



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
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Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE PETITION OF)
MIDDLESEX WATER COMPANY FOR)
APPROVAL OF A PURCHASED WATER)
ADJUSTMENT CLAUSE PURSUANT TO)
N.J.A.C. 14:9-7.1, ET SEQ.)
ORDER ADOPTING INITIAL
DECISION/STIPULATION
BPU DOCKET NO. WR11010038
OAL DOCKET NO. PUC 01746-2011N

Parties of Record:

Kenneth J. Quinn, Esq., General Counsel, Middlesex Water Company
Stefanie A. Brand, Esq., Director, Division of Rate Counsel
Hesser G. McBride, Jr., Esq., Wilentz Goldman & Spitzer P.A. on behalf of the Old Bridge MUA

(SERVICE LIST ATTACHED)

BY THE BOARD:

On January 27, 2011, Middlesex Water Company ("Company" or "Petitioner"), a public utility corporation of the State of New Jersey pursuant to N.J.A.C. 14:9-7.1, et seq. filed a petition with the New Jersey Board of Public Utilities ("Board") seeking Board approval of a Purchased Water Adjustment Clause ("PWAC") to recover increased purchased water costs together with deferred costs, and associated expenses. The total overall requested increase in revenues was proposed to be \$364,778 or 0.56%.

By this Order, the Board considers the Initial Decision recommending adoption of the Stipulation of Settlement ("Stipulation") executed by the Company, the Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively, the "Signatory Parties"), agreeing to an overall increase in revenues in the amount of \$347,441 or 0.53%.

BACKGROUND/PROCEDURAL HISTORY

Middlesex is a water utility providing service to approximately 59,000 general water service customers in all or part of the municipalities of South Plainfield, Metuchen, Carteret, Woodbridge, Edison and South Amboy, Middlesex County and in a portion of Clark, Union County (collectively "GWS Customers"); as well as on a contractual basis to the Township of Edison, Boroughs of Highland Park and Sayreville, the Old Bridge Municipal Utilities Authority ("OBMUA"), and the Marlboro Township Municipal Utilities Authority ("MTMUA") (collectively, the "Contract Customers"). Middlesex also provides services on a special contract basis, for water treatment and pumping services only, to East Brunswick.

GWS Customers receive finished water that is distributed through Middlesex's transmission facilities. The Contract Customers and East Brunswick receive service that differs from that provided by Middlesex to its GWS Customers. East Brunswick purchases water from the New Jersey Water Supply Authority ("NJWSA") and sends this unfinished water to Middlesex, which, in turn, treats the water and sends the finished water back to East Brunswick's facilities for distribution to East Brunswick's customers. The Contract Customers are provided with finished water that is treated by Middlesex and subsequently distributed by the Contract Customers.

Middlesex purchases water through two water purchase contracts: (1) for untreated water from the NJWSA, and (2) for treated water from New Jersey American Water Company ("NJAW"). Middlesex was notified of increases in the purchased water rate per thousand gallons from NJAW effective August 4, 2010, pursuant to BPU Docket No. WR10020149, and December 6, 2010, pursuant to BPU Docket No. WR10040260.

The Signatory Parties have agreed to deferred accounting treatment of increases in purchased water costs not currently contemplated in the Docket, but which pertain to a pending PWAC petition filed by New Jersey American Water Company in BPU Docket No. WR11030131¹; and increases in purchased water costs in this Docket beyond July 1, 2011 up until the effective date (the "Middlesex Increases").

This matter was transmitted to the Office of Administrative Law ("OAL") and was assigned to Administrative Law Judge ("ALJ") Leland S. McGee. Subsequently, intervention status was granted to the Old Bridge Municipal Utilities Authority on March 2, 2011. A Pre-hearing conference (via telephone) was convened by ALJ McGee on May 18, 2011 and a Pre-hearing Order was issued on May 20, 2011.

After proper notice, a public hearing in the service territory was held at the Woodbridge Community Center in Woodbridge, New Jersey at 6:00 pm on June 29, 2011. No members of the public appeared to provide comments on the proposed PWAC rate filing.

Subsequent to the public hearing, the Signatory Parties engaged in settlement negotiations. As a result of these discussions and extensive discovery, the Signatory Parties reached a settlement on all issues and entered into the Stipulation. A copy of the Stipulation is attached to this Order. While not a formal signatory party to the Stipulation, Intervener OBMUA did submit a letter to ALJ McGee, dated July 5, 2011, stating that it had no objection to the Stipulation of Settlement.

On July 8, 2011, ALJ McGee issued his Initial Decision in this matter recommending adoption of the Stipulation executed by the Signatory 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. No exceptions were received by the Board.

DISCUSSION AND FINDINGS

As more fully discussed in the attached Stipulation², the Signatory Parties agreed that the following increases are reasonable and appropriate to allow the Petitioner to recover increased purchased water expenses:

¹ NJAW's pending request to change its PWAC is scheduled to be heard by the Board at its August 18, 2011 public agenda meeting.

² 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.

- o As a result of this settlement, a residential customer with a 5/8" meter using 2,600 cubic feet (19,448 gallons) of water per quarter would see his water bill increase from \$112.72 to \$113.41 per quarter (an increase of \$0.69 per quarter) or 0.61%.

Having reviewed the Initial Decision and the Stipulation, the Board FINDS that the Signatory 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 FINDS 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:

In accordance with the provisions of N.J.A.C. 14:9-7.3 (c), the Petitioner 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 ACCEPTS the tariff pages attached to the Stipulation as filed with the Board, to be effective as of the effective date stated below.

The effective date of this Order is August 28, 2011.


DATED: 8/18/11

BOARD OF PUBLIC UTILITIES
BY:

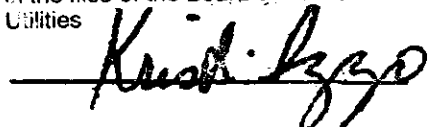

LEE A. SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER


NICHOLAS ASSELTA
COMMISSIONER

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



ATTEST:


CARMEN DIAZ
ACTING SECRETARY

In the Matter of the Petition of Middlesex Water Company
For Approval of a Purchased Water Adjustment Clause
Pursuant to N.J.A.C. 14:9-7.1, Et. Seq.
BPU Docket No. WR11010038
OAL Docket No. PUC 01746-2011N

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