

Agenda Date: 5/19/15 Agenda Item: VA

STATE OF NEW JERSEY Board of Public Utilities 44 South Clinton Avenue, 9th Floor Post Office Box 350 Trenton, New Jersey 08625-0350 www.nj.gov/bpu/

WATER

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IN THE MATTER OF MIDDLESEX WATER COMPANY FOR APPROVAL OF AN INCREASE IN ITS RATES FOR WATER SERVICE AND OTHER TARIFF CHANGES ORDER SUSPENDING INCREASES, CHANGES OR ALTERATIONS IN RATES FOR WATER SERVICE

DOCKET NO. WR15030391

Parties of Record:

Stephen B. Genzer, Esq. for Petitioner Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On March 31, 2015, pursuant to <u>N.J.S.A.</u> 48:2-21, <u>N.J.A.C.</u> 14:1-5.11, <u>N.J.A.C.</u> 14:1-5.12, <u>N.J.A.C.</u> 14:9-7.1 <u>et seq.</u>, and <u>N.J.A.C.</u> 14:9-10.1 <u>et seq.</u>, 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 ("BPU or Board"), filed a petition for approval of an increase in rates for water service and other tariff changes amounting to approximately \$9.45 million or 13.53%. According to the petition, the increase in rates will become effective on May 4, 2015. The Petitioner does not seek interim rate relief pending final determination of the petition.¹

As part of its filing, Middlesex seeks to update the base consumption and base costs established in the last base rate case proceeding within the meaning of the applicable Purchased Water Adjustment Clause regulations, <u>N.J.A.C.</u> 14:9-7.1 <u>et seq.</u>, as referenced in the BPU Order Adopting the Initial Decision and Order (Docket No. WR12010027), 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 <u>N.J.A.C.</u> 14:9-10.1 <u>et seq.</u>

¹ On April 8, 2015, the Company submitted a letter to the Board Secretary advising that it will not implement rates on an interim basis prior to the effective date of the Board's Suspension Order resulting from the May 20, 2015 agenda meeting (The meeting was subsequently changed to May 19, 2015).

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 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 under a special contract basis for water treatment and pumping services in the Township of East Brunswick.

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 occurred in various expense areas, including operations, maintenance, depreciation and taxes. Additionally, economic challenges continue to impact numerous entities in the Company's service territory, and water sales on an average per-customer basis continue to decline. The Company experienced a 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, to preserve its financial integrity, to permit proper maintenance, development and improvements of the utility plant required to furnish safe, adequate and proper service, to encourage continued good management, to prevent confiscation or diminution of its property and to earn a reasonable return upon the fair value of its property used and useful in the public service." (See Petition at paragraph 6).

It appearing that the proposed revisions will increase existing rates and change or alter existing classifications in Petitioner's tariff, it is <u>HEREBY</u> <u>ORDERED</u> that:

- Pursuant to <u>N.J.S.A.</u> 48:2-21, the proposed revisions be and are suspended until September 4, 2015, unless the Board, prior to that date, makes a determination disposing of the petition, or enters an Order further suspending the proposed revisions;
- (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 <u>N.J.S.A.</u> 48:2-32.2 and <u>N.J.A.C.</u> 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 New Jersey Division of Rate Counsel (140 East Front Street, 4th Floor, Post Office Box 003, Trenton, NJ 08625), the clerks of all affected municipalities, the clerks of the Board of Chosen Freeholders of all affected counties, and where appropriate, the executive officer of the affected county within its service area. Service of the petition, notice of hearings and this Order may occur simultaneously. Proof of service of this Order shall be filed with the Board within fifteen (15) days of the date of this Order.

This Order shall be effective on May 29, 2015.

DATED: BOARD OF PUBLIC UTILITIES lay 19,2015 BY: **RICHARD S. MROZ** PRESIDENT

JOSEPH L. FIORDALISO COMMISSIONER

DIANNE SOLOMON COMMISSIONER

ATTEST:

IRENE KIM ASBURY SECRETARY

REBY CERTIFY that the within 11 nt is a true copy of the original es of the Board of Public Utilities

olde MA 'RY-A'NNA HOL COMMISSIONER

UPENDRA J. CHIVUKULA COMMISSIONER

IN THE MATTER OF MIDDLESEX WATER COMPANY FOR APPROVAL OF AN INCREASE IN ITS RATES FOR WATER SERVICE AND OTHER TARIFF CHANGES BPU DOCKET NO. WR15030391

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