

APR 18 2016
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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 17726-15

AGENCY DKT. NO. WR15101202

**IN THE MATTER OF PINELANDS
WASTEWATER COMPANY FOR APPROVAL OF
AN INCREASE IN ITS RATES FOR WATER
SERVICE AND OTHER TARIFF CHANGES**

Jay L. Kooper, Esq., and Stephen B. Genzer, Esq., for petitioner Pinelands
Wastewater Company

CMS

V. Haynes
D. Lee Thomas
M. Moran

Patricia Krogman and Veronica Beke, Deputy Attorneys General, for the Staff of
the Board of Public Utilities (Robert Lougy, Acting Attorney General of New
Jersey, attorney)

M. Kammer
M. Mosser
J. Kane
J. Gertsman

Susan McClure, Assistant Deputy Rate Counsel, for Division of Rate Counsel
(Stefanie A. Brand, Director, attorney)

B. Agee
C. Vachier

Record Closed: April 12, 2016

Decided: April 12, 2016

BEFORE **LELAND S. McGEE, ALJ:**

This matter was transmitted to the Office of Administrative Law (OAL) on November 5, 2015 for resolution as a contested case pursuant to N.J.S.A. 16:41C-8.7(b) 3.

A telephone pre-hearing was conducted on December 29, 2015. A public hearing was held on February 10, 2016 and evidentiary hearings were scheduled for June 6, 7 & 8, 2016. Prior to the hearing dates the parties advised the undersigned that they reached settlement. On April 12, 2016 a copy of the fully executed Settlement Agreement was received by the OAL indicating the terms of the agreement, which are incorporated herein by reference.

Having reviewed the contents of the attached Settlement Agreement, I **FIND**:

1. The parties have voluntarily agreed to the settlement as evidenced by their signatures and/or the signatures of their representatives.
2. The settlement fully disposes of all issues in controversy and is consistent with the law.

I approve the settlement and, therefore **ORDER** that the parties comply with the settlement terms and that these proceedings be concluded.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

April 12, 2016
DATE


LELAND S. MCGEE, ALJ

Date Received at Agency:

April 12, 2016

Mailed to Parties:

DATE
lr

OFFICE OF ADMINISTRATIVE LAW

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

In the Matter of Pinelands Wastewater Company for Approval of an Increase in its Rates for Wastewater Service and Other Tariff Changes	: : : : : : :	BPU Docket No. WR15101202 OAL Docket No. PUC 17726-15 <u>STIPULATION OF SETTLEMENT</u>
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APPEARANCES:

Jay L. Kooper, Esq., General Counsel, and Stephen B. Genzer, Esq., Saul Ewing, LLP, on behalf of Pinelands Water Company, Petitioner

Patricia A. Krogman, Deputy Attorney General, and Veronica Beke, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (Robert T. Lougy, Acting Attorney General of the State of New Jersey)

Debra F. Robinson, Esq., Deputy Rate Counsel and Susan McClure, Esq. Assistant Deputy Rate Counsel, on behalf of the Division of Rate Counsel (Stefanie A. Brand, Director)

TO THE HONORABLE LELAND S. MCGEE, ALJ AND THE BOARD OF PUBLIC UTILITIES:

This Stipulation of Settlement resolves all issues in BPU Docket No. WR15101202 in which the Pinelands Wastewater Company (the "Company" or "Petitioner") seeks to increase its rates for wastewater service and other tariff changes. The Signatory Parties to this Stipulation of Settlement are the Company, the Division of Rate Counsel ("Rate Counsel"), and the Staff of the Board of Public Utilities ("Staff") (collectively the "Signatory Parties"). As a result of an analysis of Petitioner's pre-filed testimony and exhibits, extensive discovery conducted, conferences, negotiations, and a public hearing held on February 10, 2016 in Southampton, New

Jersey, the Signatory Parties have come to an agreement on the issues in dispute in this matter.

The Signatory Parties hereto agree and stipulate as follows:

The procedural history of this matter is as follows:

On October 21, 2015, Petitioner, a public utility corporation of the State of New Jersey, pursuant to N.J.S.A. 48:2-21, N.J.A.C. 14:1-5.11 and N.J.A.C. 14:1-5.12, filed a petition to increase rates for wastewater service and to make other tariff changes. Specifically, Pinelands Wastewater Company requested a rate increase of \$180,930 or approximately 16.73% above the adjusted annual level of revenues for the test year ending March 31, 2016. The Board transferred this matter to the Office of Administrative Law as a contested case where it was assigned to Administrative Law Judge Leland S. McGee ("ALJ McGee").

