Administrative Law Judge ("ALJ") Tricia Caliguire. The Board issued an initial suspension order on July 26, 2017, and issued a further suspension order on November 21, 2017.

<sup>1</sup> In the Initial Decision and Stipulation attached to this Order, the caption appears as follows: "In the Matter of the Petition of Andover Utility Company Inc. for Approval of an Increase in Rates for Wastewater Service Pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.12." Despite the discrepancy between the caption that appears above and that on the Initial Decision and Stipulation, all documents bear the correct docket numbers do, in fact, relate to the instant matter captioned above.

A telephonic prehearing conference was held on August 23, 2017 with ALJ Caliguire outlining a procedural schedule during which, among other things, the ALJ directed that a public hearing be held on this matter. After proper notice, a public hearing was held in Andover Township, New Jersey within Petitioner's service territory on October 25, 2017. No members of the public attended and no written comments have been submitted.

Subsequent to the public hearing, the Parties engaged in a settlement conference on December 4, 2017, wherein an agreement was reached. On December 21, 2017, the Parties entered into a Stipulation of Settlement ("Stipulation"). On January 9, 2018, ALJ Caliguire issued her Initial Decision recommending adoption of the Stipulation executed by the Parties, finding that they had voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues and is consistent with the law.

### **DISCUSSIONS AND FINDINGS<sup>2</sup>**

The Parties agree that rate base is established at \$612,643 and that the overall rate of return of 7.30% will be used, which will result in an overall additional revenue requirement of \$70,000. For the purposes of this proceeding, the overall rate of return is calculated utilizing a 50/50 debt and equity ratio with common equity being calculated at a rate of 9.60%.

The Parties likewise stipulate that a revenue increase of \$70,000, or approximately 14.80% above present rate wastewater revenues of \$472,897, is an appropriate result in this matter, and further agree that the rate increase shall be allocated equally across the board to all classes of customers.<sup>3</sup>

Pursuant to the Stipulation, the wastewater service customer revenue rate impacts are as follows:

- The average flat rate wastewater bill for Rolling Hills Condominium Association will increase by \$1,724 per month from \$11,646 to \$13,370 (\$139,753 per year to \$160,442 per year) or an increase of approximately 14.80%.
- The average flat rate wastewater bill for Andover Intermediate Care Center - Two will increase by \$3,404 per month from \$23,003 to \$26,407 (\$276,036 per year to \$316,889 per year) or an increase of approximately 14.80%.
- The average flat rate wastewater bill for Andover Nursing Home - One will increase by \$725 per month from \$4,759 to \$5,464 (\$57,108 per year to \$65,566 per year) or an increase of approximately 14.80%.

The Board is mindful of the impact any rate increase has on customers. In addition, the Board must balance the needs of the ratepayer to receive safe, adequate and proper service at just and reasonable rates, while allowing the utility the opportunity to earn a fair rate of return. See FPC v. Hope Natural Gas, 320 U.S. 591 (1944); N.J.S.A. 48:2-21 and N.J.S.A. 48:3-1. Having reviewed the record in this matter, including the Initial Decision and the Stipulation, the Board

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<sup>2</sup> Although described in this 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.

<sup>3</sup> As paragraph 4 of the Stipulation provides, "The parties agree that the rate increase shall be allocated 'across-the-board' to all classes of customers, so that each class of customer receive[s] the same percentage increase."

**FINDS** that the Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. The Board **FURTHER FINDS** that the Initial Decision, which adopts the Stipulation, to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board **HEREBY ADOPTS** the Initial Decision and 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:

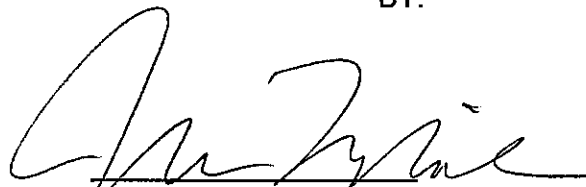
- a. The Tariff sheets attached to the Stipulation containing the rates and charges conforming to the Stipulation and designed to produce the additional revenues to which the Parties have stipulated herein, are **HEREBY ACCEPTED**; and
- b. The base rate increase in the amount of \$70,000 represents an approximate 14.80% increase above present rate revenues of \$472,897 and the proof of revenues, along with the tariff pages, attached to the Stipulation as a schedule demonstrating the net effect of the increase on each of the Company's customer classes is **HEREBY ACCEPTED**.

