



Agenda Date: 4/21/17
Agenda Item: 5B

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE PETITION OF GORDON'S)
CORNER WATER COMPANY FOR APPROVAL OF A) ORDER ADOPTING STIPULATION
PURCHASED WATER ADJUSTMENT CLAUSE TRUE-)
UP AND OTHER REQUIRED APPROVALS)
PURSUANT TO N.J.A.C. 14:9-7.1 et seq.) BPU DOCKET NO. WR16121135

Parties of Record:

Douglas R. Kleinfeld, Esq., General Counsel, Gordon's Corner Water Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On December 1, 2016, Gordon's Corner Water Company ("Gordon's Corner," "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, pursuant to N.J.A.C. 14:9-7.1 and N.J.A.C. 14:1-15 seeking authorization to change the level of its Purchased Water Adjustment Clause ("PWAC"). The Petitioner originally sought a PWAC decrease of \$36,478.00 or 0.33% of total Company revenues of \$11,055,215. Under its proposal, the Petitioner's PWAC would decrease from \$0.045 to \$0.019 per thousand gallons of water. Because the PWAC was filed as a decrease, this matter was retained by the Board and it was deemed that no public hearing was necessary.

Gordon's Corner is a water utility engaged in the business of collecting, treating, and distributing water for retail service to approximately 15,000 customers in portions of the Townships of Marlboro and Manalapan in Monmouth County, New Jersey. The Company purchases water on a routine basis, pursuant to purchased water agreements, from three separate entities: the Township of Marlboro, SUEZ Water Matchaponix, Inc. and the Township of Aberdeen.

By this Order, the Board considers a Stipulation of Settlement ("Stipulation")¹ executed by Petitioner, the New Jersey Division of Rate Counsel ("Rate Counsel"), and Board Staff (collectively, "Parties"), agreeing to an overall stipulated PWAC decrease of \$36,478.00 or 0.33% above total Company revenues of \$11,055,215.

BACKGROUND/PROCEDURAL HISTORY

The Parties exchanged discovery and engaged in settlement discussions that resulted in the Stipulation. There were no Intervenors in this proceeding.

Pursuant to the terms of the Stipulation, which was fully executed by the Parties and submitted to the Board for approval, the Parties recommend that the Board approve a decrease to Petitioner's PWAC rate from \$0.045 to \$0.019 per thousand gallons of water for general service to customers.

DISCUSSIONS AND FINDINGS

The Parties have agreed that Petitioner's current PWAC rate should be decreased from \$0.045 to \$0.019 per thousand gallons of water. The PWAC rate of \$0.019 per thousand gallons of water is calculated as being effective on April 1, 2017, which accounts for five (5) months of reverse compression, as shown on Exhibit B to the Stipulation. The effective PWAC rate decrease would result in a decrease for the average customer using a 5/8" meter and consuming 9,000 gallons of water per month, from \$60.82 to \$60.58, a decrease of \$0.24 per month, or 0.40%.

Having reviewed the record in this matter, the Board **HEREBY FINDS** that the Stipulation among the Parties is reasonable, is in the public interest, and is in accordance with the law.

Therefore, the Board **HEREBY ADOPTS** the Stipulation attached hereto, including all attachments and schedules, as its own, incorporating by reference the terms and conditions of the Stipulation, as if fully set forth at length herein, subject to the following:

In accordance with the provisions of N.J.A.C. 14:9-7.4, the Petitioner shall file with the Board, not later than 45 days after the adjustment clause has been in effect for one year, PWAC true-up schedules. Copies of the true-up schedules will be served upon Board Staff and Rate Counsel. Petitioner shall submit an annual year-end true-up.

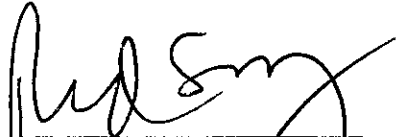
The Board **HEREBY ACCEPTS** the tariff pages attached as Exhibit C to the Stipulation as filed with the Board, to be effective as of the date of this Order.

