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Via FedEx

November 24, 2014

Kristi Izzo, Secretary
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

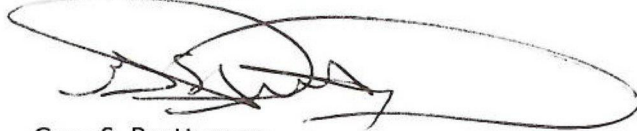
RE: In The Matter of the Petition of United Water West Milford, Inc.
For Approval of Deferral Accounting Authority for the Financial Impact
of the Settlement of Litigation with Bald Eagle Commons Building Association
BPU Docket No. WF14070804

Dear Secretary Izzo,

Enclosed for filing please find an original and ten(10) copies, plus one additional copy, of a Stipulation of Settlement executed by Petitioners, United Water West Milford, Inc., The Division of Rate Counsel and the Staff of the Board of Public Utilities, in the above referenced matter. Please stamp the additional copy "filed" and return in the self-addressed, stamped envelop provided.

Thanks you for your attention to this matter.

Very truly yours,



Gary S. Prettyman
Senior Director - Regulatory Business

Enclosure

Cc: Service List via e-mail

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2014 NOV 25 PM 1 55
NJ BPU
MAILROOM



REC'D
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NJ BPU
CASE MANAGEMENT

OCMS
Water (8)
DA
RPA

SERVICE LIST

I/M/O United Water West Milford Inc.
Deferral Petition
BPU Docket No. WF14070804

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REC'D STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES
2014 NOV 25 PM 1 51

RECEIVED
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NJ BPU
MAILROOM

**IN THE MATTER OF THE PETITION OF
UNITED WATER WEST MILFORD, INC.
FOR DEFFERAL ACCOUNTING AUTHORITY:
FOR THE FINANCIAL IMPACT OF THE
SETTLEMENT OF LITIGATION WITH BALD
EAGLE COMMONS BUILDING ASSOCIATION:**

**STIPULATION OF SETTLEMENT
BPU DOCKET NO. WF14070804**

APPEARANCES:

Kelly Ruggiero, Esq., on behalf of United Water West Milford Inc., Petitioner

Alex Moreau, Deputy Attorney General and Christopher Psihoules, Deputy Attorney General
(John J. Hoffman, Acting Attorney General of New Jersey), on behalf of the Staff of the Board of Public Utilities

Debra F. Robinson, Esq., Deputy Rate Counsel, Christine M. Juarez, Esq., Assistant Deputy Rate Counsel, on behalf of the Division of Rate Counsel (Stefanie A. Brand, Director)

THE HONORABLE BOARD OF PUBLIC UTILITIES:

The Parties in this proceeding are United Water West Milford Inc. (the "Company" or "Petitioner"), the Division of Rate Counsel ("Rate Counsel"), and the Staff of the Board of Public Utilities ("Board Staff").

On July 29, 2014, Petitioner, a public utility corporation of the State of New Jersey, filed a petition with the Board of Public Utilities (the "Board") seeking permission to defer on its books the actually incurred costs of settlement of the litigation brought by Bald Eagle Commons Building Association (BECBA) against UWWM in New Jersey Superior Court, Docket No. PAS-L-4863-12 that are not otherwise recovered through its currently approved base rates. The Company proposed that the appropriate amortization period for such deferred costs will be addressed in the Company's next base rate case.

As set forth in the petition, in November 2012, BECBA commenced a lawsuit against UWWM as a result of a dispute between the parties regarding ownership and maintenance responsibilities with respect to a failing retaining wall in BECBA's residential development. While it was UWWM's position that UWWM did not own the property the failing wall sits on and was not responsible for maintaining that portion of the wall itself, BECBA had a different opinion as to ownership and maintenance of the wall, and demonstrated a clear intent to litigate. Moreover, UWWM had an obligation to ensure the UWWM sewer system drying beds adjacent to the failing wall were not compromised. It was UWWM's estimate that absent settlement of the matter, the total costs that could have been incurred by UWWM may have exceeded \$1,000,000. UWWM and BECBA reached a mutually agreeable settlement of the litigation in the Spring of 2014. As noted above, UWWM filed the within petition seeking permission to defer on its books the actually incurred costs of settlement of the litigation with the Board on July 29, 2014.

Subsequent settlement discussions among the Parties hereto were held, and the agreements reached during those discussions have resulted in the following stipulations by the Parties:

1. The Parties agree that UWWM may defer on its books \$293,980 for accounting purposes only, reflecting actual expenses incurred through October 31, 2014 (see attached Exhibit A).
2. The Parties agree that UWWM may defer any additional expenses for accounting purposes only associated with the Litigation Settlement that are incurred after October 31, 2014 and that are not reflected in base rates. These additional expenses are subject to a maximum cap of \$20,000.
3. No ongoing, routine expenses are included in the requested deferral accounts established for costs associated with the Litigation Settlement.

4. The ratemaking treatment of the costs associated with the Litigation Settlement will be determined in UWWM's next base rate case, at which time Rate Counsel and Board Staff will examine the reasonableness and prudence of such costs.

5. The amortization period for the costs listed on Exhibit A attached to this Stipulation will be addressed in the Company's next base rate case.

6. This Stipulation is the product of 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 and jointly 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.

7. 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.

8. WHEREFORE, the Parties hereto do respectfully submit this Stipulation and request that the Board issue a decision and order approving this Stipulation in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

UNITED WATER WEST MILFORD INC.

Nov. 21, 2014
Date

By: Kelly K. Ruggiero
Kelly Ruggiero, Esq.

JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for Staff of the Board of Public Utilities

Date

By: _____
Alex Moreau, Esq.
Deputy Attorney General

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

Date

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

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UNITED WATER WEST MILFORD INC.

Nov. 21, 2014
Date

By: Kelly K. Ruggiero
Kelly Ruggiero, Esq.

JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for Staff of the Board of Public Utilities

November 21, 2014
Date

By: [Signature]
Alex Moreau, Esq.
Deputy Attorney General

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

Date

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

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JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for Staff of the Board of Public Utilities

Date

By: _____
Alex Moreau, Esq.
Deputy Attorney General

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

11/21/14
Date

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

EXHIBIT A

Updated Actual Through October 31, 2014

**UW West Milford Sewer
Stone Wall (Deferred Costs)**

<u>AP Vendors</u>	<u>Cost Type</u>	<u>Actual Through October 31, 2014 Amount</u>
ARCHER & GREINER PC	Legal	\$39,503
ARCHER & GREINER PC	Settlement Cost	200,000
BALD EAGLE COMMONS BUILDING ASSOC.	Temporary Barrier	9,150
BALD EAGLE COMMONS BUILDING ASSOC.	Move Power Conduit (1)	
BUCK SEIFERT & JOST	Engineering	23,010
CREW ENGINEERS INC	Engineering	15,510
GARDELL LAND SURVEYING LLC	Survey	6,807
		<u>\$293,980</u>