



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu

WATER

IN THE MATTER OF THE PETITION OF)	ORDER ADOPTING INITIAL
PINELANDS WASTEWATER COMPANY)	DECISION/STIPULATION
FOR AN INCREASE IN RATES FOR)	
WASTEWATER SERVICE AND OTHER)	BPU DKT. NO. WR08040283
TARIFF CHARGES)	OAL DKT. NO. PUCRS 07313-2008N

(SERVICE LIST ATTACHED)

BY THE BOARD:

On April 29, 2008, pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.11 and 14:1-5.12, Pinelands Wastewater Company (Pinelands Wastewater or Company) a public utility of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities (Board), filed a petition seeking approval to increase rates for wastewater service and to make other tariff changes. Notwithstanding the language in the petition, the Company's proposal included only increases in rates, and no other tariff modifications. The Company's initial rate request, if approved, would have resulted in an increase in total Company revenues in the amount of \$212,138 or 22.89% over pro forma present rate revenues.

By this Order, the Board considers the Initial Decision recommending adoption of the Stipulation of Settlement (Stipulation or Settlement) executed by the Company, the Department of the Public Advocate, Division of Rate Counsel (Rate Counsel), and Board Staff agreeing to an increase of \$169,970 representing an 18.30% increase over current Company revenues. The only intervenor, the Township of Southampton (Township), filed a letter on November 19, 2008, not opposing the Stipulation.

BACKGROUND/PROCEDURAL HISTORY

Pinelands Wastewater, a wholly owned subsidiary of Middlesex Water Company, provides sewerage service to approximately 2,400 customers in the areas of the Township of Southampton, Burlington County, New Jersey known as Leisuretowne and Hampton Lakes. The Company is engaged in the business of collecting and treating wastewater for its customers. As noted above, the petition seeking a 22.89% increase in total Company revenues was filed on April 29, 2008.

The Board transmitted the matter to the Office of Administrative Law (OAL) where it was assigned to the Honorable Walter M. Braswell, Administrative Law Judge (ALJ). On September 8, 2008, a public hearing was held at the Southampton Township School #2, located in the Township with ALJ Braswell presiding. Approximately 200 citizens attended the public hearing, and approximately a dozen people spoke. Their comments generally concerned the magnitude of the increase requested and the impact of the increase on the fixed income of senior citizens.

The only parties to this proceeding, the Company, Rate Counsel, the Township, and Board Staff (Staff) (collectively, the Parties) exchanged extensive discovery throughout this proceeding. Subsequent to the public hearing and prior to the scheduled evidentiary hearings, the Parties held a discovery/settlement conference on September 11, 2008. As a result, the Company, Rate Counsel and Staff (collectively, the Signatory Parties) reached a settlement on all issues and entered into the Stipulation. A copy of this Stipulation is attached. As previously stated, the Township did not sign the Stipulation, but indicated that it did not oppose it.

On December 5, 2008, ALJ Braswell issued his Initial Decision recommending adoption of the Stipulation executed by the Signatory Parties, finding that the Signatory Parties had voluntarily agreed to the Settlement and that the Settlement fully disposes of all issues and was consistent with the law.

DISCUSSION AND FINDINGS

As a result of the Stipulation negotiated among the Signatory Parties, the average bill for a single family residential metered wastewater customer, using 80,000 gallons of water as a basis for metering wastewater service, will increase from the current rate of \$500.56 annually (\$125.14 per quarter), to \$592.17 annually (\$148.04 per quarter), or an annual increase of \$91.61 or 18.30%.

Having considered the comments made at the public hearing, and having reviewed ALJ Braswell's Initial Decision and the Stipulation among the Signatory Parties to this proceeding, the Board HEREBY FINDS that the Signatory Parties have voluntarily agreed to the Stipulation, that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law, and that the Township does not oppose the Settlement. The Board HEREBY FINDS the Initial Decision which adopts the Stipulation to be reasonable and in the public interest.