¹Although 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.

This Order shall be effective on May 1, 2017.


DATED: 4/21/17


BOARD OF PUBLIC UTILITIES
BY:


RICHARD S. MROZ
PRESIDENT

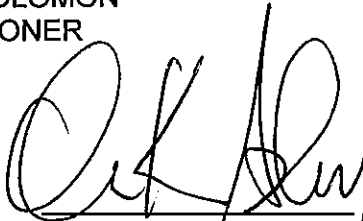

JOSEPH L. FIORDALISO
COMMISSIONER


MARY ANNA HOLDEN
COMMISSIONER

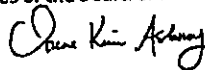

DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST:


IRENE KIM 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



IN THE MATTER OF THE PETITION OF GORDON'S CORNER WATER COMPANY FOR
APPROVAL OF A PURCHASED WATER ADJUSTMENT CLAUSE TRUE-UP AND OTHER
REQUIRED APPROVALS PURSUANT TO N.J.A.C. 14:9-7.1 et seq.

DOCKET NO. WR16121135

SERVICE LIST

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION :
OF GORDON'S CORNER WATER : STIPULATION
COMPANY FOR APPROVAL OF A : BPU DOCKET NO:WR16121135
PURCHASED WATER ADJUSTMENT :
CLAUSE TRUE-UP AND OTHER :
REQUIRED APPROVALS PURSUANT TO :
N.J.A.C. 14:9-7.1 et seq. :

APPEARANCES:

Douglas R. Kleinfeld, Esq., on behalf of Gordon's
Corner Water Company, Attorney for Petitioner;

Christine M. Juarez, Assistant Deputy Rate Counsel
(Stefanie A. Brand, Director) on behalf of the New
Jersey Division of Rate Counsel;

Veronica Beke and Andrew Kuntz, Deputy Attorneys
General, for the Staff of the New Jersey Board of
Public Utilities (Christopher S. Porrino, Attorney
General of New Jersey).

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

Petitioner, Gordon's Corner Water Company
("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 the Townships of Marlboro and
Manalapan, Monmouth County, New Jersey. On December 1,
2016, Petitioner filed a petition with the Board, pursuant
to N.J.A.C. 14:9-7.1 et seq., for approval of a purchased
water adjustment clause ("PWAC") true-up and other required
approvals. As a result of settlement discussions, New
Jersey Division of Rate Counsel ("Rate Counsel"), Board of
Public Utilities Staff ("Board Staff"), and the Company
("Signatory Parties") have agreed to a total overall

stipulated decrease of \$36,478.00, or 0.33% of total Company revenues of \$11,055,215.

Petitioner purchases water on a routine basis from three separate entities, each of which adjusts its rates for water service: the Township of Marlboro; Suez/Matchaponix, Inc.; and the Township of Aberdeen, all pursuant to water purchase agreements. In the Petition filed in the instant proceeding, Petitioner proposed to decrease its PWAC rate from \$0.045 to \$0.019 per thousand gallons of water.

The matter was retained by the Board for review and disposition. The parties agree that a public comment hearing was not required because the Petitioner proposed a decrease in rates.

In the course of this proceeding, Petitioner was served with, and responded in full to, discovery requests by Rate Counsel and by Board Staff. Petitioner, Rate Counsel, and Board Staff also conferred on a number of occasions regarding this matter. As a result of an analysis of the petition and exhibits, Petitioner's responses to discovery, as well as the Parties' discussions and negotiations in this matter, the Signatory Parties have reached an agreement on this matter, the provisions of which are set forth below.

SETTLEMENT AGREEMENT

1. The Signatory Parties recommend that the Board approve a decrease to Petitioner's PWAC rate upon PWAC Rate Schedule No. 1A from \$0.045 to \$0.019 per thousand gallons of water for general service customers.

