



Agenda Date: 10/20/17
Agenda Item: 5C

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 MIDDLESEX)
WATER COMPANY FOR APPROVAL TO CHANGE)
THE LEVELS OF ITS PURCHASED WATER)
ADJUSTMENT CLAUSE PURSUANT TO N.J.A.C.)
14:9-7.1 ET SEQ.) BPU DOCKET NO. WR17050524
OAL DOCKET NO. PUC 08428-2017S

Parties of Record:

Jay L. Kooper, Esq., Vice President, General Counsel and Secretary, Middlesex Water Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:¹

On May 18, 2017, Middlesex Water Company (“Company,” “Middlesex,” or “Petitioner”), a public utility corporation of the State of New Jersey, filed a petition with the New Jersey Board of Public Utilities (“Board”) pursuant to N.J.A.C. 14:9-7.1 et seq., seeking Board approval of a Purchased Water Adjustment Clause (“PWAC”) to recover increased purchased water costs together with deferred costs and associated expenses. The Company originally requested an increase in annual revenue of \$1,240,630 over pro forma present rate revenues of \$75,325,633, which represents an overall increase of approximately 1.65%.

By this Order, the Board considers the Initial Decision Settlement (“Initial Decision”) recommending adoption of the Stipulation of Settlement (“Stipulation”) executed by the Company, the Division of Rate Counsel (“Rate Counsel”), and Board Staff (“Staff”) (collectively, “the Parties”), agreeing to an overall increase in purchased water cost in the amount of \$806,690 or 1.07%.

BACKGROUND/PROCEDURAL HISTORY

Middlesex services approximately 61,000 retail water 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; the Township of Clark in Union County; and the Township of Downe in Cumberland County (collectively, “General Water Service Customers or “GWS

¹ Commissioner Dianne Solomon did not participate.

Customers"). On a contract basis, the Company serves part of the Township of Edison, the Borough of Highland Park, the Old Bridge Municipal Utilities Authority, the Marlboro Township Municipal Utilities Authority, and the City of Rahway (collectively, "Contract Customers"). The Company also services under a special contract basis for water treatment and pumping services in the Township of East Brunswick ("East Brunswick"). GWS Customers receive finished water that is distributed through Middlesex's transmission facilities. The Contract Customers and East Brunswick receive service that differs from that provided by Middlesex to its GWS Customers. East Brunswick purchases water from the New Jersey Water Supply Authority ("NJWSA") and sends this unfinished water to Middlesex, which, in turn, treats the water and sends the finished water back to East Brunswick's facilities for distribution to East Brunswick's customers. The Contract Customers are provided with finished water that is treated by Middlesex and subsequently distributed by the Contract Customers.

Middlesex purchases water through two water purchase contracts: (1) for untreated water from the NJWSA; and (2) for treated water from New Jersey American Water Company ("NJAW"). Middlesex was notified of increases in the purchased water rates from NJWSA, effective July 1, 2017: for rate classification Base Rate – Tier 1 (20 MGD) an increase from \$0.2530 per thousand gallons (tg) to \$0.336 per tg; for rate classification Base Rate – Tier 2 (7 MGD) an increase from \$0.3224 per tg to \$0.4054 per tg; and for rate classification Additional Purchases an increase from \$0.304 per tg to \$0.403 per tg. The Company was also notified of a decrease in its purchased water rate from NJAW from \$0.4018 per tg to \$0.3914 per tg, effective April 1, 2017, pursuant to BPU Docket No. WR16111065.

On June 6, 2017, this matter was transmitted to the Office of Administrative Law ("OAL") and was assigned to Administrative Law Judge ("ALJ") Jacob S. Gertsman. A pre-hearing conference (via telephone) was convened by ALJ Gertsman on July 12, 2017 and a Pre-hearing Order was issued on July 28, 2017.

After proper notice, a public hearing was held in the Company's service territory on the evening of August 21, 2017, at the Fords Branch of the Woodbridge Public Library, located at 211 Ford Avenue, Fords, New Jersey. ALJ Gertsman presided over the public hearing. No members of the public appeared to provide comments on the proposed PWAC rate filing.

Subsequent to the public hearing, the Parties engaged in settlement negotiations. As a result of these discussions and extensive discovery, the Parties reached a settlement on all issues and entered into the Stipulation. A copy of the Stipulation² is attached to this Order.