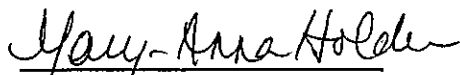
The Company will submit the appropriate tariff pages that conform to the effective date of this Order on or before February 5, 2018.

The date of this Order is January 31, 2018 with an effective date of February 10, 2018.

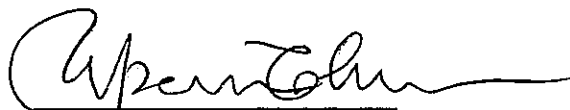
DATED: 1/31/18

BOARD OF PUBLIC UTILITIES  
BY:

  
JOSEPH L. FIORDALISO  
PRESIDENT

  
MARY-ANNA HOLDEN  
COMMISSIONER

  
DIANNE SOLOMON  
COMMISSIONER

  
UPENDRA J. CHIVUKULA  
COMMISSIONER

  
RICHARD S. MROZ  
COMMISSIONER

ATTEST:   
CARMEN D. DIAZ  
ASSISTANT BOARD 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 ANDOVER UTILITY COMPANY INC. FOR  
APPROVAL OF AN INCREASE IN RATES FOR WASTEWATER SERVICE

BPU DOCKET NO. WR17070726  
OAL DOCKET NO. PUC 10621-2017S

SERVICE LIST

Craig Goodstadt, Esq., General Counsel  
Andover Utility Company, Inc.  
525 Riverside Avenue  
Lyndhurst, New Jersey 07071  
[cgoodstadt@aol.com](mailto:cgoodstadt@aol.com)

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Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
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[sbrand@rpa.state.nj.us](mailto:sbrand@rpa.state.nj.us)

Maria L. Moran, Director  
Division of Water  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[maria.moran@bpu.nj.gov](mailto:maria.moran@bpu.nj.gov)

Office of the Secretary  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Board.secretary@bpu.nj.gov](mailto:Board.secretary@bpu.nj.gov)

**ANDOVER UTILITY COMPANY**

525 Riverside Avenue  
Suite 200  
Lyndhurst, NJ 07071  
(201)-460-9286  
(201)-460-7595 - fax

Craig M. Goodstadt  
General Counsel  
email:cgoodstadt@andoversrc.com

---

January 8, 2018

Honorable Tricia M. Caliguire, ALJ  
NJ Office of Administrative Law  
PO Box 49, Trenton, NJ 08625-0049

RE: In the Matter of The Petition of Andover Utility Company  
For Approval of An Increase In Rates For Sewer Service and  
Other Tariff Changes  
BPU DOCKET NO ER17070726  
OAL DOCKET NO PUC 10621-2017S

Dear the Honorable Judge Caliguire:

Enclosed please find a fully executed amended Stipulation of Settlement in the above referenced matter. The caption in the original was incorrect.

If you should have any questions, kindly have your clerk call my office.

Very Truly Yours,



Craig M. Goodstadt

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

<b>IN THE MATTER OF THE PETITION OF ANDOVER UTILITY COMPANY INC. FOR APPROVAL OF AN INCREASE IN RATES FOR WASTEWATER SERVICE</b>	: : : : : : : :	<b>BPU DOCKET NO. WR17070726 OAL DOCKET NO. PUC 10621-2017S  STIPULATION OF SETTLEMENT</b>
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**APPEARANCES:**

Craig Goodstadt, Esq., on behalf of Andover Utility Company Inc.

Veronica A. Beke, Deputy Attorney General, Christopher S. Porrino, Attorney General of New Jersey, on behalf of Staff of the New Jersey Board of Public Utilities

Debra F. Robinson, Esq., Managing Attorney and Deputy Rate Counsel, and Christine M. Juarez, Esq., Assistant Deputy Rate Counsel, on behalf of the Division of Rate Counsel

**TO THE HONORABLE BOARD OF PUBLIC UTILITIES:**

The parties in this proceeding include Andover Utility Company Inc. (“Petitioner” or the “Company”), the Division of Rate Counsel (“Rate Counsel”), and Staff of the Board of Public Utilities (“Staff”).

