



RAINONE  
COUGHLIN  
MINCHELLO  
ATTORNEYS AT LAW

RECEIVED  
MAILROOM

2022 AUG -2 A 9:55

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

Louis N. Rainone  
Craig J. Coughlin\*  
David L. Minchello  
Ronald H. Gordon  
Carol A. Berlen  
John F. Gillick  
Brian P. Trelease\*  
Claudia Marchese  
Matthew R. Tavares\*  
Sapana Shah\*<sup>Δ</sup>  
Vikrant Advani  
Michael R. Burns<sup>+</sup>

Christopher D. Zingaro  
Vaughn Parchment  
Thomas Schoendorf  
Nahimot A. Adedimeji\*  
Corissa L. Sherman  
Frank J. Dvevoich\*  
Lonnie J. Hinton, Jr.  
Brooke D. Wheaton  
Harlyne A. Lack\*

\* Also admitted in New York

<sup>Δ</sup> Also admitted in DC

<sup>+</sup> Also admitted in Pennsylvania

MBurns@NJRCMLAW.com

August 1, 2022

**Via Electronic Mail and Overnight Mail**

Honorable Carmen Diaz  
Acting Secretary of the Board  
New Jersey Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
Trenton, NJ 08625-0350

**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. WR22030138  
OAL Docket No. PUC 02047-2022S**

Dear Acting Secretary Diaz:

This firm represents the Intervenors, Township of Marlboro and Old Bridge Municipal Utilities Authority, in the above-captioned matter. We are in receipt of Petitioner Middlesex Water Company's ("Middlesex") Verified Motion for Emergency Relief pursuant to N.J.S.A. 48:2-21.1 and N.J.A.C. 1:1-12.6 with attached certifications and documentation.

Intervenors respectfully object to the relief requested in the Verified Motion and have attached to this correspondence a Brief objecting to the proposed order for an interim rate increase.

[www.njrcmlaw.com](http://www.njrcmlaw.com)

555 U.S. Highway One South  
Suite 440  
Iselin, New Jersey 08830

Tel: (732) 709-4182  
Fax: (732) 791-1555

Honorable Carmen Diaz  
August 1, 2022  
Page 2

Pursuant to the Board's Order dated March 19, 2020 in Board Docket No. EO20030254, this objection has been filed with the Board Secretary by electronic mail only. I hereby certify that copies of the objection have this day been transmitted to the attached Service List and to the Honorable Jacob S. Gertsman, Administrative Law Judge.

Intervenors request that the Board deny Middlesex's Motion for Emergency Relief for the reasons discussed in the enclosed filing.

Please contact me at (732) 709-4182 or mburns@njrcmlaw.com with any questions or concerns with respect to this filing.

Very truly yours,

**RAINONE COUGHLIN MINCHELLO, LLC**

By: 

Michael R. Burns, Esq.

MRB/rmn  
Enclosures

cc: Service List  
Hon. Jacob S. Gertmann, ALJ, New Jersey Office of Administrative Law  
(Attn: Staci Migliaccio, Judicial Assistant)

**In the Matter of the Petition of Middlesex Water Company for  
Approval to Change The Levels of its Purchased Water Adjustment Clause  
BPU Docket No. WR22030138  
OAL Docket No. PUC 2047-2022S  
~ Service List A ~**

**MIDDLESEX WATER COMPANY**

<p><b>Jay L. Kooper</b> Middlesex Water Company 485C Route One South Suite 400 Iselin, NJ 08830 <a href="mailto:jkooper@middlesexwater.com">jkooper@middlesexwater.com</a></p>	<p><b>A. Bruce O'Connor</b> Middlesex Water Company 485C Route One South Suite 400 Iselin, NJ 08830 <a href="mailto:aboconnor@middlesexwater.com">aboconnor@middlesexwater.com</a></p>	<p><b>Robert J. Capko</b> Middlesex Water Company 485C Route One South Suite 400 Iselin, NJ 08830 <a href="mailto:rcapko@middlesexwater.com">rcapko@middlesexwater.com</a></p>
<p><b>Tracy Tyrell</b> Middlesex Water Company <a href="mailto:tyrell@middlesexwater.com">tyrell@middlesexwater.com</a> (electronic only)</p>	<p><b>Yvonne Nieto</b> Middlesex Water Company <a href="mailto:ynieto@middlesexwater.com">ynieto@middlesexwater.com</a> (Electronic only)</p>	<p><b>Michele Tilley</b> Middlesex Water Company 485C Route One South Suite 400 Iselin, NJ 08830 <a href="mailto:mtilley@middlesexwater.com">mtilley@middlesexwater.com</a></p>

