



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**[www.nj.gov/bpu](http://www.nj.gov/bpu)**

WATER

IN THE MATTER OF THE PETITION	)	ORDER MODIFYING IN PART AND
OF ANDOVER UTILITY COMPANY, INC.	)	ADOPTING IN PART INITIAL
FOR APPROVAL OF AN INCREASE IN	)	DECISION/STIPULATION
RATES FOR WASTEWATER SERVICE	)	
AND OTHER TARIFF CHANGES	)	BPU DOCKET NO. WR09050413
	)	OAL DOCKET NO. PUC 7548-09

Craig Goodstadt, Esq., for Petitioner, Andover Utility Company, Inc.

**BY THE BOARD:**

On May 27, 2009<sup>1</sup>, pursuant to N.J.S.A. 48:2-21, and N.J.A.C. 14:1-5.12 et seq., Andover Utility Company, Inc. ("Andover", "Petitioner" or "Company"), a public utility of the State of New Jersey and subject to the jurisdiction of the Board of Public Utilities ("Board"), filed a petition with the Board for approval to increase rates for wastewater service and other tariff changes. Andover's rate request, if approved, would have resulted in an overall increase in total Company revenues in the amount of \$366,063, or 98.43% above current rate revenues.

By this Order, the Board considers the Initial Decision recommending adoption of the Stipulation of Settlement ("Stipulation") executed by the Company, the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff"), (collectively, the "Parties"), agreeing to an overall increase in revenues in the amount of \$101,000 or 27.16%.

**BACKGROUND/PROCEDURAL HISTORY**

Andover operates a wastewater system within the Township of Andover, Sussex County, New Jersey and provides wastewater service to three customers. The three customers are (1) Rolling Hills Condominium Association ("Rolling Hills") with 258 residential units<sup>2</sup>, (2) Andover Sub-Acute One ("Intermediate Care Facility") and (3) Andover Sub-Acute Two ("Nursing Facility").

<sup>1</sup> The Stipulation notes that the date of filing was May 21, 2009. It was actually May 27, 2009.

<sup>2</sup> Andover bills Rolling Hills as one customer. Rolling Hills in turn divides this bill among the 258 condo units.



On June 17, 2009, the matter was transmitted to the Office of Administrative Law ("OAL") and assigned to Administrative Law Judge ("ALJ") Mumtaz Bari-Brown. A pre-hearing conference was held on September 15, 2009.

The Board issued an Initial Suspension Order on July 1, 2009, and issued a Further Suspension Order on November 1, 2009. After proper notice, a public hearing was held in the Company's service territory on December 10, 2009, at the American Legion Hall, Andover, NJ. Approximately 30 people were in attendance with several people voicing their concerns regarding the proposed rate increase.

After the public hearing, but before the evidentiary hearings in this matter, the Parties engaged in settlement negotiations. As a result of those negotiations, the Parties reached a settlement on all issues and entered into a Stipulation. A copy of the Stipulation is attached to this Order.

### **DISCUSSION AND FINDINGS**

Among the provisions of the Stipulation, the Parties recommend a rate base is \$207,009 and an authorized rate of return on equity for the Company of 10.30% and an overall return of 8.36%.

The Parties have agreed that the increase will be equally applied across the board to the Company's customers.<sup>3</sup> The full share increase of 27.16% shall be applied to the Andover Sub Acute One and to the Andover Sub-Acute Two. For the Sub-Acute One customer the rate will increase from the current \$18,090 per month to \$23,003 per month, an increase of \$4,913 per month. For the Sub-Acute Two customer, the rate will increase from the current \$3,743 per month to \$4,759 per month, an increase of \$ 1,016 per month. The increase to the Rolling Hills Condominium Association will be phased-in over two periods. The first phase-in increase of 13.58% will be effective the date of the Board Order in this matter and the second phase-in increase of 11.96% will go into effect on January 1, 2011. The rate to the Rolling Hills Condominium Association will increase from \$9,159.00 per month (\$35.50 per month per unit for 258 units) to \$10,402.56 per month (\$40.32 per month, per unit) in phase one, an increase of \$1,243.56 (\$4.82 per month, per unit). On January 1, 2011, the second part of the rate phase-in will become effective and the rate for service will increase from the phase one rate of \$10,402.56 per month (\$40.32 per month, per unit), to \$11,646.12 per month (\$45.14 per month, per unit), an increase of \$1,243.56 (\$4.82 per month, per unit) .

