

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE JOINT PETITION)
OF MONTAGUE WATER AND SEWER) PETITION
COMPANIES FOR AN INCREASE IN RATES)
FOR WATER AND SEWER SERVICE) Docket No. WR2201_____

TO THE HONORABLE BOARD OF PUBLIC UTILITIES
OF THE STATE OF NEW JERSEY:

Pursuant to N.J.S.A. 48:2-21, N.J.A.C. 14:1-5.12 and N.J.A.C. 14:9-7.1, et seq., Montague Water Company ("Montague Water") and Montague Sewer Company ("Montague Sewer"), public utility corporations of the State of New Jersey, having an office in Montague Township at 452 Route 206, Montague, New Jersey 07827 (hereinafter together "Petitioners"), by way of Petition to the New Jersey Board of Public Utilities ("Board") hereby seek permission to increase rates for water and sewer service effective February 13, 2022. Petitioner also notifies the Board that it intends to implement the proposed rates on October 13, 2022, on an interim basis pursuant to law, applicable Board regulations, and only 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 rate prior to that date.

In support of this Petition, Montague Water and Montague Sewer show that:

1. Petitioners are regulated public utility corporations engaged in the production, treatment and distribution of water and collection and disposal of sewage in Montague Township, Sussex County, in the State of New Jersey. In the service territory the utilities serve approximately 772 water customers and 268 sewer customers, all within Montague Township.

2. Montague Water proposes to revise its rates for metered service. The new rates are designed to increase revenues from water service by approximately \$401,754 or 97.4% above pro-forma present revenues of \$412,514. Water rates were last increased on July 1, 2014, authorized by Order of this Board in Docket No. WR12110983, dated June 21, 2013.

Montague Sewer proposes an increase in rates for sewer service by approximately \$212,123 or 88.9% above pro-forma present revenues of \$238,695. Sewer rates were last increased on July 1, 2013, authorized by Order of this Board in Docket No. WR12110983, dated June 21, 2013.

Both companies have utilized a Base Year ended September 30, 2021, and Test Year ending April 30, 2022, adjusted for known changes, which includes 7 months of actual data through November 30, 2021 and 5 months of estimated data.

3. Petitioners' current water and sewer charges are inadequate to meet present operating and maintenance expenses and to make needed system improvements. Rates are proposed to be increased in order to establish an income level which will permit Petitioners to finance essential and continuing plant investment so as to comply with ongoing environmental and health regulations; to permit Petitioners to earn a fair and adequate rate of return on investment in property used and useful in public utility service; to establish rates which will be sufficient to enable Petitioners to maintain financial integrity and to raise such funds as are necessary for the proper discharge of their duties, to offset expense increases experienced by Petitioners since their last rate increases; and to enable Petitioners to continue to provide safe, adequate and proper service to customers.

4. Since last requesting a rate change in 2012, Petitioners have made significant improvements to the utility systems to comply with NJDEP mandates and to upgrade and maintain the utilities' ability to continue to provide safe, adequate and

proper service. Petitioners are in the process of making further required improvements, benefitting both the water and sewer systems.

5. In particular, the combination of ongoing capital improvements and significant expense increases since the last rate filing results in a negative rate of return for the Petitioners – separately and combined - for the pro-forma Test Year. Rates are being increased to recover the costs of service and provide a fair return on investment. The proposed increase is based on current cost levels and known changes. It is the minimum required to assure continued safe, adequate and proper service and establishes a level of rates which is just and reasonable.

6. The Petitioners have attempted to mitigate the proposed revenue request by utilizing the return on equity that the BPU has approved for other water utilities in recent base rate cases, as well as not requesting post-Test Year pro-forma adjustments to rate base and income statement items. The Petitioners have also foregone the use of outside experts and consultants to mitigate the cost to customers of this filing.

7. Montague Sewer is proposing to transition from a flat rate billing structure to a fixed/volumetric rate structure, with a usage cap of 2,000 gallons per month. Billed sewer usage will be based on the customer's water meter readings.

8. The Petitioners' filing includes a calculated Consolidated Tax Adjustment as a reduction in rate base, in accordance with N.J.A.C. 14:1-5.12(a)(11), with no sharing provision.