**BOARD OF PUBLIC UTILITIES/DIVISION OF LAW**

<p><b>Carmen Diaz, Acting Secretary</b> Board of Public Utilities Secretary 44 South Clinton Ave., Suite 314 PO Box 350 Trenton, NJ 08625 <a href="mailto:carmen.diaz@bpu.nj.gov">carmen.diaz@bpu.nj.gov</a></p>	<p><b>Pamela Owen</b> Division of Law Public Utilities Section R.J. Hughes Justice Complex 25 Market Street Trenton, NJ 08625 <a href="mailto:Pamela.Owen@law.njoag.gov">Pamela.Owen@law.njoag.gov</a></p>	<p><b>Kofi Ocansey</b> Board of Public Utilities Division of Water 44 South Clinton Ave., 9<sup>th</sup> Floor P.O. Box 350 Trenton, NJ 08625 <a href="mailto:Kofi.Ocansey@bpu.nj.gov">Kofi.Ocansey@bpu.nj.gov</a></p>
<p><b>Michael Kammer</b> Board of Public Utilities Division of Water 44 South Clinton Ave., 9<sup>th</sup> Floor P.O. Box 350 Trenton, NJ 08625 <a href="mailto:Mike.kammer@bpu.nj.gov">Mike.kammer@bpu.nj.gov</a></p>	<p><b>Meliha Arnautovic, DAG</b> Division of Law Public Utilities Section R.J. Hughes Justice Complex 25 Market Street P.O. Box 112 Trenton, NJ 08625 <a href="mailto:Meliha.Arnautovic@law.njoag.gov">Meliha.Arnautovic@law.njoag.gov</a></p>	<p><b>David Schmitt</b> Board of Public Utilities Division of Water 44 South Clinton Ave., 9<sup>th</sup> Floor P.O. Box 350 Trenton, NJ 08625 <a href="mailto:David.Schmitt@bpu.nj.gov">David.Schmitt@bpu.nj.gov</a></p>
<p><b>Andrew Tuzzo</b> Board of Public Utilities Division of Water 44 South Clinton Ave., 9<sup>th</sup> Floor P.O. Box 350 Trenton, NJ 08625 <a href="mailto:Andrew.Tuzzo@bpu.nj.gov">Andrew.Tuzzo@bpu.nj.gov</a></p>		

**In the Matter of the Petition of Middlesex Water Company for  
Approval to Change The Levels of its Purchased Water Adjustment Clause  
BPU Docket No. WR22030138  
OAL Docket No. PUC 2047-2022S  
~ Service List A ~**

**DIVISION OF RATE COUNSEL**

<p><b>Brian Lipman, Esq.</b> Director Division of Rate Counsel 140 East Front Street, 4<sup>th</sup> Floor P.O. Box 003 Trenton, NJ 08625 <a href="mailto:blipman@rpa.nj.gov">blipman@rpa.nj.gov</a></p>	<p><b>Susan McClure, Esq.</b> Managing Attorney Water &amp; Wastewater Division of Rate Counsel 140 East Front Street - 4<sup>th</sup> Floor Trenton, NJ 08625 <a href="mailto:smcclure@rpa.nj.gov">smcclure@rpa.nj.gov</a></p>	<p><b>Emily Smithman, Esq.</b> Assistant Deputy Rate Counsel Division of Rate Counsel 140 East Front Street – 4<sup>th</sup> Floor Trenton, NJ 08625 <a href="mailto:esmithman@rpa.nj.gov">esmithman@rpa.nj.gov</a></p>
<p><b>Marilyn Silva</b> Division of Rate Counsel 140 East Front Street, 4<sup>th</sup> Floor P.O. Box 003 Trenton, NJ 08625 <a href="mailto:msilva@rpa.nj.gov">msilva@rpa.nj.gov</a> <i>* Electronic Mail Only</i></p>	<p><b>Robert Henkes</b> Henkes Consulting 7 Sunset Road Old Greenwich, CT 06870 <a href="mailto:rhenkes@optonline.net">rhenkes@optonline.net</a></p>	<p><b>Christine Juarez, Esq.</b> Assistant Deputy Rate Counsel Division of Rate Counsel 140 East Front Street – 4<sup>th</sup> Floor Trenton, NJ 08625 <a href="mailto:cjuarez@rpa.nj.gov">cjuarez@rpa.nj.gov</a></p>

