



Agenda Date: 07/18/12  
Agenda Item: 5A

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

WATER

IN THE MATTER OF THE PETITION OF MIDDLESEX )  
WATER COMPANY FOR APPROVAL OF AN )  
INCREASE IN RATES FOR WATER SERVICE AND )  
OTHER TARIFF CHANGES )  
)  
) BPU DOCKET NO. WR12010027  
) OAL DOCKET NO. PUC 01653-2012N

**Parties of Record:**

**Stephen B. Genzer, Esq.**, Saul Ewing LLP, and **Kenneth J. Quinn, Esq.**, on behalf of Middlesex Water Company, Petitioner  
**Stefanie A. Brand, Esq. Director**, on behalf of the Division of Rate Counsel  
**Hesser G. McBride, Esq.**, Wilentz, Goldman & Spitzer P.A., on behalf of the Old Bridge Municipal Utilities Authority  
**Kevin A. Conti, Esq.**, DeCotiis, FitzPatrick & Cole, LLP, on behalf of the Township of East Brunswick and on behalf of Marlboro Township

BY THE BOARD<sup>1</sup>:

On January 10, 2012, Middlesex Water Company ("Company" or "Petitioner"), a public utility of the State of New Jersey filed with the Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:2-21, and N.J.A.C. 14:1-5.11, 14:1-5.12 and 14:9-7.1 et seq., a petition ("Petition") to increase rates for water service, to make other tariff changes, and to update the base consumption and base costs which were established in the Company's prior base rate proceeding and utilized when setting the Company's Purchased Water Adjustment Clause ("PWAC") in BPU Docket No. WR11010038. The Company also requested authority to establish a Distribution System Improvement Charge ("DSIC").<sup>2</sup> The Company requested a rate increase of approximately \$11.3 million or approximately 17.47% above the adjusted annual level of present rate revenues for the test year ending June 30, 2012.

<sup>1</sup> Commissioner Joseph L. Fiordaliso did not participate.

<sup>2</sup> Pursuant to the Stipulation, the Company has withdrawn its request to establish a DSIC.

Motions to Intervene filed by the following parties, were unopposed and granted intervention status – Marlboro Township (“Marlboro”), the Old Bridge Municipal Utilities Authority (“Old Bridge”) and the Township of East Brunswick (“East Brunswick”).

By this Order, the Board considers the Initial Decision recommending adoption of the Stipulation of Settlement (“Stipulation”) executed by the Company, Board Staff, the Division of Rate Counsel, Old Bridge, and East Brunswick (collectively the “Signatory Parties”), agreeing to an overall increase in revenues totaling \$8,100,000 representing a 12.70% increase over Company revenues totaling \$63,765,176. The Parties propose that these rates will be effective on July 18, 2012. Marlboro, while not a Signatory Party, submitted a letter indicating that it does not oppose the settlement.

### **BACKGROUND/PROCEDURAL HISTORY**

For purposes of this petition, the Company serves approximately 59,000 water and wastewater customers in the Townships of Edison and Woodbridge, the Boroughs of South Plainfield, Metuchen and Carteret and the City of South Amboy in Middlesex County and the Township of Clark in Union County. On a contract basis, the Company serves part of the Township of Edison, the Boroughs of Highland Park and Sayreville, the Old Bridge Municipal Utilities Authority, the Marlboro Township Municipal Utilities Authority and the City of Rahway. The Company also services under a special contract basis for water treatment and pumping services the Township of East Brunswick.

As filed, the Company requested the increase in rates to become effective on February 21, 2012. By Order dated February 10, 2012, with an effective date of February 21, 2012, the Board suspended the Company’s proposed rate increase until June 21, 2012. The Petitioner did not seek interim rate relief pending final determination on the petition.<sup>3</sup>

This matter was transmitted to the Office of Administrative Law (“OAL”) on February 9, 2012, and Administrative Law Judge (“ALJ”) Leland S. McGee was assigned to hear the case. A Pre-Hearing Conference (via telephone) was convened by ALJ McGee on April 16, 2012.

After proper notice, a public hearing in the service territory was held in Woodbridge, New Jersey on the evening of May 16, 2012, at the Woodbridge Community Center. Two members of the public provided comments that mainly focused on the adverse economic impact and financial hardships for the average Middlesex Water Company ratepayer.

Subsequent to the public hearing, the Parties to the proceeding engaged in numerous settlement negotiations and as a result of these discussions and extensive discovery, the Signatory Parties reached a settlement on all issues. The parties subsequently executed a Stipulation of Settlement (“Stipulation”).

On July 9, 2012, ALJ McGee issued his Initial Decision in this matter 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 is consistent with the law.

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<sup>3</sup> On July 3, 2012, the Petitioner indicated that it will not implement rates on an interim basis prior to the Board’s July 18<sup>th</sup> public agenda meeting.

## DISCUSSIONS AND FINDINGS

Among the provisions of the Stipulation<sup>4</sup>, the Signatory Parties recommend that the Company's base rates be increased by \$8,100,000, representing a 12.70% increase over Company revenues totaling \$63,765,176. The Signatory Parties further recommend a rate base of \$202,444,635 with a test year ending June 30, 2012, adjusted for known and measurable changes and that the Company be authorized a return on equity of 10.15%, a preferred stock cost rate of 5.07% and a cost of debt rate of 4.67%, for an overall rate of return of 7.34%. The overall rate of return is calculated by using the Company's current capital structure consisting of 51.00% long term debt, 0.29% preferred stock and 48.71% common equity ratios.

The Signatory Parties further recommend the following:

- All expenses associated with One Call mark-outs arising from the modifications to N.J.A.C. 14:2-1.1 et seq. effective October 15, 2007, shall be deferred by the Company. The Company will recover those expenses with interest at the rate shown in the Federal Reserve statistical release closest to January 1 of each year for seven (7) year constant maturity treasuries plus sixty (60) basis points. The interest rate shall remain in effect for a one-year period. At such time as the Company seeks recovery of these expenses, any party may challenge the prudence of the level of such costs;
- The Company will file a Cost of Service Study in its next base proceeding. Upon the filing of that Cost of Service Study, the Petitioner agrees to accommodate reasonable requests to perform additional analyses utilizing the Company's Cost of Service Study model;
- The Signatory Parties agree that the Board should update the findings required by N.J.A.C. 14:9-7.1 et seq. related to the Company's PWAC. Those updated findings are contained in Exhibit C hereto (which was also provided as Exhibit H to the Petition); and
- Once the rates emanating from this proceeding have been made effective, the Petitioner has agreed not to seek an increase in its base rates for water service for two years from the effective date. Specifically excluded from this agreement are the Petitioner's PWAC rates, and DSIC rates, should the Board authorize the Petitioner to implement a DSIC at a future date.

The Signatory Parties agree that the tariffs, implementing the terms of this Stipulation should be approved in their entirety. The tariffs reflect an increase of approximately 15.27% for General Metered Service [Rate Schedule No. 1]. The tariffs also reflect the following changes:

- (a) The Private Fire Service rate [Rate Schedule No. 2] has been increased approximately 0.80%<sup>5</sup>, and the Public Fire Service rate [Rate Schedule No. 3]

<sup>4</sup> Although described in the Order at some length, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions in this Order.

<sup>5</sup> Please note that the Private Fire Service rate consists of a facilities charge and a consumption component. The facilities charge has not been increased, and the consumption component has been increased by approximately 15.27% (consistent with the increase to all General Metered Service customers) to result in an overall increase to Private Fire Service customers of approximately 0.80%.

has been revised to reflect that hydrant charges have been increased 2.95% and inch foot charges have not been changed, resulting in an overall increase of 2.00%;

- (b) The Service Under Contract rate [Rate Schedule No. 5] has been increased 12.50%;
- (c) The Special Contract Service rate [Rate Schedule No. 6] has been increased by 12.50%;
- (d) The Transmission Service South River Basin rate [Rate Schedule No. 7] has been increased 12.50%; and
- (e) The Transmission Service Northeast Sector rate [Rate Schedule No. 8] has been increased approximately 173.87%.

