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BOARD OF PUBLIC UTILITIES
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PUC

09623-20 W/M/O THE PETITION OF LAKE LENAPE WATER COMPANY FOR APPROVAL OF AN INCREASE IN RATES FOR SERVICE

April 20, 2021
 DATE

S. WILSON (DR) 
 SANDRA A. WILSON, OFFICE SUPERVISOR
 OFFICE OF ADMINISTRATIVE LAW
 sandra.wilson@oal.nj.gov

DATE

TO AGENCY



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW
33 Washington Street
Newark, NJ 07102
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A copy of the administrative law
judge's decision is enclosed.

This decision was mailed to the parties

on April 20, 2021



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION SETTLEMENT

OAL DOCKET NO. PUC 09623-20

AGENCY DKT. NO. WR20070490

**IN THE MATTER OF THE PETITION
OF LAKE LENAPE WATER COMPANY
FOR APPROVAL OF AN INCREASE IN
RATES AND CHARGES FOR WATER
SERVICE.**

Jeffrey Fuller, President, pro se, for petitioner Lake Lenape Water Company

Meliha Arnautovic, Deputy Attorney General, for Staff of the Board of Public Utilities (Gurbir S. Grewal, Attorney General of New Jersey, attorneys)

Susan E. McClure, Esq., Assistant Deputy Rate Counsel, for the Division of Rate Counsel (Stefanie A. Brand, Director)

Record Closed: April 7, 2021

Decided: April 16, 2021

BEFORE GAIL M. COOKSON, ALJ:

On or about July 23, 2020, Lake Lenape Water Company (Company) filed a petition for an increase in its rates and charges for water service with the New Jersey Board of Public Utilities (BPU or Board). On or about October 14, 2020, the Board transmitted the matter to the Office of Administrative Law (OAL) for hearing as a contested case pursuant to N.J.S.A. 52:14B-1 to-15 and N.J.S.A. 52:14F-1 to- 13.

The matter was assigned to the undersigned who conducted the initial case management conference on December 15, 2020, during which discovery and hearing procedures were discussed. Several case management conferences have been convened in the intervening period of the ongoing discovery. Prior to the scheduling of any hearing dates, the parties advised that they had reached a tentative resolution of the issues in dispute. Accordingly, no plenary hearing dates were established.

In fulfillment of the Agreement, the parties submitted under cover of April 7, 2021, a fully executed Stipulation, which is attached hereto and made part hereof. It resolves this rate proceeding to the full satisfaction of the parties. Accordingly, and on that basis, I have reviewed the record and terms of the Stipulation and **FIND**:

1. The parties have voluntarily agreed to the settlement as evidenced by the signatures of the parties or their representatives.
2. The settlement fully disposes of all issues in controversy and is consistent with law.

I **CONCLUDE** that the agreement meets the requirements of N.J.A.C. 1:1-19.1 and therefore, it is **ORDERED** that the matter be deemed dismissed with prejudice and that these proceedings be and are hereby concluded.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five (45) days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

Gail M. Cookson

April 16, 2021

DATE

GAIL M. COOKSON, ALJ

Date Received at Agency:

4/20/21

Date Mailed to Parties:
id

4/20/21

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION
OF LAKE LENAPE WATER CO. FOR AN
INCREASE IN RATES AND CHARGES FOR
WATER SERVICE

BPU Docket No. WR20070490
OAL Docket No. PUC 09623-2020 N

STIPULATION

APPEARANCES:

Jeffrey Fuller, President, Pro Se, on behalf of Lake Lenape Water Company

Susan E. McClure, Esq., Assistant Deputy Rate Counsel for the Division of Rate
Counsel (Stephanie A. Brand, Esq., Director, Division of Rate Counsel);

Meliha Arnautovic, Deputy Attorney General, for the Staff of the Board of Public Utilities
(Gurbir S. Grewal Attorney General of New Jersey)

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

BACKGROUND/PROCEDURAL HISTORY

Petitioner, Lake Lenape Water Company (hereinafter referred to as "Petitioner" or "Company") is a public utility of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities ("Board") and franchised to provide water service in a portion of the Township of Andover, Sussex County, New Jersey.

On July 23, 2020, Petitioner filed a petition with the Board, pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.12 seeking to increase its rates and charges for water service. Petitioner requested increased revenues of \$14,967, representing an increase of approximately 10.8% over pro forma, present rate revenues.

On September 18, 2020 the Board transmitted the matter to the Office of Administrative Law ("OAL") as a contested case and the matter was assigned to Administrative Law Judge ("ALJ") Gail

Cookson. On September 9, 2020 the Board issued an Order suspending increases, changes or alterations in rates for service until February 1, 2021.