On January 29, 2010, ALJ Bari-Brown issued her Initial Decision recommending adoption of the Stipulation executed by the Parties, finding that the Parties had voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues and was consistent with the law. No exceptions to the Initial Decision were received by the Board.

Having reviewed ALJ Bari-Brown's Initial Decision and the Stipulation among the Parties to this proceeding, the Board HEREBY FINDS that the Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issued in this proceeding and is consistent with the law. The Board HEREBY FINDS the proposed tariff allocations and phase in

<sup>3</sup> The stipulation states that the "stipulated rate increase will be applied across-the-board equally to its three customers." (Paragraph 7). As each customer currently pays a different amount, the across the board equality is as to the overall percentage increase of 27.16%. The parties further agreed that a two phase increase of 13.58% and 11.96% will be applied to the Rolling Hills Condominium Association resulting in its total overall increase of 27.16%.



period for the rate increase appropriate. Therefore, the Board HEREBY FINDS the Initial Decision, which adopts the Stipulation to be reasonable and in the public interest.


Accordingly, as to the proposed rate increase, the Board HEREBY ADOPTS the ALJ's Initial Decision and the Stipulation attached hereto, including all attachments and schedules, as its own, incorporating by reference the terms and conditions as if fully set forth at length herein, subject to and as amended by the following:

- A. The tariff sheets attached to the Stipulation containing the rates and charges conforming to the Stipulation and designed to produce the additional annual revenues to which the Parties have stipulated shall be modified to reflect that Rolling Hills Condominium Association is the Petitioners customer; specify the overall monthly rate as well as the per month, per unit formula developed pursuant to the Stipulation; and
- B. The stipulated increase and the tariff design allocations for each of the three customers 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.

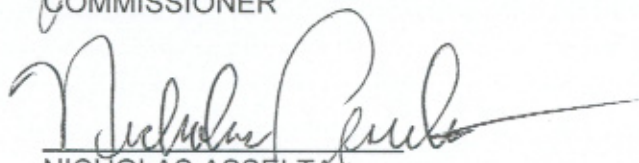
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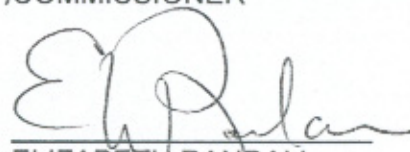
BOARD OF PUBLIC UTILITIES  
BY:

  
LEE A. SOLOMON  
PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

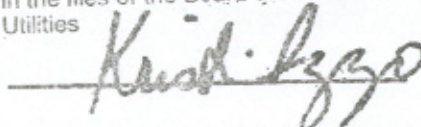
  
NICHOLAS ASSELTA  
COMMISSIONER

  
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



I/M/O THE PETITION OF ANDOVER UTILITY COMPANY, INC. FOR  
APPROVAL OF AN INCREASE IN RATES FOR WASTEWATER SERVICE  
AND OTHER TARIFF CHANGES

BPU Docket No. WR09050413  
OAL Docket No. PUC 7548-09

Service List

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Division of Law  
124 Halsey Street, 5<sup>th</sup> Fl.  
P.O. Box 45029  
Newark, NJ 07102



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

---

**IN THE MATTER OF THE PETITION  
OF ANDOVER UTILITY COMPANY, INC.  
FOR APPROVAL OF AN INCREASE IN  
RATES FOR WASTEWATER SERVICE  
AND OTHER TARIFF CHANGES**

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**: BPU DOCKET NO. WR09050413  
: OAL DKT. NO. PUC 7548-09  
:  
: STIPULATION OF  
: SETTLEMENT  
:**

**APPEARANCES:**

Craig Goodstadt, Esq., on behalf of Andover Utility Company Inc., Petitioner

Alex Moreau, Esq., Deputy Attorney General (Anne Milgram, Attorney General of New Jersey), on behalf of the Staff of the New Jersey Board of Public Utilities

Christine Juarez, Esq., Assistant Deputy Public Advocate, on behalf of the Department of the Public Advocate, Division of Rate Counsel

**TO THE HONORABLE BOARD OF PUBLIC UTILITIES:**

The Parties in this proceeding are as follows: Andover Utility Company Inc., the "Petitioner" or "Company"), the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel"), and the Staff of the Board of Public Utilities ("Staff"). As a result of an analysis of Petitioner's pre-filed testimony and exhibits, extensive discovery, Rate Counsel's pre-filed testimony, and a public comment hearing held on December 10, 2009, in Andover, New Jersey, the Petitioner, 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.