The Board is mindful of the impact any rate increase has on its customers. However, having reviewed the record in this matter, including ALJ McGee's Initial Decision, the Stipulation, and the letter from Marlboro indicating that it does not oppose the Stipulation, the Board FINDS that the Signatory 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. In reaching this decision, the Board must balance the needs of the ratepayer to receive safe, adequate and proper service at reasonable rates, while allowing the utility the opportunity to earn a fair rate of return. See FPC v. Hope Natural Gas, 320 U.S. 591 (1944); N.J.S.A. 48:2-21 and N.J.S.A. 48:3-1. Therefore, the Board FINDS the Initial Decision, which adopts the Stipulation to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board HEREBY ADOPTS the Initial Decision and the Stipulation, attached hereto, including all attachments and schedules, as its own, incorporating by reference the terms and conditions of the Stipulation, as if they were fully set forth at length herein, subject to the following:

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

Based upon the forgoing, the Board HEREBY APPROVES an overall increase in revenues in the amount of \$8,100,000 representing a 12.70% increase over Company revenues totaling \$71,865,181.

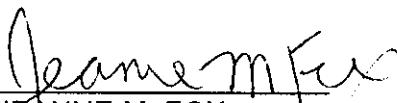
The Board HEREBY ORDERS the Company to submit complete revised tariffs conforming to the terms and conditions of the Stipulation and this Order within five (5) days from the date of this Order.

This Order shall be effective on July 20, 2012.

DATED: 7/18/12

BOARD OF PUBLIC UTILITIES  
BY:


  
ROBERT M. HANNA  
PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER

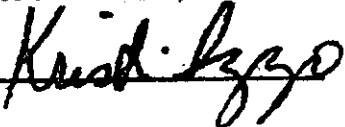
  
NICHOLAS ASSELTA  
COMMISSIONER

  
MARY-ANNA HOLDEN  
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 Middlesex Water Company for Approval of an Increase  
In Rates for Water Service and other Tariff Changes  
BPU Docket No. WR12010027  
OAL Docket No. PUC 01653-2012N**

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**State of New Jersey**  
OFFICE OF ADMINISTRATIVE LAW

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MAILROOM

**INITIAL DECISION**

**SETTLEMENT**

OAL DKT. NO. PUC 01653-12

AGENCY DKT. NO. WR12010027

**I/M/O THE PETITION OF MIDDLESEX  
WATER COMPANY FOR APPROVAL OF AN  
INCREASE IN RATES FOR WATER  
SERVICE AND OTHER TARIFF CHARGES.**

---

**Stephen B. Genzer and Kenneth J. Quinn**, General Counsel, for petitioner  
Middlesex Water Company

**Alex Moreau and Veronica Beke**, Deputy Attorney Generals, for respondent  
New Jersey Board of Public Utilities (Paula T. Dow, Attorney General of  
New Jersey, attorneys)

**Susan McClure, Esq. and Christine Juarez, Esq.**, Deputy Rate Counsel, for  
respondent Division of Rate Counsel (Stefanie A. Brand, Director, Division  
of Rate Counsel)

**Hesser G. McBride, Jr., Esq.** Intervenor (Wilentz Goldman & Spitzer, P.A.)

**Kevin Conti, Esq.**, Intervenor (DeCotiis, FitzPatrick & Cole, LLP)

Record Closed: July 6, 2012

Decided: July 9, 2012

BEFORE **LELAND S. MCGEE**, ALJ:

On February 8, 2012, this matter was transmitted 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. Hearing dates were scheduled on August 20, 21, 22 and 23, 2012. During the pendency of the case at the OAL, the parties reached a Settlement. A Settlement Agreement was prepared and executed indicating the terms of the agreement, which are incorporated herein by reference.

I have reviewed the record and the terms of settlement and I **FIND**:

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

I **CONCLUDE** that this agreement meets the requirements of N.J.A.C. 1:1-19.1 and that the settlement should be approved. I approve the settlement and therefore **ORDER** that the parties comply with the settlement terms and that these proceedings be concluded.

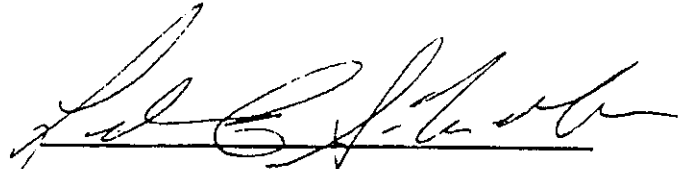
I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.



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.

July 9, 2012

DATE

  
LELAND S. MCGEE, ALJ

Date Received at Agency:

Date Mailed to Parties:

lr

Attachment

JUL 11 2012

7-11-12  
  
DIRECTOR AND  
CHIEF ADMINISTRATIVE LAW JUDGE



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July 2, 2012

Via Hand Delivery

Honorable Leland S. McGee  
Administrative Law Judge  
Office of the Administrative Law  
33 Washington Street  
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RECEIVED  
STATE OF NEW JERSEY  
ADMINISTRATIVE LAW  
2012 JUL -2 P 12: 08

Re: In the Matter of the Petition of Middlesex Water Company for Approval  
of an Increase in Rates for Water Service and Other Tariff Changes  
BPU Docket No. WR12010027  
OAL Docket No. PUC 01653-2012N

Dear Judge McGee:

Enclosed please find an original and two (2) copies of the Stipulation of Settlement which has been executed on behalf of Petitioners, Staff of the Board of Public Utilities, the Division of Rate Counsel, and intervenors, Old Bridge Municipal Utilities Authority and the Township of East Brunswick, in the above-referenced matter. This Stipulation of Settlement fully resolves all issues in this proceeding. Also, please note that Marlboro Township has provided a letter indicating that it does not oppose the proposed settlement.

Lastly, the parties to this proceeding wish to have this matter heard by the Board of Public Utilities at its July 18<sup>th</sup> public agenda meeting. Therefore, Petitioners respectfully request that an Initial Decision be issued as soon as possible. If Petitioners can assist the Court in any way, please so advise.

Thank you for your attention to this matter.

Respectfully submitted,

Stephen B. Genzer

SBG/jg

Enclosures

cc: Attached Service List (w/encl., via Email and Regular Mail)

**In the Matter of Middlesex Water Company for Approval  
of an Increase in Rates for Water Service and Other Tariff Changes  
BPU Docket No. WR12010027  
OAL Docket No. PUC 01653-2012N**

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STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

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STATE OF NEW JERSEY  
OFFICE OF ADMIN. LAW  
2012 JUL -2 P 12:08

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IN THE MATTER OF MIDDLESEX :  
WATER COMPANY FOR APPROVAL :  
OF AN INCREASE IN ITS RATES :  
FOR WATER SERVICE AND OTHER :  
TARIFF CHANGES :  
:

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BPU DOCKET NO. WR12010027  
OAL DOCKET NO. PUC 01653-2012N  
STIPULATION OF SETTLEMENT

APPEARANCES:

Stephen B. Genzer, Esq. and Colleen A. Foley, Esq., Saul Ewing LLP, and Kenneth J. Quinn, Esq., on behalf of Middlesex Water Company, Petitioner

Alex Moreau, Deputy Attorney General, and Veronica Beke, Deputy Attorney General, (Jeffrey S. Chiesa, Attorney General of New Jersey), on behalf of the Staff of the New Jersey Board of Public Utilities

Susan McClure, Esq., Assistant Deputy Rate Counsel, and Christine Juarez, Esq., Assistant Deputy Rate counsel, on behalf of the Division of Rate Counsel

Hesser G. McBride, Esq., Wilentz, Goldman & Spitzer P.A., on behalf of the Old Bridge Municipal Utilities Authority

Kevin A. Conti, Esq., DeCotiis, FitzPatrick & Cole, LLP, on behalf of the Township of East Brunswick and on behalf of Marlboro Township

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

This Stipulation of Settlement resolves all issues raised in BPU Docket No. WR12010027 in which Middlesex Water Company ("Middlesex" or the "Company") is seeking an increase in rates for water service, and other specified tariff changes. The Parties that have participated in these proceedings are as follows: Middlesex, the Division of Rate Counsel ("Rate Counsel"), and the Staff of the Board of Public Utilities ("Staff"). Also participating in this proceeding were the following entities who filed Motions to Intervene, which were not opposed

by the Company: Marlboro Township (“Marlboro”), the Old Bridge Municipal Utilities Authority (“Old Bridge”), and the Township of East Brunswick (“East Brunswick”).