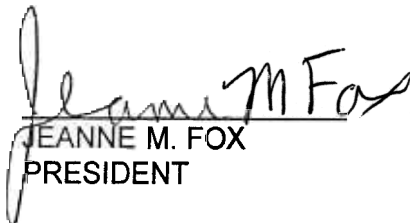
Accordingly, the Board HEREBY ADOPTS the Initial Decision and the Settlement attached hereto, including all attachments and Schedules, as its own, incorporating by reference the terms and conditions as if fully set forth herein, subject to the following:

- a) The tariff sheets attached to the Stipulation as Schedule B containing rates and charges conforming to the Settlement and designed to produce the additional annual revenues to which the Parties have stipulated herein are HEREBY ACCEPTED.
- b) The Stipulated increase and the tariff design allocations for each customer classification are HEREBY ACCEPTED.

The Board HEREBY DIRECTS the Company to submit a complete revised tariff conforming to the terms and conditions of the Stipulation and this Order within ten (10) days from the date of this Order

DATED: 12/18/08

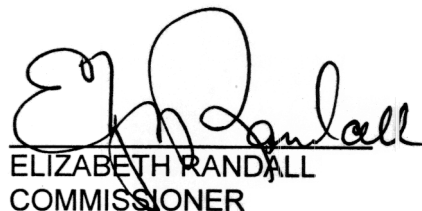
BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

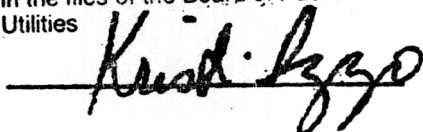

NICHOLAS ASSELTA
COMMISSIONER


ELIZABETH RANDALL
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities



IN THE MATTER OF THE PETITION OF PINELANDS
WATER COMPANY FOR AN INCREASE IN RATES
FOR WATER SERVICE AND OTHER TARIFF CHARGES

BPU DOCKET NO. WR08040283
OAL DOCKET NO. PUCRS 07314-2008N

Service List

Stephen B. Genzer, Esq.
Saul Ewing LLP
One Riverfront Plaza, 5th Floor
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General Counsel
Pinelands Wastewater Company
1500 Ronson Road
Iselin, NJ 08830

Stefanie Brand, Esq. Director
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Division of Rate Counsel
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Babette Tenzer, DAG
Department of Law and Public Safety
Division of Law
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Newark, NJ 07101

Anthony R. Francioso
Fornaro Francioso LLC
Counsellors at Law
4569 South Broad Street
Hamilton, New Jersey 08620

RECEIVED
DEC 06 2008



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW
33 Washington Street
Newark, NJ 07102
(973) 648-6008

A copy of the administrative law
judge's decision is enclosed.

This decision was mailed to the parties
on DEC 5 2008



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 07313-08

AGENCY DKT. NO. WR08040283

**IN THE MATTER OF PINELANDS
WASTEWATER COMPANY FOR APPROVAL OF
AN INCREASE IN ITS RATES FOR
WASTEWATER SERVICE AND OTHER TARIFF
CHANGES**

Kenneth J. Quinn, Esq., for petitioner (Middlesex Water Company)

Arlene Pasko, DAG, for respondent (Anne Milgram, Office of the Attorney General)

Debra F. Robinson, Esq. and Paul Flanagan, Esq., appearing on behalf of the Division of Rate Counsel

Record Closed: December 3, 2008

Decided: December 3, 2008

BEFORE WALTER M. BRASWELL, ALJ:

This matter was transmitted to the Office of Administrative Law (OAL) on June 9, 2008 for resolution as a contested case pursuant to N.J.S.A. 16:41C-8.7(b) 3.

A telephone pre-hearing was conducted on June 23, 2008. A public hearing was held on September 8, 2008 and evidentiary hearings were scheduled for November 5, 6, and 7, 2008. Prior to the hearing dates the parties advised the undersigned that they

reached settlement. On December 3, 2008 a copy of the fully executed Settlement Agreement was received by the OAL indicating the terms of the agreement, which are incorporated herein by reference.

