



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE PETITION OF LAKE)	ORDER ADOPTING
LENAPE WATER COMPANY FOR APPROVAL)	STIPULATION OF SETTLEMENT
OF AN INCREASE IN RATES FOR SERVICE)	
)	BPU DOCKET NO. WR14030269
)	OAL DOCKET NO. PUC 04042-2014

Parties of Record:

Jeffrey Fuller, Pro Se, on behalf of Lake Lenape Water Company
Stefanie A. Brand, Esq., Director, on behalf of the Division of Rate Counsel

BY THE BOARD:

On March 21, 2014, pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.12, Lake Lenape Water Company ("Company" or "Petitioner"), a public utility of the State of New Jersey, subject to the jurisdiction of the Board of Public Utilities ("Board"), filed a petition seeking to increase and revise its rates and charges for water service amounting to \$18,902 or 14.37%. Petitioner states that its request for a rate increase is sought in part because of its need to eliminate operating losses, to enable the Petitioner to meet increased operating expenses, to establish its financial integrity and to enable the Petitioner to continue to provide safe, adequate and proper service to its customers.

By this Order, the Board considers the Initial Decision recommending adoption of the Stipulation of Settlement ("Stipulation") executed by the Company, Board Staff and the Division of Rate Counsel ("Rate Counsel") (collectively "the Parties"), agreeing to an overall increase in revenues totaling \$10,000 or 7.54%.¹

BACKGROUND/PROCEDURAL HISTORY

The Company is a public utility that provides water service to approximately 357 metered residential customers in a portion of the Township of Andover, Sussex County, New Jersey.

¹Although described in this 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.

The increase in rates was proposed to become effective on July 1, 2014. On May 21, 2014, the Board suspended the proposed rates until November 1, 2014, unless the Board prior to that date made a determination disposing of the petition.

The matter was transmitted to the Office of Administrative Law ("OAL") on April 1, 2014, and Administrative Law Judge ("ALJ") Leland McGee was assigned to hear the case. A Pre-Hearing Conference (via telephone) was convened by ALJ McGee on June 3, 2014.

After proper notice, a public hearing was held on July 9, 2014 at 5:30 p.m., at the Andover Borough Fire Department, Andover, New Jersey, with ALJ Leland McGee presiding. No members of the public appeared to offer testimony on the proposed rate increase.

Subsequent to the public hearing, the Parties to the proceeding engaged in settlement negotiations. As a result of those negotiations, the Parties entered into a Stipulation of Settlement ("Stipulation")². A copy of the Stipulation of Settlement is attached to the Initial Decision.

On August 12, 2014, ALJ McGee issued an 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.

DISCUSSION AND FINDINGS

Among the provisions of the Stipulation, the Parties agree to the following:

- (1) The year ended December 31, 2013, adjusted for known and measurable changes, is a reasonable and proper test year period.
- (2) Petitioner's rate base is \$31,709 and that a fair overall rate of return thereon is 7.88%, which reflects a cost rate for common equity of 9.75%.
- (3) Petitioner's required operating revenue is \$142,632. Petitioner's pro forma present rate revenues are \$132,632 which, when subtracted from the total revenue requirement, necessitates a revenue increase of \$10,000, representing an overall percentage increase of 7.54% over pro forma present operating revenues.
- (4) The Petitioner will begin the necessary upgrades to paint the interior of the water tank on or before October 15, 2014. A temporary water tank will be installed and placed on-line in order to facilitate the necessary tank painting.

Pursuant to the Stipulation, an average bill for a Lake Lenape Water residential customer with 5/8" metered service using 11,000 gallons of water per quarter (44,000 gallons annually) will realize a quarterly increase in rates of \$6.97 from \$91.82 to \$98.79 (annual increase in rates of \$27.88 from \$367.28 to \$395.16) or an increase of approximately 7.59%.

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 Initial Decision and the Stipulation, the

² There were no interveners in this proceeding.

Board **FINDS** that the Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. 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:

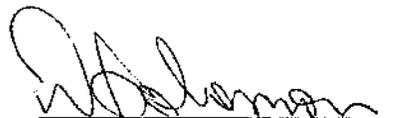
- a) The tariff sheets attached to the Stipulation containing rates and charges conforming to the Stipulation and designed to produce the additional annual revenues to which the Parties have stipulated are **HEREBY ACCEPTED**.
- b) The stipulated increase and the tariff design allocations for each customer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

Based upon the foregoing, the Board **HEREBY DIRECTS** the Company to file a complete revised tariff with the Board, with copies to the Parties, conforming to the terms and conditions of the Stipulation and this Order within ten (10) days from the date of this Order. The newly revised tariff shall not be effective until the effective date of this Order.