As a result of an analysis of the petition, pre-filed testimony and exhibits, several conferences, negotiations, responses to information requests, and a public hearing held in the service territory, the Signatory Parties to these proceedings 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 10, 2012, Middlesex Water Company, a public utility corporation of the State of New Jersey, pursuant to N.J.S.A. 48:2-21, and N.J.A.C. 14:1-5.11, 14:1-5.12 and 14:9-7.1 et seq., filed a petition to increase rates for water service, to make other tariff changes, and to update the base consumption and base costs which were established in the Company’s prior base rate proceeding and utilized when setting the Company’s purchased water adjustment clause (“PWAC”) in BPU Docket No. WR11010038. The Company also requested authority to establish a Distribution System Improvement Charge (“DSIC”). The Company requested a rate increase of approximately \$11.3 million or approximately 17.47% above the adjusted annual level of present rate revenues for the test year ending June 30, 2012.

The Board transmitted the matter to the Office of Administrative Law (“OAL”) and Administrative Law Judge Leland S. McGee was assigned to hear the case. On February 10, 2012, the Board entered an Order suspending the proposed rates until June 21, 2012. A Pre-Hearing Conference (via telephone) was convened by Judge McGee on April 16, 2012. After proper notice, a public hearing in the service territory was held in Woodbridge, New Jersey on the evening of May 16, 2012, at the Woodbridge Community Center, 600 Main Street, Woodbridge, New Jersey. Two members of the public appeared to provide comments.

The Company has provided a number of updates to its original filing, including updated information regarding numerous aspects of the Company's financial condition. As noted above, the Company in its Petition sought to establish a DSIC, but the Signatory Parties agree that the Company's DSIC request is deemed withdrawn.

#### Settlement Terms

Numerous settlement discussions were held among the Parties, and this process resulted in the following stipulations among the Signatory Parties:

1. For the purposes of this agreement, the Company's total rate base is agreed to be \$202,444,635. The test year is the 12 months ended June 30, 2012, adjusted for known and measurable changes.

2. For the purposes of this agreement, the return on equity is agreed to be set at 10.15%. The Signatory Parties have also agreed that this return on equity will calculate to an overall authorized rate of return of 7.34%, derived from an overall capital structure that does not include short-term debt.

3. The Signatory Parties agree that utilizing this overall rate of return of 7.34% would result in an overall additional revenue requirement of \$8,100,000. This amount can be calculated as follows:

Rate Base	\$202,444,635
Rate of Return	x 7.34%
Required Operating Income	\$ 14,859,436
Operating Income-Present Rates	- 10,294,812
Deficiency	4,564,624
Revenue Conversion Factor	x 1.77452
Revenue Requirement	\$ 8,100,000

4. The Signatory Parties stipulate that the revenue requirement for Middlesex should be set based upon a 10.15% return on equity (7.34% overall rate of return), resulting in an increase of \$8,100,000 over present rate revenues of \$63,765,176, or an overall revenue increase of

approximately 12.70%. The Signatory Parties agree that this figure represents the level of revenue that will help to ensure that the Company will continue to provide safe, adequate, and proper water service to its customers. See Exhibit A (proof of revenues).

5. The Signatory Parties agree that the attached tariffs (Exhibit B hereto), implementing the terms of this Stipulation, should be approved in their entirety, and recommend their approval by the Administrative Law Judge and the Board. The tariffs reflect an increase of approximately 15.27% for General Metered Service [Rate Schedule No. 1]. The tariffs also reflect the following changes:

(a) the Private Fire Service rate [Rate Schedule No. 2] has been increased approximately 0.80%<sup>1</sup>, and the Public Fire Service rate [Rate Schedule No. 3] has been revised to reflect that hydrant charges have been increased 2.95% and inch foot charges have not been changed, resulting in an overall increase of 2.00%;

(b) the Service Under Contract rate [Rate Schedule No. 5] has been increased 12.50%;

(c) the Special Contract Service rate [Rate Schedule No. 6] has been increased by 12.50%;

(d) the Transmission Service South River Basin rate [Rate Schedule No. 7] has been increased 12.50%; and

(e) the Transmission Service Northeast Sector [Rate Schedule No. 8] has been increased approximately 173.87%.

6. While agreeing for the purposes of this Stipulation to the results of the allocations as evidenced in the tariffs and proof of revenues attached to this Stipulation of Settlement, the

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<sup>1</sup> Please note that the Private Fire Service rate consists of a facilities charge and a consumption component. The facilities charge has not been increased, and the consumption component has been increased by approximately 15.27% (consistent with the increase to all General Metered Service customers) to result in an overall increase to Private Fire Service customers of approximately 0.80%.



Parties hereto have not agreed upon any specific allocation methodology or policy in the resolution of the rate design issues raised in this proceeding.

7. The Signatory Parties agree that the Company will file a Cost of Service Study in its next base rate proceeding. Upon the filing of that Cost of Service Study, the Company agrees to accommodate reasonable requests to perform additional analyses utilizing the Company's Cost of Service Study model.

8. The Signatory Parties agree that the Board should update the findings required by N.J.A.C. 14:9-7.1 et seq. related to the Company's PWAC. Those updated findings are contained in Exhibit C hereto (which was also provided as Exhibit H to the Petition).

9. The Signatory Parties agree that once the rates emanating from this proceeding have been made effective, the Company may not increase its base rates for water service for two years from the effective date. Specifically excluded from this Stipulation provision are the Company's PWAC rates, and DSIC rates, should the Board authorize the Company to implement a DSIC.

10. The Signatory Parties agree that all expenses associated with One Call mark-outs arising from the modifications to N.J.A.C. 14:2-1.1 et seq. effective October 15, 2007 and incurred following the effective date of the Board's order in this current matter shall be deferred by the Company. The Company may recover those expenses with interest at the rate shown in the Federal Reserve statistical release closest to January 1 of each year for seven (7) year constant maturity treasuries plus sixty (60) basis points. The interest rate shall remain in effect for a one-year period. At such time as the Company seeks recovery of these expenses, any party may challenge the prudence of the level of such costs.

11. 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.

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

MIDDLESEX WATER COMPANY

June 29, 2012  
Date:

By: Colleen A. Foley  
Saul Ewing LLP  
Colleen A. Foley, Esq.  
Attorney for Petitioner

JEFFREY S. CHIESA,  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the New Jersey  
Board of Public Utilities

\_\_\_\_\_  
Date:

By: \_\_\_\_\_  
Veronica Beke  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.,  
DIRECTOR - RATE COUNSEL

\_\_\_\_\_  
Date:

By: \_\_\_\_\_  
Susan McClure, Esq.  
Assistant Deputy Public Advocate

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MIDDLESEX WATER COMPANY

June 29, 2012  
Date:

By: Colleen A. Foley  
Saul Ewing LLP  
Colleen A. Foley, Esq.  
Attorney for Petitioner

JEFFREY S. CHIESA,  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the New Jersey  
Board of Public Utilities

\_\_\_\_\_  
Date:

By: \_\_\_\_\_  
Veronica Beke  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.,  
DIRECTOR - RATE COUNSEL

June 29, 2012  
Date:

By: Susan McClure  
Susan McClure, Esq.  
Assistant Deputy Public Advocate

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MIDDLESEX WATER COMPANY

June 29, 2012  
Date:

By: Colleen A. Foley  
Saul Ewing LLP  
Colleen A. Foley, Esq.  
Attorney for Petitioner

JEFFREY S. CHIESA,  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the New Jersey  
Board of Public Utilities

June 29, 2012  
Date:

By: Veronica Beke  
Veronica Beke  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.,  
DIRECTOR - RATE COUNSEL

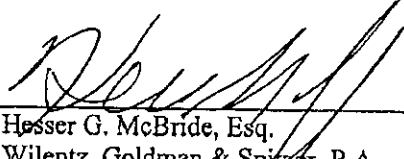
June 29, 2012  
Date:

By: Susan McClure  
Susan McClure, Esq.  
Assistant Deputy Public Advocate

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY

\_\_\_\_\_  
Date:

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

  
Hesser G. McBride, Esq.  
Wilentz, Goldman & Spitzer, P.A.  
Attorney for Intervenor

TOWNSHIP OF EAST BRUNSWICK

\_\_\_\_\_  
Date:

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

Kevin A. Conti, Esq.  
DeCotiis, FitzPatrick & Cole, LLP  
Attorney for Intervenor

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY

\_\_\_\_\_  
Date:

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

Hesser G. McBride, Esq.,  
Wilentz, Goldman & Spitzer, P.A.  
Attorney for Intervenor

TOWNSHIP OF EAST BRUNSWICK

\_\_\_\_\_  
Date:

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

*Kevin A. Conti*  
Kevin A. Conti, Esq.  
DeCotiis, FitzPatrick & Cole, LLP  
Attorney for Intervenor

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KEVIN A. CONTI, ESQ.  
KCONTI@DECOTIISLAW.COM  
201.907.5202

July 2, 2012

**Via Electronic Mail and Regular Mail**

Colleen A. Foley, Esq.  
Saul Ewing, LLP  
One Riverfront Plaza  
Newark, New Jersey 07102

**Re: In the Matter of the Application of the Middlesex Water  
Company for Approval of an Increase in Its Rates for  
Water Service and Other Tariff Changes  
BPU Docket No. WR12010027  
OAL Docket No. PUC 01653-2012N**

Dear Ms. Foley:

The Business Administrator for the Township of Marlboro has advised me that I am not authorized at this time to sign the Stipulation. As a party in this proceeding, the Township wishes to confirm through this correspondence its decision not to oppose the settlement reached by the parties as evidenced by the Stipulation of Settlement.

In the event that there be anything further required from the Township with regard to the Stipulation, please advise.

Very truly yours,  
DeCotiis, FitzPatrick & Cole, LLP

By: Kevin A. Conti  
Kevin A. Conti





KAC/jk

cc: J. Capp, Marlboro  
K. Quinn, Esq.  
V. Beke, DAG  
C. Juarez, Esq.  
M. Kammerer, BPU

# **EXHIBIT A**

MIDDLESEX WATER COMPANY  
PROOF OF REVENUE

SUMMARY OF PROJECTED REVENUES

	PRESENT RATES	PROPOSED RATES	DIFFERENCE	% CHANGE
RESIDENTIAL	\$24,649,767	\$28,413,736	\$3,763,969	15.270%
COMMERCIAL	8,585,038	9,895,848	1,310,810	15.269%
INDUSTRIAL	<u>9,089,394</u>	<u>10,477,178</u>	<u>1,387,784</u>	15.268%
SUBTOTAL	42,324,199	48,786,763	6,462,564	15.269%
PRIVATE FIRE SERVICE	5,066,486	5,106,931	40,445	0.798%
PUBLIC FIRE SERVICE	<u>4,153,405</u>	<u>4,236,612</u>	<u>83,207</u>	2.003%
SUBTOTAL	9,219,891	9,343,543	123,652	1.341%
EDISON	497,601	559,802	62,201	12.500%
HIGHLAND PARK	974,837	1,096,693	121,856	12.500%
EAST BRUNSWICK	3,142,134	3,534,895	392,761	12.500%
OLD BRIDGE MUA	2,332,995	2,624,623	291,628	12.500%
SAYREVILLE	1,784,479	2,007,541	223,063	12.500%
MARLBORO MUA	3,148,722	3,542,317	393,595	12.500%
RAHWAY	<u>150,105</u>	<u>178,790</u>	<u>28,685</u>	19.110%
SUBTOTAL	12,030,873	13,544,661	1,513,788	12.583%
MISCELLANEOUS	44,251	44,251	0	0.000%
BAYVIEW	120,195	120,195	0	0.000%
CONTRACT REVENUE	25,768	25,768	0	0.000%
GRAND TOTAL	<u>\$63,765,176</u>	<u>\$71,865,181</u>	<u>\$8,100,004</u>	12.703%

		ROUNDED
RATE INCREASE - OVERALL INCREASE	<u>17.702865%</u>	<u>12.70%</u>
RATE INCREASE -	<u>15.268000%</u>	<u>15.27%</u>
RATE INCREASE - ALLOCATE PFS TO GMS/FIRE	<u>0.000000%</u>	<u>0.00%</u>
RATE INCREASE - OVERALL GMS CUSTOMERS	<u>15.269194%</u>	<u>15.27%</u>
RATE INCREASE - PRIVATE FIRE SERVICE FACILITIES	<u>0.000000%</u>	<u>0.00%</u>
RATE INCREASE - SRB TRANSMISSION	<u>12.500000%</u>	<u>12.50%</u>
RATE INCREASE - HYDRANT	<u>2.950000%</u>	<u>2.95%</u>
RATE INCREASE - INCH FOOT	<u>0.000000%</u>	<u>0.00%</u>
RATE INCREASE - EAST BRUNSWICK	<u>12.500000%</u>	<u>12.50%</u>

MIDDLESEX WATER COMPANY  
PROOF OF REVENUE

EXHIBIT A SETTLEMENT  
Page 2 of 18

GENERAL WATER SERVICE  
CONSUMPTION CHARGES  
/---RATE PER TCF---\  
CURRENT      PROPOSED

BASE RATE                      \$30.2853              \$34.9093              15.268%

FACILITIES CHARGES

METER SIZE	/---MONTHLY---\ <u>CURRENT</u> <u>PROPOSED</u>		/---QUARTERLY---\ <u>CURRENT</u> <u>PROPOSED</u>		
	5/8"	\$11.33	\$13.06	\$33.99	
3/4"	\$17.00	\$19.60	\$51.00	\$58.80	15.29%
1"	\$28.32	\$32.64	\$84.96	\$97.92	15.25%
1 1/2"	\$56.65	\$65.30	\$169.95	\$195.90	15.27%
2"	\$90.63	\$104.47	\$271.89	\$313.41	15.27%
3"	\$169.94	\$195.89	\$509.82	\$587.67	15.27%
4"	\$283.22	\$326.46	\$849.66	\$979.38	15.27%
6"	\$566.45	\$652.94	\$1,699.35	\$1,958.82	15.27%
8"	\$906.32	\$1,044.70	\$2,718.96	\$3,134.10	15.27%
10"	\$1,302.84	\$1,501.76	\$3,908.52	\$4,505.28	15.27%
12"	\$2,435.73	\$2,807.62	\$7,307.19	\$8,422.86	15.27%

PRIVATE FIRE SERVICE WITH HOSE CONNECTIONS

METER SIZE	/---MONTHLY---\ <u>CURRENT</u> <u>PROPOSED</u>		/---QUARTERLY---\ <u>CURRENT</u> <u>PROPOSED</u>	
	2"	\$74.08	\$74.08	\$222.24
3"	162.95	\$162.95	\$488.85	\$488.85
4"	272.01	\$272.01	\$816.03	\$816.03
6"	556.63	\$556.63	\$1,669.89	\$1,669.89
8"	797.00	\$797.00	\$2,391.00	\$2,391.00
10"	1,278.41	\$1,278.41	\$3,835.23	\$3,835.23
12"	1,890.35	\$1,890.35	\$5,671.05	\$5,671.05

PRIVATE FIRE SERVICE WITHOUT HOSE CONNECTIONS

METER SIZE	/---MONTHLY---\ <u>CURRENT</u> <u>PROPOSED</u>		/---QUARTERLY---\ <u>CURRENT</u> <u>PROPOSED</u>	
	1"	\$24.71	\$24.71	\$74.13
2"	61.10	\$61.10	\$183.30	\$183.30
3"	122.36	\$122.36	\$367.08	\$367.08
4"	203.02	\$203.02	\$609.06	\$609.06
6"	412.62	\$412.62	\$1,237.86	\$1,237.86
8"	589.95	\$589.95	\$1,769.85	\$1,769.85
10"	944.66	\$944.66	\$2,833.98	\$2,833.98
12"	1,396.14	\$1,396.14	\$4,188.42	\$4,188.42

MIDDLESEX WATER COMPANY  
PROOF OF REVENUE

SUMMARY OF PROPOSED RATES

MUNICIPAL SERVICE

	<u>CURRENT</u>	<u>PROPOSED</u>
INCH FOOT	\$0.04056	\$0.04056
HYDRANT	\$614.26	\$632.38

SERVICE UNDER CONTRACT (RATE SCHEDULE NO. 5)

RATE PER MILLION GALLONS

	<u>CURRENT</u>	<u>PROPOSED</u>
ALL WATER USE	\$1,937.90	\$2,180.14

SERVICE UNDER CONTRACT (RATE SCHEDULE NO. 6)