## PROCEDURAL HISTORY

1. On May 21, 2009, 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 14:1-5.12 et seq., filed a petition to increase rates for wastewater service and to make other tariff changes. Specifically, the Petitioner requested a rate increase of approximately \$366,063 or 98.43%. The test year in this proceeding was proposed to be the twelve month period ending December 31, 2008, adjusted for known and measurable changes.

2. The Board transmitted this matter to the Office of Administrative Law ("OAL"), and Administrative Law Judge ("ALJ") Mumtaz Bari-Brown was assigned to hear the case. On July 1, 2009, the Board entered an Order suspending until November 1, 2009, the implementation of changes the Petitioner sought to make to its tariff. A Pre-Hearing Conference was convened by ALJ Bari-Brown on September 15, 2009, and a Pre-Hearing Order was issued on October 8, 2009. On October 28, 2009, the Board issued a second order further suspending the implementation of proposed rates.

3. Extensive discovery was conducted by the Parties with the Petitioner providing responses to numerous data requests. After proper notice, a public hearing was held in the service territory of the Petitioner on December 10, 2009 at the American Legion Hall in Andover, New Jersey. There were approximately thirty (30) people in attendance with several people speaking about their concern over the amount of the increase.

4. Numerous settlement discussions were held, and the agreements reached during those discussions have resulted in the following stipulation by the Signatory Parties.



## RATE INCREASE

5. The Signatory Parties agree that for purposes of this settlement, rate base is established at \$207,009. The Signatory Parties agree that, for the purposes of this settlement only, an overall rate of return of 8.36% will be used. This overall rate of return is calculated using the Petitioner's filed capital structure with long term debt calculated at a rate of 6.42% and a return on equity of 10.3%. The calculation of the additional revenue requirement amount is as follows:

Rate Base	\$207,009
Rate of Return	8.36%
Required Operating Income	17,306
Test Year Operating income	(58,889)
Deficiency	76,195
Revenue Conversion Factor	1.32555
Revenue Requirement	<u>\$101,000</u>

6. The Signatory Parties stipulate to a total revenue increase for the Petitioner of \$101,000 or 27.16% (the "Stipulated Rate Increase"), and that this increase is an appropriate result of this matter. The Signatory Parties further acknowledge that the terms of this Stipulation, and any issue contained in this Stipulation, and approved by the Board, will become effective on the date of a fully executed written Board Order. The Signatory Parties agree that the level of revenues resulting from the Stipulated Rate Increase is necessary to ensure that the Petitioner will continue to provide safe, adequate, and proper wastewater service to its customers.

7. The Signatory Parties agree that the Stipulated Rate Increase will be applied across-the-board equally to its three customers. The Signatory Parties agree that the full 27.16% increase applicable to Andover Sub-Acute One and Andover Sub-Acute Two shall go into effect on the date of a fully executed written Board Order. The increase to the Rolling Hills

Condominium Association will be over two phases. The first phase will be an increase of 13.58% and will be effective on the date of a fully executed written Board Order, as noted above. The second phase will be 11.96% and shall go into effect as a Phase 2 increase from this proceeding on January 1, 2011.

8. The Signatory Parties agree that if the Petitioner seeks salary allocations for the Petitioner's officers or a salary allocation and/or attorney fees for the Petitioner's corporate counsel in a future rate proceeding, the Petitioner shall provide timesheets and any other relevant documentation detailing the work performed by these individuals.

