

# TOWNSHIP OF ANDOVER

February 10, 2021

Honorable Gail M. Cookson  
Office of Administrative Law  
33 Washington Street  
Newark, NJ 07102

Aida Camacho  
Board of Public Utilities  
445 South Clinton Ave, 9<sup>th</sup> Floor  
PO Box 350  
Trenton, NJ 08625

Re: Petition of Lake Lenape Water Company for Approval of an Increase in  
Rates for Water Service  
OAL Docket No. PUC09623-2020N & BPU Docket No. WR20070490

Dear Judge Cookson and Members of the Board of Public Utilities,

Please accept this correspondence and comments regarding the aforementioned petition on behalf of the Mayor and Township Committee of Andover Township. A number of our residents are provided water service by the Lake Lenape Water Company and we hereby object to this request for an approval of an increase in rates for water service.

## **Background**

Over the years residents have attended Andover Mayor and Township Committee meetings to express their dissatisfaction with the level of service provided by Lake Lenape Water Company. In fact, the Township Police, Department of Public Works, and Township Engineer have all devoted taxpayer dollars to provide support for these residents who have experienced dissatisfaction with service and have accordingly expressed their displeasure. For the reasons set forth below, we believe a 10.8% increase is unacceptable and oppose same.

It is interesting to note that on May 16, 2019, pursuant to OAL Docket No. PUC06852-2019N and BPU Docket No. WR19050600, Lake Lenape Water Company made an application for a 24.7% increase to go into effect on July 1, 2019. This application was ultimately not granted. Yet, Lake Lenape Water Company, without being granted the increase, still produced positive 2019 financial statements that included a 21% reduction in debt, a 3% increase in earned surplus, and a 34% reduction in maintenance expenses. It is therefore clear that their application for an increase was unjustified, just as this one.

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## Reasons for Our Objection

A rate increase is to be just and reasonable and requires the utility to prove the following:

1. The value of its property or the rate base.
2. The amount of its expenses, including operations, income taxes and appreciation, and a fair rate of return to investors. (IMO Petition of New Jersey American Water Company Inc. 169 NJ 181, 188 (2001)).

In the instant matter, Lake Lenape Water Company provides fiscal information that we question as to whether it is based on audited financials. The maintenance expenses for the operation have decreased from \$56,109 in 2018 to \$37,175 in 2019, and is projected to be \$37,635 in 2020. This, in itself is a 33% decrease in the maintenance expense for the utility.

There is a projected meter-reading charge in the amount of \$1,500 even though, to the best of our knowledge, the meters are self-read by customers with estimates for those unreported meter readings generated by Lake Lenape Water Company.


Clearly, as a result of the 2020 pandemic, customers of Lake Lenape Water Company would have been required to work and attend school from home. However, Lake Lenape identifies in their financials that the projected 2020 revenue will be nearly 6% less than that of 2017. At the same time, there is a 4% increase in gross receipt taxes.

In the meantime, Lake Lenape's surplus continues to increase at a rate of 3.5% each year. Finally, with a backdrop of a 10.8% increase, it is important to note that the financial obligations or debt of Lake Lenape has dramatically decreased by 21% since 2018.

In 2020, the total combined tax increase for the County, Board of Education and Township of Andover totaled 2.3%. In 2021, senior citizens will receive a social security increase of 1.3%. In the instant matter, Lake Lenape incorrectly projects a decrease in residential water usage by 6%. At the same time that they understate the financial projections, they disproportionately overstate taxes for gross receipts and franchise taxes. Lake Lenape continues to build its surplus while reducing their commitment to maintenance expense for the users of the Lake Lenape Water system by over 35%.

All of this does not add up to a 10.8% rate increase for the users of the Lake Lenape Water System. Instead, it adds up to pure profit for Lake Lenape. The residents of Andover Township who are users of the water system deserve better.

Very truly yours,



Mayor Janis McGovern and Members of the  
Andover Township Committee