RATE PER MILLION GALLONS

	<u>CURRENT</u>	<u>PROPOSED</u>
ALL WATER USE	\$1,343.54	\$1,511.48

TRANSMISSION SERVICE SOUTH RIVER BASIN (RATE SCHEDULE NO. 7)

RATE PER MILLION GALLONS

	<u>CURRENT</u>	<u>PROPOSED</u>
ALL WATER USE	\$508.63	\$572.21

TRANSMISSION SERVICE - NORTHEAST SECTOR (RATE SCHEDULE NO. 8)

RATE PER MILLION GALLONS

	<u>CURRENT</u>	<u>PROPOSED</u>
ALL WATER USE	\$82.77	\$226.68

MIDDLESEX WATER COMPANY  
PROOF OF REVENUE

EXISTING RATES  
RESIDENTIAL

FACILITIES CHARGES

<u>METER</u>	<u>BILLS</u>	<u>RATE</u>	<u>REVENUE</u>	<u>NET ADJUSTMENTS</u>	<u>TEST YEAR REVENUE</u>
5/8"	187,836	33.99	6,385,225		
3/4"	29,412	51.00	1,500,012		
1"	4,228	84.96	359,211		
1 1/2"	716	169.95	121,684		
2"	276	271.89	75,043		
	<u>222,488</u>		<u>8,441,175</u>		\$8,441,175

CONSUMPTION

	530,105,300	\$0.03028530	<u>\$16,054,398</u>		<u>\$16,054,398</u>
Rate Counsel Adjustment	5,091,367	\$0.03028530	<u>\$154,194</u>		<u>\$154,194</u>
	535,196,667	\$0.03028530	<u>\$16,208,592</u>		<u>\$16,208,592</u>
TOTAL RESIDENTIAL			<u>\$24,649,767</u>	\$0	<u>\$24,649,767</u>

MIDDLESEX WATER COMPANY  
 PROOF OF REVENUE

EXISTING RATES  
 COMMERCIAL

FACILITIES CHARGES - QUARTERLY

<u>METER</u>	<u>BILLS</u>	<u>RATE</u>	<u>REVENUE</u>	<u>NET ADJUSTMENTS</u>	<u>TEST YEAR REVENUE</u>
5/8"	672	33.99	22,841		
3/4"	344	51.00	17,544		
1"	364	84.96	30,925		
1 1/2"	200	169.95	33,990		
2"	496	271.89	134,857		
3"	128	509.82	65,257		
4"	4	849.66	3,399		
	<u>2,208</u>		<u>308,814</u>		\$308,814

FACILITIES CHARGES - MONTHLY

5/8"	420	\$11.33	4,759		
3/4"	732	\$17.00	12,444		
1"	1,500	\$28.32	42,480		
1 1/2"	3,084	\$56.65	174,709		
2"	9,228	\$90.63	836,334		
3"	2,232	\$169.94	379,306		
4"	312	\$283.22	88,365		
6"	24	\$566.45	13,594.80		
8"	24	\$906.32	21,752		
10"	36	\$1,302.84	46,902		
	<u>17,592</u>		<u>\$ 1,620,644</u>		\$1,620,644

CONSUMPTION - QUARTERLY

17,128,060	\$0.03028530	518,728		\$518,728
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CONSUMPTION - MONTHLY

201,005,400	\$0.03028530	6,087,509	\$0	<u>\$6,087,509</u>
Rate Counsel Adjustment	1,629,274	\$0.03028530	49,343	<u>\$49,343</u>
202,634,674	\$0.03028530	6,136,852	\$0	<u>\$6,136,852</u>

TOTAL COMMERCIAL

\$ 8,335,695 \$ - \$ 8,585,038

MIDDLESEX WATER COMPANY  
 PROOF OF REVENUE

EXISTING RATES  
 INDUSTRIAL

FACILITIES CHARGES

<u>METER</u>	<u>BILLS</u>	<u>RATE</u>	<u>REVENUE</u>	<u>NET ADJUSTMENTS</u>	<u>TEST YEAR REVENUE</u>
5/8"	12	\$11.33	\$136		
3/4"	24	\$17.00	408		
1"	132	\$28.32	3,738		
1 1/2"	252	\$56.65	14,276		
2"	576	\$90.63	52,203		
3"	492	\$169.94	83,610		
4"	1,044	\$283.22	295,682		
6"	768	\$566.45	435,034		
8"	156	\$906.32	141,386		
10"	84	\$1,302.84	109,439		
	<u>3,540</u>		<u>\$1,135,911</u>		\$1,135,911

CONSUMPTION

	262,832,547	\$0.03028530	7,959,963		<u>\$7,959,963</u>
Rate Counsel Adjustment	(213,952)	\$0.03028530	(6,480)		<u>(\$6,480)</u>
	262,618,595	\$0.03028530	7,953,483	\$0	<u>\$7,953,483</u>
			<u>\$9,095,874</u>	<u>\$0</u>	<u>\$9,089,394</u>

TOTAL INDUSTRIAL



MIDDLESEX WATER COMPANY  
 PROOF OF REVENUE

EXISTING RATES  
 PRIVATE FIRE SERVICE - WITH HOSE CONNECTIONS

FACILITIES CHARGES - QUARTERLY

<u>METER</u>	<u>BILLS</u>	<u>RATE</u>	<u>REVENUE</u>	<u>NET ADJUSTMENTS</u>	<u>TEST YEAR REVENUE</u>
2"	4	\$222.24	\$889		
3"	0	\$488.85	0		
4"	36	\$816.03	29,377		
6"	4	\$1,669.89	6,680		
8"	0	\$2,391.00	0		
10"	0	\$3,835.23	0		
12"	0	\$5,671.05	0		
	<u>44</u>		<u>\$36,946</u>		\$36,946

FACILITIES CHARGES - MONTHLY

2"	12	\$74.08	\$889		
3"	0	\$162.95	0		
4"	120	\$272.01	32,641		
6"	888	\$556.63	494,287		
8"	1,392	\$797.00	1,109,424		
10"	312	\$1,278.41	398,864		
	<u>2,724</u>		<u>\$2,036,106</u>		\$2,036,106

MIDDLESEX WATER COMPANY  
PROOF OF REVENUE

EXHIBIT A SETTLEMENT  
Page 8 of 18

EXISTING RATES  
PRIVATE FIRE SERVICE - WITHOUT HOSE CONNECTIONS

FACILITIES CHARGES - QUARTERLY

<u>METER</u>	<u>BILLS</u>	<u>RATE</u>	<u>REVENUE</u>	<u>NET ADJUSTMENTS</u>	<u>TEST YEAR REVENUE</u>
1"	16	\$74.13	\$1,186		
2"	56	\$183.30	10,265		
3"	28	\$367.08	10,278		
4"	164	\$609.06	99,886		
6"	212	\$1,237.86	262,426		
8"	8	\$1,769.85	14,159		
10"	0	\$2,833.98	0		
12"	0	\$4,188.42	0		
	484		<u>\$398,200</u>		\$398,200

FACILITIES CHARGES - MONTHLY

1"	24	\$24.71	\$593		
2"	96	\$61.10	5,866		
3"	372	\$122.36	45,518		
4"	2,292	\$203.02	465,322		
6"	1,632	\$412.62	673,396		
8"	1,692	\$589.95	998,195		
10"	132	\$944.66	124,695		
12"	12	\$1,396.14	16,754		
	6,252		<u>\$2,330,338</u>		\$2,330,338

CONSUMPTION - QUARTERLY

39,006	\$0.03028530	\$1,181	\$1,181
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CONSUMPTION - MONTHLY

8,707,704	\$0.03028530	\$263,715	\$263,715
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TOTAL PRIVATE FIRE SERVICE

\$5,066,486      \$5,066,486

MIDDLESEX WATER COMPANY  
 PROOF OF REVENUE

EXISTING RATES  
 PUBLIC FIRE PROTECTION

		<u>REVENUE</u>	<u>NET ADJUSTMENTS</u>	<u>PROPOSED REVENUE</u>
NUMBER OF INCH-FEET	32,858,071			
ANNUAL CHARGE PER INCH-FOOT	<u>\$0.04056</u>			
		<u>\$1,332,723</u>		
NUMBER OF HYDRANTS	4,592			
ANNUAL CHARGE PER HYDRANT	<u>\$614.26</u>			
		<u>\$2,820,682</u>		
	MISC ADJUSTMENT		<u>\$0</u>	
	TOTAL PUBLIC FIRE PROTECTION	<u>\$4,153,405</u>		<u>\$4,153,405</u>