Having reviewed the contents of the attached Settlement Agreement, I **FIN**:

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

I approve the settlement and, therefore **ORDER** that the parties comply with the settlement terms and that these proceedings be 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 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.

12-3-08
DATE

Date Received at Agency:

DEC 5 2008
DATE
ljb

Walter M. Braswell
WALTER M. BRASWELL, ALJ

12-5-08

Mailed to Parties:

Laura Sanders
DIRECTOR AND
CHIEF ADMINISTRATIVE LAW JUDGE
OFFICE OF ADMINISTRATIVE LAW

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

**In the Matter of Pinelands
Wastewater Company for Approval
of an Increase in its Rates for Wastewater
Service and Other Tariff Changes**

**BPU Docket No. WR08040283
OAL Docket No. PUCRS 07313-2008N**

STIPULATION OF SETTLEMENT

APPEARANCES:

Kenneth J. Quinn, Esq. and Stephen B. Genzer, Esq., Saul Ewing LLP, on behalf of Pinelands Wastewater Company, Petitioner

Arlene E. Pasko and Kerri Kirschbaum, Deputy Attorneys General, on behalf of the Staff of the New Jersey Board of Public Utilities (Anne Milgram, Attorney General of the State of New Jersey)

Debra F. Robinson, Esq. and Paul Flanagan, Esq. Deputy Rate Counsel, on behalf of the Division of Rate Counsel

Anthony R. Francioso, Esq., Fornaro Francioso LLC, on behalf of Intervenor, Township of Southampton.

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

The Participating Parties in this proceeding are as follows: Pinelands Wastewater Company (the "Company" or "Petitioner"), the Division of Rate Counsel ("Rate Counsel"), the Staff of the Board of Public Utilities ("Board Staff"), and Intervenor, the Township of Southampton. As a result of an analysis of Petitioner's pre-filed testimony and exhibits, extensive discovery conducted by Rate Counsel and Board Staff, conferences, negotiations, and a public hearing held on September 8, 2008 in Southampton Township, the Company, Board Staff and Rate Counsel (collectively, the "Signatory Parties") have come to an

agreement on the issues in dispute in this matter. Southampton Township has indicated that it does not oppose this settlement, and has provided a letter to that effect. The Signatory Parties hereto agree and stipulate as follows:

The procedural history of this matter is as follows:

On April 29, 2008 Petitioner, a public utility corporation of the State of New Jersey, pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.12, filed a petition to increase rates for wastewater service and to make other tariff changes. Specifically, Pinelands Wastewater Company requested a rate increase of \$212,138 or approximately 22.89% above the adjusted annual level of revenues for the test year ending September 30, 2008. The Board transferred the matter to the Office of Administrative Law as a contested case where it was assigned to Administrative Law Judge Walter M. Braswell ("ALJ Braswell")

After proper notice, a public hearing was held on the evening of September 8, 2008, at the Southampton Township School #2, located in Southampton Township, with ALJ Braswell presiding. Members of the public appeared and their comments were heard by the Participating Parties and ALJ Braswell. Approximately a dozen individuals spoke at the public hearing. Their comments generally concerned the magnitude of the increase requested. The Parties believe that this settlement reasonably addresses those concerns. Several settlement discussions were held, and agreements reached during those discussions have resulted in the following stipulation by the Signatory Parties:

1. Pinelands Wastewater Company's total rate base for purposes of this proceeding is agreed to be \$1,527,941.
2. The Signatory Parties agree to an overall rate of return of 8.71% for Pinelands Wastewater Company, which was calculated as follows:

	<u>Ratios</u>	<u>Cost Rates</u>	<u>Weighted Cost Rates</u>
Long Term Debt	48.17%	7.00%	3.37%
Common Equity	<u>51.83%</u>	10.30%	<u>5.34%</u>
Total	<u>100.00%</u>		<u>8.71%</u>

3. The Signatory Parties agree that utilizing an overall rate of return of 8.71% would result in an overall additional revenue requirement of \$169,970 for Pinelands Wastewater Company as appears in attached Exhibit A – Calculation of Revenue Deficiency. This amount was calculated as follows:

Pinelands Wastewater Company

Rate Base	\$ 1,517,941
Rate of Return	x <u>8.71%</u>
Required Operating Income	\$ 133,087
Test Year Operating Income	\$) <u>36,181</u>
Deficiency	\$ 96,906
Revenue Conversion Factor	x <u>1.75396</u>
Revenue Requirement	\$ 169,970

4. The Signatory Parties stipulate that a revenue increase for Pinelands Wastewater Company of \$169,970, or 18.30% over current revenues, is an appropriate result of this matter. The Signatory Parties anticipate this increase being effective on or about December 8, 2008, however, no increase will take effect until the Board has had a full opportunity to review and make a determination regarding this stipulation and issues a written order

approving any such increase. The Signatory Parties agree that this revenue requirement represents the level of revenues necessary to ensure that the Company will continue to provide safe, adequate, and proper wastewater service to its customers.

5. The Signatory Parties agree that the tariff pages (attached as Exhibit B), implementing the terms of this Stipulation, should be adopted by the Board in their entirety. Also attached as Exhibit C is a Proof of Revenues for the Company.


6. This Stipulation is the product of extensive negotiations by the Signatory Parties, and it is an express condition of the settlement embodied by this Stipulation that it be presented to the Board in its entirety without modification or condition. It is also the intent of the Signatory Parties to this Stipulation that this settlement, once accepted and approved by the Board, shall govern all issues specified and agreed to herein. The Signatory Parties to this Stipulation specifically agree that if adopted in its entirety by the Board, no appeal shall be taken by them from the order adopting same as to those issues upon which the Signatory Parties have stipulated herein. The Signatory Parties agree that the within Stipulation reflects mutual balancing of various issues and positions and is intended to be accepted and approved in its entirety. Each term is vital to this Stipulation as a whole, since the Signatory Parties hereto expressly and jointly state that they would not have signed this Stipulation had any terms been modified in any way. In the event any particular aspect of this Stipulation is not accepted and approved by the Board, then any Signatory Party hereto materially affected thereby shall not be bound to proceed under this Stipulation. The Signatory Parties further agree that the purpose of this Stipulation is to reach fair and reasonable rates, and that it will avoid protracted and costly litigation of certain issues and that with respect to any policy or other issues which were compromised in the spirit of reaching an agreement, none of the

Signatory Parties shall be prohibited from or prejudiced in arguing a different policy or position before the Board in any other proceeding, as such agreements pertain only to this matter and to no other matter.

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

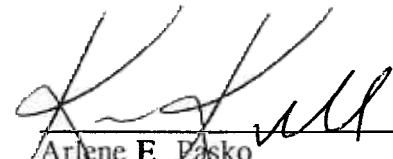
PINELANDS WASTEWATER COMPANY

12-2-08
Date

By: 
Kenneth J. Quinn, Esq.
Attorney for Petitioner

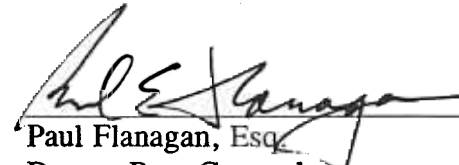
ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey
Board of Public Utilities

11/26/08
Date

By: 
Arlene E. Pasko
Kerr Kirschbaum
Deputy Attorneys General

STEFANIE A. BRAND, ESQ., DIRECTOR
DIVISION OF RATE COUNSEL

12-2-08
Date

By: 
Paul Flanagan, Esq.
Deputy Rate Counsel

PINELANDS WASTEWATER COMPANY
CALCULATION OF REVENUE DEFICIENCY
BPU DOCKET NO. WR08040283

Rate Base	\$ 1,527,941
Rate of Return	8.710%
Operating Income Required	\$ 133,087
Operating Income at Present Rates	\$ 36,181
Operating Income Deficiency	<u>\$ 96,906</u>
Revenue Multiplier	1.75396
Required Revenue Increase	<u><u>\$ 169,970</u></u>
Total Present Rate Revenue	<u><u>\$ 928,997</u></u>
Average Revenue Increase	<u><u>18.30%</u></u>

PINELANDS WASTEWATER COMPANY

Fourth Revised Sheet No. 8

B.P.U. No. 2 – SEWER

Canceling

Third Revised Sheet No. 8

RATE SCHEDULE NO. 1GENERAL SERVICEAPPLICABILITY:

Applicable to the use of service for private dwellings occupied by a single-family unit.

