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NJ BPU
CASE MANAGEMENT

August 13, 2014

HAND-DELIVERED

The Honorable Kristi Izzo, Secretary
Board of Public Utilities
44 South Clinton Avenue
9th Floor
P.O. Box 350
Trenton, NJ 08625

WR14080905

**Re: In the Matter of the Petition of Shorelands Water Company, Inc.
for an Increase in Base Rates for Water Service, and Other Tariff
Modifications**

Dear Secretary Izzo:

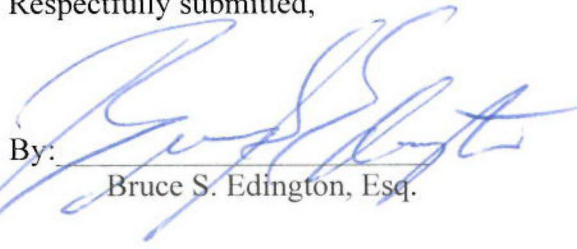
On behalf of Shorelands Water Company Inc. ("Shorelands"), we enclose for filing in the above matter an original and eleven (11) copies of the Verified Petition in the above-referenced matter. By copy of this letter, we are hand-delivering two (2) copies of the Petition to (1) the Director, Division of Rate Counsel of the State of New Jersey; and (2) the Department of Law and Public Safety (see attached Service List).

Shorelands is a public utility subject to annual assessment. Therefore, pursuant to N.J.S.A. 48:2-72, no filing fee is necessary with this petition. If this is incorrect, then please contact me.

Kindly provide the messenger with a copy of the Petition marked "filed". We would be grateful for your assistance in expediting the referral of this Petition to the Office of Administrative Law.

Chris
Legal (2)
DAG
RPA
M. Kammer
WATER (4)

J. Ford-Williams Respectfully submitted,

By: 
Bruce S. Edington, Esq.

BSE/sh/c
Enclosure

cc: See Attached Service List (w/enc.) (via Hand Delivery)

13700051.1

Service List

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street
4th Floor
P.O. Box 003
Trenton, NJ 08625

Caroline Vachier, Esq., DAG
Department of Law and Public Safety
124 Halsey Street
4th Floor
P.O. Box 45029
Newark, NJ 07101

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF)
SHORELANDS WATER COMPANY FOR) **PETITION**
AN INCREASE IN RATES FOR WATER)
SERVICE) Docket No.

TO THE HONORABLE BOARD OF PUBLIC UTILITIES
OF THE STATE OF NEW JERSEY:

Shorelands Water Company, Inc. ("Shorelands" or "Petitioner"), a duly organized and existing public utility corporation of the State of New Jersey having its principal place of business at 1709 Union Avenue, Hazlet, New Jersey 07730 by way of Petition to the New Jersey Board of Public Utilities ("Board"), hereby seeks permission to increase rates for water service effective September 15, 2014.

In support of this Petition, Shorelands shows that:

1. Petitioner is a regulated utility engaged in the production, treatment and distribution of water service tariff and at rates approved by the Board.
2. Shorelands serves a service territory which includes the Township of Holmdel; and connection service for bulk sales of Aberdeen, and New Jersey American Water the County of Monmouth and State of New Jersey

3. Petitioner's present rates became effective by Order of the Board in Docket No. WR10060394; OAL Docket No. PUC07101-2010N dated January 19, 2011.

4. Shorelands proposes to revise its rates for metered service. The new

rates are designed to increase revenues from water service by approximately **[\$1,017,052]** or **[9.86%]** above anticipated test-year revenues. Petitioner's current water charges are inadequate to meet present operating and maintenance expenses and to make needed system improvements. Rates are proposed to be increased in order: to enable Petitioner to continue to provide safe, adequate and proper service to customers; to offset expense increases experienced by Petitioner since its last rate increases; to establish an income level which will permit Petitioner to finance essential and continuing plant investment so as to comply with ongoing environmental and health regulations; to permit Petitioner to earn a fair and adequate rate of return on investment in property used and useful in public utility service; and to establish rates which will be sufficient to enable Petitioner to maintain financial integrity and to raise such funds as are necessary for the proper discharge its duties.

