



May 20, 2021  
(Via E-Mail due to COVID-19 State of Emergency)

Honorable Aida Camacho Welch  
Secretary of the Board  
New Jersey Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Trenton, NJ 08625-0350

Re: In the Matter of Middlesex Water Company for Approval of an Increase in its Rates for Water Service and Other Tariff Changes  
BPU Docket No. WR2105\_\_\_\_\_

Dear Secretary Camacho-Welch:

Enclosed herewith for filing please find Middlesex Water Company's ("Middlesex" or "the Company", or "Petitioner") Petition, Exhibits and prepared Testimony in the above-referenced matter, which is being delivered both by electronic mail due to the COVID-19 state of emergency. A copy of this complete filing can also be found on Middlesex Water Company website at:  
<https://www.middlesexwater.com/customer-care/regulatory-filings/>.

Copies of this Petition and Exhibits have this day been sent by electronic mail 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.

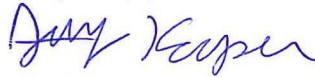
The case may be summarized as a petition for approval of an increase in rates seeking an overall increase of approximately \$31.30 million or 37.79% and approval of other changes to Petitioner's Tariff. Middlesex is filing for recovery of prudently-incurred investments made to address aging drinking water infrastructure and a variety of other improvements to help ensure continued resiliency, reliability and overall quality of service since the Company's last base rate case filing in October 2017.

Since its last base rate filing, Middlesex has invested approximately \$267 million as part of its Water for Tomorrow® capital improvement program. It includes several large scale infrastructure projects, all of which have been completed, but which are not currently reflected in customer's rates including:

- Construction of the Western Transmission Main, a large diameter 4.5 mile transmission pipeline needed to provide critical backup water supply and system resiliency.
- Construction of a new Ozone treatment facility at Middlesex's Carl J. Olsen Water Treatment Plant where ozone will now be used as the primary disinfectant in the water treatment process to mitigate the effects of disinfection byproducts and ensure compliance with increasing regulatory requirements.
- Consistent with the requirements of the New Jersey Water Quality Accountability Act, completed replacement of aging areas of Middlesex's water distribution system using a risk-based approach, which included a risk-based approach, which included mains, valves, service lines and meters under the Company's RENEW program, now in its 26<sup>th</sup> year.
- Renovation and repurposing of the Company's headquarters, built in 1984, to address operational and staffing needs and comply with environmental regulations.
- Improvements to the Company's raw water intake station on the Delaware and Raritan Canal; and
- Improvements related to supplementing emergency power generation and further mitigating environmental impacts related to the water treatment process.

For all of these above reasons, Middlesex respectfully requests that the Board approve this proposed increase in rates and changes to the Company's Tariff pursuant to N.J.S.A. 48:2-21, N.J.A.C. 14:1-5.12, N.J.A.C. 14:5-11 and N.J.A.C. 14:9-10.4. Kindly confirm receipt of this filing by electronic mail to [jkooper@middlesexwater.com](mailto:jkooper@middlesexwater.com).

Very truly yours,



Jay L. Kooper

Vice President, General Counsel & Secretary

Enclosures

cc: Service List B (without Testimony)

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 May 20, 2021 I caused to be served by first-class mail, postage prepaid, a copy of the within Petition to each party on the attached Service List B, and copies thereof to the Department of Law and Public Safety and to the Director, Division of Rate Counsel by electronic mail due to the ongoing COVID-19 State of Emergency.

  
\_\_\_\_\_  
Jay L. Kooper

Dated: May 20, 2021

05/10/2021

**MIDDLESEX WATER COMPANY  
2021 BASE RATE CASE  
BPU Docket No. WR2105\_\_\_\_\_**

**~ Service List B ~**

Clerk, Borough of Carteret  
Municipal Building  
61 Cooke Avenue  
Carteret, NJ 07008

Clerk, Township of Clark  
Municipal Building  
430 Westfield Avenue  
Clark, NJ 07066

Clerk, Township of East Brunswick  
1 Jean Walling Civic Center  
East Brunswick, NJ 08816-0218

Clerk, Township of Edison  
Municipal Building  
100 Municipal Boulevard  
Edison, NJ 08817

Clerk, Borough of Highland Park  
221 South Fifth Avenue  
Highland Park, NJ 08904

Clerk, Township of Marlboro  
1979 Township Drive  
Marlboro, NJ 07746

Clerk, Borough of Metuchen  
Borough Hall  
Main and Middlesex Avenues  
Metuchen, NJ 08840