**INTERVENORS**

<p><b>Michael R. Burns, Esq.</b> Rainone Coughlin Minchello, LLC 555 U.S. Highway 1 South, Suite 440 Iselin, NJ 08830 <a href="mailto:mburns@njrcmlaw.com">mburns@njrcmlaw.com</a></p>	<p><b>Jonathan Capp</b> Business Administrator Township of Marlboro 1979 Township Drive Marlboro, NJ 07746 <a href="mailto:jcapp@marlboro-nj.gov">jcapp@marlboro-nj.gov</a></p>	<p><b>Kurt Eifert, P.E.</b> Engineering Project Manager Township of Marlboro 1979 Township Drive Marlboro, NJ 07746 <a href="mailto:KEifert@marlboro-nj.gov">KEifert@marlboro-nj.gov</a></p>
<p><b>Michael Roy, P.E.</b> Old Bridge Municipal Utilities Auth. 15 Throckmorton Ln Old Bridge, NJ 08857 <a href="mailto:mrov@obmua.com">mrov@obmua.com</a></p>	<p><b>David Fox</b> Raftelis Financial Consultants (Consultant for OBMUA) <a href="mailto:dfox@raftelis.com">dfox@raftelis.com</a></p>	<p><b>Zachary Green</b> Raftelis Financial Consultants (Consultant for OBMUA) <a href="mailto:zgreen@raftelis.com">zgreen@raftelis.com</a></p>
<p><b>Lou Rainone, Esq.</b> Rainone Coughlin Minchello, LLC 555 U.S. Highway 1 South, Ste 440 Iselin, NJ 08830 <a href="mailto:lrainone@njrcmlaw.com">lrainone@njrcmlaw.com</a></p>	<p><b>Lori Russo</b> Chief Financial Officer Marlboro Township <a href="mailto:lrusso@marlboro-nj.gov">lrusso@marlboro-nj.gov</a></p>	<p><b>Matt Manchisi</b> Kimley Horn (Consultant for OBMUA) <a href="mailto:Matt.manchisi@kimley-horn.com">Matt.manchisi@kimley-horn.com</a></p>

**BEFORE THE STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

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. WR22030138  
OAL DOCKET NO. PUC 02047-2022S

---

---

**BRIEF OF INTERVENORS TOWNSHIP OF MARLBORO AND  
OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY  
IN OPPOSITION TO MOTION FOR EMERGENCY RELIEF**

---

---

Michael R. Burns, Esq.  
RAINONE COUGHLIN MINCHELLO, LLC  
555 U.S. Route 1 South, Suite 440  
Iselin, New Jersey 08830  
(732) 709-4182  
*Attorneys for Intervenors, Township of Marlboro  
and Old Bridge Municipal Utilities Authority*

August 1, 2022

## INTRODUCTION

Petitioner Middlesex Water Company (“Petitioner” or “Middlesex”), filed a Motion for Emergency Relief in the above-captioned matter pursuant to N.J.S.A. 49:2-21.1 and N.J.A.C. 1:1-12.6 seeking the imposition of an interim change to the level of Petitioner’s purchased water adjustment clause (“PWAC”) effective September 1, 2022, to be effective during the pendency of this proceeding (BPU Docket No. WR22020138 and OAL Docket No. PUC 02047-2022S) and until a final Board decision resolving all issues in this proceeding is issued.

In support of that Motion, Petitioner submitted a brief which makes a number of factual assertions that do not comport with the reality of the scenario on which the Board is being asked to rule. Instead, Middlesex takes the position in that brief that they are entitled to relief because they are legally entitled to a PWAC and the Intervenors have not challenged any of the underlying facts in support of the Petitioner’s PWAC case. The fact is, however, that Middlesex has refused to provide any information with respect to the calculations underlying the PWAC proposed and taken a position that none of the information sought by the Intervenors is relevant to a PWAC case. In Petitioner’s view, as supported by the conclusory statements contained within their brief, once a base rate case establishes the base water consumption, a PWAC becomes almost automatic and is not subject to challenge. Petitioner believes that this is the case whether or not there are underlying discrepancies in the base rate case or whether the contract customer affected by the change in rates even receives the purchased water that they are being charged for.

