



Agenda Date: 2/28/18  
Agenda Item: VB

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

WATER

IN THE MATTER OF MIDDLESEX WATER COMPANY	)	ORDER FURTHER SUSPENDING
FOR APPROVAL OF AN INCREASE IN ITS RATES	)	INCREASES, CHANGES OR
FOR WATER SERVICE AND OTHER TARIFF	)	ALTERATIONS IN RATES FOR WATER
CHANGES AND FOR AN ORDER AUTHORIZING	)	SERVICE
SPECIAL ACCOUNTING TREATMENT OF INCOME	)	
TAX DEDUCTIONS	)	
	)	BPU DOCKET NO. WR17101049
	)	OAL DOCKET NO. PUC 16144-2017S

**Parties of Record:**

**Jay L. Kooper, Esq.,** Middlesex Water Company  
**Louis N. Rainone, Esq.,** on behalf of Township of Marlboro  
**Mike Baker, Esq.,** on behalf of Township of East Brunswick  
**Stefanie A. Brand, Esq.,** Director, New Jersey Division of Rate Counsel

**BY THE BOARD:**

On October 10, 2017, pursuant to N.J.S.A. 48:2-21, N.J.A.C. 14:1-5.11, N.J.A.C. 14:1-5.12, N.J.A.C. 14:9-7.1, N.J.A.C. 14:9-10.1, et seq., Middlesex Water Company (“Middlesex Water, “Company,” or “Petitioner”), a public utility of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities (“Board”), filed a petition seeking to increase its rates for water service amounting to approximately \$15.26 million or 19.76% above the adjusted annual level of revenues for the test year ending December 31, 2017. The Company seeks approval to increase its rates for water service on and after November 13, 2017.<sup>1</sup> The Company also seeks approval for deferred accounting treatment of regulatory case intervention costs on behalf of its customers and special accounting treatment of income tax refund proceeds and future income tax deductions.

<sup>1</sup> By letter dated October 24, 2017, the Company filed a letter with the Board stating that it will not implement rates on an interim basis prior to the effective date of the Board’s first Suspension Order for this matter. However, the Company also states that it “in no way waives its rights to implement the proposed rates at the conclusion of the eight month suspension period on July 13, 2018.” Id. at 1.

As part of its filing, Middlesex seeks to update the base consumption and base costs established in the last base rate case 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 the Initial Decision and Order (Docket No. WR15030391), and to reinstate a Distribution Service Improvement Charge to recover a portion of the costs of necessary improvements in the Company's distribution system pursuant to N.J.A.C. 14:9-10.1 et seq.

Middlesex services approximately 61,000 retail water customers in the Townships of Edison and Woodbridge, the Boroughs of South Plainfield, Metuchen, Carteret, and the City of South Amboy in Middlesex County. On a contract basis, the Company serves part of the Township of Edison, the Borough of Highland Park, the Old Bridge Municipal Utilities Authority, the Marlboro Township Municipal Utilities Authority, and the City of Rahway. The Company also services under a special contract basis for water treatment and pumping services in the Township of East Brunswick.

According to the petition, the Company is engaged in an ongoing capital program to maintain and improve safe, adequate and proper service to its customers. Increases occurred in various expense areas, including operations, maintenance, depreciation and taxes. Additionally, challenges associated with the aging of the Company's workforce, the retirements of longtime employees who have attained a wealth of knowledge and experience over a long tenure with the Company, and the need to recruit, train and maintain a larger bench of talent to maintain and improve safe, adequate and proper service have also occurred. Middlesex seeks the increase to enable the Company "to maintain a satisfactory credit position, to preserve its financial integrity, to permit proper maintenance, development and improvements 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." (See Petition at paragraph 9).

On October 30, 2017, the Board transmitted this matter to the Office of Administrative Law for hearings and on November 21, 2017, the Board issued an Order suspending the Company's proposed rate increase until March 15, 2018.