9. Attached hereto and made a part hereof are the following:

Exhibit A -- Statement of Rate Base and Rate of Return

Exhibit B - Statement of Income for the Base Year ended September 30, 2021 and Test Year ending April 30, 2022 at present and proposed rates

Exhibit C - Comparative statements of income for the twelve months ended December 31, 2018, 2019 and 2020

- Exhibit D - Statement of income for the Test Year ending April 30, 2022 based on 7 months of actuals through November 30, 2021
- Exhibit E-1 - Comparative statements of financial position - balance sheets as of December 31, 2018, 2019 and 2020
- Exhibit E-2 - Statement of financial position - balance sheet as of September 30, 2021
- Exhibit F-1 - Required Return and Cost of Debt
- Exhibit F-2 - Rate Base Return
- Exhibit F-3 - Total Revenue Requirement
- Exhibit F-4 - Service Revenue Requirement
- Exhibit G - Revenue Analysis for Base Year ended September 30, 2021, and Test Year ending April 30, 2022 at present and proposed rates
- Exhibit H - Proposed form of notice of this filing
- Exhibit I - Proposed Water Tariff
- Exhibit J - Proposed Sewer Tariff
- Exhibit K - Pre-filed Direct Testimony of J. Bryce Mendenhall
- Exhibit L - Pre-filed Direct Testimony of Anthony Gray, including Schedules supporting Exhibits A through G above

10. Notice of this filing will be sent to the Division of Rate Counsel of the State of New Jersey, the Office of the Attorney General of the State of New Jersey, the Board of Chosen Freeholders, the Sussex County Executive, and the clerk of Montague Township, all by electronic mail, consistent with the Order issued by the Board in connection with I/M/O New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. EO20030254 (March 19, 2020). In addition, all of the parties mentioned in this paragraph shall be given at least 20 days notice prior to the date set for hearing which notice will include and specify the time and place of the

hearing.

11. Customers will be notified of this filing and the effect hereof together with the time and place of hearing by publication at least 20 days prior to the date set for hearing in newspapers published and circulated within Petitioners' service area.

12. All correspondence in the cause should be sent to the attorneys for Petitioner:

James H. Laskey, Esq.
NORRIS McLAUGHLIN, P.A.
400 Crossing Blvd., 8th Floor
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Laura M. Miller, Esq.
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and to appropriate officers of the company as follows:

Mr. J. Bryce Mendenhall
President
Corix Regulated Utilities (US), Inc.
500 W. Monroe Street, Suite 3600
Chicago, IL 60661-3779
e-mail: bryce.mendenhall@corix.com

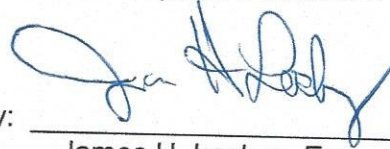
PLEASE TAKE NOTICE that Petitioners reserve the right to implement the proposed rates, or some portion thereof, subject to refund, if the Board fails to issue its Decision and Order within the time required by N.J.S.A. 48:2-21.

WHEREFORE, Petitioner respectfully requests that the proposed increased in rates be approved pursuant to N.J.S.A. 48:2-21 and that such other relief as is just and proper be granted by the Board.

Respectfully submitted,

NORRIS McLAUGHLIN, P.A.
Attorneys for Petitioners

By:



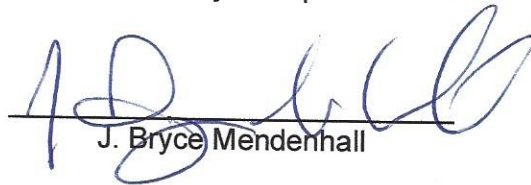
James H. Laskey, Esq.

DATED: January 14, 2022
Bridgewater, NJ

VERIFICATION

J. Bryce Mendenhall certifies as follows:

1. I am an officer of Montague Water and Sewer Petitioners and am familiar with the facts stated in this Petition. I have reviewed the Petition and supporting schedules and am authorized by the Petitioners to execute this Verification.
2. The facts stated herein are true to the best of my knowledge, information and belief.
3. The above statements made by me are true. I am aware that if any of the above statements made by me is willfully false, I am subject to punishment.



J. Bryce Mendenhall

DATED: January 14, 2022
Chicago, IL