Instead, Petitioner has taken the position that they meet the threshold for the granting of an Emergency Motion since they meet all factors set forth in N.J.A.C. 1:1-12.6 as analyzed pursuant to Crowe v. DeGioia, 102 N.J. 50 (1986). According to Petitioner, failing to enact the interim PWAC immediately shall lead to irreparable harm to Middlesex’s customer base through the

imposition of slightly higher rates later on. Petitioner conveniently chooses to ignore the fact that if the PWAC is intended to act as a recovery mechanism for unexpected cost increases, that the total amount recoverable by Middlesex is a fixed amount. Whether that amount must be recovered over the course of 4 months, 3 months, or 2 months, it does not increase the total amount recovered by the Petitioner to offset costs.

Second, despite the pending challenge and the irregularities in how Petitioner has gone about submitting this PWAC, Middlesex asserts that their right to recovery is settled law, codified at N.J.A.C. 14:9-7.1 et seq. This also conveniently ignores that all parties in this proceeding, including the OAL Judge presiding over this matter, have acknowledged that we are in unfamiliar and uncharted territory when it comes to the legal issues at play in this matter. Far from being a settled legal right, this is a case of first impression upon which a full hearing still needs to take place before the Board can take any action. Petitioner urges the Board to circumvent that process in order to impose the harm on Intervenors and their customers that the Intervenors are seeking to avoid entirely.

Third, Petitioner has advanced the idea that because there is no dispute as to the numbers underlying the costs which the PWAC is intended to recover, Petitioner is likely to succeed on the merits of the underlying PWAC proceeding. However, Petitioner has also made it clear that they oppose any of the discovery requested by the Intervenors in that proceeding which is intended to allow Intervenors to challenge those numbers. Furthermore, Petitioner has not provided the Intervenors with the ability to independently analyze their calculations or submit any information to an expert that can correlate the relationship between Petitioner's increased costs and the costs attributed to the Intervenors in the underlying base rate case. Whenever such information has been requested, it has been deemed irrelevant and inadmissible by the Petitioners.

Lastly, Petitioner has indicated that a balancing of the equities weighs in favor of the Petitioner in this matter; specifically, that the approval of the interim PWAC and the subsequent immediate increased costs to Intervenors and their customers is preferable to maintaining the status quo. In fact, Petitioner never even addresses the status quo and instead has based its argument on the assumption that the PWAC will be successful and the future implementation of these costs will fall more heavily on Middlesex customers. In fact, the same “irreparable” harm that Petitioner claims will befall their customers if the PWAC is delayed is the harm that they are proposing to inflict on Intervenors and their customers.

For all of these reasons, it is not clear that the Petitioner is entitled to the relief sought and the Motion for Emergency Relief should be denied. The Board should maintain the status quo until the appropriate application of the PWAC has been determined by the OAL Judge assigned to this matter.

## COUNTER-STATEMENT OF FACTS

A review of the Statement of Facts provided by the Petitioner in this matter indicates that they have placed a great deal of emphasis on the procedural without going into detail regarding how they have arrived at the numbers that have been proposed as “necessary” to keep the PWAC within reasonable limits. While nothing about the Petitioner’s Statement of Facts is inaccurate, it is fair to say that a number of material facts have been glossed over or ignored in the presentation of those facts to the Board.

The first issue that the Petitioner fails to make clear is that the Intervenors, in part, have objected to this PWAC as it comes directly on the heels of a 2021 rate case in which the Petitioner originally sought to increase base rates by approximately 60% for contract customers. This rate case, filed in April of 2021, resolved in December of 2021 and ultimately increased the revenues of Middlesex from \$82,376,603 to the present \$103,054,328 cited in their brief. This \$27,713,843 increase represents a phased increase of 33.63% over the next two years. What that means for the Intervenors is that quarterly bills for contract customers - under Rate Schedule No. 5 - have already increased by \$40.94 this year and are set to increase by an additional \$13.65 next year.

The reason that this is problematic is that at the time Middlesex resolved their base rate case, they were already aware and relying on the fact that the settlement reached in that case would be immediately increased by them filing a PWAC at the time that the matter resolved. In September of 2021, Petitioner’s became aware of the fact that the Park Avenue well fields which provide a large portion of the water for their Northeast customers were contaminated with unacceptable levels of PFOAs. By October of 2021 Petitioner had begun notifying customers and contract purchasers of the water from those well fields of the contamination and required NJDEP notifications were being sent out. Tellingly, Intervenors were not required to send out notices as

no part of the water that they receive comes from the contaminated wells. However, as a result of the contamination, Petitioner was required to shut down operations at the contaminated well fields and was in the process of arranging for additional purchased water to supplement what they could no longer supply on their own.