MIDDLESEX WATER COMPANY  
PROOF OF REVENUE

EXHIBIT A SETTLEMENT  
Page 10 of 18

EXISTING RATES  
CONTRACT SALES

EDISON			
	ADJUSTED TEST YEAR CONSUMPTION (GALLONS)	258,030,997	
	Rate Counsel Adjustment	(1,357,749)	
	ADJUSTED TEST YEAR CONSUMPTION (GALLONS)	256,773,248	
	RATE PER MILLION GALLONS	\$1,937.90	
	ADJUSTED TEST YEAR REVENUES		\$497,601
HIGHLAND PARK			
	ADJUSTED TEST YEAR CONSUMPTION (GALLONS)	501,383,864	
	Rate Counsel Adjustment	1,654,034	
	ADJUSTED TEST YEAR CONSUMPTION (GALLONS)	503,037,898	
	RATE PER MILLION GALLONS	\$1,937.90	
	ADJUSTED TEST YEAR REVENUES		\$974,837
EAST BRUNSWICK			
	ADJUSTED TEST YEAR CONSUMPTION (GALLONS)	2,319,263,997	
	Rate Counsel Adjustment	19,434,001	
	ADJUSTED TEST YEAR CONSUMPTION (GALLONS)	2,338,697,997	
	RATE PER MILLION GALLONS	\$1,343.54	
	ADJUSTED TEST YEAR REVENUES		\$3,142,134
OLD BRIDGE MUA			
	ADJUSTED TEST YEAR CONSUMPTION (GALLONS)	940,457,746	
	Rate Counsel Adjustment	13,135,563	
	ADJUSTED TEST YEAR CONSUMPTION (GALLONS)	953,593,310	
	RATE PER MILLION GALLONS	\$2,446.53	
	ADJUSTED TEST YEAR REVENUES		\$2,332,995
SAYREVILLE			
	ADJUSTED TEST YEAR CONSUMPTION (GALLONS)	736,855,653	
	Rate Counsel Adjustment	(7,463,913)	
	ADJUSTED TEST YEAR CONSUMPTION (GALLONS)	729,391,740	
	RATE PER MILLION GALLONS	\$2,446.53	
	ADJUSTED TEST YEAR REVENUES		\$1,784,479
RAHWAY			
	ADJUSTED TEST YEAR CONSUMPTION (GALLONS)	70,712,917	
	Rate Counsel Adjustment	3,571,771	
	ADJUSTED TEST YEAR CONSUMPTION (GALLONS)	74,284,688	
	RATE PER MILLION GALLONS	\$2,020.67	
	ADJUSTED TEST YEAR REVENUES		\$150,105
MARLBORO			
	ADJUSTED TEST YEAR CONSUMPTION (GALLONS)	1,190,617,795	
	Rate Counsel Adjustment	3,095,551	
	ADJUSTED TEST YEAR CONSUMPTION (GALLONS)	1,193,713,346	
	RATE PER MILLION GALLONS	\$1,937.90	
	ADJUSTED TEST YEAR REVENUES		\$2,313,297

EXHIBIT A SETTLEMENT

MIDDLESEX WATER COMPANY  
PROOF OF REVENUE

EXHIBIT A SETTLEMENT  
Page 11 of 18

MARLBORO			
	ADJUSTED TEST YEAR CONSUMPTION (GALLONS)	1,642,500,000	
	RATE PER MILLION GALLONS	\$508.63	
	ADJUSTED TEST YEAR REVENUES		\$835,425
TOTAL TEST YEAR REVENUES - CONTRACT SALES			<u>\$12,030,873</u>
MISCELLANEOUS		<u>\$44,251</u>	
BAYVIEW		<u>\$120,195</u>	
CONTRACT REVENUE		<u>\$25,768</u>	
ROUNDING		<u>\$17,661</u>	
TOTAL PROJECTED REVENUES ALL CLASSES			<u>\$63,802,837</u>

EXHIBIT A SETTLEMENT

MIDDLESEX WATER COMPANY  
 PROOF OF REVENUE

PROPOSED RATES  
 RESIDENTIAL

FACILITIES CHARGES

<u>METER</u>	<u>BILLS</u>	<u>RATE</u>	<u>REVENUE</u>	<u>NET ADJUSTMENTS</u>	<u>PROPOSED REVENUE</u>
5/8"	187,856	\$39.18	\$7,360,198	\$0	
3/4"	29,412	58.80	1,729,426		
1"	4,228	97.92	414,006		
1 1/2"	716	195.90	140,264		
2"	276	313.41	<u>86,501</u>		
	222,488		\$9,730,395	\$0	\$9,730,395

CONSUMPTION

	535,196,667	\$0.03490930	<u>\$18,683,341</u>	<u>\$0</u>	<u>\$18,683,341</u>
TOTAL RESIDENTIAL			<u>\$28,413,736</u>	<u>\$0</u>	<u>\$28,413,736</u>

MIDDLESEX WATER COMPANY  
 PROOF OF REVENUE

PROPOSED RATES  
 COMMERCIAL

FACILITIES CHARGES - QUARTERLY

<u>METER</u>	<u>BILLS</u>	<u>RATE</u>	<u>REVENUE</u>	<u>NET ADJUSTMENTS</u>	<u>PROPOSED REVENUE</u>
5/8"	672	\$39.18	\$26,329		
3/4"	344	58.80	20,227		
1"	364	97.92	35,643		
1 1/2"	200	195.90	39,180		
2"	496	313.41	155,451		
3"	128	587.67	75,222		
4"	4	979.38	<u>3,918</u>		
	2,208		\$355,970	\$0	\$355,970

FACILITIES CHARGES - MONTHLY

5/8"	420	\$13.06	\$5,485		
3/4"	732	19.60	14,347		
1"	1,500	32.64	48,960		
1 1/2"	3,084	65.30	201,385		
2"	9,228	104.47	964,049		
3"	2,232	195.89	437,226		
4"	312	326.46	101,856		
6"	24	652.94	15,671		
8"	24	1,044.70	25,073		
10"	26	1,501.76	<u>54,063</u>		
	17,592		\$1,868,115	\$0	\$1,868,115

CONSUMPTION - QUARTERLY

17,128,060	\$0.03490930	\$597,929	\$0	\$597,929
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CONSUMPTION - MONTHLY

202,634,674	\$0.03490930	<u>\$7,073,835</u>	\$0	<u>\$7,073,835</u>
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TOTAL COMMERCIAL		<u>\$9,895,848</u>	<u>\$0</u>	<u>\$9,895,848</u>
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MIDDLESEX WATER COMPANY  
 PROOF OF REVENUE

PROPOSED RATES  
 INDUSTRIAL

FACILITIES CHARGES

	<u>BILLS</u>	<u>RATE</u>	<u>REVENUE</u>	<u>NET ADJUSTMENTS</u>	<u>PROPOSED REVENUE</u>
5/8"	12	\$13.06	\$157		
3/4"	24	19.60	470		
1"	132	32.64	4,308		
1 1/2"	252	65.30	16,456		
2"	576	104.47	60,175		
3"	492	195.89	96,378		
4"	1,044	326.46	340,824		
6"	768	652.94	501,458		
8"	156	1,044.70	162,973		
10"	<u>84</u>	1,501.76	<u>126,148</u>		
	3,540		\$1,309,347	\$0	\$1,309,347

CONSUMPTION

	262,618,595	\$0.03490930	<u>\$9,167,831</u>	\$0	<u>\$9,167,831</u>
TOTAL INDUSTRIAL			<u>\$10,477,178</u>	\$0	<u>\$10,477,178</u>