On October 5, 2017, ALJ Gertsman issued an Initial Decision in this matter, recommending adoption of the Stipulation executed by the Parties, finding that they had voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues and is consistent with the law. No exceptions were received by the Board.

DISCUSSION AND FINDINGS

As more fully discussed in the attached Stipulation, the Parties agreed that the following increases are reasonable and appropriate to allow the Petitioner to recover increased purchased water expenses.

² Although 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 purchased water costs, established pursuant to Petitioner's last base rate order dated August 19, 2015 in BPU Docket No. WR15030391 amounted to \$5,701,187 (Exhibit A of the Stipulation). The new base cost of purchased water as agreed to by the Parties is \$6,532,624, resulting in an increase in purchased water cost of \$806,690 (Exhibit A of the Stipulation).

The Parties further agree that the sum of the allowable expenses in this case is set forth in Exhibit A and is agreed to be \$1,238,934, including:

- a. Rate proceeding expense of \$369 representing a 50% share of total rate proceeding expenses of \$738.
- b. Deferred purchased water costs of \$269,031.
- c. 2016 PWAC Revenue True-Up of \$725.
- d. A revenue tax factor of 13.0854% and the resulting revenue tax of \$162,119.

The base consumption established in Petitioner's last base rate case in million gallons (mg) is agreed to be 12,121.64 mg. This amount is reduced by the amount attributable to the Township of East Brunswick of 2,437 mg, resulting in a base consumption for recovery for the PWAC of 9,684.64 mg (Exhibit A of the Stipulation).

For General Water Service Customers under Rate Schedule No.1, Revised Tariff Sheet 33A, a charge of \$1.2124 per thousand cubic feet shall be made to recover the increased purchased water costs, reflected on Rate Schedule No. 1, Revised tariff Sheet No. 33A (Stipulation).

For service under contract customers, Rate Schedule No. 5, Revised Tariff Sheet No. 40A, PWAC charges agreed to result in a charge of \$65.12 per million gallons, reflected on Rate Schedule No. 5 (Stipulation).

As a result of this settlement, a residential customer with a 5/8 inch meter using 2,300 cubic feet or 17,204 gallons of water per quarter would see their water bill increase from \$141.35 per quarter to \$144.03 per quarter (an increase of \$2.68 per quarter) or 1.90%.

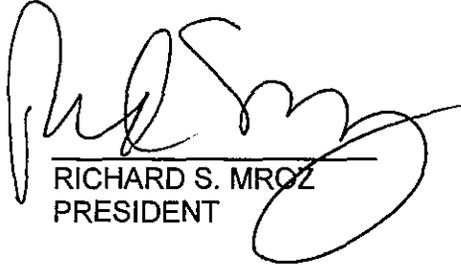
Having reviewed the Initial Decision and the Stipulation, the Board **FINDS** that the Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. The Board **FINDS** the Initial Decision, which adopts the 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. In accordance with the provisions of N.J.A.C. 14:9-7.3(c), the Petitioner shall file with the Board, no later than 45 days after the adjustment clause has been in effect for one year, a PWAC true-up schedule in connection with this proceeding. Copies of the true-up schedule shall be served upon all Parties to the present proceeding.

The Board **HEREBY ACCEPTS** the tariff pages attached to the Stipulation as filed with the Board, which shall become effective for service rendered on or after November 1, 2017, as shown on Exhibit A to the attached Stipulation.

This Order shall be effective on October 30, 2017.

DATED: 10/20/17

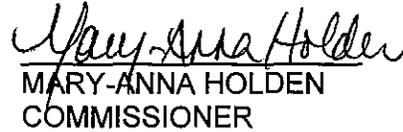
BOARD OF PUBLIC UTILITIES
BY:



RICHARD S. MROZ
PRESIDENT



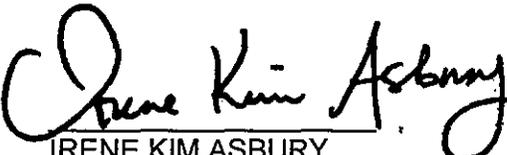
JOSEPH L. FIORDALISO
COMMISSIONER



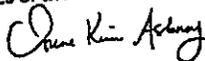
MARY-ANNA HOLDEN
COMMISSIONER



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 MIDDLESEX WATER COMPANY FOR
APPROVAL TO CHANGE THE LEVELS OF ITS PURCHASED WATER ADJUSTMENT
CLAUSE PURSUANT TO N.J.A.C. 14:9-7.1 ET SEQ.