9. The Signatory Parties agree that the attached tariff pages (included as Exhibit A), implementing the terms of this Stipulation, should be adopted by the Administrative Law Judge and the Board in their entirety. Attached as Exhibit B is a Proof of Revenues for Petitioner supporting these tariffs based upon the agreements between the parties as implemented.

#### CONCLUSION

10. 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, with any compromises being made 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. The Signatory Parties further agree that this stipulation will not prohibit the Company from filing a new rate case before the Phase 2 rates become effective if the Company deems it necessary.

11. 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.

ANDOVER UTILITY COMPANY, INC.

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Craig Goodstadt, Esq.  
Attorney for Petitioner

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

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Alex Moreau, Esq.  
Deputy Attorney General

RONALD K. CHEN  
PUBLIC ADVOCATE OF NEW JERSEY  
STEFANIE A. BRAND, ESQ.  
DIRECTOR, RATE COUNSEL

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Christine Juarez, Esq.  
Assistant Deputy Public Advocate



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4/13/10  
Date

ANDOVER UTILITY COMPANY, INC.

By: Craig Goodstadt  
Craig Goodstadt, Esq.  
Attorney for Petitioner

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

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Alex Moreau, Esq.  
Deputy Attorney General

RONALD K. CHEN  
PUBLIC ADVOCATE OF NEW JERSEY  
STEFANIE A. BRAND, ESQ.  
DIRECTOR, RATE COUNSEL

\_\_\_\_\_  
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By: \_\_\_\_\_  
Christine Juarez, Esq.  
Assistant Deputy Public Advocate

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ANDOVER UTILITY COMPANY, INC.

\_\_\_\_\_  
Date


By: \_\_\_\_\_

Craig Goodstadt, Esq.  
Attorney for Petitioner

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

01/13/10  
Date

By: \_\_\_\_\_

  
Alex Moreau  
Deputy Attorney General

RONALD K. CHEN  
PUBLIC ADVOCATE OF NEW JERSEY  
STEFANIE A. BRAND, ESQ.  
DIRECTOR, RATE COUNSEL

\_\_\_\_\_  
Date

By: \_\_\_\_\_

Christine Juarez, Esq.  
Assistant Deputy Public Advocate



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ANDOVER UTILITY COMPANY, INC.

\_\_\_\_\_  
Date


By: \_\_\_\_\_

Craig Goodstadt, Esq.  
Attorney for Petitioner

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

01/13/10  
Date

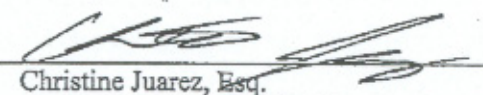
By: \_\_\_\_\_

  
Alex Moreau  
Deputy Attorney General

RONALD K. CHEN  
PUBLIC ADVOCATE OF NEW JERSEY  
STEFANIE A. BRAND, ESQ.  
DIRECTOR, RATE COUNSEL

1/13/10  
Date

By: \_\_\_\_\_

  
Christine Juarez, Esq.  
Assistant Deputy Public Advocate

Andover Utility Company, Inc.  
B.P.U. No. 1 – Wastewater

---

EXHIBIT A

ANDOVER UTILITY COMPANY, INC.  
TARIFF FOR WASTEWATER SERVICE

Issued: \_\_\_\_\_

Effective: \_\_\_\_\_

By: Jerry Turco, Jr., Treasurer  
525 Riverside Ave.  
Lyndhurst, NJ 07071



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Issued: \_\_\_\_\_

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Issued by: Jerry Turco, Jr., Treasurer  
525 Riverside Ave.  
Lyndhurst, New Jersey 07071

Filed pursuant to Order of the Board of Public Utilities in Docket No. WR09050413 dated  
\_\_\_\_\_.

Andover Utility Company, Inc.  
B.P.U. No. 1 – Wastewater

Original Sheet No. 2

SERVICE TERRITORY

Applicable for Wastewater service provided in:

Portion of Andover Township, Sussex County, New Jersey

Issued: \_\_\_\_\_

Effective: \_\_\_\_\_

Issued by: Jerry Turco, Jr., Treasurer  
525 Riverside Ave.  
Lyndhurst, New Jersey 07071

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\_\_\_\_\_.



