



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

WATER

IN THE MATTER OF THE PETITION OF	)	DECISION AND ORDER
LAWRENCEVILLE WATER COMPANY FOR	)	ADOPTING STIPULATION
APPROVAL OF AN INCREASE IN RATES	)	
AND CHARGES FOR WATER SERVICE	)	BPU DOCKET NO. WR07010062
	)	OAL DOCKET NO. PUCRS 02312-2007S

(SERVICE LIST ATTACHED)

BY THE BOARD:

On January 31, 2007, pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.12, Lawrenceville Water Company (Lawrenceville 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 with the Board seeking approval of an increase in rates for water service.

Lawrenceville services approximately 2,600 customers in Lawrence Township, Mercer County, New Jersey. The Company's rate request would have resulted in an increase in total Company revenues of \$438,928 or 47.91% over pro forma present rate revenues.

After extensive settlement discussions, the Parties to this proceeding agreed to an increase of \$291,600 representing a 29.9% increase over total Company revenues, resulting in total pro forma Company revenues of \$1,264,054.

PROCEDURAL HISTORY

On February 8, 2007, this matter was transmitted to the Office of Administrative Law (OAL). By letter dated May 21, 2007, the Board requested the return of this matter solely for and specifically limited to the holding of any required public hearing. A public hearing was held on June 12, 2007, before Edward D. Beslow, Esq. of Board Staff at the Township of Lawrenceville Police Training Room located in Lawrenceville, New Jersey, within Petitioner's service territory. No members of the public appeared at the hearing.

By letter dated June 27, 2007, the Board requested return of the matter from the OAL pursuant to N.J.A.C. 1:1-3.3(a) in order that the Board could directly consider the Stipulation submitted by the Parties.

The Parties to this proceeding are the Company, the Division of Rate Counsel, and Board Staff (Staff). There were no interveners in this case.

Subsequent to the public hearing and prior to evidentiary hearings, the Parties engaged in settlement negotiations. As the result of the settlement negotiations, the Parties reached a settlement on all issues and entered into a Stipulation (Stipulation or Settlement).

STIPULATION

As more fully set forth in the attached Stipulation,¹ the Stipulation provides as follows:

- 1 The Company's total rate base is \$1,329,767. The test year is the twelve (12) months ending December 31, 2006, adjusted for known and measurable changes. (Settlement Paragraph 1).
2. The rate of return on equity for the Company is 10.00%, resulting in an overall rate of return of 8.82% (Settlement Paragraph 2).
3. An overall rate of return of 8.82% would result in an additional revenue requirement of \$291,600 (29.9%), calculated as follows:

Rate Base	\$ 1,329,767
Rate of Return	x 8.82%
Required Operating Income	\$ 117,327
Test Year Operating Income	\$ (71,274)
Deficiency	\$ 188,601
Revenue Conversion Factor	x 1.54612
Additional Revenue Requirement	\$ 291,600

(Settlement Paragraph 3)

4. The Parties agree that a revenue increase of \$291,600 or 29.9% over current revenues is an appropriate result of this matter. The Parties anticipate this increase being effective on or about the date of the next scheduled Board agenda meeting, currently scheduled for July 11, 2007, but in any event to be effective, any rate must be approved by the Board pursuant to a signed order. The Parties agree that this revenue requirement represents the level of revenue necessary to ensure that the Company will continue to provide safe, adequate, and proper water service to its customers. (Settlement Paragraph 4).
5. The tariff pages attached as Exhibit A implementing the terms of the Stipulation should be adopted by the Board in their entirety. (Settlement Paragraph 5).

¹ Cited paragraphs referenced are in the settlement documents. This is only a summary the full settlement document controls, subject to the Board's findings and conclusions contained herein.

- 6 The Parties agree that Lawrenceville should be permitted to establish a Purchased Water Adjustment Clause and recommend that the Board make the baseline findings contained on Exhibit C attached to the Stipulation. (Settlement Paragraph 6).

