

Agenda Date: 7/22/15 Agenda Item: 5A

## STATE OF NEW JERSEY

Board of Public Utilities
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IN THE MATTER OF THE PETITION OF LAKE LENAPE WATER COMPANY FOR APPROVAL OF AN INCREASE IN RATES FOR SERVICE

)	ORDER FINALIZING INTERIM
)	RATES/MODIFYING A
)	STIPULATION
)	
)	DOCKET NO. WR14030269

OAL Docket No. PUC 04042-14

### Parties of Record:

**Jeffrey Fuller, Pro Se,** on behalf of Lake Lenape Water Company, Petitioner **Stefanie A. Brand, Esq., Director,** New Jersey 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 ("Lake Lenape", "Company" or "Petitioner"), a public utility of the State of New Jersey, that provides water service to approximately 357 metered residential customers in a portion of the Township of Andover, Sussex County, 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%.

By Order dated August 20, 2014, the Board adopted the Initial Decision, dated August 12, 2014, of Administrative Law Judge ("ALJ") Leland McGee that recommended that the Board adopt a Stipulation that, among other things, agreed that the Petitioner's rates be increased by \$10,000, representing an overall percentage increase of 7.54% over pro forma present operating revenues.<sup>1</sup> The Stipulation further agreed that the Petitioner would begin the necessary upgrades to paint the interior of its water tank on or before October 15, 2014. A temporary water tank was to be installed and placed on-line in order to facilitate the necessary tank painting. The Stipulation did not include a specific dollar amount for the tank painting.

In a series of e-mails and telephone calls, the Petitioner advised Board Staff that its licensed operator ("operator") had expressed concerns about the timing of the scheduling of the tank painting. By letter dated December 5, 2014, the Petitioner advised the Board that its operator had identified a number of potential issues that could pose a serious threat to the water service

<sup>&</sup>lt;sup>1</sup> The parties to this proceeding are Petitioner, the Division of Rate Counsel and Board Staff.

of its customers, as the Company began preparation to paint the tank. These issues were set forth in a memo dated October 11, 2014, from the operator to the Petitioner. These issues included concerns and the logistics of operating the system while the tank was being painted. The operator also stated that cold weather was coming fast and noted that paint does not dry or cure the same at colder temperatures. The operator requested that the tank painting project be postponed until Spring 2015. Based on the operator's concerns, the Petitioner stated that it had decided to postpone the tank painting until May 2015. Via email dated January 12, 2015, the Petitioner advised that he did not object to a modification of the Board's prior Order making the rate increase interim.

On January 9, 2015, the Division of Rate Counsel, a party to this proceeding and a signatory to the Stipulation, advised the Board that it did not object to Board Staff's recommendation seeking to deem the rates interim, subject to refund, pending the tank painting project being completed in the Spring, 2015 and the Board receiving certification of the same. By Order dated January 21, 2015, the Board modified its August 20, 2014 Order and declared Petitioner's rates interim subject to the completion of the tank painting project. The Board also extended the time for Petitioner to complete the tank painting project from October 15, 2014 to June 15, 2015. By letter dated June 17, 2015, the Petitioner notified Rate Counsel and the Board that the interior tank painting project had been completed.

## **DISCUSSION AND FINDINGS**

As noted above, the Stipulation adopted by both the ALJ and the Board included an agreement that the tank would be painted on or before October 15, 2014. While the Stipulation did not include a specific dollar amount related to the tank painting, a portion of the agreed upon rate increase was to be used for the interior tank painting. The agreed upon rate increase became effective on August 30, 2014. Lake Lenape is a small utility. Lake Lenape serves approximately 357 metered residential customers. The Company's 2013 revenues amounted to \$132,632.<sup>2</sup> The Board was also mindful of the concerns expressed by the Company's operator, particularly with regard to the operator's concerns as to how the onset of colder weather could delay the tank painting project which in turn could jeopardize the Petitioner's ability to provide safe, adequate and proper service to its customers. Therefore, the Board extended the time to complete the tank painting project from October 15, 2015 to June 15, 2015. This enabled Lake Lenape to complete the project in the spring and before the onset of the peak summer usage season.

As noted above, a portion of the agreed upon rate increase was to be used specifically for the interior tank painting project. Since ratepayers were currently paying for the tank painting, which was delayed, and in consideration of the position of the parties, the Board ordered that as of the effective date of the Order dated February 2, 2015, Petitioner's rates were declared interim subject to refund pending completion of the interior tank painting project. The Petitioner would have been required to refund a portion of the rate increase, with interest, to its ratepayers as well as other appropriate action if the interior tank painting project is not completed by June 15, 2015. Notwithstanding the delay in the project deadline, Petitioner was ordered to take appropriate preparatory steps to ensure compliance with that Order. The Petitioner was further ordered to notify Rate Counsel and the Board of the progress of the tank painting project, including upon commencing the painting and any additional concerns which may have been raised regarding completion of the project. The Board further ordered that the Petitioner is to

<sup>&</sup>lt;sup>2</sup> Petitioner's 2013 Annual Report; Page 35.

certify to the Board when the tank painting project is completed. The Board also stated that it would revisit this interim rate Order upon conclusion of the interior tank painting project. By a letter from Petitioner, dated June 17, 2015, it has been certified that the interior tank painting project has been completed prior to the June 15, 2015 deadline specified in the prior Board Order noted above.

The basis for declaring the rates interim having now been satisfied and no party to the proceeding objecting to declaring the rates final, the Board <u>HEREBY ORDERS</u> that the Interim rates established for Petitioner, by Order dated January 21, 2015 be declared final.

This Order is effective on August 1, 2015.

DATED:

BOARD OF PUBLIC UTILITIES BY:

RICHARD S. MROZ PRESIDENT

JOSEPH L. FIORDALISO COMMISSIONER

MARY-ANNA HOLDEN COMMISSIONER

DIANNE SOLOMON COMMISSIONER

ATTES

UPENDRA J. CHIVUKULA COMMISSIONER

RENE'RHI ASBURY

SECRETARY

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

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# DOCKET NO. WR14030269 OAL DOCKET NO. PUC 04042-14

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