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BOARD OF PUBLIC UTILITIES
MAIL ROOM

March 31, 2015
(Via Messenger)

Honorable Kenneth J. Sheehan
Secretary of the Board
New Jersey Board of Public Utilities
44 South Clinton Avenue
9th Floor, PO Box 350
Trenton, NJ 08625-0350

WR15030391

Re: In the Matter of Middlesex Water Company
for Approval of an Increase in its Rates for
Water Service and Other Tariff Changes

Dear Secretary Sheehan:

Enclosed herewith for filing please find the original and ten (10) copies of Middlesex Water Company's Petition and prepared Testimony in the above-referenced matter.

Two copies of this Petition and Testimony have this day been sent via Federal Express to the Department of Law and Public Safety and the Director of the Division of Rate Counsel and, by first class mail, upon the clerks of the various municipalities comprising the Petitioner's service territory and the clerks of the Boards of Chosen Freeholders in each affected county.

The case may be summarized as a petition for approval of an increase in rates seeking an overall increase of approximately \$9.45 million or 13.53% and approval of other changes to Petitioner's Tariff.

Kindly stamp "filed" on the extra copy of the Petition enclosed herewith and return it to our messenger.

CMS
LEGAL (2)
DAG
RPA
M. MORAN
M. KRAMMER
WATER (3)

J. FORD

Very truly yours,

Jay L. Kooper
Vice President, General Counsel & Secretary

JLK:rk
Enclosures

cc: Service List B (without Testimony)

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

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MAR 31 2015

BOARD OF PUBLIC UTILITIES
MAIL ROOM

In the Matter of MIDDLESEX WATER : PETITION
COMPANY for Approval of an :
Increase in its Rates for Water Service : Docket No. WR15 _____
and Other Tariff Changes :

TO: THE HONORABLE BOARD OF PUBLIC UTILITIES:

Petitioner, Middlesex Water Company (hereinafter referred to as "Petitioner," "Middlesex" or the "Company"), respectfully submits this Petition pursuant to N.J.S.A. 48:2-21, N.J.A.C. 14:1-5.11, 14:1-5.12, 14:9-7.1 et seq. and N.J.A.C. 14:9-10.1 et seq. and shows that:

FIRST COUNT
FOR AN INCREASE IN RATES

1. Middlesex is a corporation organized and existing under the laws of the State of New Jersey, with its principal offices located at 1500 Ronson Road, Iselin, New Jersey 08830. Communications relating to this Petition should be sent to Stephen B. Genzer, Esq., Saul Ewing LLP, One Riverfront Plaza, Newark, New Jersey 07102, and copies thereof should also be sent to Jay L. Kooper, Esq., Vice President, General Counsel & Secretary, Dennis W. Doll, President and Chief Executive Officer, and A. Bruce O'Connor, Vice President, Treasurer and Chief Financial Officer, Middlesex Water Company, 1500 Ronson Road, Iselin, New Jersey 08830.

2. Middlesex is a duly organized and existing public utility of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities (the "Board" or "BPU"). The Company is engaged in the business of collecting, treating and distributing water, on a retail basis, to customers in South Plainfield, Metuchen, Carteret, Woodbridge, Edison,

South Amboy, portions of Clark, portions of the Borough of Sayreville, and portions of Downe Township in Cumberland County; and on a contractual basis, to the Township of Edison, the Borough of Highland Park, the Old Bridge Municipal Utilities Authority, the City of Rahway, and Marlboro Township; and, on a special contract basis for water treatment and pumping services, to the Township of East Brunswick. This Petition is being filed on a “stand-alone” basis, that is, for the Middlesex Water Company service area only.

3. By this Petition, the Company seeks approval of an increase in rates and approval of other tariff changes, pursuant to N.J.S.A. 48:2-21, N.J.A.C. 14:1-5.11, 14:1-5.12, 14:9-7.1 et seq. N.J.A.C. 14:9-10.1 et seq. and other related provisions of the statutes and regulations.