2. The effective PWAC rate adjustment would result in a decrease in the monthly bill of an average residential customer with a 5/8" meter, using 9,000 gallons of water per month, from \$60.82 to \$60.58, a decrease of \$0.24 per month, or 0.40%. Attached hereto as Exhibit A is a Schedule reflecting Petitioner's new purchased water costs effective November 1, 2016.

3. The PWAC rate of \$0.019 per thousand gallons of water is calculated as being effective April 1, 2017, which accounts for five (5) months of reverse compression, as indicated in Exhibit B.

4. The PWAC rate established herein will decrease annual revenues by \$36,478.00, or 0.33%, as reflected in Exhibit B.

5. Attached hereto as Exhibit C is PWAC Rate Schedule No. 1A, a tariff sheet reflecting the new PWAC rate. The new PWAC rate conforms to this Stipulation and is designed to produce the revenues to which the parties have stipulated herein.

6. In accordance with the provisions of N.J.A.C. 14:9-7.4, the Petitioner shall file with the Board, not later than 45 days after the adjustment clause has been in effect for one year, PWAC true-up schedules in connection with this proceeding. Copies of the true-up schedules will be served upon Board Staff and Rate Counsel.

7. This Stipulation shall be binding on the Signatory Parties to this proceeding upon approval by the Board. This Stipulation shall bind the Signatory Parties in this matter only and shall not be considered precedential in any other proceeding involving the Signatory Parties hereto.

8. This Stipulation contains terms, each of which is interdependent with the others and essential in its own right to the signing of this Stipulation. Each term is vital to the agreement as a whole, since the Signatory Parties individually and jointly state that they would not have signed the Stipulation had any term been modified in any way. In the event that any modification whatsoever is made to this Stipulation, each of the Signatory Parties hereto is entitled to certain procedures in the event of such occurrence.

9. If any modification is made to the terms of this Stipulation, the Signatory Parties must be given the right to be placed in the position in which each Signatory Party was before this Stipulation was executed. It is essential that each Signatory Party be given the option to modify its own position, to accept the proposed change(s), or to resume the proceeding as if no agreement had been reached.

10. The Signatory Parties believe that these procedures are fair to all concerned and, therefore, they are made an integral and essential element of this Stipulation.

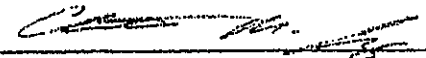
11. This Stipulation may be executed in as many counterparts as there are signatories to this Stipulation, each of which counterpart shall be an original, but all of which shall constitute one and the same instrument.

GORDON'S CORNER WATER COMPANY

By: 
Douglas R. Kleinfeld, Esq.

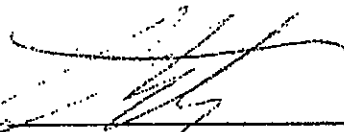
Dated: 3/22/17

DIVISION OF RATE COUNSEL
Stefanie A. Brand Esq., Director

By: 
Christine M. Juarez, Esq.
Assistant Deputy Rate Counsel

Dated: 3/22/17

CHRISTOPHER S. PORRINO
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Staff of the Board of Public Utilities

By: 
Andrew M. Kuntz
Deputy Attorney General

Dated: 3/22/17

EXHIBIT A

**SCHEDULE OF PURCHASE WATER COSTS
EFFECTIVE November 1, 2016**

<u>PURVEYOR</u>	<u>RATE PER 1,000 GALLONS</u>	<u>MINIMUM TAKE OR PAY AMOUNTS (MILLION GALLONS)</u>	<u>COST</u>
SUEZ/ MATCHAPONIX	\$2.55	553,506	\$1,411,440
MARLBORO TWP WATER UTILITY DIVISION	\$4.250561	547,970	\$2,329,180
ABERDEEN TWP DIVERSION	\$1.84477	132,530	\$244,488
	TOTAL	1,234,006	\$3,985,108