In the meantime, on November 15, 2021, New Jersey American Water Company (“NJAW”) filed their own PWAC under BPU Docket No. WR21111220 and OAL Docket No. PUC 10027-21, seeking an increase of their revenues by \$934,275 to account for additional purchase water and additional wastewater costs. Petitioner immediately filed a motion to intervene on November 18, 2021. What this shows, and what Petitioner omits in the within Motion, is that Petitioner settled that matter with Intervenors in December of 2021, fully expecting to purchase at least double, and in some cases nearly triple, the amount of water they had purchased in past years. Thus, not only would the volume of water purchased be significantly increased, but Petitioner was already aware that the cost of that purchased water would be increased by the PWAC NJAW had already filed and that Middlesex was already a party to.

Rather than provide this information during the base rate case, at which point it might be subject to enhanced scrutiny and procedural requirements, Petitioner chose to act on that information only after reaching a settlement with the Intervenors and through the far less scrutinized forum of a PWAC application. Accordingly, by filing the subject PWAC, Petitioner can, and has, unilaterally declared that the information sought by Intervenors is not relevant and therefore not discoverable, as this is a PWAC and not a base rate case.

Finally, while Petitioner makes very clear in the Statement of Facts that delay will result in a higher PWAC for all customers, the Petitioner has not addressed how that harm is irreparable or how they have arrived at those conclusions. The settlement was reached without the

participation of the Intervenors in this matter, and the information provided to reach those numbers has not been provided at this time. We do, however, know that the Petitioner must meet the standards set forth in Crowe to establish an entitlement to emergency relief and that they have not done so.

### **LEGAL ARGUMENT**

Contrary to Petitioner's brief in this matter, Middlesex does not satisfy any of the four prongs of the Crowe v. DeGioia standard. The four prongs that they must meet are:

- 1) The establishment that irreparable harm will result if the relief requested is not granted;
- 2) That Middlesex's right to obtain an adjustment of incremental purchased water costs through a PWAC *under these circumstances* is settled law under the Board's regulations;
- 3) That Middlesex has a likelihood of success on the merits of their claim in the underlying PWAC proceeding; and,
- 4) That the balance of the equities favors Middlesex in this matter.

As to irreparable harm, the harm asserted by Petitioner is purely economic in nature. It is also highly speculative given the nature of the underlying proceedings. Third, Petitioner has failed to address the issue of whether a PWAC is even the appropriate forum to address what is not an incremental increase in purchase water costs, but rather a sustained and foreseeable period of increased water purchases that could and should have been handled in a pending base rate case.

Further, Middlesex has not shown a likelihood of success on the merits in the underlying PWAC proceeding. As noted, the Intervenors are being denied discovery that would address underlying factual questions which are directly relevant to the relief sought. Rather than have the facts laid out in the cold light of day, Petitioners have selected the subject forum specifically to prevent this from occurring, instead relying on the idea that because it is a PWAC, the Intervenors are not entitled to information that might otherwise be used to dispute the factual allegations

underlying the petition. Finally, Petitioner has not shown how the balance of the equities favors upsetting the status quo and imposing interim rates. Under Petitioner's analysis, it is better to take money from the Intervenors and their customers now and have them fight to recover that money later, than it is for the PWAC to be delayed by even a month, permit discovery on the issues with the result that everyone might have to pay slightly more in the future. The fact that they may be entitled to a refund of those amounts at a later date does not mitigate the fact that Intervenors and their customers would be deprived of not just those funds, but the use of those funds now and for an indeterminate time into the future. Once the interim rates are in place, the proceedings lose any sense of urgency for the Petitioner and the damage to Intervenors and their customers has already been done.

**A. Petitioner's Customer Base Will Not Suffer Irreparable Harm if the Motion for Emergency Relief is not Granted Immediately.**

Petitioner argues that without the immediate implementation of the interim rates that have been proposed, their customer base (and, by extension, the Intervenors) will suffer irreparable harm in the form of higher PWAC rates down the line. While just a few months ago Petitioner had no issue with the average residential customer bill increase per quarter of \$40.94 from their base rate case, the additional \$1.62 per quarter that a delay of the imposition of these rates would cause is suddenly a matter of grave concern. This is hardly the kind of irreparable harm that the Court contemplated in Crowe.