MIDDLESEX WATER COMPANY  
 PROOF OF REVENUE

PROPOSED RATES  
 PRIVATE FIRE SERVICE - W/ HOSE CONNECTIONS

FACILITIES CHARGES - QUARTERLY

<u>METER</u>	<u>BILLS</u>	<u>RATE</u>	<u>REVENUE</u>	<u>NET ADJUSTMENTS</u>	<u>PROPOSED REVENUE</u>
2"	4	\$222.24	\$889		
3"	0	488.85	0		
4"	36	816.03	29,377		
6"	4	1,669.89	6,680		
8"	0	2,391.00	0		
10"	0	3,835.23	0		
12"	0	5,671.05	0		
	44		\$36,946	\$0	\$36,946

FACILITIES CHARGES - MONTHLY

2"	12	\$74.08	\$889		
3"	0	162.95	0		
4"	120	272.01	32,641		
6"	888	556.63	494,287		
8"	1,392	797.00	1,109,424		
10"	312	1,278.41	398,864		
	<u>2,724</u>		<u>\$2,036,106</u>	\$0	\$2,036,106

MIDDLESEX WATER COMPANY  
PROOF OF REVENUE

EXHIBIT A SETTLEMENT  
Page 16 of 18

PROPOSED RATES  
PRIVATE FIRE SERVICE - WITHOUT HOSE CONNECTIONS

FACILITIES CHARGES - QUARTERLY

<u>METER</u>	<u>BILLS</u>	<u>RATE</u>	<u>REVENUE</u>	<u>NET ADJUSTMENTS</u>	<u>PROPOSED REVENUE</u>
1"	16	\$74.13	\$1,186		
2"	56	183.30	10,265		
3"	28	367.08	10,278		
4"	164	609.06	99,886		
6"	212	1,237.86	262,426		
8"	8	1,769.85	14,159		
10"	0	2,833.98	0		
12"	0	4,188.42	0		
	484		\$398,200	\$0	\$398,200

FACILITIES CHARGES - MONTHLY

1"	24	\$24.71	\$593		
2"	96	61.10	5,866		
3"	372	122.36	45,518		
4"	2,292	203.02	465,322		
6"	1,632	412.62	673,396		
8"	1,692	589.95	998,195		
10"	132	944.66	124,695		
12"	12	1,396.14	16,754		
	6,352		\$2,330,338	\$0	\$2,330,338

CONSUMPTION - QUARTERLY

39,006	\$0.03490930	\$1,362	\$0	\$1,362
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CONSUMPTION - MONTHLY

8,707,704	\$0.03490930	\$303,980	\$0	\$303,980
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TOTAL PRIVATE FIRE		\$5,106,931	\$0	\$5,106,931
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MIDDLESEX WATER COMPANY  
PROOF OF REVENUE

EXHIBIT A SETTLEMENT  
Page 17 of 18

PROPOSED RATES  
PUBLIC FIRE PROTECTION

		<u>REVENUE</u>	<u>NET ADJUSTMENTS</u>	<u>PROPOSED REVENUE</u>
NUMBER OF INCH-FEET	32,858,071			
ANNUAL CHARGE PER INCH-FOOT	<u>\$0.04056</u>	\$1,332,723		
NUMBER OF HYDRANTS	4,592			
ANNUAL CHARGE PER HYDRANT	<u>\$632.38</u>	<u>\$2,903,889</u>		
TOTAL PROJECTED PUBLIC FIRE PROTECTION		<u>\$4,236,612</u>		<u>\$4,236,612</u>

MIDDLESEX WATER COMPANY  
PROOF OF REVENUE

EXHIBIT A SETTLEMENT  
Page 18 of 18

PROPOSED RATES  
CONTRACT SALES

EDISON	PROJECTED GALLONS	256,773,248	
	RATE PER MILLION GALLONS	<u>\$2,180.14</u>	
	PROJECTED REVENUES		\$559,802
HIGHLAND PARK	PROJECTED GALLONS	503,037,898	
	RATE PER MILLION GALLONS	<u>\$2,180.14</u>	
	PROJECTED REVENUES		\$1,096,693
EAST BRUNSWICK	PROJECTED GALLONS	2,338,697,997	
	RATE PER MILLION GALLONS	<u>\$1,511.48</u>	
	PROJECTED REVENUES		\$3,534,895
OLD BRIDGE MUA	PROJECTED GALLONS	953,593,310	
	RATE PER MILLION GALLONS	<u>\$2,752.35</u>	
	PROJECTED REVENUES		\$2,624,623
SAYREVILLE	PROJECTED GALLONS	729,391,740	
	RATE PER MILLION GALLONS	<u>\$2,752.35</u>	
	PROJECTED REVENUES		\$2,007,541
RAHWAY	ADJUSTED TEST YEAR CONSUMPTION (GALLONS)	74,284,688	
	RATE PER MILLION GALLONS	<u>\$2,406.82</u>	
	ADJUSTED TEST YEAR REVENUES		\$178,790
MARLBORO	PROJECTED GALLONS	1,193,713,346	
	RATE PER MILLION GALLONS	<u>\$2,180.14</u>	
	PROJECTED REVENUES		\$2,602,462
MARLBORO	PROJECTED GALLONS	1,642,500,000	
	RATE PER MILLION GALLONS	<u>\$572.21</u>	
	PROJECTED REVENUES		\$939,855
TOTAL TEST YEAR REVENUES - CONTRACT SALES			<u>\$13,544,661</u>
MISCELLANEOUS		<u>\$44,251</u>	
BAYVIEW		<u>\$120,195</u>	
CONTRACT REVENUE		<u>\$23,768</u>	
ROUNDING		\$0	
TOTAL PROPOSED REVENUES ALL CLASSES			<u>\$71,865,181</u>

EXHIBIT A SETTLEMENT

# **EXHIBIT B**

MIDDLESEX WATER COMPANY

Twenty-eighth Revised Sheet No. 32  
Canceling  
Twenty-seventh Revised Sheet No. 32

B.P.U. No. 1 - WATER

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RATE SCHEDULE NO. 1  
GENERAL WATER SERVICE - GS

APPLICABILITY:

Applicable to the use of water supplied through meters in the entire territory served by the Company.

CHARACTER OF SERVICE:

Continuous except as limited by "Standard Terms and Conditions".

RATE:

General Water Service

<u>Size of Meter</u>	<u>Consumption Charges</u>	
	Rate per Thousand	
	<u>Cubic Feet</u>	
	\$34.9093	
	<u>Facilities Charge</u>	
	<u>Per</u>	<u>Per</u>
	<u>Quarter</u>	<u>Month</u>
5/8"	\$ 39.18	\$ 13.06
3/4"	58.80	19.60
1"	97.92	32.64
1-1/2"	195.90	65.30
2"	313.41	104.47
3"	587.67	195.89
4"	979.38	326.46
6"	1,958.82	652.94
8"	3,134.10	1,044.70
10"	4,505.28	1,501.76
12"	8,422.86	2,807.62

Billing shall be based on the facilities charge plus consumption charges (shown above) for each period.

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Date of Issue: January 10, 2012

Effective for Service  
Rendered on and After:

Issued by: Dennis W. Doll, President  
1500 Ronson Road  
Iselin, New Jersey 08830-3020

\_\_\_\_\_, 2012

The State of New Jersey enacted Ch. 443 of the Laws of New Jersey 1983 concerning the periodic testing of public water supplies which establishes a water tax of \$0.01 per 1,000 gallons of water. This tax is reflected and included in the above rates.

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated \_\_\_\_\_, 2012, in Docket No. WR12010027.

MIDDLESEX WATER COMPANY

B.P.U. No. 1 - WATER

Seventh Revised Sheet No. 33A

Cancelling

Sixth Sheet No. 33A

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RATE SCHEDULE NO. 1 (Continued)

GENERAL WATER SERVICE - GS

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGES

A charge of \$0.00 per thousand cubic feet will be made to recover the increased purchased water costs.

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Date of Issue: January 10, 2012

Issued by: Dennis W. Doll, President  
1500 Ronson Road  
Iselin, New Jersey 08830-3020

Effective for Service  
Rendered on and After:

\_\_\_\_\_, 2012

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated \_\_\_\_\_, 2012, in Docket No. WR12010027.

RATE SCHEDULE NO. 3

MUNICIPAL SERVICE - MS

APPLICABILITY:

Applicable to municipalities and fire districts of municipalities throughout the territory served by the Company.

CHARACTER OF SERVICE:

Continuous except as limited by "Standard Terms and Conditions".