5. Two of the most prominent drivers of this rate increase application are the impacts of reductions in resale agreement volumes due to the required renegotiation of the 25 year New Jersey Water Supply Authority (NJWSA) Manasquan Contracts which expire June 30, 2015 and an overall reduction in sales volumes.

- i. Manasquan contract sales accounted for 8.2% of Shorelands revenue in 2013. Proposed reductions in purchases by Keyport Borough and the NJ American Water Co.-Union Beach systems will result in a reduction in annual revenues. The revised resale agreements will go into effect on July 1, 2015.
- ii. Annual sales volumes continue to trend lower each year. This is most likely due to conservation resulting from high efficiency appliances and fixtures; changing weather patterns; conservation

programs and efforts; and economic factors. Average sales volumes have dropped an additional 4.1% from the sales volumes established in our last case.

Major revenue decreases of this magnitude cannot long go unrecognized without impairing the performance and financial stability of the Company.

6. In particular, the combination of significant increases in medical expenses, pension and other benefit costs and proposed contract sales reductions, coupled with a pattern of reduced sales will require Shorelands to increase rates. The impact of increased expenses and reduced Manasquan contract sales will also negatively impact our overall rate of return.

7. Attached hereto and made a part hereof are the following:

Exhibit A – Present Rate Schedules.

Exhibit B – Proposed Rate Schedules.

Exhibit C – Pro forma statement of income for the 12 months ending December 31, 2014 (the test-year) at present and proposed rates.

Exhibit D – Comparative balance sheets as of December 31, 2011, 2012 and 2013.

Exhibit E – Comparative statements of income for the 12 months ending December 31, 2011, 2012 and 2013.

Exhibit F – Statement of Rate Base and Rate of Return at December 31, 2013 and pro forma at December 31, 2014, as adjusted.

Exhibit G – Text of proposed form of Notice of this filing.

8. The proposed increase is cost-based and does not reflect future inflationary expectations. It is the minimum required to assure continued safe, adequate and proper service and establishes a level of rates which is just and reasonable.

9. Notice of this filing and two (2) copies of this Petition are being served upon:

- i. the Division of Rate Counsel of the State of New Jersey; and
- ii. the office the Attorney General of the State of New Jersey

Notice of this filing and a single (1) copy of the Petition are also being served upon:

- iii. the Monmouth County Board of Chosen Freeholders;
- iv. the Monmouth County Clerk;
- v. the Hazlet Township Clerk;
- vi. the Holmdel Township Clerk;
- vii. the Aberdeen Township Clerk; and
- viii. the Borough of Keyport Clerk.

In addition, all of the parties mentioned in this paragraph shall be given at least 20 days Notice prior to the date set for hearing which Notice will include and specify the time and place of the hearing.

10. Customers will be notified of this filing and the effect hereof together with the time and place of hearing by publication at least 20 days prior to the date set for hearing in the Press of Asbury Park which is the primary newspaper published and circulated within Petitioner's service area and the Company's website at www.shorelandswater.com.

11. All correspondence in the case should be sent to the attorneys for Petitioner:

12.

Bruce S. Edington, Esq.
Attorney at Law
LECLAIRRYAN
One Riverfront Plaza
1037 Raymond Boulevard, Sixteenth Floor
Newark, New Jersey 07102
(973) 491-3524 Direct
(973) 491-3479 Fax
(732) 742-0025 Mobile
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and to appropriate officers of the company as follows:

Eric Olsen, P.E.
Chief Operating Officer
Shorelands Water Company
1709 Union Ave.
P.O. Box 158
Hazlet, NJ 07730
Email: eolsen@shorelandswater.com

WHEREFORE, Petitioner respectfully requests that the proposed increase in rates be approved pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.12 and that such other relief as is just, reasonable and proper be granted by the Board.

Respectfully submitted,
LECLAIR RYAN
A professional corporation
Attorneys for Shorelands Water Company

By: 

Bruce S. Edington, Esq.

DATED: August 13, 2014
Newark, NJ

CERTIFICATION

Eric Olsen, P.E. certifies as follows:

1. I am the Chief Operating Officer of Petitioner, Shorelands Water Company, and I am authorized to make this Certification on its behalf.
2. The statements made in the within Petition are true to the best of my knowledge, information and belief.
3. The foregoing statements made by me are true. I am aware that if any of the statements made by me is willfully false, I am subject to punishment.



Eric Olsen, P.E.