On December 15, 2020, ALJ Cookson convened a pre-hearing conference in which the President of the Company, Jeffrey Fuller, and the statutory parties to this case, the New Jersey Division of Rate Counsel (“Rate Counsel”) and Board Staff participated (“Signatory Parties”). During the pre-hearing conference, the dates and times for the public hearings and evidentiary hearings were scheduled. After appropriate public notice, virtual public hearings were held in Petitioner’s service territory at 4:30 p.m. and 5:30 p.m. on February 10, 2021 and February 11, 2021 via Zoom.. The public hearings were presided over by the Honorable Gail Cookson, ALJ. A total of six (6) members of the public spoke at the virtual public hearings, and provided comments opposing the magnitude of the Company’s proposed rate increase. The virtual public comment hearings were transcribed and made a part of the record of this proceeding.

During the course of this proceeding, Petitioner was served with, and responded to, extensive discovery requests by Rate Counsel and by Board Staff. A virtual discovery and settlement conference was held on March 5, 2021. As a result of an analysis of the petition and exhibits, Petitioner’s responses to discovery propounded by the Rate Counsel and Board Staff, as well as their discussions and negotiations in this matter, the Signatory Parties have reached a Stipulation of Settlement (“Stipulation”) and do hereby stipulate the following:

STIPULATED MATTERS

- (1) The year ended December 31, 2019, adjusted for known and measurable changes, is a reasonable and proper test year period.
- (2) It is stipulated and agreed that Petitioner’s rate base is \$75,658 and that a fair overall rate of return thereon is 8.50%, which reflects a cost rate for common equity of 9.6%
- (3) (3) Petitioner’s required Operating revenue is \$149,511. Petitioner’s pro forma present rate revenues are \$138,575 which, when subtracted from the total revenue requirement, necessitates a revenue increase of

\$10,936, representing an overall percentage increase of 7.89% over pro forma present operating revenues. The revenue requirement to which the Signatory Parties have stipulated herein, is necessary to ensure that Petitioner will continue to provide safe, adequate and proper water service to its customers.

(4) Attached hereto as Exhibit A are new tariff sheets containing rates and charges conforming to this Stipulation and designed to produce the additional annual revenues to which the Signatory Parties have stipulated herein.

(5) Attached hereto as Exhibit B is a schedule demonstrating that the new rates will produce the stipulated revenues to which the Signatory Parties have agreed.

(6) The revenue requirement calculation is based on recovering revenue from all of the Company's customers of record based on rates contained in the Company's tariff as approved by the Board. The failure by customers to provide payment for utility service rendered by the Company pursuant to its tariffs has the effect of reducing the Company's revenues, increasing the number of rate filings, and the potential to impair the Company's ability to provide safe, adequate and proper service. For these reasons, Petitioner agrees that it will review all of the utility services it provides pursuant to its tariffs, and collect the Board-approved rates from those customers receiving service, or if payment is not received, then to initiate the appropriate actions as allowed by the Company's tariff and the Board's regulations regarding discontinuation of service.

(7) Petitioner will file a new tariff with the Board, with copies to the Signatory Parties, in conformity with this Stipulation, to become effective on the date of a fully executed Board Order.

MISCELLANEOUS

This Stipulation applies only to this proceeding and is thus executed by the Signatory Parties without prejudice to the positions asserted by each in this case and without prejudice to the positions which the Signatory Parties may choose to assert in future proceedings. The Signatory Parties fur-

ther agree that the purpose of this Stipulation is to reach fair and reasonable rates and to conclude pending litigation. This Stipulation is not in any way intended to restrict or bind any of the Parties hereto with respect to substantive positions they may choose to assert in any pending or future rate proceeding in this or any other forum. Therefore, the Signatory Parties acknowledge that the Stipulation herein has been made exclusively for this proceeding before the OAL and Board.

In the event of any modification, amendment or alteration of this Stipulation by the Board, the Signatory Parties individually reserve the right to either deem the Stipulation void in total (in which case the Signatory Parties would revert to the status quo prior to the execution of this Stipulation, which in this matter would be submission of testimony and proceeding with evidentiary hearings) or to consent to the modification(s) in writing.

This Stipulation may be executed in as many counterparts as there are signatories to this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument consisting of several counterparts.

The Signatory Parties acknowledge that any increase or resolution of any issues agreed to in this Stipulation, shall become effective upon service of the Board Order on all parties of record unless a later date is indicated in the Order.

Dated:

LAKE LENAPE WATER COMPANY

By: *Jeffrey Fuller*

Jeffrey Fuller

President

Dated: April 7, 2021

NEW JERSEY DIVISION OF RATE COUNSEL

Stephanie A. Brand, Esq.

Director, Division Rate Counsel

By: *Susan E. McClure*

Susan E. McClure, Esq.

Assistant Deputy Rate Counsel

Dated:

GURBIR S. GREWAL

ATTORNEY GENERAL OF NEW JERSEY

Attorney for the Staff of the New Jersey Board
of Public Utilities

Dated:

By: Meliha Arnautovic

Meliha Arnautovic

Deputy Attorney General