



Agenda Date: 6/18/14  
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. WR13111059  
) OAL DOCKET NO. PUC 17943-2013N

**Parties of Record:**

**Stephen B. Genzer, Esq.**, Saul Ewing LLP, and **Jay L. Kooper, 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 Marlboro Township  
**Jean Cipriani, Esq.** Gilmore & Monahan, on behalf of the Township of East Brunswick

**BY THE BOARD:**

On November 8, 2013, Middlesex Water Company (“Company” or “Petitioner”), a public utility corporation 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, 14:9-7.1 et seq. and N.J.A.C. 14:9-10.1 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. WR12010027<sup>1</sup>. The Company requested a rate increase of approximately \$10.6 million or 15.89% above the adjusted annual level of present rate revenues for the test year ending March 31, 2014. The Company also requested authority to establish a Distribution System Improvement Charge (“DSIC”), and to update its Foundational Filing<sup>2</sup> to include future planned eligible projects.

<sup>1</sup> The Company’s prior base rate proceeding in BPU Docket No. WR12010027 concluded by Order of the Board effective July 20, 2012.

<sup>2</sup> The Company’s initial DSIC Foundational Filing was approved by the Board on February 21, 2013 in BPU Docket No. WR12111021. On March 7, 2014, the Company made its second DSIC semi-annual filing for the September 1, 2013 to February 28, 2014 (the “second DSIC recovery period”) under the

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 (“Rate Counsel”), and East Brunswick (collectively the “Signatory Parties”), agreeing to an overall increase in revenues totaling \$4,248,000 representing a 6.34% increase over Company revenues totaling \$66,991,451. Marlboro and Old Bridge, while not Signatory Parties, submitted letters indicating they do 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, Marlboro Township 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 December 15, 2013<sup>3</sup>. By Order dated December 18, 2013, with an effective date of December 28, 2013, the Board suspended the Company’s proposed rate increase until April 15, 2014<sup>4</sup>. On April 24, 2014, the Board issued an Order further suspending the proposed rate increase until August 15, 2014. The Petitioner did not seek interim rate relief pending final determination on the petition.

This matter was transmitted to the Office of Administrative Law (“OAL”) on December 13, 2013, and Administrative Law Judge (“ALJ”) Mumtaz Bari-Brown was assigned to hear the case. A Pre-Hearing Conference (via telephone) was convened by ALJ Bari-Brown on January 24, 2014. On January 31, 2014, an Amended Prehearing Order was issued assigning the burden of

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same docket number. In its November, 2013 base rate filing, BPU Docket No. WR13111059, the Company reserved Exhibit K to be used for its updated DSIC Foundational Filing. However, the Company has, in the Stipulation, withdrawn its request to approve a new DSIC Foundational Filing as part of this base rate case. On April 29, 2014, the Company issued its First Revised Sheet Canceling Original Sheet No. 44 [Rate Schedule 9 - DSIC] effective for service rendered on or after April 29, 2014. The proposed base rate increase incorporates the entirety of the Company’s first DSIC recovery period (March 1, 2013 through August 31, 2013) and second DSIC recovery period (September 1, 2013 through February 28, 2014). The base rate increase also incorporates the entirety of the DSIC-eligible projects from March 1 through March 31, 2014 which, absent a base rate case, would otherwise have been eligible for recovery during a third DSIC recovery period concluding on August 31, 2014.

<sup>3</sup> On November 19, 2013, the Company submitted a letter to the Board Secretary advising that the Company will not implement rates on an interim basis prior to the effective date of the Board’s Suspension Order of December 28, 2013.

<sup>4</sup> On March 21, 2014, the Company submitted a letter to the Board Secretary advising that the Company will not implement rates on an interim basis prior to the effective date of the Board’s Further Suspension Order resulting from that April 23, 2014 meeting.

proof to the Company, setting forth a procedural schedule, and scheduling the matter for hearings in June.

After proper notice, a public hearing in the service territory was held on the evening of March 12, 2014, at the Fords Fire Company # 1, 667 King George Road, Fords, NJ<sup>5</sup>. Approximately nine members from fire districts and one municipal business official, representing a municipality that was not a direct customer, appeared at the public hearing to provide 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 Signatory Parties subsequently executed a Stipulation of Settlement ("Stipulation").

On June 16, 2014 ALJ Bari-Brown issued her Initial Decision in this matter recommending adoption of the Stipulation executed by the Signatory 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.