EXHIBIT B

SCHEDULE OF PRO FORMA PURCHASE WATER ADJUSTMENT CLAUSE

	<u>COST</u>	<u>GALLONS PURCHASED</u>
MINIMUM CONTRACTUAL TAKE OR PAY COST AS DETERMINED IN LAST BASE RATE CASE	\$3,928,990	1,234,006
NEW COST OF PURCHASED WATER	\$3,985,108	1,234,006
INCREASE IN COST AND BASE CONSUMPTION AND REVENUE INCREASE BEFORE TAXES	\$56,118	0
RATE CASE COSTS		
TOTAL COST	\$10,000	
COMPANY SHARE	\$5,000	
AMORTIZATION BASED ON ONE YEAR LIFE OF RATE	\$5,000	
LESS: OVER RECOVERY FROM SCHEDULE B	-\$30,212	
(A) REVENUE AFTER REVENUE TAX FACTOR @ 13.97%	\$35,925	
INCREASE FOR REVENUE TAXES	\$5,019	
(B) BASE CONSUMPTION	1,395,755	
(C) SALES FOR RESALE-ENGLISHTOWN	18,250	
REQUIRED PWAC INCREASE PER 1,000 GALLONS \$35,925 divided by 1,414,005 MG or (A) divided by ((B) + (C)) =		\$0.02541
PROPOSED PWAC PER 1,000 GALLONS	\$0.025	
DIFFERENTIAL IN RATES BETWEEN CURRENT PWAC RATE OF .045 AND PROPOSED RATE OF .025	\$0.02	
ESTIMATED WATER SALES FOR 5 MONTH LAG PERIOD OF NOVEMBER 1, 2016 TO MARCH 31, 2017 UNTIL NEW PWAC IS EFFECTIVE	387,611	
CREDIT FOR REVERSE COMPRESSION PERIOD	\$7,752	

	<u>COST</u>	<u>GALLONS PURCHASED</u>
MINIMUM CONTRACTUAL TAKE OR PAY COST AS DETERMINED IN LAST BASE RATE CASE	\$3,928,990	1,234,006
NEW COST OF PURCHASED WATER	\$3,985,108	1,234,006
INCREASE IN COST AND BASE CONSUMPTION AND REVENUE INCREASE BEFORE TAXES	\$56,118	0
RATE CASE COSTS		
TOTAL COST	\$10,000	
COMPANY SHARE	\$5,000	
AMORTIZATION BASED ON ONE YEAR LIFE OF RATE	\$5,000	
LESS: OVER RECOVERY FROM SCHEDULE B	-\$30,212	
CREDIT FOR REVERSE COMPRESSION PERIOD	-\$7,752	
(A) REVENUE AFTER REVENUE TAX FACTOR @ 13.97%	\$26,914	
INCREASE FOR REVENUE TAXES	\$3,760	
(B) BASE CONSUMPTION	1,395,755	
(C) SALES FOR RESALE-ENGLISHTOWN	18,250	
REQUIRED PWAC INCREASE PER 1,000 GALLONS \$26,914 divided by 1,414,005 MG or (A) divided by ((B) + (C)) =		\$0.01903
PROPOSED ADJUSTED PWAC PER 1,000 GALLONS	\$0.019	

RATE SCHEDULES

NO. 1A: GENERAL METERED SERVICE

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGE

A charge of \$ 0.019 per thousand gallons for all water sales will be made to recover increases in the purchased water costs not included in the Consumption Charge.

ISSUED:

EFFECTIVE:

BY: DAVID G. ERN, PRESIDENT
GORDON'S CORNER WATER COMPANY
27 VANDERBURG ROAD
MARLBORO, NJ 07746

FILED PURSUANT TO ORDER OF THE
BOARD OF PUBLIC UTILITIES IN
DOCKET NO. WR16121135