AN INTRODUCTION TO CUSTOMERS

The tariff located here in the company's office is available and open for your review. The Company is responsible to maintain its tariff on an absolutely current basis and must, by State law and regulations, maintain it in exactly the same format as its company's tariff which is on file at the Board of Public Utilities Offices, Gateway Two, Newark, N.J., on the 9<sup>th</sup> floor in the Division of Water and Waste Water.

If, after your review of this tariff and discussion with appropriate utility employees, you still have questions regarding clarification or interpretations, please contact the Board of Public Utilities, Division of Water and Waste Water, Bureau of Rates and Tariff Design at (973) 648-2275 or the Board's Division of Customer Assistance at (973) 648-2350, if you have billing problems, at 1-800-624-0241 (toll free). [www.nj.gov/bpu/](http://www.nj.gov/bpu/)

As a customer, you have the right to review this tariff at the Company's offices or at the Board's office in Newark or Trenton. Your inquiries will be handled by the Board's Staff in an expeditious manner in order to protect your rights as well as those of the sewer company. Please feel free to exercise this right by telephoning or by visiting the Board's offices at any time between the hours of 9.00 a.m. and 5.00 p.m., Monday through Friday, or by writing a letter. The letter should contain the Writer's name, address and phone number. If the writer is a customer of record, the account number should be included.

The Company has available, here in its office, and will provide for your review, a handout entitled "an Overview of Common Customer Complaints and Customer Rights". This is a summary of the most frequent customer complaints and rights; it does not include all customer rights or utility obligations.

The Board of Public Utilities is responsible for the final interpretation and enforcement of a utility's tariff provisions and rates. The utility is bound by New Jersey's statutes and the Board's regulations. If a conflict should exist, the Board's regulations supersede the tariff provision absent approval to the contrary by the Board.

Issued: \_\_\_\_\_

Effective: \_\_\_\_\_

Issued by: Jerry Turco, Jr., Treasurer  
525 Riverside Ave.  
Lyndhurst, New Jersey 07071

Filed pursuant to Order of the Board of Public Utilities in Docket No. WR09050413 dated \_\_\_\_\_.

OVERVIEW OF COMMON CUSTOMER COMPLAINTS AND CUSTOMER RIGHTS

- (1) No public utility shall refuse to furnish or supply service to a qualified applicant.

DEPOSITS

- (2) If after notice of the methods of establishing credit and being afforded an opportunity, a customer has not established credit, the utility may require a reasonable deposit as a condition of supplying service. (N.J.A.C. 14:3-3.4)
- (3) The utility shall furnish a receipt to each customer that makes a deposit. If the deposit is provided by mail, internet or telephone, the utility may comply with this requirement by displaying the amount of the deposit on the customer's next bill. (N.J.A.C. 14:3-3.4(i))

Each utility shall review a residential customer's account at least once every year and a nonresidential customer's account at least every two years. If this review indicates that the customer has met the utility's standard requirements for establishing credit, the utility shall refund the customer's deposit. (N.J.A.C. 14:3-3.5(a))

Interest payments on the customer deposits held to secure residential accounts shall be made to the customer at least once during each 12 month period in which a deposit is held. (N.J.A.C. 14:3-3.5(g))

When a utility refunds a deposit or pays a customer interest on a deposit, the utility shall offer the customer the option of a credit to the customer's account or a separate check. In either case, the utility shall provide the full refund or payment within one billing period after the review required under N.J.A.C. 14:3-3.5(a) is completed, or after the interest payment is due, as applicable, unless other reasonable arrangements are made between the customer and the utility. (N.J.A.C. 14:3-3.5(h))

- (4) Where a water or sewer utility furnishes unmetered service, for which payment is received in advance, it may not request a deposit. (N.J.A.C. 14:3-3.4(j))

Issued: \_\_\_\_\_

Effective: \_\_\_\_\_

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525 Riverside Ave.  
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DEFERRED PAYMENT ARRANGEMENTS