## **DISCUSSIONS AND FINDINGS**

Among the provisions of the Stipulation<sup>6</sup>, the Signatory Parties recommend that the Company's base rates be increased by \$4,248,000, representing an approximate 6.34% increase over Company revenues totaling \$66,991,451. The Signatory Parties further recommend a rate base of \$208,560,029 with a test year ending March 31, 2014, adjusted for known and measurable changes and that the Company be authorized a return on equity of 9.75%. The Signatory Parties have also agreed that this return on equity will calculate to an overall authorized rate of return of 6.72%, derived from the overall capital structure of 50.71% equity with a cost rate of 9.75% and 49% long-term debt with a cost rate of 3.59%, and 0.29% preferred stock with a cost rate of 5.01%. The capital structure does not include short-term debt.

The Signatory Parties further recommend the following:

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

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<sup>5</sup> The public hearing was scheduled to be held for the same date and time at the Woodbridge Community Center, 600 Main Street, Woodbridge, NJ. The public hearing had to be moved on an emergent basis due to fire department activity. The Company posted a notice directing members of the public to the alternate hearing location. In addition, Company personnel remained at the Community Center's parking lot from 5:00 pm to 6:24 pm in order to redirect people to the alternate hearing location. Three members of the public who came to the Community Center were directed to the alternate public hearing location.

<sup>6</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.

- 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).

The Signatory Parties agree that the tariffs<sup>7</sup> attached as Exhibit B to the Stipulation, implementing the terms of this Stipulation, should be approved in their entirety, and recommend their approval by the ALJ and the Board. The tariffs reflect an increase of approximately 8.00% 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 2.00%, and the Public Fire Service rate [Rate Schedule No. 3] has been revised to reflect that hydrant charges have been increased 5.07% and inch foot charges have not been changed, resulting in an overall increase of 3.50%;
- (b) the Service Under Contract rate [Rate Schedule No. 5] has been increased 2.0%;
- (c) no increase has been made in the Special Contract Service rate [Rate Schedule No. 6];
- (d) the Transmission Service South River Basin rate [Rate Schedule No. 7] has been increased 14.34%; and
- (e) the Transmission Service Northeast Sector rate [Rate Schedule No. 8] has been increased approximately 55.1%.

Finally, through the Stipulation, the Company withdrew its request that a new Foundational Filing be approved as part of this Docket.<sup>8</sup>

The Board is mindful of the impact any rate increase has on its customers. However, having reviewed the record in this matter, including ALJ Bari-Brown's Initial Decision, the Stipulation and the letters from Marlboro and Old Bridge indicating that they do 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:

<sup>7</sup> The Company also proposed certain non-revenue changes and corrections to its tariffs in Exhibit A to the Petition. The Signatory Parties have reviewed those proposed corrections and changes, and agree that they should be accepted. Those revisions are also included in Exhibit B hereto.

<sup>8</sup> On May 30, 2014, the Company filed a petition for a new Foundational Filing, which will be reviewed separate from this rate case.

- 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** for service rendered on and after July 20, 2014;
- b. The stipulated increase and the tariff design allocations for each customer classification are **HEREBY ACCEPTED**; and
- c. Effective as of the July 20, 2014 rate effective date, the Company's October 23, 2012 DSIC Foundational Filing is hereby concluded and no additional DSIC filings or DSIC rates may be made or implemented pursuant thereto.

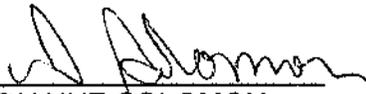
Based upon the forgoing, the Board **HEREBY APPROVES** an overall increase in revenues in the amount of \$4,248,000 representing an approximate 6.34% increase over Company revenues totaling \$66,991,451.

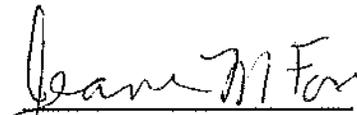
The Board **HEREBY ORDERS** the Company to submit complete revised tariffs conforming to the terms and conditions of the Stipulation and this Order within five (5) days from the date of this Order.

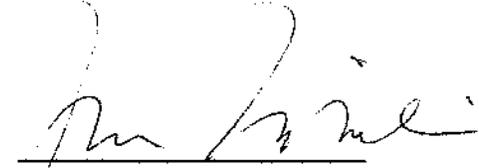
This Order shall be effective on June 28, 2014.