4. The Company is engaged in its ongoing capital program to maintain and improve safe, adequate and proper service to its customers. Since rates were set in the Company’s last rate proceeding, increases have also 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 has also experienced the loss of sales to additional major customers since the prior rate proceeding, and the revenues associated with these sales, too, have declined without offset by customer growth.

5. Petitioner’s present rates for water service are inadequate to meet such expenses, support the essential capital improvement program and provide Petitioner with a reasonable return on its investment in utility plant. Without the increase, Petitioner’s financial condition could be jeopardized, as would its ability to continue to render safe, adequate and proper service to the public.

6. The additional revenues requested are required to enable Petitioner to maintain a satisfactory credit position, to preserve its financial integrity, to permit proper maintenance, development and improvement 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.

7. Petitioner notifies the Board that, for the reasons stated above, it seeks approval to increase its rates for water service, as provided in Exhibit A attached hereto, for service rendered on and after May 4, 2015, which date is at least 30 days after the filing of this Petition. Petitioner also notifies the Board that it will implement the proposed rates on January 4, 2016, on an interim basis pursuant to law if the Board has suspended the effective date of the new rates pursuant to N.J.S.A. 48:2-21 but not finally determined a new just and reasonable tariff prior to that date.

8. Petitioner's rates are being increased for the purpose of producing additional annual revenues of approximately \$9.45 million or approximately 13.53% above the adjusted annual level of revenues for the test year ending June 30, 2015.

9. Notice of this filing, a copy of this Petition and all other annexed exhibits are being served upon the municipal clerk in each of the municipalities in which the Petitioner provides service, the clerk of the Board of Chosen Freeholders in each affected county, and, in duplicate, upon the Department of Law and Public Safety and the Director of the Division of Rate Counsel. Notice of the filing and a statement of its effect will be furnished to Petitioner's customers by publication in newspapers published and circulated in Petitioner's service area pursuant to the rules of the Board and pursuant to the BPU Order entered in Docket No. AO13030252 (dated October 16, 2013).

10. Proof of service of the notices referred to herein will be filed with the Board by Petitioner in accordance with the Board's regulations.

11. Annexed hereto and made a part hereof as if fully set forth herein are the following exhibits:

- Exhibit A - Proposed Changed Tariff Sheets including Rate Schedules.
- Exhibit B - Present Tariff Sheets Corresponding to Exhibit A.
- Exhibit C - Comparative Balance Sheets - December 31, 2014, 2013 and 2012.
- Exhibit D - Comparative Statements of Income for the Twelve Months ended December 31, 2014, 2013 and 2012.
- Exhibit E - Balance Sheet as of January 31, 2015.
- Exhibit F - Pro Forma Statement of Income and Rate of Return for the Twelve Months ending June 30, 2015 at Present and Proposed Rates.
- Exhibit G - Form of Notice to be given of this filing and of Public Hearing.
- Exhibit H - Purchased Water Adjustment Clause.
- Exhibit I - List of Proposed Witnesses to Testify.
- Exhibit J - Affidavit of Dennis W. Doll.
- Exhibit K - Updated DSIC Foundational Filing (to be filed under separate cover during the pendency of this proceeding).

WHEREFORE, the 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 and proper be granted by the Board.

SECOND COUNT
FOR OTHER TARIFF CHANGES

1. Petitioner repeats and realleges the allegations of the First Count and incorporates them into this Second Count as if fully set forth at length herein.
2. In this proceeding the Company proposes to make changes to its Tariff substantially as set forth in Exhibit A annexed hereto, including changes which do not increase charges to customers. A copy of the pages of the existing Tariff which are proposed to be changed is set forth in Exhibit B.
3. Notice of proposed Tariff changes is to be included in the notices proposed in paragraphs 9 and 10 of the First Count herein. The date on which the Company proposes to make the Tariff changes effective shall be the date on which new rates become effective as set forth in paragraph 7 of the First Count herein unless the Board shall act earlier on any or all of these changes.
4. The Company is also submitting Exhibit H (Purchased Water Adjustment Clause) in order to update the base consumption and base costs which were established in the last base rate proceeding within the meaning of the applicable Purchased Water Adjustment Clause regulations N.J.A.C. 14:9-7.1 et seq. as referenced in the BPU Order Adopting Initial Decision and Order (BPU Docket No. WR12010027).