- (5) A customer is entitled to at least one deferred payment plan in one year. In the case of a residential customer who received more than one utility service from the same utility (ex: Electric and gas; water and sewer) and the amount which is in arrears is a combination of those services, the utility shall offer a separate deferred payment agreement for each service prior to any proposed discontinuance for nonpayment. (N.J.A.C. 14:3-7.7(b)2) If the customer defaults on the terms of the agreement, the utility may discontinue service after providing the customer with a notice of discontinuance in accordance with N.J.A.C. 14:3-3A.3. In the case of a residential customer who received more than one utility service from the same utility and has subsequently entered into an agreement for each separate service, default on one such agreement shall constitute grounds for discontinuance of only that service. (N.J.A.C. 14: 3-7.7(f))

DISCONTINUANCE OF SERVICE

- (6) A utility shall not discontinue service because of nonpayment in cases where a charge is in dispute, provided the undisputed charges are paid and the customer has requested that the Board of Public Utilities investigate the disputed charge. (N.J.A.C. 14:3-3A.2(e)5)

In accordance with N.J.A.C. 14:3-7.6(b) the utility shall notify the customer that they may make a request to the Board of Public Utilities for an investigation of the disputed charge.

- (7) A notice of discontinuance sent to the customer shall be postmarked no earlier than 15 days after the postmark date of the outstanding bill. The notice of discontinuance for non-payment shall provide the customer with at least 10 days written notice of the utility's intention to discontinue service. (N.J.A.C. 14:3-3A.3)

The utility shall make good faith efforts to determine which of their residential customers are over 65 years of age, and shall make good faith efforts to notify such customers of discontinuance of service by telephone in addition to notice by regular mail. This effort may consist of an appropriate inquiry set forth on the notice informing customers that they may designate a third party to receive notice of discontinuance. (N.J.A.C. 14:3-3A.4(c))

- (8) A residential customer's service may not be shut-off except between the hours of 8.00 a.m. and 4:00 p.m. Monday through Thursday, unless there is a safety related emergency. There shall be no involuntary termination of service on Fridays, Saturdays, and Sundays or on the day before a holiday or on a holiday. (N.J.A.C. 14:3-3A.1(c))

Issued: \_\_\_\_\_

Effective: \_\_\_\_\_

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- (9) The occupant of a multiple family dwelling, has the right to be notified of a pending service discontinuance at least fifteen (15) days prior to the water and/or sewer company's actually discontinuing service. (N.J.A.C. 14:3-3A.6)
- (10) A customer has the right to have any complaint against his water and sewer utility handled promptly by that utility. (Board Order, Docket No. C08602155)
- (11) Each utility shall, upon request, furnish its customers with such information as is reasonable in order that the customers may obtain safe, adequate and proper service (N.J.A.C. 14:3-3(a)) Each utility shall inform its customer, where peculiar or unusual circumstances prevail, as to the conditions under which sufficient and satisfactory service may be secured from its system. (N.J.A.C. 14:3-3.3(c))  
Each utility shall supply its customers with information on the furnishing and performance of service in a manner that tends to conserve energy resources and preserve the quality of the environment. (N.J.A.C. 14:3-3.3(d))

#### METER

- (12) The utility must provide for one free water meter test within a year if the customer so requests it. When a billing dispute is known to exist, the utility shall, prior to removing the meter, advise the customer that the meter may be tested by the utility or may have the Board of Public Utilities conduct the test of the meter or witness a testing of the meter by the utility, or the customer may have the test witnessed by a third party. (N.J.A.C. 14:3-4.5) Upon application to the Board, for a meter test, a \$5.00 fee, in accordance with N.J.S.A. 48:2-56, shall be paid by the customer at the time application is made. (N.J.A.C. 14:3-4.5)
- (13) Whenever a meter is found to be registering fast by more than one and one-half percent, an adjustment of charges shall be made in accordance with the following: (1) If the date when the meter had first become inaccurate can be definitely ascertained, then the adjustment shall be such percentage as the meter is found to be in error at the time of test on the amount of the bills covering the entire period that the meter had registered inaccurately. (2) In all other cases, the adjustment shall be such percentage as the meter is found to be in error at the time of test on ½ of the total amount of the billing affected by the fast meter since the previous test. No adjustment shall be made for a period greater than the time during which the customer has received service through that meter (N.J.A.C. 14:3-4.6)

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- (14) A sewer utility must maintain records of customers accounts for each billing period occurring within a six (6) year period. Such records shall contain all information necessary to permit computation of the bill. (N.J.A.C. 14: 3-6.1(b))