As a result of an analysis of Petitioner's verified petition, pre-filed testimony and exhibits, extensive discovery, and a public comment hearing held on October 25, 2017, Petitioner, Staff, and Rate Counsel (collectively, the “parties”) have come to an agreement on all of the issues in dispute in this matter.

### **PROCEDURAL HISTORY**

On July 7, 2017, Petitioner, a public utility corporation of the State of New Jersey engaged in the business of collecting and treating wastewater from customers located in Andover Township, filed a petition to increase rates for wastewater service and to make other tariff changes pursuant to N.J.S.A. 48:2-21, N.J.A.C. 14:1-5.12 and N.J.A.C. 14:9-7.1 et seq. Specifically, the Company petitioned to increase rates to produce additional base rate revenues of approximately \$130,322 or approximately 27.56% above the annual level of revenues for the test year period ending September 30, 2017. The test year used in the petition is the twelve-month period ending September 30, 2017 adjusted to reflect known and measurable changes.

The Board of Public Utilities (the "Board") transmitted this matter to the Office of Administrative Law ("OAL"), and Administrative Law Judge ("ALJ") Tricia Caliguire was assigned to hear the case. On September 26, 2017 the Board entered an Order suspending until December 7, 2017 the implementation of changes the Petitioner sought to make to its tariffs.

Extensive discovery was conducted by the parties with Petitioner providing responses to said data requests. After proper notice, a public hearing was held in the Petitioner's service territory on October 25, 2017 in Andover, New Jersey. No members of the public appeared to provide comments.

### **SETTLEMENT PROVISIONS**

Settlement discussions have been held, and the agreements reached during those discussions have resulted in the following stipulations:

1. The parties agree, that for purposes of this settlement, rate base is established at \$612,643.

2. The parties agree that, for the purposes of this proceeding and this settlement only, an overall rate of return of 7.30% will be used, which will result in an overall additional revenue requirement of \$70,000. For the purposes of this proceeding, this overall rate of return is calculated with 50.00% long-term debt calculated at a rate of 5.00%, and 50.00% common equity calculated at a rate of 9.60%. The additional revenue requirement amount was calculated as follows:

Rate Base	\$ 612,643
Rate of Return	<u>x7.30 %</u>
Required Operating Income	\$ 44,723
Test Year Operating Income	<u>(8,085)</u>
Deficiency	\$ 52,808
Revenue Conversion Factor	<u>x 1.32555</u>
Revenue Requirement	\$ 70,000

3. The parties stipulate that a revenue increase for the Petitioner of \$70,000 or approximately 14.80% over total present wastewater sales revenues of \$472,897 is an appropriate result of this matter.

4. The parties agree that the rate increase shall be allocated "across-the-board" to all classes of customers, so that each class of customer receive the same percentage increase.

5. The parties recommend that the Board consider the above stipulated revenue increase and all remaining agreed-upon issues embodied in this Stipulation at its next available public agenda meeting. The parties further acknowledge that any increase or issue contained in this Stipulation and approved by the Board will become effective upon service of the Board Order on all parties of record unless a later date is indicated in the Order pursuant to N.J.S.A 48:2-40. The parties agree that this settlement resolves all issues and represents a level of revenue necessary to ensure that Petitioner will continue to provide safe, adequate, and proper wastewater service to its customers.



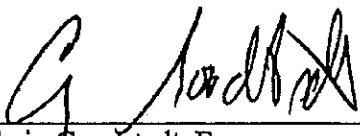
6. The parties agree that the revised tariff pages, reflecting increased allocations agreed upon by the parties for the classes of customers, should be adopted by the Administrative Law Judge and the Board in their entirety. See attached Exhibit A, Tariff, and Exhibit B, Proof of Revenues.