BPU DOCKET NO. WR17050524
OAL DOCKET NO. PUC 08428-2017S

SERVICE LIST

Jay L. Kooper, Esq., Vice President,
General Counsel and Secretary
Middlesex Water Company
1500 Ronson Road
Iselin, NJ 08850
jkooper@middlesexwater.com

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
sbrand@rpa.nj.gov

Irene Kim Asbury, Esq.
Secretary of the Board
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Irene.asbury@bpu.nj.gov

Maria L. Moran, Director
Division of Water
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Maria.moran@bpu.nj.gov



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 08428-17

AGENCY DKT. NO. WR17050524

**IN THE MATTER OF THE PETITION
OF MIDDLESEX WATER COMPANY
FOR APPROVAL TO CHANGE THE
LEVELS OF ITS PURCHASED WATER
ADJUSTMENT CLAUSE PURSUANT TO
N.J.A.C. 14:9-7.1 et seq.**

**Jay L. Kooper, Esq., Vice President, General Counsel and Secretary, for
petitioner Middlesex Water Company**

**Veronica Beke and Renee Greenberg, Deputy Attorneys General, for
respondent Board of Public Utilities (Christopher S. Porrino, Attorney
General of New Jersey, attorney)**

**Susan E. McClure, Esq., Assistant Deputy Rate Counsel, for the New Jersey
Division of Rate Counsel, appearing pursuant to N.J.A.C. 1:1-5.4(a)2
(Debra F. Robinson, Esq., Managing Attorney, Water and Wastewater)**

Record Closed: October 4, 2017

Decided: October 5, 2017

BEFORE JACOB S. GERTSMAN, ALJ:

This proceeding involves a petition by the Middlesex Water Company (Company) seeking approval of its Purchase Water Adjustment Clause pursuant to N.J.A.C. 14:9-7.1 et seq. to recover increased purchased water costs, together with deferred costs. The petition was transmitted to the Office of Administrative Law on June 6, 2017, for determination as a contested case, and assigned to the undersigned. A duly-noticed public hearing was held in Fords, New Jersey, on August 21, 2017. No members of the public appeared at the hearing to provide comments.

The parties filed on October 4, 2017, a Stipulation of Settlement (J-1) which resolves all issues in this proceeding. Said Stipulation of Settlement has been signed by petitioner, respondent Board of Public Utilities and Division of Rate Counsel. It indicates the terms of settlement, and is attached and fully incorporated herein.

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

1. The parties have voluntarily agreed to the settlement as evidenced by their signatures or their representatives' signatures on the attached document.
2. The settlement fully disposes of all issues in controversy between the parties and is consistent with the law.

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.

October 5, 2017
DATE



JACOB S. GERTSMAN, ALJ

Date Received at Agency: _____

Date Mailed to Parties: _____

JSG/cb

APPENDIX

EXHIBITS

Jointly Submitted

J-1 Stipulation of Settlement



**MIDDLESEX
WATER COMPANY**

THE MIDDLESEX WATER ENTERPRISE

Middlesex Water Company • Pinelands Water & Wastewater Company • Southern Shores Water Company • Tidewater Utilities, Inc. • Tidewater Environmental Services, Inc.
Twin Lakes Utilities, Inc. • Utility Service Affiliates, Inc. • Utility Service Affiliates (Avakon) • Utility Service Affiliates (Parch Ambroy) Inc. • White Marsh Environmental Systems, Inc.

September 29, 2017
(via e-mail)

The Honorable Jacob S. Gertsman
Administrative Law Judge
New Jersey Office of Administrative Law
P.O. Box 049
Trenton, NJ 08625-0049

**RE: IN THE MATTER OF THE PETITION OF MIDDLESEX WATER
COMPANY FOR APPROVAL TO CHANGE THE LEVELS OF ITS
PURCHASED WATER ADJUSTMENT CLAUSE PURSUANT TO N.J.A.C.
14:9-7.1 ET SEQ.
BPU DOCKET NO.: WR17050524
OAL DOCKET NO.: PUC 08428-2017S**

Dear Judge Gertsman:

On behalf of the parties to the above-referenced docket, I am pleased to report that the parties have reached an agreement on a resolution of this matter. Enclosed please find for Your Honor's consideration an executed Stipulation of Settlement and the exhibits supporting the Stipulation.