RATE:

- Quarterly Service Charge - \$58.75 for each quarter of the year.
- Volumetric Charge - For all water discharged to the sewer (based on metered water consumption):
Rate per 1,000 gallons - \$4.4646

TERMS:

- (a) Billing shall be based on the Quarterly Service Charge plus Volumetric Charge for such period.
- (b) Whenever service to a customer is established or discontinued during a billing period, the service charge will be pro-rated on a daily basis to the date when service is established or discontinued to such customer.
- (c) In the event of non-payment of the Service Charge within thirty (30) days after same is due, in addition to other remedies provided in this Tariff, the Company may cause a notice to be served upon the occupant of the premises of the Company's intention to disconnect the Sewer Connection to such premises. In the event the Service Charges then due are not paid within ten (10) days from the service of said notice, the Company may cause the Sewer Connection of such premises to be disconnected and such premises may not again use the facilities of the system until full payment has been made of all arrears on account of the Service Charges and all charges incurred in disconnecting and reconnecting the occupant's connection.

Date of Issue: April 29, 2008

Effective for service

Rendered on and after:

December __, 2008

Issued by: Richard M. Risoldi, President
Pinelands Wastewater Company
1500 Ronson Road
Iselin, New Jersey 08830-0452

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated December __, 2008, in Docket No. WR08040283.

PINELANDS WASTEWATER COMPANY

Fourth Revised Sheet No. 10

Canceling

Third Revised Sheet No. 10

B.P.U. No. 2 - SEWER

RATE SCHEDULE NO. 2SERVICE UNDER CONTRACTAPPLICABILITY:

Applicable to wastewater service provided to customers under special agreements at the option of the Company.

RATE:

\$7.3432 per 1,000 gallons.

An additional fee of \$14.68 per month for each unit connected to the Township's collection system, that has a garbage disposal installed within it.

TERMS OF PAYMENT:

Fifteen (15) days after sending the bill.

Bills will be rendered monthly.

SPECIAL PROVISIONS:

As provided under special agreements.

Date of Issue: April 29, 2008

Effective for service

Rendered on and after:

December __, 2008

Issued by: Richard M. Risoldi, President
Pinelands Wastewater Company
1500 Ronson Road
Iselin, New Jersey 08830-0452

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated December __, 2008, in Docket No. WR08040283.

PINELANDS WASTEWATER COMPANY

Fourth Revised Sheet No. 11

B.P.U. No. 2 - SEWER

Canceling

Third Revised Sheet No. 11

RATE SCHEDULE NO. 3GENERAL SERVICE - OTHERAPPLICABILITY:

Applicable to the use of service for buildings other than private dwellings occupied by a single-family unit.

RATE:

\$7.3432 per 1,000 gallons, but not less than \$104.70 per equivalent unit per quarter.

Usage shall be based on water meter readings of non-irrigation water usage, wastewater meter readings, if available, or estimate based on usage of similar buildings.

TERMS:

- (a) Whenever service to a customer is established or discontinued during a billing period, the service charge will be pro-rated on a daily basis to the date when service is established or discontinued to such customer.
- (b) In the event of non-payment of the Service Charge within thirty (30) days after same is due, in addition to other remedies provided in this Tariff, the Company may cause a notice to be served upon the occupant of the premises of the Company's intention to disconnect the Sewer Connection to such premises. In the event the Service Charges then due are not paid within ten (10) days from the service of said notice, the Company may cause the Sewer Connection of such premises to be disconnected and such premises may not again use the facilities of the system until full payment has been made of all arrears on account of the Service Charges and all charges incurred in disconnecting and reconnecting the occupant's connection.
- (c) Service shall be terminated on the request of any customer on notice of at least ten (10) days to the Company.