RATE:

A. ANNUAL FIRE PROTECTION CHARGES:

Inch Foot Charge

Yearly charge of \$0.04056 per inch foot of distribution and transmission mains serving the municipality or fire district.

Hydrant Charge

Yearly charge of \$632.38 for each hydrant.

The amount of the bill will be the total of the Inch Foot Charge and the Hydrant Charge.

B. OTHER MUNICIPAL SERVICE:

Water for any use other than fire protection shall be charged for at General Water Service rate, Rate Schedule No. 1, Sheet No. 32 and Sheet No. 33, delivery to be determined by meter measurement when feasible, otherwise by estimate of the Company of the quantity delivered based on such factors as the diameter and length of time of the connection. Fire hydrants are not to be used for such purposes except upon the express consent of the Company in each case.

MINIMUM CHARGE:

None.

Date of Issue: January 10, 2012

Effective for service  
Rendered on and after:

Issued by: Dennis W. Doll, President  
1500 Ronson Road  
Iselin, New Jersey 08830-3020

\_\_\_\_\_, 2012



MIDDLESEX WATER COMPANY

Twentieth Revised Sheet No. 40  
Canceling  
Nineteenth Revised Sheet No. 40

B.P.U. No. 1 - WATER

RATE SCHEDULE NO. 5

SERVICE UNDER CONTRACT - SC

APPLICABILITY:

Applicable to service provided under special agreements. Such special agreements are available to customers that meet criteria as specified by the Board of Public Utilities and such agreements will be filed with the Board on a case by case basis.

CHARACTER OF SERVICE:

Continuous except as limited by "Standard Terms and Conditions".

RATE:

All water used shall be charged at the rate of \$2,180.14 per million gallons.

TERMS OF PAYMENT:

Bills will be rendered monthly.

A customer has at least 15 days from the postmark on the bill to pay a valid bill for service.

SPECIAL PROVISIONS:

As provided under special agreements.

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Date of Issue: January 10, 2012

Issued by: Dennis W. Doll, President  
1500 Ronson Road  
Iselin, New Jersey 08830-3020

Effective for service  
Rendered on and after:

\_\_\_\_\_, 2012

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated \_\_\_\_\_, 2012, in Docket No. WR12010027.

MIDDLESEX WATER COMPANY

B.P.U. No. 1 - WATER

Seventh Revised Sheet No. 40A  
Cancelling  
Sixth Sheet No. 40A

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RATE SCHEDULE NO. 5

SERVICE UNDER CONTRACT - SC

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGES

A charge of \$0.00 per million gallons will be made to recover the increased purchased water costs.

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Date of Issue: January 10, 2012

Issued by: Dennis W. Doll, President  
1500 Ronson Road  
Iselin, New Jersey 08830-3020

Effective for Service  
Rendered on and After:

\_\_\_\_\_, 2012

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated \_\_\_\_\_, 2012, in  
Docket No. WR12010027.

MIDDLESEX WATER COMPANY

Fourteenth Revised Sheet No. 41

B.P.U. No.1- WATER

Canceling

Thirteenth Revised Sheet No. 41

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RATE SCHEDULE NO. 6

SPECIAL CONTRACT SERVICE  
SCS

APPLICABILITY:

Applicable to water treatment and pumping services provided to customers under special agreements at the option of the Company.

CHARACTER OF SERVICE:

Continuous except as limited by "Standard Terms and Conditions".

RATE:

All water used shall be charged at the rate of \$1,511.48 per million gallons.

TERMS OF PAYMENT:

Bills will be rendered monthly.

A customer has at least 15 days from the postmark on the bill to pay a valid bill for service.

SPECIAL PROVISIONS:

As provided under special agreements.

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Date of Issue: January 10, 2012

Effective for service

Issued by: Dennis W. Doll, President  
1500 Ronson Road  
Iselin, New Jersey 08830-3020

Rendered on and after:

\_\_\_\_\_, 2012

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated \_\_\_\_\_, 2012, in Docket No. WR12010027.

RATE SCHEDULE NO. 7

TRANSMISSION SERVICE SOUTH RIVER BASIN - TR-SRB

APPLICABILITY:

Applicable to water transmission service to the South River Basin area provided to customers under special agreements at the option of the Company.

CHARACTER OF SERVICE:

Continuous except as limited by "Standard Terms and Conditions".

RATE:

All water used shall be charged at the combined rate of \$572.21 per million gallons for transmission plus the rate for Service Under Contract as provided in Rate Schedule No. 5.

TERMS OF PAYMENT:

As provided by contract.

Bills to be rendered monthly.

A customer has at least 15 days from the postmark on the bill to pay a valid bill for service.

SPECIAL PROVISIONS:

As provided under special agreements.

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Date of Issue: January 10, 2012

Effective for service  
Rendered on and after:

Issued by: Dennis W. Doll, President  
1500 Ronson Road  
Iselin, New Jersey 08830-3020

\_\_\_\_\_, 2012

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated \_\_\_\_\_, 2012, in Docket No. WR12010027.

RATE SCHEDULE NO. 8

TRANSMISSION SERVICE – NORTHEAST SECTOR

APPLICABILITY:

Applicable to water transmission service to the Northeast area provided to customers under special agreements at the option of the Company.

CHARACTER OF SERVICE:

Continuous except as limited by "Standard Terms and Conditions".

RATE:

All water used shall be charged at the combined rate of \$226.68 per million gallons for transmission plus the rate for Service Under Contract as provided in Rate Schedule No. 5.

TERMS OF PAYMENT:

As provided by contract.

Bills to be rendered monthly.

A customer has at least 15 days from the postmark on the bill to pay a valid bill for service.

SPECIAL PROVISIONS:

As provided under special agreements.

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Date of Issue: January 10, 2012

Effective for service

Rendered on and after:

Issued by: Dennis W. Doll, President  
1500 Ronson Road  
Iselin, New Jersey 08830-3020

\_\_\_\_\_, 2012

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated \_\_\_\_\_, 2012, in Docket No. WR12010027.

# **Exhibit C**

MIDDLESEX WATER COMPANY  
PURCHASED WATER ADJUSTMENT CLAUSE

## 1. BASE LEVEL DATA UNDER N.J.A.C. 14:9-7.4(a)1

NEW JERSEY WATER SUPPLY AUTHORITY BASE CONTRACT = COST PER MILLION GALLONS -	9,855 MG
TIER ONE -- FIRST 20 MILLION GALLONS	\$231.00
NEXT SEVEN MILLION GALLONS	\$300.37
TIER TWO -- PURCHASES ABOVE BASE CONTRACT	\$277.20
TIER THREE -- PURCHASES 10% ABOVE MONTHLY AVERAGE OF BASE CONTRACT	\$277.20
NEW JERSEY AMERICAN WATER COMPANY BASE CONTRACT = COST PER MILLION GALLONS -	1,131.5 MG \$2,635.80

## 2. N.J.A.C. 14:9-7.4(a)2

ACTUAL NUMBER AND CLASSES OF CUSTOMERS (Test Year 6/30/2012)	
RESIDENTIAL	55,622
COMMERCIAL	2,018
INDUSTRIAL	295
PRIVATE FIRE	956
CONTRACT SALES	7

## 3. N.J.A.C. 14:9-7.4(a)3

ACTUAL VOLUME OF WATER PURCHASED -	11,132.6 MG
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## 4. N.J.A.C. 14:9-7.4(a)4

PROPOSED COST PER UNIT METHOD:  
ANNUAL REVENUE REQUIREMENT  
FOR PURCHASED WATER ADJUSTMENT/WATER BILLED

## 5. N.J.A.C. 14:9-7.4(b)

BASE CONSUMPTION (Test Year 6/30/2012)	13,726.4 MG
BASE COSTS	
NEW JERSEY WATER SUPPLY AUTHORITY COST PER THOUSAND GALLONS -	
TIER ONE -- FIRST 20 MILLION GALLONS	\$0.23100
NEXT SEVEN MILLION GALLONS	\$0.30037
TIER TWO -- PURCHASES ABOVE BASE CONTRACT	\$0.27720
TIER THREE -- PURCHASES 10% ABOVE MONTHLY AVERAGE OF BASE CONTRACT	\$0.27720
NEW JERSEY AMERICAN WATER COMPANY COST PER THOUSAND GALLONS	\$2.63580