Clerk, Township of Old Bridge  
Municipal Plaza  
Old Bridge, NJ 08857

Clerk, Downe Township  
288 Main Street  
Newport, NJ 08345

Clerk, Borough of South Plainfield  
Borough Hall  
2840 Plainfield Avenue  
South Plainfield, NJ 07080

Clerk, Township of Woodbridge  
1 Main Street  
Woodbridge, NJ 07095

Old Bridge Municipal Utilities Authority  
71 Boulevard West  
Cliffwood Beach, NJ 07735

Clerk, City of South Amboy  
140 North Broadway  
South Amboy, NJ 08879-1647

Clerk, Middlesex County  
Board of Chosen Freeholders  
1 J.F. Kennedy Square  
New Brunswick, NJ 08903

Clerk, Monmouth County  
Board of Chosen Freeholders  
Hall of Records  
Freehold, NJ 07728

Clerk, Union  
Board of Chosen Freeholders  
Administration Building - 2nd Floor  
Elizabeth, NJ 07207

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

---

|   |   |                         |
|---|---|-------------------------|
| In the Matter of MIDDLESEX WATER        | : | PETITION                |
| COMPANY for Approval of an              | : |                         |
| Increase in its Rates for Water Service | : | Docket No. WR2105 _____ |
| and Other Tariff Changes                | : |                         |

---

TO: THE HONORABLE COMMISSIONERS OF THE 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 485C Route One South, Suite 400, Iselin, New Jersey 08830. Communications relating to this Petition should be sent to Stephen B. Genzer, Esq., Saul Ewing Arnstein & Lehr LLP, One Riverfront Plaza, 1037 Raymond Boulevard, Suite 1520, 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, Senior Vice President, Treasurer and Chief Financial Officer, Middlesex Water Company, 485C Route One South, Suite 400, 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”). Middlesex provides water services to approximately 62,000 retail customers, primarily in eastern Middlesex County, New Jersey. 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 industrial light facilities. These customers are located in generally well-developed areas of central New Jersey.

3. Middlesex 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. 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.

4. 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.

5. This Petition is being filed on a “stand-alone” basis, that is, for the Middlesex Water Company service area only including Bayview, and not the service areas of Middlesex’s subsidiaries.

6. 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.

7. 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 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 caused expenses to increase. And additional positions are being added to the Company’s workforce in order to address increased regulatory requirements. All of these changes are contributing to drive the Company’s need for a rate increase.

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

9. 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.

10. 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 June 21, 2021, 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 February 22, 2022, on an interim basis pursuant to law, Board regulations and Board policy 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.

11. Petitioner's rates are being increased for the purpose of producing additional annual revenues of approximately \$31.3 million or approximately 37.79% above the adjusted annual level of revenues for the test year ending September 30, 2021.

12. 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).



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

14. 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, 2020, 2019 and 2018.
- Exhibit D - Comparative Statements of Income for the Twelve Months ended December 31, 2020, 2019 and 2018.
- Exhibit E - Balance Sheet as of March 31, 2021.
- Exhibit F - Pro Forma Statement of Income and Rate of Return for the Twelve Months ending September 30, 2021 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 A. Bruce O'Connor.
- Exhibit K - 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, including but not limited to other special accounting treatment, 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 12 and 13 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 10 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 ("PWAC") 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. WR20110722). With this Petition, the Company is requesting that the Board continue the Company's implementation of a PWAC pursuant to the above-referenced regulations and is further requesting that the Board utilize the data set forth in Exhibit H to continue the Company's requested implementation of its PWAC.

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 reinstitute a Distribution System Improvement Charge (“DSIC”) to recover a portion of the costs of necessary improvements to the Company’s distribution system. The Company has reserved Exhibit K to be used for the Company’s DSIC Foundational Filing.

3. 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 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.

4. 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 and reinstitute the purposes of the DSIC.

5. 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 new Distribution System Improvement Charge be established based on the data established in this proceeding and that the Board authorize a new DSIC 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.

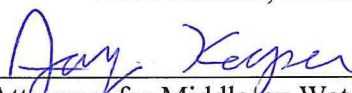
Respectfully Submitted,

SAUL EWING ARNSTEIN & LEHR LLP  
One Riverfront Plaza  
1037 Raymond Boulevard, Suite 1520  
Newark, New Jersey 07102

By: Stephen B. Genzer, Esq.

MIDDLESEX WATER COMPANY  
485C Route One South, Suite 400  
Iselin, New Jersey 08830

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

  
\_\_\_\_\_  
Attorneys for Middlesex Water Company

Dated: May 20, 2021  
Iselin, New Jersey