7. This Stipulation is the product of extensive negotiations by the parties, and it is an express condition of the settlement embodied by this Stipulation that it be presented to the Board in its entirety without modification or condition. It is also the intent of the parties to this Stipulation that this settlement, once accepted and approved by the Board, shall govern all issues specified and agreed to herein. The parties to this Stipulation specifically agree that if adopted in its entirety by the Board, no appeal shall be taken by them from the order adopting same as to those issues upon which the parties have stipulated herein. The parties agree that the within Stipulation reflects mutual balancing of various issues and positions and is intended to be accepted and approved in its entirety. Each term is vital to this Stipulation as a whole, since the parties hereto expressly state that they would not have signed this Stipulation had any terms been modified in any way. In the event any particular aspect of this Stipulation is not accepted and approved by the Board, then any Party hereto materially affected thereby shall not be bound to proceed under this Stipulation. The parties further agree that the purpose of this Stipulation is to reach fair and reasonable rates, with any compromises being made in the spirit of reaching an 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 agreements pertain only to this matter and to no other matter. Also, all rates are subject to audit by the Board.

8. 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.

ANDOVER UTILITY COMPANY INC.  
Attorney for Petitioner

12-15-17  
Date

By:   
Craig Goodstadt, Esq.

CHRISTOPHER S. PORRINO  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the New Jersey  
Board of Public Utilities

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Veronica A. Beke  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
DIRECTOR, DIVISION OF RATE COUNSEL

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Christine Juarez, Esq.  
Assistant Deputy Rate Counsel

8. 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.

ANDOVER UTILITY COMPANY INC.  
Attorney for Petitioner

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Craig Goodstadt, Esq.

CHRISTOPHER S. PORRINO  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the New Jersey  
Board of Public Utilities

12/18/2017  
Date

By:   
Veronica A. Beke  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
DIRECTOR, DIVISION OF RATE COUNSEL

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Christine Juarez, Esq.  
Assistant Deputy Rate Counsel

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ANDOVER UTILITY COMPANY INC.  
Attorney for Petitioner

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Craig Goodstadt, Esq.

CHRISTOPHER S. PORRINO  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the New Jersey  
Board of Public Utilities

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Veronica A. Beke  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
DIRECTOR, DIVISION OF RATE COUNSEL

12/21/17  
\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Christine Juarez, Esq.  
Assistant Deputy Rate Counsel

Andover Utility Company, Inc.

Exhibit P - 2  
Schedule 5

Statement of Revenues Under Present and Proposed Rates

Witness Responsible: G.S. Prettyman

	<u>Actual</u> <u>12/31/16</u>	<u>Percent</u> <u>to Total</u>	<u>Increase</u>	<u>Proposed</u>	<u>Proposed</u> <u>Rates</u>	<u>Amount</u> <u>Per Month</u>	<u>Percent</u> <u>Increase</u>
Rolling Hills Condominium Assoc.	\$139,753	29.553%			\$160,442	\$13,370	14.80%
Andover Intermediate Care Center -Two	276,036	58.370%			316,889	26,407	14.80%
Andover Nursing Home - One	<u>57,108</u>	<u>12.077%</u>			<u>65,566</u>	<u>5,454</u>	14.81%
	\$472,897	100.000%	\$70,000	\$542,897	\$542,897	\$45,241	

Rolling Hills Condominium Assoc.

\$13,370 per month  
258 units  
\$51.82 per unit per month

Name change

Andover Intermediate Care Center is now Andover Sub-Acute Two  
Andover Nursing Home is now Andover Sub-Acute One

RATE SCHEDULE NO. 1

Applicability:

This rate schedule is applicable for unmetered sewer service provided to the Rolling Hills Condominium Association

Rate:

The rate to be charged is \$51.82 per month per unit.

Terms of Payment:

Bills will be rendered monthly in advance and is due within 15 days.

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Issued:

Issued by: Jerry Turco, Jr., Treasurer  
525 Riverside Ave.  
Lyndhurst, New Jersey 07071

Effective:

Filed pursuant to Order of the Board of Public Utilities in Docket No. \_\_\_\_\_ dated  
\_\_\_\_\_.

RATE SCHEDULE NO. 2

APPLICABILITY:

This rate schedule is applicable for unmetered sewer service provided to the Andover Sub acute and Rehabilitation Center One and Two.

RATE:

Andover Sub acute One	\$26,407 per month
Andover Sub acute Two	\$5,464 per month

TERMS OF PAYMENT:

Bills will be rendered monthly in advance and is due within 15 days.

