



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center, Suite 801
Newark, NJ 07102
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE PETITION OF)	ORDER ADOPTING INITIAL
GORDON'S CORNER WATER COMPANY)	DECISION/STIPULATION OF
FOR AN INCREASE IN RATES FOR WATER)	SETTLEMENT
SERVICE)	
)	BPU Docket No. WR10060430
)	OAL Docket No. PUC 07791-2010

Douglas R. Kleinfeld, Esq., Kleinfeld and Kleinfeld, Attorney for Petitioner

BY THE BOARD:

On June 29, 2010, Gordon's Corner Water Company, ("Petitioner" or "Company"), filed a petition with the Board of Public Utilities ("Board"), pursuant to N.J.S.A. 48:2-21, and N.J.A.C. 14:1-5.12, requesting an increase in rates for water service in the amount of \$1,519,599 or 16.48% above test year revenues for the twelve month period ending September 30, 2010. The Company subsequently revised its revenue requirement request to \$1,515,158 or 16.07%.

By this Order, the Board considers the Initial Decision recommending adoption of the Stipulation of Settlement ("Stipulation") executed by the Company, the Division of Rate Counsel ("Rate Counsel") and Board Staff (collectively, the "Parties"), agreeing to an overall increase in revenues in the amount of \$1,000,000 representing an 11.40% increase over Company revenues. The increase will result in total Company revenues of \$10,440,731.

BACKGROUND/PROCEDURAL HISTORY

Petitioner is a public water utility engaged in the business of providing water service to approximately 15,000 customers in its service territory which includes the Townships of Marlboro and Manalapan, Monmouth County, New Jersey.

On August 4, 2010, the Board issued an Initial Suspension Order suspending the proposed rates to December 4, 2010. On December 6, 2010, the Board issued a second Suspension Order suspending the proposed rates to April 4, 2011, unless the Board takes action prior to that date.

The matter was transmitted to the Office of Administrative Law ("OAL") on July 15, 2010, as a contested case pursuant to N.J.S.A. 52:14B-1 et seq. and N.J.S.A. 52:14F-1 et seq. where it was assigned to Administrative Law Judge ("ALJ") Gail M. Cookson. On September 2, 2010, a

telephone pre-hearing conference was held in which counsel for the Parties participated. ALJ Cookson scheduled the date for the public hearing and dates for evidentiary hearings for January 26 and 27 and February 10, 2011.

After proper notice, a public hearing was held on December 7, 2010, in the Company's service territory at the Manalapan Township Municipal Building in Manalapan, New Jersey presided over by ALJ Susan M. Scarola. No members of the public appeared and no comments were provided by the public for the record.

Subsequent to the public hearing and prior to the evidentiary hearings in this matter, the Parties engaged in settlement negotiations. As result of those negotiations, the Parties reached a settlement on all issues and entered into the Stipulation that, among other things, provides for an overall increase of \$1,000,000, representing approximately a 10.59% increase above current operating revenues. A copy of the Stipulation is attached. There were no Interveners in this proceeding.

On January 19, 2011, ALJ Cookson issued her Initial Decision recommending adoption of the Stipulation executed by the Parties, finding that the Parties had voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues and was consistent with the law. No exceptions to the Initial Decision have been filed.

DISCUSSION AND FINDINGS

Among the provisions of the Stipulation¹, the Parties recommend a rate base of \$9,444,110 and that the Company be authorized a return on equity of 10.30% for an overall rate of return of 9.30%. Pursuant to the Stipulation, the average bill for a single family residential customer with a 5/8" meter and using 8,600 gallons of water monthly will increase from the current rate of \$45.68 to \$50.89 monthly, \$5.21 per month or 11.40%.

The determination of any assets to be included in the Company's rate base and the ratemaking impact with respect to the Company's request to relocate its business office as filed in Docket No. WE10080542 dated August 5, 2010, have been reviewed in this proceeding and are found to be reasonable.

Having reviewed the record in this matter, including ALJ Cookson's 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 HEREBY ADOPTS the ALJ's Initial Decision and the Stipulation, including all attachments and schedules, as its own, incorporating by reference the terms and conditions of the Stipulation, as if they were fully set forth at length herein, subject to the following:

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

¹ Although described in this Order, 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.

Based upon the foregoing, the Board HEREBY APPROVES an overall increase in revenues in the amount of \$1,000,000 representing a 10.59% increase over current operating revenues.

The Board HEREBY DIRECTS the Company to submit complete revised tariffs conforming to the terms and conditions of the Stipulation and this Order within ten (10) days from the effective date of this Order.