Under Crowe, harm is irreparable where there can be no adequate after-the-fact remedy in law or in equity or where monetary damages cannot adequately restore a lost experience. Crowe at 132-133. In the within matter, the only issue present is not whether money is adequate, but rather how much and when that money is to be paid. As it has long been held, "the availability of adequate monetary damages belies a claim of irreparable injury." Frank's GMC Truck Center v. General

Motors Corp., 847 F.2d 100, 102 (3<sup>rd</sup> Cir. 1988). This is because, as here, “economic injury is not irreparable.” Sampson v. Murray, 415 U.S. 61, 90 (1974).

Even more succinctly, however, it should be noted that Petitioner is seeking reimbursement for all of the money spent under the terms of the PWAC adjustment. That amount of money, whether it is \$2,700,000 or \$100,000 is not going to change no matter when the PWAC is implemented. In fact, the later the PWAC is implemented, the more opportunity Petitioner has to determine its actual costs, rather than the “projected” costs it is currently relying upon. Not only would this provide a truer and more accurate measure of those costs requiring reimbursement under the PWAC, but it would also be distinctly to Petitioner’s advantage as the regulations under N.J.A.C. 14:9-7.4 require that Petitioner to perform a PWAC “true up” after being in place for one year. Simply put, the more accurate the PWAC projections are, the fewer adjustments and refunds there will be at that point in time.

Furthermore, it can hardly qualify as an irreparable harm for individual customers to have access to and the free use of their own money during the period of delay. Somehow insinuating that taking money from customers sooner rather than later is better for the customer rather than just being better for the Petitioner twists logic in ways that defy belief. Therefore, no irreparable harm would be experienced if the PWAC rates are delayed and the Petitioner has failed to establish the key component needed for entitlement to relief under N.J.A.C. 1:1-12.6.

**B. Petitioner’s Legal Right to Recover the Costs of Fluctuations in Purchased Water Through a PWAC Under the Present Circumstances Is Not Settled Law**

In addition to its failure to establish irreparable harm, Petitioner has failed to meet the second prong under Crowe. In Petitioner’s brief, they rely solely upon the PWAC regulations at N.J.A.C. 14:9-7.1 et seq. in support of their theory that they are permitted to recover all purchased water costs under a PWAC petitioner. They emphasize the definition of “purchased water”, “base

level data”, and the procedures by which a PWAC is calculated. What Petitioner never addresses, however, is that the PWAC regulations are intended to provide for “...a utility to include in rates the costs of *fluctuations* of purchased water....” See N.J.A.C. 14:9-7.1(a) (emphasis added).

In all of the Petitioner’s discussions regarding their right to recover the cost of purchase water, they have failed to take into account the unique scenario under which they are operating. A contaminated well field has been required to shut down. The Petitioner, under obligation through its existing contracts, must supply water to the Intervenors and others. The only way for the Petitioner to do so is by purchasing additional water for a sustained period of time. Based upon the Petitioner’s own projections, that period is sometime into 2023 – over a year of additional water purchases in a predictable amount necessary to replace what would normally be pumped out of their own wells.

This is not, as the regulations anticipate, a fluctuation in the cost of water, but a sustained period of alternative business operations that was already known to Petitioner during its last base rate case. While I/M/O Petition of Middlesex Water Co., Docket No. WR96040307, WL 40666 (N.J. B.P.U. Jan 23, 1997) does, in fact, emphasize that a PWAC allows a recovery of all purchased water costs incurred, it makes also clear that there is a procedure to be followed when the Petitioner seeks to do so.

Although the PWAC rate is implemented based upon the projected purchased water costs and then requires the year-end “true up” discussed earlier, there is another facet to this procedure that Petitioner’s deliberately ignore. “During that period, the company is collecting a portion of its *purchased water costs in its base rates* and a portion in its PWAC rate.” Id. (Emphasis added). This is especially significant because, in the base rate case that was settled, there are allocated costs for areas outside of the Intervenor service area for which the Intervenors have no

responsibility. These costs are usually determined during the base rate case and as a part of the settlement of those cases, however Petitioner has filed the within matter specifically avoid this from occurring. Had the questions raised here been properly introduced in the base rate case to adjust for the coming year of additional purchase water charges, the Intervenors would have had all the procedural mechanisms of the base rate case at their disposal rather than being pigeonholed into the language of N.J.A.C. 14:9-7.1 et seq. that Petitioner has relied upon.

Whether this is the appropriate venue for such a radical departure from most PWACs is not a matter of settled law. Petitioner, therefore, has failed to establish a second prong of the tests necessary to qualify for Emergency Relief under the regulation.