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Issued:  
Issued by: Jerry Turco, Jr., Treasurer  
525 Riverside Ave.  
Lyndhurst, New Jersey 07071

Effective:

Filed pursuant to Order of the Board of Public Utilities in Docket No. \_\_\_\_\_ dated  
\_\_\_\_\_.

RECEIVED

RECEIVED

JAN 12 2018

BOARD OF PUBLIC UTILITIES  
SECRETARY'S OFFICE



JAN 12 2018

BOARD OF PUBLIC UTILITIES  
MAIL ROOM

**State of New Jersey**  
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

IN THE MATTER OF THE PETITION  
OF ANDOVER UTILITY COMPANY, INC.,  
FOR APPROVAL OF AN INCREASE IN RATES  
FOR WASTEWATER SERVICE PURSUANT  
TO N.J.S.A. 48:2-21 AND N.J.A.C. 14:1-5.12

OAL DKT. NO. PUC 10621-17  
AGENCY DKT. NO. WR17070726

Craig Goodstadt, General Counsel, for petitioner Andover Utility Company Inc.

Veronica Beke, Deputy Attorney General, for Staff of the New Jersey Board of Public  
Utilities (Christopher S. Porrino, Attorney General of New Jersey, attorney)

Debra F. Robinson, Managing Attorney and Deputy Rate Counsel, and  
Christine M. Juarez, Assistant Deputy Rate Counsel, for the Division of  
Rate Counsel (Stefanie A. Brand, Director)

Record Closed: January 9, 2018

Decided: January 9, 2018

BEFORE TRICIA M. CALIGUIRE, ALJ:

*CMS*  
*D. Thomas*  
*M. Moran*  
*M. Kammer*  
*M. Messer*  
*J. Kane*  
*C. Vachier*

This proceeding involves a petition by Andover Utility Company Inc. (Company) to increase its rates and charges for sewer service, and other relief, with the New Jersey Board of Public Utilities (Board). The petition was transmitted to the Office of Administrative Law on August 11, 2017, for determination as a contested case. Following a telephone case management conference, a duly-noticed public hearing was held in Andover, New Jersey, on October 25, 2017. (P-4.) No members of the public appeared at the hearing and no



members of the public submitted written comments on the proposed rate increase and/or tariff changes prior to or following the public hearing. Neither petitioner nor Staff of the Board made comments at the public hearing; the comments made by the representative of the Division of Rate Counsel at the public hearing were transcribed and made a part of the record. (P-5.)

The parties filed on January 2, 2017, a Stipulation of Settlement (J-1) which resolves all issues in this proceeding. Said Stipulation of Settlement has been signed by petitioner, Staff of the Board, and the New Jersey Division of Rate Counsel. It indicates the terms of settlement, and is attached and fully incorporated herein.

I have reviewed the terms of settlement and I **FIND**:

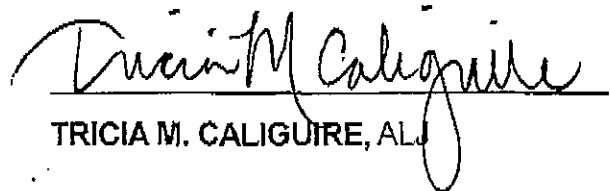
1. The parties have voluntarily agreed to the settlement as evidenced by their signatures or their representatives' signatures on the attached document.
2. The settlement fully disposes of all issues in controversy between the parties and is consistent with the law.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

January 9, 2018 \_\_\_\_\_

DATE

  
TRICIA M. CALIGUIRE, ALJ

Date Received at Agency: \_\_\_\_\_

1/12/18 \_\_\_\_\_

Date Mailed to Parties: \_\_\_\_\_

nd

**APPENDIX**

**EXHIBITS**

**Jointly Submitted:**

J-1 Stipulation of Settlement

RECEIVED

2018 JAN -9 P 3 03

STATE OF NEW JERSEY  
OFFICE OF ADMIN LAW

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF ANDOVER UTILITY COMPANY INC. FOR APPROVAL OF AN INCREASE IN RATES FOR WASTEWATER SERVICE PURSUANT TO N.J.S.A. 48:2-21 AND N.J.A.C 14:1-5.12	: : : : : : : : : :	BPU DOCKET NO. WR17070726 OAL DOCKET NO. PUC 10621-2017S  STIPULATION OF SETTLEMENT
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APPEARANCES:

- Craig Goodstadt, Esq., on behalf of Andover Utility Company Inc.
  
