



THE MIDDLESEX WATER ENTERPRISE



Middlesex Water Company • Pinelands Water & Wastewater Company • Southern Shores Water Company • Tidewater Utilities, Inc. • Tidewater Environmental Services, Inc. • Twin Lakes Utilities, Inc. • Utility Service Affiliates, Inc. • Utility Service Affiliates (Avalon) • Utility Service Affiliates (Perth Amboy) Inc. • White Marsh Environmental Systems, Inc.

May 17, 2017  
(Via Federal Express)

Honorable Irene Kim Asbury  
Secretary of the Board  
New Jersey Board of Public Utilities  
44 South Clinton Avenue  
3<sup>rd</sup> Floor, Suite 314  
Trenton, NJ 08625-0350

RECEIVED

MAY 18 2017

BOARD OF PUBLIC UTILITIES  
MAIL ROOM

Re: In the Matter of the Petition of Middlesex Water Company for  
Approval To Change The Levels of Its Purchased Water Adjustment  
Clause Pursuant to N.J.A.C. 14:9-7.1, et seq.  
BPU Docket No. WR170505-24

Dear Secretary Izzo:

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

Two copies of this Petition have also been served, via Federal Express, upon the Department of Law and Public Safety and upon the Director of the Division of Rate Counsel and, by first class mail upon our Contract customers and upon the clerks of the various municipalities comprising the Petitioner's service territory.

The case may be summarized as a petition for approval to change the levels of a purchase water adjustment clause (PWAC).

Kindly stamp "filed" on the extra copy of the Petition enclosed herewith, and please return it to us in the enclosed, stamped return envelope.

Cms  
J. Kane  
DAG  
RPA  
M. Moran  
M. Kammer  
M. Mosser  
WATER (3)

Very truly yours,

Jay L. Kooper  
Vice President, General Counsel & Secretary

JLK:rk  
Enclosures

cc: Service List A  
Service List B

"A Provider of Water, Wastewater & Related Products and Services"

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

RECEIVED

MAY 18 2017

BOARD OF PUBLIC UTILITIES  
MAIL ROOM

\_\_\_\_\_  
: IN THE MATTER OF THE PETITION OF : PETITION  
: MIDDLESEX WATER COMPANY FOR :  
: APPROVAL TO CHANGE THE LEVELS :  
: OF ITS PURCHASED WATER :  
: ADJUSTMENT CLAUSE PURSUANT TO :  
: N.J.A.C. 14:9-7.1, ET SEQ. :  
: \_\_\_\_\_ :

Docket No.: WR17050524

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

Petitioner, Middlesex Water Company (hereinafter “Middlesex,” “Company” or “Petitioner”), respectfully represents as follows:

1. This Petition is filed pursuant to N.J.A.C. 14:9-7.1, et seq., and seeks Board approval of a change to the level of Middlesex’s purchased water adjustment clause (“PWAC”) to recover increased purchased water costs, together with deferred costs, PWAC rate case expenses and associated gross receipts and franchise taxes, all as more particularly set forth and described in the exhibits attached hereto.

2. Middlesex is a duly organized and existing public utility of the State of New Jersey, subject to the jurisdiction of the Board. Middlesex provides water services to approximately 61,000 retail customers, primarily in eastern Middlesex County, New Jersey and provides water under wholesale contracts to the City of Rahway, Townships of Edison and Marlboro, the Borough of Highland Park and the Old Bridge Municipal Utilities Authority. Middlesex treats, stores and distributes water for residential, commercial, industrial and fire protection purposes. Middlesex also provides water

treatment and pumping services to the Township of East Brunswick under contract. Middlesex recorded revenues of approximately \$80.2 million in 2016.

3. The Middlesex System's retail customers are located in an area of approximately 55 square miles in Woodbridge Township, the City of South Amboy, the Boroughs of Metuchen and Carteret, portions of the Township of Edison and the Borough of South Plainfield in Middlesex County, and a portion of the Township of Clark in Union County. Retail customers include a mix of residential customers, large industrial concerns and commercial and light industrial facilities. These customers are located in generally well-developed areas of central New Jersey.

4. The contract customers of the Middlesex System comprise an area of approximately 146 square miles with a population of approximately 300,000. Contract sales to Edison, Old Bridge, Marlboro and Rahway are supplemental to the existing water systems of these customers. The Middlesex System provides treated surface water under long-term agreements to East Brunswick, Marlboro and Old Bridge.