DISCUSSIONS AND FINDINGS

As a result of the Stipulation, the average residential customer with a 3/4" meter using 63,220 gallons of water per year will experience an increase from \$295.08 per year (\$73.77 per quarter) to \$389.88 per year (\$97.47 per quarter), an increase of \$94.80 per year, or \$23.70 per quarter.

Having reviewed the Stipulation among the Parties to this proceeding, the Board FINDS that the Parties have voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. The Board FINDS the Stipulation to be reasonable and in the public interest.

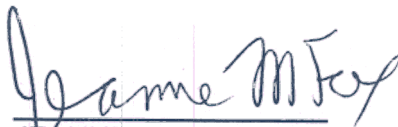
The Board HEREBY ADOPTS the Stipulation of settlement, attached hereto, as its own incorporating by reference the terms and conditions as if fully set forth at length herein, subject to the following:

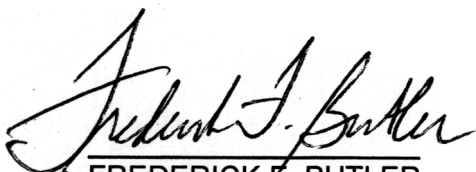
- a) The test year shall be the twelve-month period ended December 31, 2006, adjusted for known and measurable changes.
- b) The Company's total rate base for purposes of this proceeding shall be \$1,329,767.
- c) The return on common equity shall be 10.00% resulting in an overall rate of return of shall be 8.82%.
- d) The rate of return of 8.82% shall result in an overall additional revenue requirement of \$291,600.
- e) The revenue requirement for Lawrenceville shall be \$1,264,054.
- f) The revenue requirement of \$1,264,054 is sufficient to allow the Company to continue to provide safe, adequate and proper water service to its customers.
- g) The tariff pages attached to the Stipulation as Exhibit A are HEREBY ADOPTED by the Board.
- h) The Petitioner shall be permitted to establish a Purchased Water Adjustment Clause and the baseline findings as contained in the record and on Exhibit C are accepted.
- i) The Company shall file a complete tariff in conformity with the terms of the Stipulation, within ten (10) days of the effective date of this Order.

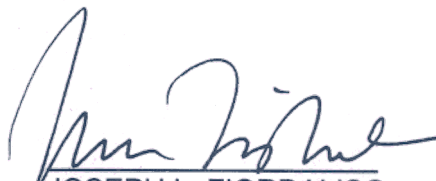
The effective date of this Order is as dated below.

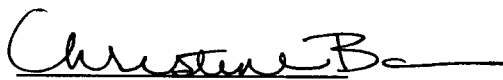
DATED: 7/12/07

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER

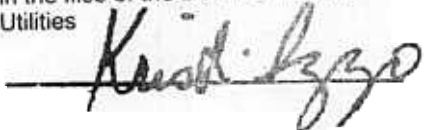

JOSEPH L. FIORDALISO
COMMISSIONER


CHRISTINE V. BATOR
COMMISSIONER

ATTEST:


CARMEN DIAZ
ACTING 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
LAWRENCEVILLE WATER COMPANY
FOR AN INCREASE IN RATES AND CHARGES
FOR WATER SERVICE

BPU Docket No. WR07010062
OAL Docket No. PUCRS 02312-2007S

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

IN THE MATTER OF THE PETITION :	BPU DOCKET NO. WR07010062
OF LAWRENCEVILLE WATER :	OAL DKT NO. PUCRS 02312-2007S
COMPANY FOR APPROVAL :	
OF AN INCREASE IN ITS RATES :	STIPULATION OF SETTLEMENT
FOR WATER SERVICE :	

APPEARANCES:

Stephen B. Genzer, Esq., and Colleen A. Foley, Esq., Saul Ewing LLP, on behalf of Lawrenceville Water Company, Petitioner

Anne Marie Shatto, Esq., Deputy Attorney General, on behalf of the Staff of the Board of Public Utilities