As the parties are seeking to place this Stipulation on the Board of Public Utilities' October 2017 meeting agenda, we will require a rapid turnaround of submission of an Initial Decision in the event Your Honor does decide that the enclosed Stipulation represents a fair resolution. The parties are prepared to assist in any way to accommodate this request of Your Honor.

Respectfully submitted,

Jay L. Kooper
Vice President, General Counsel & Secretary

JLK:rk

cc: Service List attached (via e-mail)

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

In The Matter of the Petition of Middlesex Water Company for Approval To Change The Levels of Its Purchased Water Adjustment Clause Pursuant To <u>N.J.A.C. 14:9-7.1 et seq.</u>	: : : : : :	BPU Docket No. WR17050524 OAL Docket No. PUC 04228-2017S
---	--	---

STIPULATION OF SETTLEMENT

APPEARANCES:

Jay L. Kooper, Esq., Vice President, General Counsel & Secretary, on behalf of Middlesex Water Company, Petitioner

Renee Greenberg, Deputy Attorney General, and Veronica Beke, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (Christopher S. Porrino, Attorney General of the State of New Jersey)

Debra F. Robinson, Esq., Deputy Rate Counsel and Susan McClure, Esq. Assistant Deputy Rate Counsel, on behalf of the Division of Rate Counsel (Stefanie A. Brand, Director)

TO THE HONORABLE JACOB S. GERTSMAN, ALJ AND THE BOARD OF PUBLIC UTILITIES:

This Stipulation of Settlement resolves all issues in BPU Docket No. WR17050524 in which Middlesex Water Company (the "Company" or "Petitioner") seeks Board approval of its Purchased Water Adjustment Clause ("PWAC") to recover increased purchased water costs, together with deferred costs, as more fully set forth in the Exhibits attached to the Petition and other materials filed herein. The Signatory Parties to this Stipulation of Settlement, which comprise the Parties that have participated in this proceeding are the Company, the Division of Rate Counsel ("Rate Counsel"), and the Staff of the Board of Public Utilities ("Staff") (collectively the "Signatory Parties").

As a result of an analysis of Petitioner's pre-filed testimony and exhibits, extensive discovery conducted, conferences, negotiations, and a public hearing held on August 21, 2017 in Fords, New Jersey, the Signatory Parties have come to an agreement on the issues in dispute in this matter. The Signatory Parties hereto agree and stipulate as follows:

The procedural history of this matter is as follows:

On May 18, 2017, Petitioner, a public utility corporation of the State of New Jersey, pursuant to N.J.A.C. 14:9-7.1 et seq., filed a petition with the New Jersey Board of Public Utilities ("Board") seeking approval for an increase in its PWAC to recover increased purchased water costs, together with deferred costs, and associated expenses including PWAC rate case expenses, associated gross receipts and franchise taxes. The Company originally requested an increase in annual revenue of \$1,240,630 over pro forma present rate revenues of \$75,325,633 which represents an overall increase of approximately 1.65%.

The Company purchases water through two water purchase contracts. The first is for untreated water from the New Jersey Water Supply Authority ("NJWSA") and the second is for treated water from New Jersey American Water Company ("NJAW").

The Company was notified of the following increases to its purchased water rates from NJWSA effective July 1, 2017: for rate classification Base Rate – Tier 1 (20 MGD) an increase from \$0.2530 per thousand gallons (tg) to \$0.336 per tg; for rate classification Base Rate – Tier 2 (7 MGD) an increase from \$0.3224 per tg to \$0.4054 per tg; and for rate classification Additional Purchases an increase from \$0.304 per tg to \$0.403 per tg. In addition, the Company was notified of a decrease in its purchased water rate from NJAW from \$0.4018 per tg to \$0.3914 per tg effective April 1, 2017 pursuant to BPU Docket No. WR16111065.