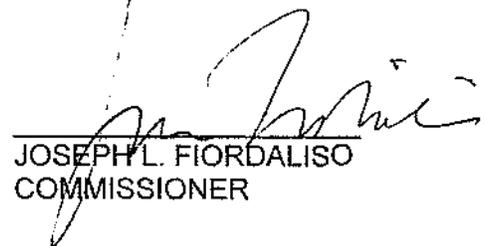
The Order shall be effective on August 30, 2014.

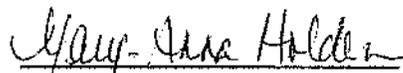
DATED: 8/20/14

BOARD OF PUBLIC UTILITIES
BY:

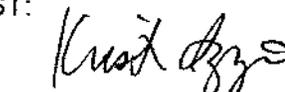

DIANNE SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER

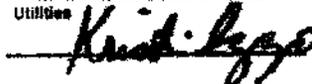

JOSEPH L. FIORDALISO
COMMISSIONER


MARYANNA 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 LAKE LANAPE WATER COMPANY FOR
APPROVAL OF AN INCREASE IN RATES FOR SERVICE**

**DOCKET NO. WR14030269
OAL DOCKET NO. PUC 04042-2014**

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Woodbury, NJ 11797

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

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

BPU Docket No. WR14030269
OAL Docket No. PUC04042-14

STIPULATION

APPEARANCES

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

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

Jennifer S. Hsia, Deputy Attorney General, for the Staff of the Board of Public Utilities
(John J. Hoffman, Acting Attorney General of New Jersey)

TO THE HONORABLE BOARD OF PUBLIC UTILITIES

BACKGROUND/PROCEDURAL HISTORY

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

On March 21, 2014, Petitioner filed a petition with the Board, pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.12 seeking to increase its rates and charges for water service. Petitioner requested increased revenues of \$18,902, representing an increase of approximately 14.3% over pro forma, present rate revenues.

On April 1, 2014 the Board transmitted the matter to the Office of Administrative Law as a contested case and the matter was assigned to Administrative Law Judge (“ALJ”) Leland S. McGee. On

May 21, 2014 the Board issued a Suspension Order suspending increases, changes or alterations in rates for service until November 1, 2014.

On June 3, 2014, ALJ McGee convened a pre-hearing conference in which the President of the Company, Jeffrey Fuller, and the statutory parties to this case, the Division of Rate Counsel ("Rate Counsel") and Board Staff participated (the "Parties"). During the pre-hearing conference, the dates and times for a public hearing in Petitioner's service area and evidentiary hearings were scheduled. After appropriate public notice, a public hearing was held in the Petitioner's service territory on July 9, 2014, at 5:30pm, at the Andover Borough Fire Dept. in Andover, New Jersey. The public hearing was presided over by the Honorable Leland S. McGee, ALJ. No members of the public attended this hearing.

During the course of this proceeding, Petitioner was served with, and responded to, extensive discovery requests by Rate Counsel and by Board Staff. A discovery and settlement conference was held on July 21, 2014. As a result of an analysis of the petition and exhibits, Petitioner's responses to discovery propounded by the Rate Counsel and Board Staff, as well as their discussions and negotiations in this matter, the Signatory Parties have reached a Stipulation and do hereby stipulate the following:

STIPULATED MATTERS

- (1) The year ended December 31, 2013, adjusted for known and measurable changes, is a reasonable and proper test year period.
- (2) It is stipulated and agreed that Petitioner's rate base is \$31,709 and that a fair overall rate of return thereon is 7.88%, which reflects a cost rate for common equity of 9.75%.
- (3) Petitioner's required Operating revenue is \$142,632. Petitioner's pro forma present rate revenues are \$132,632 which, when subtracted from the total revenue requirement, necessitates a revenue increase of \$10,000, representing an overall percentage increase of 7.54% over pro forma present operating revenues. The revenue requirement to which the Parties have stipulated herein, is necessary to ensure that Petitioner will continue to provide safe, adequate and proper water service to its customers.

- (4) Attached hereto as Exhibit A are new tariff sheets containing rates and charges conforming to this Stipulation and designed to produce the additional annual revenues to which the Parties have stipulated herein.
- (5) Attached hereto as Exhibit B is a schedule demonstrating that the new rates will produce the stipulated revenues to which the Parties have agreed to. The stipulated increase in the fixed service and volumetric service charge for the General Metered Service class of customers is shown in Exhibit B.
- (6) The Parties further agree that the Petitioner will begin the necessary upgrades to paint the interior of the water tank on or before October 15, 2014. A temporary water tank will be installed and placed on-line in order to facilitate the necessary tank painting.
- (7) The revenue requirement calculation is based on recovering revenue from all of the Company's customers of record based on rates contained in the Company's tariff as approved by the Board. The failure by customers to provide payment for utility service rendered by the Company pursuant to its tariffs has the effect of reducing the Company's revenues, increasing the number of rate filings, and the potential to impair the Company's ability to provide safe, adequate and proper service. For these reasons, Petitioner agrees that it will review all of the utility services it provides pursuant to its tariffs, including fire protection services, and collect the Board-approved rates from those customers receiving service, or if payment is not received, then to initiate the appropriate actions as allowed by the Company's tariff and the Board's regulations regarding discontinuation of service. More specifically, Petitioner agrees to collect all Board-approved rates for fire protection services for all eleven fire hydrants in its service territory, or to initiate the appropriate action for no-payment pursuant to its tariff and the Board's regulations.
- (8) Petitioner will file a new tariff with the Board, with copies to the Parties, in conformity with this Stipulation, to become effective on the effective date of a fully executed Board Order.