It appearing that the proposed revisions will increase existing rates and change or alter existing classifications in Petitioner's tariff, it is **HEREBY ORDERED** that:

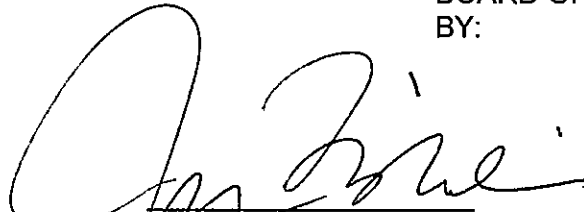
- (1) Pursuant to N.J.S.A. 48:2-21, the proposed revisions be, and are further suspended until July 15, 2018, unless the Board prior to that date, makes a determination disposing of the petition;
- (2) Petitioner shall, at least ten (10) days prior to the date set for hearing on the petition by the Office of Administrative Law, file with this Board and with the Office of Administrative Law (33 Washington Street, Newark N.J. 07102) proof of compliance with the Notice provisions of N.J.S.A. 48:2-32.2 and N.J.A.C. 14:1-5.12(b) and (c), which Notice shall include a statement that any relief found by the Board to be just and reasonable may be allocated by the Board to any class or classes of customers on any rate or schedule as the Board may determine; and

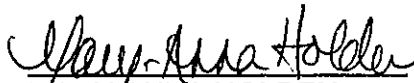
- (3) Petitioner shall serve copies of this Order upon the Office of Administrative Law, the Division of Rate Counsel (140 East Front Street, 4th Floor, Post Office Box 003, Trenton, N.J. 08625), the clerk of each affected municipality, the clerk of the Boards of Chosen Freeholders of each affected county, and where appropriate, the executive officer of each affected county within its service area. Service of the petition, notice of hearings and this Order may be made simultaneously. Proof of service of this Order shall be filed with the Board within fifteen (15) days of the date of this Order.

This Order shall be effective on March 10, 2018.

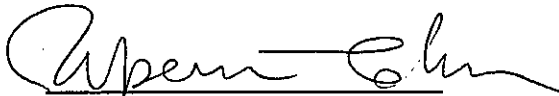
DATED: 2/28/18

BOARD OF PUBLIC UTILITIES  
BY:

  
JOSEPH L. FIORDALISO  
PRESIDENT

  
MARYANNA HOLDEN  
COMMISSIONER

  
DIANNE SOLOMON  
COMMISSIONER

  
UPENDRA J. CHIVUKULA  
COMMISSIONER

  
RICHARD S. MROZ  
COMMISSIONER

ATTEST:   
AIDA CAMACHO-WELCH  
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities.

IN THE MATTER OF THE PETITION OF MIDDLESEX WATER COMPANY FOR AN  
INCREASE IN ITS RATES FOR WATER SERVICE AND OTHER TARIFF CHANGES, AND  
FOR AN ORDER AUTHORIZING SPECIAL ACCOUNTING TREATMENT OF INCOME TAX  
REFUND PROCEEDS AND FUTURE INCOME TAX DEDUCTIONS

DOCKET NO. WR17101049  
OAL DOCKET NO. PUC 16144-12017S

SERVICE LIST

Jay L. Kooper, Esq.  
Vice President, General Counsel & Secretary  
Middlesex Water Company  
1500 Ronson Road  
Iselin, NJ 08830-3020  
[jkooper@middlesexwater.com](mailto:jkooper@middlesexwater.com)

Stefanie A. Brand, Esq., Director  
Division of Rate Counsel  
140 East Front Street  
Post Office Box 350  
Trenton, NJ 08625-0003  
[sbrand@rpa.nj.gov](mailto:sbrand@rpa.nj.gov)

Louis N. Rainone, Esq.  
Rainone Coughlin Minchello  
555 U. S Highway One South  
Suite 440  
Iselin, NJ 08830  
[lrainone@NJRCMLaw.com](mailto:lrainone@NJRCMLaw.com)

Mike J. Baker, Esq.  
Hoagland Longo  
40 Paterson Street  
New Brunswick, NJ 08903  
[mbaker@Hoaglandlongo.com](mailto:mbaker@Hoaglandlongo.com)

Maria L. Moran, Director  
Division of Water  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Maria.moran@bpu.nj.gov](mailto:Maria.moran@bpu.nj.gov)