WHEREFORE, Petitioner respectfully requests that pursuant to N.J.A.C 14:5-11, the Board approve the Tariff changes proposed herein and that such other relief as is just and proper be granted by the Board.

THIRD COUNT
ESTABLISHMENT OF A DISTRIBUTION
SYSTEM IMPROVEMENT CHARGE

1. Petitioner repeats and restates the allegations of the First and Second Counts and incorporates them into this Third Count as if fully set forth at length herein.

2. In this matter, Petitioner seeks to continue to utilize a Distribution System Improvement Charge (“DSIC”) to recover a portion of the costs of necessary improvements to the Company’s distribution system.

3. As will be described in testimony to be filed herein, the Board has authorized the Company to implement, pursuant to N.J.A.C. 14:9-10.1 et seq., a DISC. The Company has reserved Exhibit K to be used for the Company’s updated DSIC Foundational Filing.

4. Specifically, and consistent with N.J.A.C. 14:9-10.4(b)(6), the Company proposes to use this base rate proceeding as a vehicle to accomplish a number of purposes. The Company’s initial foundational filing, approved by the Board in BPU Docket No. WR12111021 (Order dated February 2, 2013), and second foundational filing, approved by the Board in BPU Docket No. WR14050508 (Order dated August 20, 2014), have set the stage for ongoing significant necessary investments in valuable infrastructure by the Company. Additionally, the Company will use this case to make its next updated foundational filing to reflect planned distribution system investments over the next number of years. Pursuant to the regulations, this base rate case will also provide the opportunity for the Board to review the prudence in the implementation of those qualifying and approved in-service non-revenue producing investments and when confirmed, permanently reflect those investments into rate base.

5. The Company believes a DSIC represents a reasonable approach to addressing the need to replace and/or rehabilitate aging utility infrastructure, and is hopeful DSIC regulations will be implemented to accomplish their purpose by balancing the interests of our customers with the needs of the Company. As the Board's regulations are implemented, the Company intends to continue to update the data the Board requires to fulfill the purposes of the DSIC.

6. The Company intends to supplement this Petition as noted and will furnish such other and additional information as may be required by the Board.

WHEREFORE, the Petitioner respectfully requests that a Distribution System Improvement Charge be authorized and the in-service investments made by the Company in the context of the current DSIC be included into rate base. Further, the Petitioner requests the Board to accept the data established in this proceeding to update a new Foundational Filing for future eligible investments pursuant to the DSIC regulations, and that such other relief as is just and reasonable be granted by the Board.

Respectfully Submitted,

SAUL EWING LLP
One Riverfront Plaza
Newark, New Jersey 07102

By: Stephen B. Genzer, Esq.

MIDDLESEX WATER COMPANY
1500 Ronson Road
Iselin, New Jersey 08830

By: Jay L. Kooper, Esq.
Vice President, General Counsel & Secretary



Attorneys for Middlesex Water Company


Dated: March 31, 2015
Iselin, New Jersey

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

	:	CERTIFICATE OF SERVICE
In the Matter of MIDDLESEX	:	
WATER COMPANY for Approval	:	
of an Increase in its Rates for	:	
Water Service and Other	:	
Tariff Changes	:	

Jay L. Kooper, an Attorney at Law of New Jersey, hereby certifies the following:

On March 31, 2015, I caused to be served by first class mail, postage prepaid, a copy of the within Petition and Exhibits, to each party on the attached Service List B, and by Federal Express, two copies thereof to the Department of Law and Public Safety at its address at 124 Halsey Street, Newark, New Jersey 07102, and by hand delivery to the Director, Division of Rate Counsel, at its address at State of New Jersey, Division of Rate Counsel, 140 East Front Street - 4th Floor, Trenton, NJ 08625.



Jay L. Kooper

Dated: March 31, 2015