On June 6, 2017, this matter was transferred to the Office of Administrative Law ("OAL") as a contested case where it was assigned to Administrative Law Judge Jacob S. Gertsman ("ALJ Gertsman"). A Pre-Hearing Conference was convened by ALJ Gertsman on July 12, 2017, and a Pre-Hearing Order issued on July 28, 2017. After proper notice, a public hearing was held on the evening of August 21, 2017, at the Fords Branch of the Woodbridge Public Library, located at 211 Ford Avenue in Fords, New Jersey, with ALJ Gerstman presiding. No members of the public appeared to provide comments. Subsequently, agreement was reached among the Signatory Parties resulting in the following stipulation:

1. The purchased water costs, established pursuant to Petitioner's last base rate order dated August 19, 2015 in BPU Docket No. WR15030391 amounted to \$5,701,187 as appears on the Exhibit A, attached and made a part of this Stipulation. The new base cost of purchased water as agreed to by the Signatory Parties is agreed to be \$6,532,624, resulting in an increase in purchased water cost of \$806,690, as more fully set forth in Exhibit A.

2. The Signatory Parties agree that the sum of the allowable expenses in this matter is set forth in Exhibit A and is agreed to be \$1,238,934, including:

- a. Rate proceeding expenses of \$369 representing a 50% share of total rate proceeding expenses of \$738.
- b. Deferred purchased water costs of \$269,031.
- c. 2016 PWAC Revenue True-up of \$725.
- d. A revenue tax factor of 13.0854% and the resulting revenue tax of \$162,119.

3. For purposes of this matter, the base consumption established in Petitioner's last base rate case in million gallons (mg) is agreed to be 12,121.64 mg. This amount is reduced by

the amount attributable to the Township of East Brunswick ("East Brunswick")¹ of 2,437 mg, resulting in a base consumption for recovery of the PWAC of 9,684,64 mg as more fully set forth in Exhibit A.

4. For General Water Service ("GWS") customers under Rate Schedule No. 1, Revised Tariff Sheet No. 33A, a charge of \$1.2124 per thousand cubic feet shall be made to recover the increased purchased water costs, reflected on Rate Schedule No. 1, Revised Tariff Sheet No. 33A, attached and made a part of this Stipulation.

5. For service under contract customers, Rate Schedule No. 5, Revised Tariff Sheet No. 40A, PWAC charges agreed to herein result in a charge of \$65.12 per million gallons, reflected on Rate Schedule No. 5, attached and made part of this Stipulation.

6. As a result of this Stipulation, a residential customer with a 5/8" meter using 2,300 cubic feet or 17,204 gallons of water per quarter will see his/her water bill increase from \$141.35 to \$144.03 per quarter, an increase of \$2.68 per quarter, or an increase of 1.90%. Petitioner shall file a new tariff sheet with the Board, with copies to the Signatory Parties, in conformity with this Stipulation, to become effective on such date as the Board may direct.

7. In accordance with N.J.A.C. 14:9-7.4, Petitioner shall file with the Board, not later than 45 days after the adjustment clause has been in effect for one year, a PWAC true-up schedule in connection with this proceeding. Copies of the true-up schedules shall be served upon all parties to the present proceeding. In accordance with N.J.A.C. 14:9-7.3, this PWAC, if approved by the Board, shall remain in effect until the Company's next rate case, provided that

¹ East Brunswick purchases untreated water under its own contract with the NJWSA. The Company pumps the untreated water to its primary treatment plant from the intake connection with the NJWSA. Once the Company performs the water treatment services, East Brunswick takes delivery of the treated water at the Company's primary treatment plant. The Company does not purchase water from the NJWSA to fulfill its obligation under its contract with East Brunswick. Therefore, none of the increased purchased water costs sought or agreed to in this proceeding should be allocated to East Brunswick.

the Company submits an annual year-end true-up as described above and an annual petition for adjustment of the PWAC amount in accordance with N.J.A.C. 14:9-7.4.

8. This Stipulation is the product of 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 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 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.

9. It is specifically understood and agreed that this Stipulation has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, the

Company, Board Staff and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein in total or by specific item. The Signatory Parties further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of the Stipulation.