DATED: 2/10/11

BOARD OF PUBLIC UTILITIES
BY:



LEE A. SOLOMON
PRESIDENT



JEANNE M. FOX
COMMISSIONER



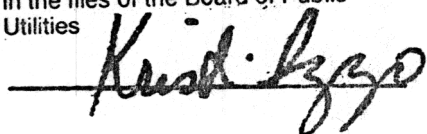
JOSEPH L. FIORDALISO
COMMISSIONER



NICHOLAS ASSELTA
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



I/M/O THE PETITION OF GORDON'S CORNER WATER COMPANY
FOR AN INCREASE IN
RATES AND CHARGES FOR WATER SERVICE

BPU Docket No. WR10060430
OAL Docket No. PUC 07791-10

SERVICE LIST

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BOARD OF PUBLIC UTILITIES
NEW JERSEY

State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 07791-10
AGENCY DKT. NO. WR10060430

**I/M/O PETITION OF GORDON'S CORNER
WATER COMPANY FOR AN INCREASE IN RATES
AND CHARGES FOR WATER SERVICE.**

Douglas R. Kleinfeld, Esq., for petitioner Gordon's Corner Water Company
(Kleinfeld & Kleinfeld, attorneys)

Anne Marie Shatto, Deputy Attorney General, for the Staff of the Board of Public
Utilities (Paula T. Dow, Attorney General of New Jersey, attorney)

Susan E. McClure, Assistant Deputy Rate Counsel, for Division of Rate Counsel
(Stefanie A. Brand, Director, attorney)

Record Closed: January 14, 2011

Decided: January 19, 2011

BEFORE **GAIL M. COOKSON**, ALJ:

On June 29, 2010, Gordon's Corner Water Company (Company) filed a petition with the Board of Public Utilities (Board) for approval of an increase in its base rates and other revisions to its tariff. The file was transmitted to the Office of Administrative Law (OAL) for hearing as a contested case pursuant to N.J.S.A. 52:14B-1 to-15 and N.J.S.A. 52:14F-1 to-13, on July 15, 2010. A prehearing conference was convened telephonically on September 2, 2010 and a Prehearing Order was entered on September 9, 2010. The

Company provided public notice of its base rate filing and the opportunity for the public to be heard on the rate increase was held on December 7, 2010, in Manalapan, New Jersey. In addition, the Board entered an Order Suspending Increases, Changes or Alterations in Rates of Service on August 4, 2010.

Plenary hearings for the presentation of the pre-filed direct testimony and cross-examination of the witnesses were set down for January 27, 28 and February 10, 2011. Prior to the dates set for the evidentiary hearings, the parties reported that they were in the process of resolving the issues in dispute. On January 14, 2011, I received a fully-executed Stipulation of all parties to this matter with a request that I enter an Initial Decision Settlement and transmit same to the Board. That agreement more completely sets forth the terms and conditions of the settlement of all issues raised by the filing of the Company.

I have reviewed the record and terms of the Stipulation and **FIND:**

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

I **CONCLUDE** that the Stipulation of Settlement meets the requirements of N.J.A.C. 1:1-19.1 and therefore, it is **ORDERED** that the matter be deemed dismissed with prejudice and that these proceedings be and are hereby concluded.


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

OAL DKT. NO. PUC 07791-10

within forty-five (45) 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.

January 19, 2011
DATE


GAIL M. COOKSON, ALJ

Date Received at Agency: _____

Date Mailed to Parties: _____

id

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

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OFFICE OF THE BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION)
OF GORDON'S CORNER WATER COMPANY)
FOR AN INCREASE IN RATES AND) BPU Docket No. WR10060430
CHARGES FOR WATER SERVICE) OAL Docket NO. PUC 07791-
2010

STIPULATION

APPEARANCES:

Douglas R. Kleinfeld, Esq., Kleinfeld & Kleinfeld,
Esqs., Attorneys for Petitioner, Gordon's Corner Water
Company.

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

Anne Marie Shatto, Deputy Attorney General, for the
Staff of the Board of Public Utilities (Paula T. Dow,
Attorney General of New Jersey).

I. PROCEDURAL HISTORY

- (1) Petitioner, Gordon's Corner Water Company
(hereinafter referred to as "Petitioner" or
"Company") is a public utility of the State of
New Jersey subject to the jurisdiction of the
Board of Public Utilities ("Board") and
franchised to provide water service in the
Townships of Marlboro and Manalapan, Monmouth
County, New Jersey.
- 2) On June 29, 2010, Petitioner filed a petition
with the Board, pursuant to N.J.S.A. 48:2-21 and
N.J.A.C. 14:1-5.12 to increase its rates and
charges for water service and to establish the
required base data for a purchased water
adjustment clause. Petitioner originally
requested increased revenues of \$1,519,599
representing an increase of approximately 16.48%

over present revenues. The Company subsequently submitted updated schedules, based on actual results for the nine months ended Sept 30, 2010, revising its revenue requirement request to \$1,515,158, an increase of approximately 16.07% over present revenues.