- Veronica A. Beke, Deputy Attorney General, Christopher S. Porrino, Attorney General of New Jersey, on behalf of Staff of the New Jersey Board of Public Utilities
  
- Debra F. Robinson, Esq., Managing Attorney and Deputy Rate Counsel, and Christine M. Juárez, Esq., Assistant Deputy Rate Counsel, on behalf of the Division of Rate Counsel

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

The parties in this proceeding include Andover Utility Company Inc. ("Petitioner" or the "Company"), the Division of Rate Counsel ("Rate Counsel"), and Staff of the Board of Public Utilities ("Staff").

As a result of an analysis of Petitioner's verified petition, pre-filed testimony and exhibits, extensive discovery, and a public comment hearing held on October 25, 2017, Petitioner, Staff, and Rate Counsel (collectively, the "parties") have come to an agreement on all of the issues in dispute in this matter.

### PROCEDURAL HISTORY

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### SETTLEMENT PROVISIONS

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1. The parties agree, that for purposes of this settlement, rate base is established at \$612,643.

2. The parties agree that, for the purposes of this proceeding and this settlement only, an overall rate of return of 7.30% will be used, which will result in an overall additional revenue requirement of \$70,000. For the purposes of this proceeding, this overall rate of return is calculated with 50.00% long-term debt calculated at a rate of 5.00%, and 50.00% common equity calculated at a rate of 9.60%. The additional revenue requirement amount was calculated as follows:

Rate Base	\$ 612,643
Rate of Return	<u>x 7.30 %</u>
Required Operating Income	\$ 44,723
Test Year Operating Income	<u>(8,085)</u>
Deficiency	\$ 52,808
Revenue Conversion Factor	<u>x 1.32555</u>
Revenue Requirement	\$ 70,000

3. The parties stipulate that a revenue increase for the Petitioner of \$70,000 or approximately 14.80% over total present wastewater sales revenues of \$472,897 is an appropriate result of this matter.

4. The parties agree that the rate increase shall be allocated "across-the-board" to all classes of customers, so that each class of customer receive the same percentage increase.

5. The parties recommend that the Board consider the above stipulated revenue increase and all remaining agreed-upon issues embodied in this Stipulation at its next available public agenda meeting. The parties further acknowledge that any increase or issue contained in this Stipulation and approved by the Board will become effective upon service of the Board Order on all parties of record unless a later date is indicated in the Order pursuant to N.J.S.A. 48:2-40. The parties agree that this settlement resolves all issues and represents a level of revenue necessary to ensure that Petitioner will continue to provide safe, adequate, and proper wastewater service to its customers.

6. The parties agree that the revised tariff pages, reflecting increased allocations agreed upon by the parties for the classes of customers, should be adopted by the Administrative Law Judge and the Board in their entirety. See attached Exhibit A, Tariff, and Exhibit B, Proof of Revenues.

7. This Stipulation is the product of extensive negotiations by the parties, and it is an express condition of the settlement embodied by this Stipulation that it be presented to the Board in its entirety without modification or condition. It is also the intent of the parties to this Stipulation that this settlement, once accepted and approved by the Board, shall govern all issues specified and agreed to herein. The parties to this Stipulation specifically agree that if adopted in its entirety by the Board, no appeal shall be taken by them from the order adopting same as to those issues upon which the parties have stipulated herein. The parties agree that the within Stipulation reflects mutual balancing of various issues and positions and is intended to be accepted and approved in its entirety. Each term is vital to this Stipulation as a whole, since the parties hereto expressly state that they would not have signed this Stipulation had any terms been modified in any way. In the event any particular aspect of this Stipulation is not accepted and approved by the Board, then any Party hereto materially affected thereby shall not be bound to proceed under this Stipulation. The parties further agree that the purpose of this Stipulation is to reach fair and reasonable rates, with any compromises being made in the spirit of reaching an 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 agreements pertain only to this matter and to no other matter. Also, all rates are subject to audit by the Board.