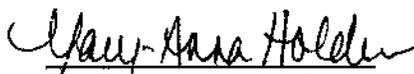
DATED: 6/18/14

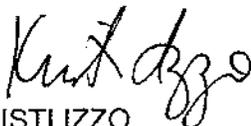
BOARD OF PUBLIC UTILITIES  
BY:

  
DIANNE SOLOMON  
PRESIDENT

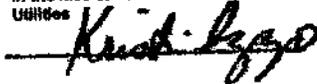
  
JEANNE M. FOX  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
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. WR13111059  
OAL Docket No. PUC 17943-2013N

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

**INITIAL DECISION**

**SETTLEMENT**

OAL DKT. NO. PUC 17943-13

AGENCY DKT. NO. WR13111059

**IN THE MATTER OF VERIFIED PETITION OF  
MIDDLESEX WATER COMPANY FOR  
APPROVAL OF CHANGES IN ITS RATES  
FOR WATER SERVICE AND OTHER TARIFF  
CHARGES.**

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**Stephen B. Genzer, Esq. and Colleen A. Foley, Esq.**, for petitioner Middlesex Water Company (Saul Ewing, LLP, attorneys)

**Alex Moreau**, Deputy Attorney General and **Veronica Beke**, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (John J. Hoffman, Acting Attorney General of New Jersey, attorney)

**Debra F. Robinson**, Deputy Rate Counsel, and **Christine Juarez**, Assistant Deputy Rate Counsel, for Rate Counsel (Stephanie A. Brand, Director, Division of Rate Counsel)

**Hesser G. McBride, Esq.**, for Old Bridge Municipal Utilities Authority (Wilentz, Goldman & Spitzer, P.A., attorneys)

**Kevin A. Conti**, Esq., for Marlboro Township, (DeCotiis, Fitzpatrick & Cole, LLP, attorneys)

**Jean L. Cipriani**, Esq., for Township of East Brunswick (Gilmore & Monahan, P.A., attorneys)

Record Closed: June 10, 2014

Decided: June 16, 2014

BEFORE **MUMTAZ BARI-BROWN**, ALJ:

This matter was transmitted to the Office of Administrative Law (OAL) on December 16, 2014, for resolution as a contested case pursuant to N.J.S.A. 52:14B-1 to -15 and N.J.S.A. 52:14F1 to -13.

Hearing dates were scheduled for June 11, 12, 13, 16, 17, 18, 25 and 26, 2014. Prior to the date of hearing the parties settled the matter. The attached Stipulation of Settlement was submitted on June 10, 2014, indicating the terms of agreement which are incorporated herein by reference.

Having reviewed the record and the settlement terms, I **FIND**:

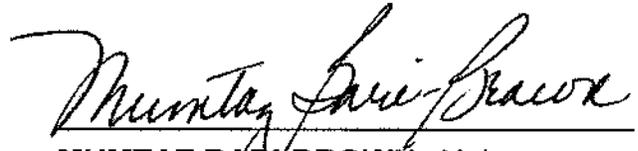
1. The parties have voluntarily agreed to the settlement as evidenced either by their signatures and/or the signatures of their representatives or by their letter not objecting to the settlement agreement.
2. The settlement fully disposes of all issues in controversy and is consistent with the law.

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.

June 16, 2014  
DATE

  
MUMTAZ BARI-BROWN, ALJ

Date Received at Agency: June 16, 2014

Date Mailed to Parties:  
dr

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

RECEIVED  
2013 AUG 27  
STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

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<b>IN THE MATTER OF MIDDLESEX</b>	:	<b>STIPULATION OF SETTLEMENT</b>
<b>WATER COMPANY FOR APPROVAL</b>	:	
<b>OF AN INCREASE IN ITS RATES</b>	:	<b>OAL DOCKET NO. PUC 17943-2013N</b>
<b>FOR WATER SERVICE AND OTHER</b>	:	<b>BPU DOCKET NO. WR13111059</b>
<b>TARIFF CHANGES</b>	:	

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**APPEARANCES:**

Stephen B. Genzer, Esq. and Colleen A. Foley, Esq., Saul Ewing LLP, and Jay L. Kooper, Esq., on behalf of Middlesex Water Company, Petitioner

Alex Moreau, Deputy Attorney General, and Veronica Beke, Deputy Attorney General, (Lee Vartan, Executive Assistant Attorney General, Acting Attorney General of New Jersey), on behalf of the Staff of the New Jersey Board of Public Utilities

Debra F. Robinson, Esq., 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 Marlboro Township

Jean L. Cipriani, Esq., Gilmore & Monahan P.A., on behalf of the Township of East Brunswick

**TO THE HONORABLE MUMTAZ BARI-BROWN, ALJ AND THE BOARD OF PUBLIC UTILITIES:**

This Stipulation of Settlement resolves all issues raised in BPU Docket No. WR13111059 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"), as well as three intervening

parties whose filed motions were unopposed: Marlboro Township (“Marlboro”), the Old Bridge Municipal Utilities Authority (“Old Bridge”), and the Township of East Brunswick (“East Brunswick”) (collectively, but for Marlboro and Old Bridge, the “Signatory Parties”). Marlboro and Old Bridge have each indicated that they will file letters stating that they do not object to the terms of this Stipulation of Settlement.