Debra F. Robinson, Esq., Deputy Public Advocate, and Gina M. Hunt, Esq., Assistant Deputy Public Advocate, on behalf of the Division of Rate Counsel

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

The Parties in this proceeding are as follows: Lawrenceville Water Company (the "Company" or "Petitioner"), the Division of Rate Counsel ("Rate Counsel"), and the Staff of the Board of Public Utilities ("Board Staff" or "Staff"). As a result of an analysis of Petitioner's pre-filed testimony and exhibits, extensive discovery conducted by Rate Counsel and the Board's Staff, conferences, negotiations, and a public hearing held on June 12, 2007 in Lawrence 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. The Signatory Parties hereto agree and stipulate as follows:

The procedural history of this matter is as follows:

On January 31, 2007, 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 and 14:9-7.1 et seq., filed a petition with the Board of Public Utilities (the "Board") to increase rates for water service and to make the findings necessary to establish a Purchased Water Adjustment Clause mechanism. Specifically, the Company requested a rate increase of approximately \$438,928 or approximately 47.91% above the adjusted annual level of revenues for the test year ending December 31, 2006, adjusted for known and measurable changes. The matter was transferred to the Office of Administrative Law as a contested case where it was assigned to Administrative Law Judge Douglas H. Hurd.

A public hearing was held on the evening of June 12, 2007, at the Township of Lawrenceville, Police Training Room, located at 2211 Lawrenceville Road, Lawrenceville, New Jersey 08648. Edward Beslow, Esq., of Board Staff, presided as the Hearing Examiner. No members of the public appeared to provide comments.

Settlement discussions were held among the Signatory Parties, and agreements reached during those discussions have resulted in the following stipulation by the Signatory Parties:

1. Lawrenceville Water Company's total rate base for purposes of this proceeding is agreed to be \$1,329,767. The test year is the twelve (12) months ending December 31, 2006, adjusted for known and measurable changes.

2. The Signatory Parties agree to a return on equity of 10.00% for the Company, and an overall rate of return of 8.82%.

3. The Signatory Parties agree that utilizing an overall rate of return of 8.82% would result in an overall additional revenue requirement of \$291,600 for the Company. This amount was calculated as follows:

Lawrenceville Water Company

Rate Base	\$1,329,767
Rate of Return	x 8.82%
Required Operating Income	\$ 117,327
Test Year Operating Income	\$ (71,274)
Deficiency	\$ 188,601
Revenue Conversion Factor	x 1.54612
Additional Revenue Requirement	\$ 291,600

4. The Signatory Parties stipulate that a revenue increase for the Lawrenceville Water Company of \$291,600, or approximately 29.9% over current revenues, is an appropriate result of this matter. The Signatory Parties anticipate this increase being effective on or about the date of the next scheduled Board agenda meeting, currently scheduled for July 11, 2007, but in any event, to be effective, any rate must be approved by the Board pursuant to a signed order. 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 water service to its customers.

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

6. The Signatory Parties agree that Petitioner should be permitted to establish a Purchased Water Adjustment Clause and recommend that the Board make the baseline findings contained on Exhibit C attached hereto.

7. 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.

8. 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.

LAWRENCEVILLE WATER COMPANY

June 26, 2007
Date

By: 
Saul Ewing LLP
Stephen B. Genzer, Esq.
Attorney for Petitioners

ANNE MILGRAM, ESQ.
FIRST ASSISTANT ATTORNEY GENERAL

Date

By: _____
Anne Marie Shatto, Esq.
Deputy Attorney General

KIMBERLY K. HOLMES, ESQ., ACTING DIRECTOR
DIVISION OF RATE COUNSEL

Date

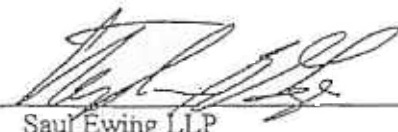
By: _____
Debra F. Robinson, Esq.
Deputy Rate Counsel