8. 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.

ANDOVER UTILITY COMPANY INC.  
Attorney for Petitioner

12-15-17  
Date

By:   
Craig Goodstadt, Esq.

CHRISTOPHER S. PORRINO  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the New Jersey  
Board of Public Utilities

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Veronica A. Beke  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
DIRECTOR, DIVISION OF RATE COUNSEL

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Christine Juarez, Esq.  
Assistant Deputy Rate Counsel

8. 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.

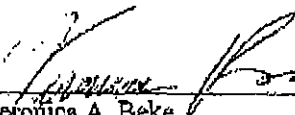
ANDOVER UTILITY COMPANY INC.  
Attorney for Petitioner

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Craig Goodstadt, Esq.

CHRISTOPHER S. PORRINO  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the New Jersey  
Board of Public Utilities

*12/18/2017*  
\_\_\_\_\_  
Date

By:   
\_\_\_\_\_  
Veronica A. Beke  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
DIRECTOR, DIVISION OF RATE COUNSEL

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Christine Juarez, Esq.  
Assistant Deputy Rate Counsel



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ANDOVER UTILITY COMPANY INC.  
Attorney for Petitioner

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Craig Goodstadt, Esq.

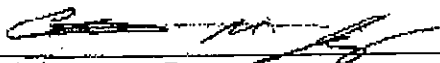
CHRISTOPHER S. PORRINO  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the New Jersey  
Board of Public Utilities

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Veronica A. Beke  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
DIRECTOR, DIVISION OF RATE COUNSEL

12/21/17  
Date

By:   
Christine Juarez, Esq.  
Assistant Deputy Rate Counsel

Andover Utility Company, Inc.

Exhibit F-2  
Schedule 6

Statement of Revenues Under Present and Proposed Rates

Witness Responsible: G.S. Prettyman

	Actual 12/31/16	Percent to Total	Increase	Proposed	Proposed Rates	Amount Per Month	Percent Increase
Rolling Hills Condominium Assoc.	\$139,763	28.553%			\$160,442	\$13,370	14.80%
Andover Intermediate Care Center - Two	276,038	58.370%			315,889	28,407	14.80%
Andover Nursing Home - One	57,108	12.077%			66,666	5,464	14.81%
	<u>\$472,897</u>	<u>100.000%</u>	\$70,000	\$542,897	<u>\$542,897</u>	<u>\$45,241</u>	

Rolling Hills Condominium Assoc.

\$13,370 per month  
258 units  
\$51.82 per unit per month

Name change

Andover Intermediate Care Center is now Andover Sub-Acute Two  
Andover Nursing Home is now Andover Sub-Acute One

Andover Utility Company, Inc.  
B.P.U. No. 1 - Wastewater

Original Sheet No. 10

RATE SCHEDULE NO. 1

Applicability:

This rate schedule is applicable for unmetered sewer service provided to the Rolling Hills Condominium Association

Rate:

The rate to be charged is \$51.82 per month per unit.

Terms of Payment:

Bills will be rendered monthly in advance and is due within 15 days.

Issued:

Issued by: Jerry Turco, Jr., Treasurer  
525 Riverside Ave.  
Lyndhurst, New Jersey 07071

Effective:

Filed pursuant to Order of the Board of Public Utilities in Docket No. \_\_\_\_\_ dated \_\_\_\_\_

Andover Utility Company, Inc.  
B.P.U. No. 1 - Wastewater

Original Sheet No. 11

RATE SCHEDULE NO. 2

APPLICABILITY:

This rate schedule is applicable for unmetered sewer service provided to the Andover Sub acute and Rehabilitation Center One and Two.

RATE:

Andover Sub acute One	\$26,407 per month
Andover Sub acute Two	\$5,464 per month

TERMS OF PAYMENT:

Bills will be rendered monthly in advance and is due within 15 days.

Issued:

Effective:

Issued by: Jerry Turco, Jr., Treasurer  
525 Riverside Ave.  
Lyndhurst, New Jersey 07071

Filed pursuant to Order of the Board of Public Utilities in Docket No. \_\_\_\_\_ dated \_\_\_\_\_