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:

On November 8, 2013, Middlesex Water Company, a public utility corporation of the State of New Jersey, filed a petition with the Board of Public Utilities (the “Board”) for approval to increase its rates for water service pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.12, to make other tariff changes pursuant to N.J.A.C. 14:1-5.11, 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”) under N.J.A.C. 14:9-7.1 et seq. in BPU Docket No. WR12010027.<sup>1</sup> The Company also requested authority to establish a Distribution System Improvement Charge (“DSIC”), and to update its Foundational Filing<sup>2</sup> to include future planned DSIC-eligible projects. The Company requested a rate increase

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<sup>1</sup> The Company’s prior base rate case proceeding in BPU Docket No. WR12010027 concluded by Order of the Board filed July 18, 2012.

<sup>2</sup> The Company’s initial Foundational Filing was approved by the Board on February 21, 2013 in BPU Docket No. WR12111021. On March 7, 2014, the Company made its second DSIC semi-annual filing for the September 1, 2013 to February 28, 2014 period (the “second DSIC recovery period”) under the same docket number. In its November, 2013 base rate filing, BPU Dkt. No. WR13111059, the Company reserved Exhibit K to be used for its updated DSIC Foundational Filing. However, the Company has, in this Stipulation, withdrawn its request to approve a new DSIC Foundational Filing as part of this base rate case. On April 29, 2014, the Company issued its First Revised Sheet Canceling Original Sheet No. 44 [Rate Schedule 9 - DSIC] effective for service rendered on or after April 29, 2014. The proposed base rate increase incorporates the entirety of the Company’s first DSIC recovery period (March 1, 2013 through August 31, 2013), and second DSIC recovery period (September 1, 2013 through February 28, 2014). The base rate increase also incorporates the entirety of the DSIC-eligible projects from

of approximately \$10.6 million or approximately 15.89% above the adjusted annual level of present rate revenues for the test year ending March 31, 2014.

On December 13, 2013, the Board transmitted the matter to the Office of Administrative Law ("OAL") and Administrative Law Judge Mumtaz Bari-Brown was assigned to hear the case. On December 18, 2013, the Board issued an Order suspending the proposed rate increase until April 15, 2014. By letter dated March 21, 2014, the Company notified the Board that it would not implement rates on an interim basis prior to the effective date of the Board's suspension order. On April 24, 2014, the Board issued an Order further suspending the proposed rate increase until August 15, 2014. A telephone Prehearing Conference was convened by Judge Bari-Brown on January 24, 2014. On January 31, 2014, an Amended Prehearing Order was issued assigning the burden of proof to the Company, setting forth a procedural schedule, and scheduling the matter for hearing in June, 2014. After proper notice, a public hearing in the service territory was held in Woodbridge, New Jersey on the evening of March 12, 2014. Several representatives of fire districts and one municipal business official, representing a municipality that was not a direct customer, appeared at the public comment hearing.

The Company has provided a number of updates to its original base rate filing, including updated financial information regarding numerous aspects of the Company.

#### 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 \$208,560,029. The test year is the 12 months ended March 31, 2014, adjusted for known and measurable changes.

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March 1, 2014 through March 31, 2014 which, absent a base rate case, would otherwise have been eligible for recovery during a third DSIC recovery period concluding on August 31, 2014.

2. For the purposes of this agreement, the overall rate of return agreed to by the Signatory Parties is 6.72%, which is based on a capital structure of 50.71% equity with a cost rate of 9.75% and 49.00% long-term debt with a cost rate of 3.59%, and 0.29% preferred stock with a cost rate of 5.01%. The capital structure does not include short-term debt. The Signatory Parties request that the Board approve a return on equity set at 9.75%.