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LAWRENCEVILLE WATER COMPANY

June 26, 2007
Date

By:


Saul Ewing LLP
Stephen B. Genzer, Esq.
Attorney for Petitioners

ANNE MILGRAM, ESQ.
FIRST ASSISTANT ATTORNEY GENERAL

June 26, 2007
Date

By:


Anne Marie Shatto, Esq.
Deputy Attorney General

KIMBERLY K. HOLMES, ESQ., ACTING DIRECTOR
DIVISION OF RATE COUNSEL

June 26, 2007
Date

By:

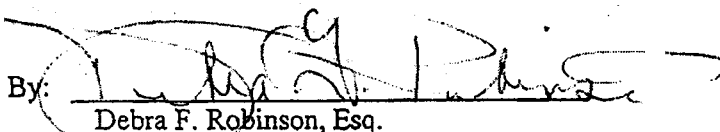

Debra F. Robinson, Esq.
Deputy Rate Counsel

EXHIBIT A
REVISED TARIFF PAGES

RATE SCHEDULE NO. 1
METERED SERVICE - QUARTERLY BASIS

APPLICABILITY: Applicable for the use of water supplied through meters in the entire territory served by the Company.

CHARACTER OF SERVICE: Continuous.

FACILITIES CHARGES: All metered water service customers shall pay a facilities charge based on the size of each meter installed, in addition to the charges for the quantity of water used, if any. Customers with multiple meters shall be charged for each meter at the indicated rate:

Size of Meter	Facilities Charge Per Quarter
5/8"	\$ 24.64
3/4"	36.96
1"	61.59
1-1/2"	123.17
2"	197.06
3"	369.48
4"	615.79

CONSUMPTION CHARGE: In addition to the facilities charge set forth above, a charge will be made for all water consumed at the rate of \$3.83 per thousand gallons. The above charge is based upon the Board of Public Utilities' estimate of the utility's estimated twelve (12) month average cost of purchased water. The estimated twelve (12) month average cost shall be periodically redetermined by the Board in accordance with true-up procedures set forth in N.J.A.C. 14:9-7.1 et seq.

Date of Issue:

Effective:

Issued by: Harold G. Woolsey
President
12 Gordon Avenue
Lawrenceville, NJ 08648
(609) 896-0919

RATE SCHEDULE NO.2
PUBLIC FIRE PROTECTION SERVICE

TERMS OF PAYMENT: Bills for all metered service will be rendered quarterly in arrears, computed at the net cash rates shown below. Payment is due in full the fifteenth day after the postmark on the envelope.

APPLICATION: This schedule is applicable to all fire protection services rendered to any city, town, village, fire district, or other political subdivision within the Company's service area for purposes of public safety.

CHARACTER OF SERVICE: The installation and maintenance of fire hydrants, and the supplying of water through such hydrants is for the sole use of authorized fire fighting personnel for the control and extinguishment of any fire. The Company will use due diligence at all times to provide continuous service of the character or quality proposed to be supplied but in case the service shall be interrupted or irregular or defective or fail, the Company shall be liable and obligated, only to use reasonably diligent efforts in light of the circumstances then existing to restore service or to correct its characteristics.

Rate:

1. **Hydrant Charge:** For each fire hydrant installed there shall be made an Annual Fire Protection Charge of \$273.50
2. **Terms of Payment:** All bills for municipal fire protection shall be rendered net quarterly, in arrears and shall become due and payable upon presentation.
3. **Special Provisions:** No water shall be used except for testing or in case of fire. No additional charges shall be made for water used in testing or for fire purposes.

All hydrants, lead valves, branches and other appurtenances shall be and remain the property of this Company.

Date of Issue:

Effective:

Issued by: Harold G. Woolsey
President
12 Gordon Avenue
Lawrenceville, NJ 08648
(609) 896-0919

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated in Docket No. WR_____.