MISCELLANEOUS

- (1) This Stipulation applies only to this proceeding and is thus executed by the Parties without prejudice to the positions asserted by each in this case and without prejudice to the positions which the Parties may choose to assert in future proceedings. The Parties further agree that the purpose of this Stipulation is to reach fair and reasonable rates and to conclude pending litigation. This Stipulation is not in any way intended to restrict or bind any of the Parties hereto with respect to substantive positions they may choose to assert in any pending or future rate proceeding in this or any other forum. Therefore, the Parties acknowledge that the Stipulation herein has been made exclusively for this proceeding before the OAL and Board.
- (2) In the event of any modification, amendment or alteration of this Stipulation by the Board, the Parties individually reserve the right to either deem the Stipulation void in total (in which case the Parties would revert to the status quo prior to the execution of this Stipulation, which in this matter would be submission of testimony and proceeding with evidentiary hearings) or to consent to the modification(s) in writing.
- (3) This Stipulation may be executed in as many counterparts as there are signatories to this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument consisting of several counterparts.
- (4) The Signatory Parties acknowledge that any increase or resolution of any issues agreed to in this Stipulation, shall become effective upon service of the Board Order on all parties of record unless a later date is indicated in the Order.

Dated: 8/6/14

LAKE LENAPE WATER COMPANY

By: Jeffrey Fuller
Jeffrey Fuller
President

Dated: 8/6/14

DIVISION OF RATE COUNSEL
Stephanie A. Brand Esq.
Director, Rate Counsel

By: Susan E. McClure, Esq.
Susan E. McClure, Esq.
Assistant Deputy, Rate Counsel

Dated: 8/6/14

JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF
NEW JERSEY
ATTORNEY FOR THE STAFF OF
THE BOARD OF PUBLIC UTILITIES

By: Jennifer Hsia
Jennifer Hsia
Deputy Attorney General

BPU DKT NO. WR14030269
OAL DKT NO. PUC04042-2014N

Rate Schedule No.

Fire Protection Services

Applicable to use for service for:

All municipal fire hydrants in the Company's service area in the Township of Andover.

Character of Service:

Continuous from effective date for service rendered as determined by the Board of Public Utilities.

Rate:

Hydrant charge (per hydrant): \$70.93 per quarter.

Terms and payment:

Payable in advance.

Issued:

Effective

By: Jeffrey Fuller, President
83 Eagle Chase
Woodbury, NY 11797

Filed pursuant to an order of the Board of Public Utilities, State of New Jersey, Docket No. WR14030269

EXHIBIT A

LAKE LENAPE WATER CO.
B.P.U. No. –Water

ORIGINAL SHEET NO.7

Rate Schedule No.

Other Charges

Applicability:

See Standard Terms and Conditions.

Character of Service:

See Standard Terms and Conditions.

Reconnection Charge Charge:

___ A charge of \$100.00 shall be made for reconnection of water after physically disconnecting service at the request of a customer, or for non-payment of a valid water bill, or for non-compliance with this tariff.

Bad Check Charge:

The customer is required to pay a bad check charge of \$25.00 when a check, payable to the Lake Lenape Water Co. is not honored.

Special Provisions:

___ Whenever service to a customer is established or discontinued during a billing period, the fixed service charge will be prorated on a daily basis to the date when service is established or discontinued to such customer. Any extra work requested by a customer of the Company, shall be billed to that customer at the Company's cost.

Issued:

Effective

By: Jeffrey Fuller, President
- 83 Eagle Chase
- Woodbury, NY 11797

Filed pursuant to an order of the Board of Public Utilities, State of New Jersey, Docket No. WR14030269

LAKE LENAPE WATER COMPANY

BPU Docket No. WR140030269

Settlement Proof of Revenues

	Billing Units	Proposed Rates	Revenues
(A)	(B)	(C)	(D)
Meters	1,399	\$ 28.79	\$40,277
Consumption (per 1,000 gallons)	15,603	\$ 6.36	\$99,235
Hydrants	44	\$ 70.93	<u>\$3,121</u>
Total revenue			<u><u>142,633</u></u>