10. All rates are subject to audit by the Board.

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

MIDDLESEX WATER COMPANY

September 28, 2011
Date

By: Jay L. Kooper
Jay L. Kooper, Esq.
Vice President, General Counsel & Secretary

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

Date

By: _____
Renee Greenberg
Deputy Attorney General

STEFANIE A. BRAND, ESQ.
DIRECTOR – DIVISION OF RATE COUNSEL

Date

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

Company, Board Staff and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein in total or by specific item. The Signatory Parties further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of the Stipulation.

10. All rates are subject to audit by the Board.

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

MIDDLESEX WATER COMPANY

September 28, 2017
Date

By: Jay L. Kooper
Jay L. Kooper, Esq.
Vice President, General Counsel & Secretary

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

September 28, 2017
Date

By: Renee Greenberg
Renee Greenberg
Deputy Attorney General

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

Date

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

Company; Board Staff and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein in total or by specific item. The Signatory Parties further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of the Stipulation.

10. All rates are subject to audit by the Board.

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

MIDDLESEX WATER COMPANY

September 28, 2017
Date

By: Jay L. Kooper
Jay L. Kooper, Esq.
Vice President, General Counsel & Secretary

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

September 28, 2017
Date

By: Renee Greenberg
Renee Greenberg
Deputy Attorney General

STEFANIE A. BRAND, ESQ.
DIRECTOR, DIVISION OF RATE COUNSEL

Sept. 29, 2017
Date

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

**MIDDLESEX WATER COMPANY
PURCHASED WATER ADJUSTMENT CLAUSE
PROPOSED COST PER UNIT OF VOLUME
BPU DOCKET NO. WR17050524**

PURCHASED WATER COSTS PURSUANT TO BPU DOCKET NO. WR16040306	\$ 5,725,934
NEW COST OF PURCHASED WATER	6,532,624
INCREASE IN PURCHASED WATER COST	<u>\$ 806,690</u>
RATE PROCEEDINGS EXPENSES @ 50%	369
DEFERRED PURCHASED WATER COSTS	269,031
TRUE-UP OF 2016 PWAC, BPU DOCKET NO. WR16040306	\$725
REVENUE TAX FACTOR @ 13.0854%	162,119
SUM OF ALLOWABLE EXPENSES	<u><u>\$ 1,238,934</u></u>
BASE CONSUMPTION - MILLION GALLONS (MG)	
	<u>MG</u>
BASE CONSUMPTION PURSUANT TO BPU DOCKET NO. WR15030391	12,121.64
LESS: EAST BRUNSWICK PURSUANT TO BPU DOCKET NO. WR15030391	<u>(2,437.00)</u>
BASE CONSUMPTION FOR RECOVERY OF PWAC	<u><u>9,684.64</u></u>
CURRENT PWAC RATE PER TCF (RATE SCHEDULE NO. 1, SHEET NO. 33A)	\$0.0458
CURRENT PWAC RATE PER MG (RATE SCHEDULE NO. 5, SHEET NO. 40A)	\$2.4600
PROPOSED PWAC RATE PER TCF (RATE SCHEDULE NO. 1, SHEET NO. 33A)	\$1.2124
PROPOSED PWAC RATE PER MG (RATE SCHEDULE NO. 5, SHEET NO. 40A)	\$65.1200

MIDDLESEX WATER COMPANY

Tenth Revised Sheet No. 33A

B.P. U.No. 1 - WATER

Cancelling

Ninth Sheet No. 33A

RATE SCHEDULE NO. 1 (Continued)

GENERAL WATER SERVICE - GS

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGES

A charge of \$1.21240 per thousand cubic feet will be made to recover the increased purchased water costs.

Date of Issue: May 18, 2017

Effective for Service
Rendered on and After:

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

November 1, 2017

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey dated October 20, 2017, in Docket No. WR17050524.

EXHIBIT A

MIDDLESEX WATER COMPANY

Tenth Revised Sheet No. 40A

B.P.U. No. 1 - WATER

Cancelling

Ninth Sheet No. 40A

RATE SCHEDULE NO. 5

SERVICE UNDER CONTRACT - SC

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGES

A charge of \$65.12 per million gallons will be made to recover the increased purchased water costs.

Date of Issue: May 18, 2017

Effective for Service
Rendered on and After:

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

November 1, 2017

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey dated October 20, 2017, in
Docket No. WR17050524.