Date of Issue: April 29, 2008

Effective for service
Rendered on and after:
December __, 2008

Issued by: Richard M. Risoldi, President
Pinelands Wastewater Company
1500 Ronson Road
Iselin, New Jersey 08830-0452

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated December __, 2008, in Docket No. WR08040283.

PINELANDS WASTEWATER COMPANY
 PROOF OF REVENUE
 BPU DOCKET NO. WR08040283

Exhibit C
 11/14/2008
 Page 1 of 2

SUMMARY OF PROJECTED REVENUES

	PRESENT RATES	PROPOSED RATES	DIFFERENCE	% CHANGE
RESIDENTIAL	\$ 846,833	\$ 1,001,716	\$ 154,883	18.29%
VINCENTOWN SERVICE	82,164	97,199	15,035	18.30%
ROUNDING	<u>0</u>	<u>52</u>	52	
GRAND TOTAL	<u>\$ 928,997</u>	<u>\$ 1,098,967</u>	<u>\$ 169,970</u>	<u>18.30%</u>

RATE INCREASE - 18.3000%

GENERAL WATER SERVICE (RATE SCHEDULE NO. 1)

CONSUMPTION CHARGES

/—RATE PER TG—\

<u>CURRENT</u>	<u>PROPOSED</u>
\$3.7740	\$4.4646

FACILITIES CHARGES

/—QUARTERLY—\

<u>CURRENT</u>	<u>PROPOSED</u>
\$49.66	\$58.75

VINCENTOWN SERVICE (RATE SCHEDULE NO. 2)

<u>CURRENT</u>	<u>PROPOSED</u>
\$6.2073	\$7.3432

PINELANDS WASTEWATER COMPANY
PROOF OF REVENUE
BPU DOCKET NO. WR08040283

Exhibit C
11/14/2008
Page 2 of 2

EXISTING RATES

RESIDENTIAL

<u>FACILITIES CHARGES</u>				NET	TEST
<u>METER</u>	<u>BILLS</u>	<u>RATE</u>	<u>REVENUE</u>	<u>ADJUSTMENTS</u>	<u>YEAR</u>
	9,828	\$49.66	\$488,058	\$89	\$488,147
<u>CONSUMPTION</u>					
	90,746,953	\$0.00377400	\$342,479		\$342,479
Settled Amt	4,294,263	\$0.00377400	\$16,207	\$0	\$16,207
TOTAL RESIDENTIAL			<u>\$ 846,744</u>	<u>\$89</u>	<u>\$ 846,823</u>

VINCENTOWN SERVICE

<u>CONSUMPTION</u>					
	13,407,440	\$0.00620730	\$83,224	\$0	\$83,224
Settled Amt	(170,795)	\$0.00620730	(\$1,060)		(\$1,060)
			<u>\$ 82,164</u>		<u>\$ 82,164</u>
TOTAL REVENUES ALL CLASSES					<u>\$ 928,917</u>

PROPOSED RATES

RESIDENTIAL

<u>FACILITIES CHARGES</u>				NET	PROPOSED
<u>METER</u>	<u>BILLS</u>	<u>RATE</u>	<u>REVENUE</u>	<u>ADJUSTMENTS</u>	<u>REVENUE</u>
		\$58.75	\$577,395	\$0	\$577,395
<u>CONSUMPTION</u>					
	95,041,216	\$0.00446460	<u>\$424,321</u>	<u>\$0</u>	<u>\$424,321</u>
TOTAL RESIDENTIAL			<u>\$1,001,716</u>	<u>\$0</u>	<u>\$1,001,716</u>

VINCENTOWN SERVICE

<u>CONSUMPTION</u>					
	13,236,645	\$0.00734320	<u>\$97,199</u>	<u>\$0</u>	<u>\$97,199</u>
ROUNDING					<u>\$12</u>
TOTAL PROJECTED REVENUES ALL CLASSES					<u>\$1,098,927</u>