After proper notice, a public hearing was held on the evening of February 10, 2016, at Laurel Hall located in the Leisuretowne Association at 236 Huntington Drive in Southampton, New Jersey, with ALJ McGee presiding. Members of the public appeared and their comments were heard by the Signatory Parties and ALJ McGee. Approximately 16 individuals spoke at the public hearing. Their comments generally concerned the magnitude of the increase requested. Subsequently, several settlement discussions were held, and agreements reached during those discussions have resulted in the following stipulation by the Signatory Parties:

1. Pinelands Wastewater Company's total rate base for purposes of this proceeding is agreed to be \$2,056,189. The Signatory Parties agree to an overall rate of return of 8.43%, which is based on a capital structure of 51.85% equity with a cost rate of 9.75% and 48.15% long-term debt with a cost rate of 7.00%.

2. The Signatory Parties stipulate to a revenue increase for Pinelands Wastewater Company of \$141,456, or 13.10% over present revenues of \$1,079,737 for the total projected revenues of \$1,221,193. (See Exhibit B – Proof of Revenues). The Signatory Parties agree that this revenue requirement represents the level of revenues necessary to ensure that the Company will continue to provide safe, adequate, and proper water service to its customers. The Signatory Parties anticipate the effective date of this increase to be the effective date set forth in the Board Order adopting this Stipulation of Settlement. No increase will take effect until the Board has had a full opportunity to review and make a determination regarding this stipulation and issues a written order approving any such increase.

3. The Signatory Parties agree that the proposed revised tariff pages, together with other revisions, attached hereto as Exhibit A, implementing the terms of this Stipulation, should be adopted by the Board in their entirety. Also attached, as Exhibit B, is a Proof of Revenues for the Company.

4. This Stipulation is the product of extensive negotiations by the Signatory 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 Signatory Parties to this Stipulation that this settlement, once accepted and approved by the Board, shall govern all issues specified and agreed to herein. The Signatory 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 Signatory Parties have stipulated herein. The Signatory 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 Signatory 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 Signatory Party hereto materially affected thereby shall not be bound to proceed under this Stipulation. The Signatory Parties further agree that the purpose of this Stipulation is to reach fair and reasonable rates, and that it will avoid protracted and costly litigation of certain issues and that with respect to any policy or other issues which were compromised in the spirit of reaching an agreement, none of the Signatory 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.

5. This Stipulation may be executed in as many counterparts as there are Signatory Parties of this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

PINELANDS WASTEWATER COMPANY

April 12, 2016
Date

By: Jay Kooper
Jay L. Kooper, Esq.
General Counsel

ROBERT T. LOUGY
ACTING ATTORNEY GENERAL
OF NEW JERSEY
Attorney for the Staff of the New Jersey
Board of Public Utilities

Date

By: _____
Patricia A. Krogman
Deputy Attorney General

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PINELANDS WASTEWATER COMPANY

Date

By: _____


Jay L. Kooper, Esq.
General Counsel

ROBERT T. LOUGY
ACTING ATTORNEY GENERAL
OF NEW JERSEY
Attorney for the Staff of the New Jersey
Board of Public Utilities

4/12/16

Date

By: _____


Patricia A. Krogman
Deputy Attorney General

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PINELANDS WASTEWATER COMPANY

Date

By: _____

Jay L. Kooper, Esq.
General Counsel

ROBERT T. LOUGY
ACTING ATTORNEY GENERAL
OF NEW JERSEY
Attorney for the Staff of the New Jersey
Board of Public Utilities

4/12/16

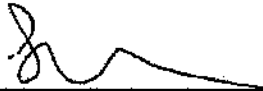
Date

By: _____


Patricia A. Krogman
Deputy Attorney General

STEFANIE A. BRAND, ESQ.
DIRECTOR - RATE COUNSEL

4/12/16
Date

By: 

Susan McClure, Esq.
Assistant Deputy Rate Counsel