5. Middlesex provides water service to approximately 300 customers in Cumberland County, New Jersey. This system is referred to as Bayview, and is not physically interconnected with the Middlesex System. The Company owns and operates water treatment, supply, transmission and distribution systems for these purposes. The Company also owns subsidiaries that provide utility and utility-related services in Southampton Township in Burlington County, and portions of Delaware and Pennsylvania.

6. Petitioner obtains a significant portion of the water needed to meet its overall water supply needs through water purchase contracts with the New Jersey Water Supply Authority (“NJWSA”) for untreated water and New Jersey American Water Company, Inc. (“NJAW”) for finished water.

7. Petitioner has been notified that the following increases in the NJWSA rate have been proposed by the NJWSA to be effective July 1, 2017: for rate classification Base Rate – Tier 1 (20 MGD) an increase from \$0.2530 per thousand gallons (tg) to \$0.336 per tg; for rate classification Base Rate – Tier 2 (7 MGD) an increase from \$0.3224 per tg to \$0.4054 per tg; and for rate classification Additional Purchases an increase from \$0.304 per tg to \$0.403 per tg.

8. Petitioner has been notified that a decrease in the NJAW PWAC rate from \$0.4018 per tg to \$0.3915 per tg (BPU Docket No. WR16111065) has been approved by the BPU effective April 1, 2017.

9. Petitioner intervened and actively participated in the NJAW PWAC rate proceedings by way of teleconference discovery and settlement meetings attendance and participation.

10. Petitioner’s last base rate case was filed with the Board on March 31, 2015 in BPU Docket No. WR15030391 and was resolved by stipulation. Attached hereto and made part hereof is a copy of the fully executed Stipulation of Settlement in that matter; the Initial Decision by the Office of Administrative Law (“OAL”) dated July 28, 2015 recommending approval of the Stipulation (both of which are attached to the Board Order and are part of Exhibit A); and the Board Order dated August 19, 2015 adopting the

Initial Decision and Stipulation and approving a base rate increase in accordance therewith (Exhibit A).

11. Petitioner's last case requesting a change to the level of its PWAC was filed with the Board on April 19, 2016 in BPU Docket No. WR16040306 and was resolved by stipulation. Attached hereto and made part hereof is a copy of the fully executed Stipulation of Settlement in that matter; the Initial Decision by the OAL dated September 7, 2016 recommending approval of the Stipulation (both of which are attached to the Board Order and are part of Exhibit A); and the Board Order dated September 23, 2016 adopting the Initial Decision and Stipulation and approving the change to the level of Middlesex's PWAC in accordance therewith (Exhibit A).

12. Attached hereto and made part hereof are the following Exhibits detailing the specific costs comprising the rate adjustment proposed herein and the proposed PWAC increase need to recover those costs and providing other data requirements pursuant to N.J.A.C. 14:9-7.4(a):

- EXHIBIT A - Board Order; August 19, 2015, BPU Docket No. WR15030391(Including Stipulation of Settlement and Initial Decision by OAL) and Board Order; September 23, 2016, BPU Docket No. WR16040306 (Including Stipulation of Settlement and Initial Decision by OAL)
- EXHIBIT B - Rate Schedule of: (1) NJAW; (2) NJAW PWAC; and (3) NJWSA
- EXHIBIT C - Purchased Water Contracts between Petitioner and (1) NJAW; and (2) NJWSA
- EXHIBIT D - Schedule of Customers and Water Purchased
- EXHIBIT E - Proposed Cost Per Unit of Volume
- EXHIBIT F - Proposed PWAC Tariff Sheets and Proof of Revenue

EXHIBIT G - PWAC Rate Proceeding Expenses

EXHIBIT H - PWAC True-Up Schedule

EXHIBIT I - Tax Gross-Up Calculation

EXHIBIT J - Form of Notice to be given of this filing and of Public Hearing

13. Attached hereto and made a part hereof in further support the Petitioner's proposed PWAC increase need is the Testimony of Michele L. Tilley together with Exhibits MLT-1 through MLT-4 attached thereto

14. 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 of the affected customers 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.

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

WHEREFORE, Petitioner respectfully requests that the Board grant the following relief: (a) approving a PWAC rate as proposed herein for recovery of increased water purchase costs and authorizing same to be placed into effect at the earliest date possible; and (b) for such other further relief as may be just and equitable.

Respectfully Submitted,

By: Jay Kooper

JAY L. KOOPER, ESQ.  
Vice President, General Counsel & Secretary  
Middlesex Water Company  
1500 Ronson Road  
Iselin, NJ 08830  
Attorney for Petitioner

Dated: May 17, 2017  
Iselin, New Jersey