FORM OF BILL FOR METERED SERVICE

- (15) Bills rendered must contain the following: (a) The meter readings at the beginning and end of the beginning and end of the billing period; (b) The dates on which the meter is read; (c) The number and kind of units measured; (d) Identification of applicable rate schedule or a statement that the applicable rate schedule will be furnished on request; (e) The amount of the bill; (f) A distinctive marking to indicate an estimated or average bill; (g) An explanation or statement of any conversion from meter reading to billing units or any other calculations or factors used in determining the bill; and (h) The gross receipts and franchise tax statement. (N.J.A.C. 14:3-7.2)

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STANDARD TERMS AND CONDITIONS

Andover Utility Company, Inc. hereby adopts as its rules, regulations, terms and conditions for its sewer service operation, the rules and regulations of the Board of Public Utilities relating to sewer service. In addition the following terms and conditions are applicable:

1. Property owners wishing to connect their premises with the sewer line of the Company shall make application at the office of the Company upon forms prescribed by the Company and must agree to the terms, conditions and rates as set forth in this and subsequent tariffs of the Company.

2. The within rates are applicable to normal sewerage as defined by the N.J. Department of Environmental Protection, namely 250 ppm. 5 – day B.O.D. The utility company reserves the right to require pretreatment of the waste prior to discharge into sewers in the event that the sewage contains harmful substances such as gasoline, P.C.B.s, oil, explosive liquids, phenols, acids, alkalines, lint, excessive detergents or any other substance as defined by N.J.D.E.P. Each customer shall be fully responsible for proper use of the wastewater system and shall therefore not discharge any chemicals or contaminants which are toxic and which may cause damage to the wastewater system's electrical, mechanical, biological and physical process components or may harm either the groundwater, soil or atmosphere, as listed on Schedule A, on Sheet 4A, as it may be periodically updated. Any cost involved in repairs of damage to the Company's facilities, environmental damages and penalties or fines levied against the utility caused by the introduction by the customer of unacceptable or harmful substances shall be the responsibility of the customer.

3. In accordance with the National Standard Plumbing Code adopted by the Uniform Construction Code of the State of New Jersey, no storm drainage system of a building shall be connected directly or indirectly to the sanitary drainage system. The Company adopts the above provision and prohibits the drainage of storm water into its collecting system. Each customer shall be responsible to prevent any surface water or groundwater from entering into the wastewater system and therefore, shall not connect or allow to be connected to the system, any sump pumps, basement or crawl space drains, roof gutters and downspouts and floor drains and shall properly maintain all pipes and clean-outs to assure a watertight connection.

4. Garbage disposal units are not permitted.

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5. Each customer shall prevent damage to all system components located on the property being served, including components located within easement area; maintain the grass growth and prevent the growth of trees, shrubs and ornamentals within the easement areas; maintain and repair pipe connecting the home to the main to prevent clogging and leaking; and, notify the Company of any damage which may occur to system components.

6. Customers may not trespass on Company property or enter any Company facility without a representative of the Company being present.

7. A customer may terminate service by giving notice to the Company, which shall terminate service within five (5) business days of receipt of each notification. Customers are advised that it is illegal to operate a dwelling without adequate functioning wastewater facilities, and that the Company is required to notify local health authorities of wastewater service termination.

8. Sewerage service may be discontinued by the Company for any of the following reasons:

For the non-payment of rates and charges as provided in this and subsequent tariffs of the Company. Should a customer be more than 30 days delinquent in paying the quarterly bill for sewerage service, the Company may discontinue service by giving notice of disconnection to the customer and a copy of such notice to the local Bureau of Health. When a customer is disconnected for non-payment of a bill for sewerage service, the customer will be required to pay, in addition to the delinquent amount, the Company's cost of reconnection before service is restored.

For the violation of one or more of the standard terms and conditions of service contained in this or subsequent tariffs of the Company. Service may be discontinued by the Company for violation of standard terms and conditions upon 30 days' notice of the existence of such violation.

All notices herein of discontinuance shall be delivered to the owner personally or by registered mail, addressed to the last address of the owner listed in the records of the Company. The Company will also provide notice of such discontinuance to the local health authorities, as set forth in paragraph 7.