3. The Signatory Parties agree that utilizing this overall rate of return of 6.72% would result in an overall additional revenue requirement of \$4,248,000. This amount can be calculated as follows:

Rate Base	\$208,560,029
Rate of Return	<u>x 6.72%</u>
Required Operating Income	\$ 14,013,112
Operating Income-Present Rates	<u>- 11,611,831</u>
Deficiency	2,401,281
Revenue Conversion Factor	<u>x 1.769055</u>
Revenue Requirement	\$ 4,248,000

4. The Signatory Parties stipulate that the revenue requirement for Middlesex should be set based upon a 9.75% return on equity and a 6.72% overall rate of return, resulting in an increase of \$4,248,000 over present rate revenues of \$66,991,451, or an overall revenue increase of approximately 6.34%. 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 and recommend that the attached tariffs<sup>3</sup> implementing the terms of this Stipulation be approved in their entirety by the Administrative Law Judge and the Board. (See Exhibit B, Tariffs). The tariffs reflect an increase of approximately 8.00% for General Metered Service [Rate Schedule No. 1], and the following changes:

<sup>3</sup> Please note that the Company also proposed certain non-revenue changes and corrections to its tariffs in Exhibit A to the Petition. The Signatory Parties have reviewed those proposed corrections and changes, and agree that they should be accepted. Those revisions are also included in Exhibit B hereto.

(a) the Private Fire Service rate [Rate Schedule No. 2] has been increased approximately 2.00%, and the Public Fire Service rate [Rate Schedule No. 3] has been revised to reflect that hydrant charges have been increased 5.07%, and inch foot charges have not been changed, resulting in an overall increase of 3.50%;

(b) the Service Under Contract rate [Rate Schedule No. 5] has been increased 2.0%;

(c) no increase has been made in the Special Contract Service rate [Rate Schedule No. 6];

(d) the Transmission Service South River Basin rate [Rate Schedule No. 7] has been increased 14.34%; and

(e) the Transmission Service - Northeast Sector rate [Rate Schedule No. 8] has been increased approximately 55.1%.

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 Signatory 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 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.

8. The Company agrees that its request to approve a new Foundational Filing is hereby withdrawn.

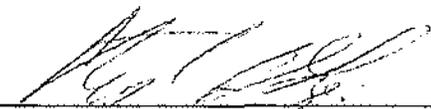
9. This Stipulation is the product of extensive negotiations by the Signatory Parties, and it is an express condition of the settlement embodied by this Stipulation that it be presented to the Board in its entirety without modification or condition. It is also the intent of the Signatory Parties to this 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.

10. 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.

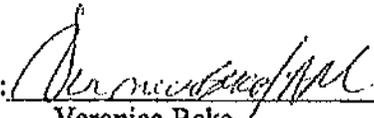
MIDDLESEX WATER COMPANY

Date: June 9, 2014

By:   
Saul Ewing LLP  
Stephen B. Genzer, Esq.  
Attorney for Petitioner

LEE VARTAN,  
EXECUTIVE ASSISTANT ATTORNEY GENERAL,  
ACTING ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the New Jersey  
Board of Public Utilities

06/09/2014  
Date:

By:   
Veronica Beke  
Deputy Attorney General

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

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

By: \_\_\_\_\_  
Christine Juarez, Esq.  
Assistant Deputy Rate Counsel

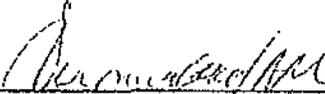
TOWNSHIP OF EAST BRUNSWICK

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

By: \_\_\_\_\_  
Jean L. Cipriani, Esq.  
Gilmore & Monahan P.A.  
Attorney for Intervenor

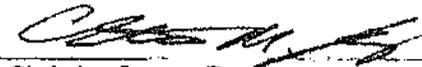
LEE VARTAN,  
EXECUTIVE ASSISTANT ATTORNEY GENERAL,  
ACTING ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the New Jersey  
Board of Public Utilities

06/08/2014  
Date:

By:   
Veronica Beke  
Deputy Attorney General

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

6/10/14  
Date:

By:   
Christine Juarez, Esq.  
Assistant Deputy Rate Counsel

TOWNSHIP OF EAST BRUNSWICK

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

By: \_\_\_\_\_  
Jean L. Cipriani, Esq.  
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Attorney for Intervenor

JOHN J. HOFFMAN,  
ACTING 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:

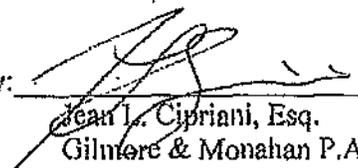
By: \_\_\_\_\_

Christine Juarez, Esq.  
Assistant Deputy Rate Counsel

TOWNSHIP OF EAST BRUNSWICK

6/9/14  
\_\_\_\_\_  
Date:

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

  
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