**C. Petitioner is Not Likely to Succeed on the Merits of Its Underlying Claim in this Proceeding**

As to the third prong of the Crowe standard, Petitioner has failed to show a likelihood of success on the merits. Petitioner's brief is based entirely on the argument that the Intervenors have not raised any genuine or relevant issues of fact in opposition to the PWAC. In so doing, it oversimplifies and reduces Intervenors' argument to one of apportionment rather than the significant questions of how the base rate case was handled, how the information regarding the Park Avenue Wellfields was manipulated, and how the PWAC regulations are, in essence, being abused to attribute costs to contract customers and consumers that, under the provisions of the base rate case, are not normally their responsibility.

To further demonstrate the logical disconnect that the Petitioner has engaged in with this filing, they indicate that the Intervenors have not raised any issues of fact in the underlying proceedings. Petitioner then makes it clear that any issues of fact that the Intervenors might raise would not be relevant to a PWAC and so would not be admissible (a determination for the OAL Judge rather than Petitioner to make) in this matter anyway. By bringing these matters as a PWAC,

Petitioner has taken the position that the only relevant information to be reviewed by the Board or by the OAL is what the base consumption rate is for each customer, what the purchased water costs are, and how the math works to divide up the costs evenly.

While this might be the case under normal market fluctuations, and for circumstances in which costs were expected to rise but wherein the amount could not be determined, here Petitioner has taken the application of these regulations to the extreme. In Matter of Shorelands Water Co. for Approval of an Increase in Rates: Purchase Water Adjustment Clause, 93 N.J.A.R.2d (BRC) 27 (N.J. Adm.), 1992 WL 453844, one of the first PWAC cases on record, it was clear that the creation of these regulations was to allow for an “evaluation of increased or decreased expenses” which could be adjusted accordingly, and without the need to resort to a fully litigated and investigated base rate case. Id. Additionally, the PWAC, as originally contemplated, would “expeditiously allow for the collection of uncontrollable expenses emanating from governmental agencies.” Id.

What this shows is relatively clear. A PWAC is a method of adjusting for relatively minor increases and decreases in the cost of purchased water. Tying them inextricable to base rate cases through the requirement that a base rate case be filed within the preceding 3 years of the PWAC is a factor that cannot be ignored. As cited above, base rate cases contain a component within them of purchased water that should, under normal circumstances, be the basis for minor adjustments and fluctuations in cost. The PWAC should not be used as a long-term solution for a known problem such as here.

Essentially, the Petitioner is attempting to establish that even though they knew about the problem with the Park Avenue Wellfields well in advance of October 2021, and had undergone multiple testing cycles and even set in place a contingency plan to construct a facility to deal with

the high rates of PFOAs, that issue does not have to be included or accounted for even during a pending base rate case. The idea that a PWAC can and should be used for a planned 12- to 18-month shutdown of a major component of a utility company's supply in order to avoid the scrutiny of a base rate case and simply pass along the cost to contract customers who had never before been allocated costs related to the service area affected, is a uniquely new issue. This is not something where the Petitioner can claim success on the merits based on a plain reading of the regulations as urged by the Petitioner. Rather, Petitioner should first be required to show that they are properly within the regulations sought to be used, and they have not done so, nor have they engaged in a transparent process to prove that they are in the right. Instead, every discovery request has been met with the same argument that this is not a base rate case and no discovery is relevant to how a PWAC is calculated.

Therefore, Petitioner has failed to satisfy the third prong of the Crowe standard, as they cannot show a likelihood of success on the merits for what is, essentially, a case of first impression.

**D. The Balance of the Equities in this Matter Favors Maintaining the Status Quo**

Petitioner in this matter has argued, against all logic, that delay in implementing the PWAC rates is significantly more harmful to all of the parties involved, and the customers themselves, than simply maintaining the status quo pending a resolution of the underlying proceedings. Petitioner spends a great deal of time in their brief trying to make sense of this idea that if the Board does not impose interim rates now, that Middlesex's customer base will lose out on an opportunity to pay a lower PWAC. What that does not factor in, however, is that the PWAC is a fixed amount based on recovery of expenditures by the Petitioner.