**MIDDLESEX WATER COMPANY
PROOF OF REVENUE
SUMMARY OF PROJECTED REVENUES**

	BPU DOCKET NO. WR16040306	BPU DOCKET NO. WR17050524	
	PWAC REVENUES PRESENT RATES	PWAC REVENUES PROPOSED RATES	DIFFERENCE
RESIDENTIAL	\$23,540	\$623,129	\$599,589
COMMERCIAL	9,764	258,458	\$248,695
INDUSTRIAL	7,768	205,625	\$197,858
SUBTOTAL	\$41,071	\$1,087,212	\$1,046,142
PRIVATE FIRE SERVICE	\$413	\$10,926	\$10,513
PUBLIC FIRE SERVICE	0	0	\$0
SUBTOTAL	\$413	\$10,926	\$10,513
EDISON	\$629	\$16,642	\$16,013
HIGHLAND PARK	1,202	31,812	\$30,610
EAST BRUNSWICK	0	0	\$0
OLD BRIDGE MUA	2,051	54,287	\$52,236
MARLBORO MUA	2,948	78,045	\$75,097
RAHWAY	328	8,681	\$8,353
SUBTOTAL	\$7,158	\$189,467	\$182,309
ROUNDING	4	(25)	(\$29)
GRAND TOTAL	\$48,645	\$1,287,579	\$1,238,934

**GENERAL WATER SERVICE
CONSUMPTION CHARGES
(---RATE PER TCF---)**

	CURRENT	PROPOSED
PWAC RATE	\$0.0458	\$1.2124

**SERVICE UNDER CONTRACT (RATE SCHEDULE NO. 5)
RATE PER MILLION GALLONS**

	CURRENT	PROPOSED
PWAC RATE	\$2.46	\$65.12

MIDDLESEX WATER COMPANY
PROOF OF REVENUE

EXISTING PWAC RATES
RESIDENTIAL

CONSUMPTION

513,963,160	\$0.00004580	\$23,540	\$23,540
TOTAL RESIDENTIAL		\$23,540	\$0
		\$23,540	\$23,540

EXISTING PWAC RATES
COMMERCIAL

CONSUMPTION - QUARTERLY

15,944,153	\$0.00004580	\$730	\$730
------------	--------------	-------	-------

CONSUMPTION - MONTHLY

197,234,792	\$0.00004580	\$9,033	\$0
TOTAL COMMERCIAL		\$9,763	\$9,763

EXISTING PWAC RATES
INDUSTRIAL

CONSUMPTION

169,601,872	\$0.00004580	\$7,768	\$7,768
TOTAL INDUSTRIAL		\$7,768	\$0
		\$7,768	\$7,768

EXISTING PWAC RATES
PRIVATE FIRE SERVICE - WITHOUT HOSE CONNECTIONS

CONSUMPTION - QUARTERLY

42,223	\$0.00004580	\$2	\$2
--------	--------------	-----	-----

CONSUMPTION - MONTHLY

8,969,282	\$0.00004580	\$411	\$411
TOTAL PRIVATE FIRE SERVICE		\$413	\$413

TOTAL GENERAL WATER SERVICE		\$11,484	\$11,484
-----------------------------	--	----------	----------

MIDDLESEX WATER COMPANY
 PROOF OF REVENUE

EXISTING PWAC RATES
 CONTRACT SALES

EDISON	CONSUMPTION (GALLONS)	255,565,025	
	RATE PER MILLION GALLONS	\$2.46	
	PROJECTED PWAC REVENUES		\$629
HIGHLAND PARK	CONSUMPTION (GALLONS)	488,531,368	
	RATE PER MILLION GALLONS	\$2.46	
	PROJECTED PWAC REVENUES		\$1,202
EAST BRUNSWICK	CONSUMPTION (GALLONS)	2,437,000,007	
	RATE PER MILLION GALLONS	0.000	
	PROJECTED PWAC REVENUES		\$0
OLD BRIDGE MUA	CONSUMPTION (GALLONS)	833,672,021	
	RATE PER MILLION GALLONS	\$2.46	
	PROJECTED PWAC REVENUES		\$2,051
RAHWAY	CONSUMPTION (GALLONS)	133,307,055	
	RATE PER MILLION GALLONS	\$2.46	
	PROJECTED PWAC REVENUES		\$328
MARLBORO	CONSUMPTION (GALLONS)	1,198,516,647	
	RATE PER MILLION GALLONS	\$2.46	
	PROJECTED PWAC REVENUES		\$2,948
MARLBORO	CONSUMPTION (GALLONS)	1,642,500,000	
	RATE PER MILLION GALLONS	\$0.00	
	PROJECTED PWAC REVENUES		\$0
TOTAL PROJECTED PWAC REVENUES - CONTRACT SALES			\$7,158
MISCELLANEOUS			\$4
TOTAL PROJECTED PWAC REVENUES ALL CLASSES			\$7,162