9. There shall be a charge of \$25.00 for each check for payment of service which is returned for such reasons as insufficient funds.

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SCHEDULE A

I. MATERIALS NOT TO BE DISPOSED THROUGH SEWER SYSTEM

GREASE  
FOOD SCRAPS  
PLASTICS  
GASOLINE OR MOTOR FUELS  
PAINT & PAINT THINERS  
USED MOTOR OILS  
PETROLEUM SOLVENTS  
PESTICIDES (solids or liquids)  
HERBICIDES (solids or liquids)  
ENGINE COOLANTS (antifreeze)  
ACIDS  
WATER SOFTENER BACKWASH  
PHOTOGRAPHIC DEVELOPMENT SOLUTIONS

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RATE SCHEDULE NO. 1

Applicability:

This rate schedule is applicable for unmetered sewer service provided to the Rolling Hills Condominium Association

Rate:

	Effective <u>1/ /10</u>	Effective <u>1/1/11</u>
The rate to be charged is per month per unit.	\$40.32	\$45.14

Terms of Payment:

Bills will be rendered monthly in advance and is due within 15 days.

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RATE SCHEDULE NO. 2

APPLICABILITY:

This rate schedule is applicable for unmetered sewer service provided to the Andover Sub acute and Rehabilitation Center One and Two.

RATE:

Andover Sub acute One	\$23,003 per month
Andover Sub acute Two	\$4,759 per month

TERMS OF PAYMENT:

Bills will be rendered monthly in advance and is due within 15 days.

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**EXHIBIT B**

Andover Utility Company, Inc.

Statement of Revenues Under Present and Proposed Rates

	<u>Actual</u> <u>12/31/08</u>	<u>Proposed</u> <u>Rates</u>	<u>Percent</u> <u>Increase</u>	<u>Phase 1</u> <u>Proposed</u> <u>Rates</u>	<u>Percent</u> <u>Increase</u>	<u>Phase 2</u> <u>Proposed</u> <u>Rates</u>	<u>Percent</u> <u>Increase</u>
Rolling Hills Condominium Assoc.	\$109,908	\$139,757	27.16%	\$124,831	13.58%	\$139,757	11.96%
Andover Intermediate Care Center -Two	217,080	276,034	27.16%	276,034	27.16%	276,034	0.00%
Andover Nursing Home - One	<u>44,916</u>	<u>57,113</u>	27.16%	<u>57,113</u>	27.16%	<u>57,113</u>	0.00%
	\$371,904	\$472,904	27.16%	\$457,978	23.14%	\$472,904	3.26%
<u>Name change</u>							
Andover Intermediate Care Center is now Andover Sub-Acute Two				Condo Rate	\$40.32	\$45.14	
Andover Nursing Home is now Andover Sub-Acute One							

<u>Rate Design Stipulated</u>	<u>Allocation</u>	<u>Amount</u> <u>Per Year</u>	<u>Amount</u> <u>Per Month</u>	<u>Rate</u> <u>Per Month</u>
Rolling Hills Condominium Assoc.	29.553%	\$139,757	\$11,646	\$45.14
Andover Intermediate Care Center	58.370%	276,034	23,003	
Andover Nursing Home	<u>12.077%</u>	<u>57,113</u>	<u>4,759</u>	
	100.000%	<u>\$472,904</u>	<u>\$39,408</u>	
Stipulated revenues		<u>\$472,904</u>	<u>\$472,896</u> (\$8)	

<u>Rate Design per Order dated 8/15/01</u>	<u>Allocation</u>	<u>Amount</u> <u>Per Year</u>	<u>Amount</u> <u>Per Month</u>	<u>Rate</u> <u>Per Month</u>
Rolling Hills Condominium Assoc.	29.553%	\$109,909	\$9,159	\$35.50
Andover Intermediate Care Center	58.370%	217,080	18,090	
Andover Nursing Home	<u>12.077%</u>	<u>44,915</u>	<u>3,743</u>	
	100.000%	\$371,904	\$30,992	

The monthly rate to each of the 258 units would be \$35.50 (per settlement) or \$9,159.