By delaying implementation of the requested PWAC rates, the Board is not costing Petitioner's customers anything. An earlier implementation of the PWAC, however, allows Petitioner to recoup the same amount of money without running the risk of alerting their customer base about how significant the increase actually is. It also allows Petitioner to collect that money earlier than they might otherwise be able to which, in turn, allows Petitioner to have the use of that money rather than their customers. This is not something that weighs in favor of the Petitioner when the equities are balanced. Rather, an immediate implementation of the interim rates takes money out of the hands of the Intervenors and their customers, places the burden on the Intervenors to recover that money from the Petitioner, and puts Petitioner in a position where they can delay the pending proceedings with impunity since even if they lose the underlying proceedings, they would still have use of the PWAC funds during the intervening time period.

It is a well-established principal that Courts favor the status quo. Often, a court will “take a less rigid view than it would after a final hearing when the interlocutory injunction is merely designed to preserve the status quo.” Waste Management of New Jersey, Inc. v. Union County Utilities Authority, 399 N.J. Super 508, 520(App. Div. 2008). Indeed, when acting to preserve the “status quo, the court may ‘place less emphasis on a particular Crowe factor if another greatly requires the issuance of the remedy.’” Id at 520-521 (quoting Yakus v. United States, 321 U.S. 414, 441(1944)). In this matter, it is clear that the need to preserve the current state of affairs pending resolution of the underlying claim is far more pressing, and far more in the interest of the public, than the Petitioner's brief argues.

The balance of the equities, therefore, favors the Intervenors in this matter and Petitioner has failed to meet any of the four prongs necessary for the implementation of interim relief.

**CONCLUSION**

Based upon the foregoing, it is clear that the Petitioner has failed to meet any of the criteria necessary for the imposition of Emergency Relief or imposition of interim rates in this matter. Imposition of interim rates serves only to enhance the position of the Petitioner at the cost of contract customers and serves no purpose other than to immediately begin collection of funds from customers that may otherwise not be legally required to make those payments.

Petitioner has failed to establish either irreparable harm, an established legal right to relief, or a likelihood of success on the merits. Instead, Petitioner’s brief glosses over the unique and difficult nature of this proceeding and seeks to move this matter forward with as little external examination as possible. Intervenors therefore request that the Board deny the Motion for Emergency Relief and require that the Petitioner prove their case before the OAL Judge in this matter prior to implementation of any PWAC increases.

Respectfully Submitted,

RAINONE COUGHLIN MINCHELLO, LLC

By: \_\_\_\_\_  
MICHAEL R. BURNS

Dated: August 1, 2022

Michael R. Burns, Esq. (Attorney ID #025662009)

**RAINONE COUGHLIN MINCHELLO, LLC**

555 U.S. Highway One South, Suite 440

Iselin, New Jersey 08830

(732) 709-4182

*Attorneys for Intervenors, Township of Marlboro, and Old Bridge Municipal Utilities Authority*

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. WR22030138  
OAL DOCKET NO. PUC 02047-2022S

**ORDER DENYING EMERGENCY  
RELIEF**

Jay L. Kooper, Esq., Vice President, General Counsel & Secretary  
Middlesex Water Company

Brian O. Lipman, Esq., Director  
New Jersey Division of Rate Counsel

Louis Rainone, Esq. and Michael Burns, Esq., Rainone Coughlin Minchello, LLC,  
on behalf of Marlboro Township and the Old Bridge Municipal Utilities Authority

This matter having been presented to the Board of Public Utilities (“Board”) by Jay L. Kooper, Esq., attorney for petitioner, Middlesex Water Company, on notice to the parties and persons set forth on the attached Service List, and the Administrative Law Judge assigned to preside over this proceeding, having read and considered the moving papers and other documents on file in this matter, including the Brief in Support of the Motion for Emergency Relief and Certifications submitted in support of the Motion for Emergency Relief, as well as the Brief in Opposition to the Motion for Emergency Relief, and other good cause appearing; and

The Board, finding that petitioner Middlesex Water Company's Motion for Emergency Relief has failed to meet the standards necessary by law and is not in the public interest, HEREBY DENIES the motion for Emergency Relief with prejudice.

DATED: \_\_\_\_\_, 2022

**BOARD OF PUBLIC UTILITIES**

By: \_\_\_\_\_  
JOSEPH L. FIORDALLISO  
President

By: \_\_\_\_\_  
MARY-ANNA HOLDEN  
Commissioner

By: \_\_\_\_\_  
DIANNE SOLOMON  
Commissioner

By: \_\_\_\_\_  
UPENDRA J. CHIVUKULA  
Commissioner

By: \_\_\_\_\_  
ROBERT GORDON  
Commissioner

Attest:

\_\_\_\_\_  
Carmen Diaz  
Acting Board Secretary