MIDDLESEX WATER COMPANY
PROOF OF REVENUE

PROPOSED PWAC RATES
RESIDENTIAL

CONSUMPTION

513,963,160	\$0.00121240	\$623,129	\$0	\$623,129
TOTAL RESIDENTIAL		\$623,129	\$0	\$623,129

PROPOSED PWAC RATES
COMMERCIAL

CONSUMPTION - QUARTERLY

15,944,153	\$0.00121240	\$19,331	\$0	\$19,331
------------	--------------	----------	-----	----------

CONSUMPTION - MONTHLY

197,234,792	\$0.00121240	\$239,127	\$0	\$239,127
TOTAL COMMERCIAL		\$258,458	\$0	\$258,458

PROPOSED PWAC RATES
INDUSTRIAL

CONSUMPTION

169,601,872	\$0.00121240	\$205,625	\$0	\$205,625
TOTAL INDUSTRIAL		\$205,625	\$0	\$205,625

PROPOSED PWAC RATES
PRIVATE FIRE SERVICE - WITHOUT HOSE CONNECTIONS

CONSUMPTION - QUARTERLY

42,223	\$0.00121240	\$51	\$0	\$51
--------	--------------	------	-----	------

CONSUMPTION - MONTHLY

8,969,282	\$0.00121240	\$10,874	\$0	\$10,874
TOTAL PRIVATE FIRE		\$10,926	\$0	\$10,926

TOTAL GENERAL WATER SERVICE		\$1,098,138		\$1,098,138
-----------------------------	--	-------------	--	-------------

MIDDLESEX WATER COMPANY
PROOF OF REVENUE

PROPOSED PWAC RATES
CONTRACT SALES

EDISON	PROJECTED GALLONS	255,565,025	
	PROPOSED RATE PER MILLION GALLONS	<u>\$65.12</u>	
	PROJECTED PWAC REVENUES		\$16,642
HIGHLAND PARK	PROJECTED GALLONS	488,531,368	
	PROPOSED RATE PER MILLION GALLONS	<u>\$65.12</u>	
	PROJECTED PWAC REVENUES		\$31,812
EAST BRUNSWICK	PROJECTED GALLONS	2,437,000,007	
	PROPOSED RATE PER MILLION GALLONS	<u>\$0.00</u>	
	PROJECTED PWAC REVENUES		\$0
OLD BRIDGE MUA	PROJECTED GALLONS	833,672,021	
	PROPOSED RATE PER MILLION GALLONS	<u>\$65.12</u>	
	PROJECTED PWAC REVENUES		\$54,287
RAHWAY	ADJUSTED TEST YEAR CONSUMPTION (GALLONS)	133,307,053	
	PROPOSED RATE PER MILLION GALLONS	<u>\$65.12</u>	
	PROJECTED PWAC REVENUES		\$8,681
MARLBORO	PROJECTED GALLONS	1,198,516,647	
	PROPOSED RATE PER MILLION GALLONS	<u>\$65.12</u>	
	PROJECTED PWAC REVENUES		\$78,045
MARLBORO	PROJECTED GALLONS	1,642,500,000	
	PROPOSED RATE PER MILLION GALLONS	<u>\$0.00</u>	
	PROJECTED PWAC REVENUES		\$0
TOTAL PROJECTED PWAC REVENUES - CONTRACT SALES			<u>\$189,467</u>
MISCELLANEOUS			<u>(\$25)</u>
TOTAL PROJECTED PWAC REVENUES ALL CLASSES			<u>\$1,287,579</u>