LAWRENCEVILLE WATER COMPANY
B.P.U. No. 7 - Water

Second Revised Sheet No. 28
Superseding
First Revised Sheet No. 28

RATE SCHEDULE NO. 4
PORTABLE TANK SERVICE

APPLICABILITY:

Available for Customers desiring to purchase water pumped directly into portable water tanks, furnished by the customer, at the Company's designated facility.

RATE:

Rate per
Thousand Gallons

For all water purchased in portable tanks:

\$3.83

Date of Issue:

Effective:

Issued by: Harold G. Woolsey
President
12 Gordon Avenue
Lawrenceville, NJ 08648
(609) 896-0919

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated
in Docket No. WR_____.

EXHIBIT B
PROOF OF REVENUES

Witness: G. Brady
 Exhibit P-3
 Schedule 1
 Update 4/2007
 Revised 5/5/2007
 Final Stipulation

Lawrenceville Water Company
 Summary of Revenues

	2006 <u>Actual</u>			<u>Adjustments</u>	<u>Stipulation</u>	Proposed Rates <u>Stipulation</u>	Percentage <u>Increase</u>
General Metered Service	\$ 841,525	\$ 848,960	\$ 856,847		\$ 856,847	\$1,132,132	32.1277%
Fire Service	48,198	48,198	48,405		48,405	63,999	32.2150%
3 Leased Tower Revenues				4 \$ 67,202	67,202	67,202	
Rounding				-	-	721	
5 Total	<u>\$ 889,723</u>	<u>\$ 897,158</u>	<u>\$ 905,252</u>	<u>\$ 67,202</u>	<u>\$ 972,454</u>	<u>\$1,264,054</u>	29.9860%

Witness: G. Brady
 Exhibit P-3
 Schedule 1-A
 Update 4/2007
 Revised 6/5/2007
 Final Stipulation

Lawrenceville Water Company
Calculation of Revenues

General Metered Service

Line No.	Meter Size	2006 Actual # of Cust.	2006 Actual # of Bills	Test Year # of Cust.	Test Year # of Bills	Rate Year # of Cust.	Rate Year # of Bills	Test Year	Rate Year
1	5/8	476	1,904	476	1,904	18.63	1,904	\$ 35,472	\$ 24.64
2	3/4	2,089	8,356	2,089	8,356	27.95	2,102	\$ 233,550	\$ 36.96
3	1	30	120	30	120	46.58	30	\$ 5,590	\$ 61.59
4	1 1/2	1	4	1	4	373	1	\$ 5,590	\$ 123.17
5	2	27	108	27	108	16,096	29	\$ 17,289	\$ 197.06
6	3	3	12	3	12	3,353	3	\$ 3,353	\$ 369.48
7	4	1	4	1	4	1,863	1	\$ 1,863	\$ 615.79
8		2,627	10,508	2,627	10,508	10,568	2,642	296,297	298,942
Consumption Change (1,000 gallons)									

9	Test Year	190,574		\$ 2.90	552,663				
10	Rate Year	192,381		\$ 2.90	-	557,904	\$ 3.83	\$ 736,818	32.0690%
11	Total General Metered Service Revenues				848,960	856,847		\$ 1,132,132	
	Fire Service								
12	Hydrants	232			48,198	48,405	\$ 273.50	\$ 63,999	32.2150%
		233			206.86				
		234							

132.2120%

--At Proposed Rates--

Rate Year
 Rate Year
 Rate Year

PURCHASED WATER ADJUSTMENT CLAUSE FINDINGS

EXHIBIT C

EXHIBIT C

Purchased Water Adjustment Charge Baseline Findings

Baseline Data Under N.J.A.C. 14:9-7.1 et seq.

Water Purchased from New Jersey American Water Company:

Baseline Contract Volumes: 500,000 gallons per day

Baseline Contract Cost:

Base Rate:	\$1,550.30 per million gallons
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PWAC:	\$ 299.80 per million gallons
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Rate year consumption:

192,381 (thousand gallons)