(3) On August 4, 2010, the Board issued a Suspension Order suspending increases, changes or alterations in rates for service until December 4, 2010. On July 15, 2010, the Board transmitted the matter to the Office of Administrative Law as a contested case where the matter was assigned to the Honorable Gail M. Cookson, Administrative Law Judge ("ALJ").

(4) A telephonic pre-hearing conference was held before ALJ Cookson on September 2, 2010 at which time dates for a public hearing in Petitioner's service area and evidentiary hearings were scheduled. A public hearing was held on December 7, 2010 at the Manalapan Township Municipal Building in Manalapan, New Jersey, within Petitioner's service area, following publication of an appropriate public notice. No members of the public appeared to provide comments on that occasion.

(5) In the course of this proceeding, Petitioner was served with, and responded to, extensive discovery requests by the Division of Rate Counsel ("Rate Counsel") and by Staff of the Board of Public Utilities ("Board Staff"). A discovery and settlement conference was held on November 30, 2010. The Petitioner, Rate Counsel, and Board Staff (the "parties") also conferred by telephone on a number of occasions to discuss the matter.

II. STIPULATED MATTERS

(1) As a result of an analysis of the petition and exhibits, Petitioner's responses to discovery propounded by the Rate Counsel and Board Staff, as well as their discussions and negotiations in this matter, the signatory parties have reached a Stipulation and do hereby stipulate the following:

which the parties have stipulated herein.

(7) Attached hereto as Schedule C is a schedule demonstrating that the new rates will produce the revenues to which the parties have stipulated herein and reflecting the percentage increase for all classes of service.

(8) Petitioner will file a new tariff with the Board, with copies to the parties, in conformity with this Stipulation, to become effective on such date as the Board may direct.

(9) For purposes of any Purchased Water Adjustment Clause (PWAC) filings to be made by Petitioner in the future, it is stipulated as follows: (a) this matter resulted in the establishment of base rates in a base rate proceeding within the meaning of the applicable PWAC regulations, N.J.A.C. 14:9-7 et .seq.; (b) the purchased water expense level in this case is set at \$3,645,962, which is based on Petitioner paying the following rates, per thousand gallons of water, to its suppliers: \$2.55 to the United Water/Matchaponix Water Company, \$3.72441 to Marlboro Township Water Utility Division, and \$1.59 to Aberdeen Township; and (c) the total volume of purchased water used in establishing Petitioner's base costs is set at 1,227,530 million gallons. Attached hereto and made part hereof as Schedule D is a schedule showing the derivation of the foregoing purchased water volumes and costs.

III. MISCELLANEOUS

(1) This Stipulation applies only to this proceeding and is thus executed by the parties without prejudice to the positions asserted by each in this case and without prejudice to the positions which the parties may choose to assert in future proceedings. The parties further agree that the purpose of this Stipulation is to reach fair and reasonable rates and to conclude pending litigation. This Stipulation is not in any way intended to restrict or bind any of the parties hereto with respect to substantive positions they may choose to assert in any pending or future rate proceeding in this or any other forum. Therefore, the parties acknowledge that the Stipulation herein has been made exclusively for this proceeding before the OAL and Board.

(2) The test year ended December 31, 2010, adjusted for known and measurable charges, is a reasonable and proper test year period.

(3) It is stipulated and agreed that Petitioner's rate base is \$9,440,110, and that a fair overall rate of return thereon is 9.30%, which reflects a cost rate for common equity of 10.30%, as shown below:

	<u>Amount</u>	<u>%</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Common Equity	\$4,959,790	53.24.%	10.3%	5.48%
Long Term Debt	<u>\$4,355,777</u>	<u>46.76 %</u>	8.16 %	<u>3.82%</u>
Total Cost	\$9,315,567	100%		9.30%

(4) As reflected in Schedules A and Schedule C annexed hereto and made part hereof, Petitioner's required operating income is \$877,897 and its total revenue requirement is \$10,440,731, which includes stipulated consumption sales volume of 1,577,902 thousand gallons. Petitioner's present revenues are \$9,440,731 which, when subtracted from the total revenue requirement, necessitates a revenue increase of \$1,000,000, representing an overall percentage increase of 10.59 % over present revenues.

(5) The revenue requirement to which the parties have stipulated, herein, is necessary to ensure that Petitioner will continue to provide safe, adequate and proper water service to its customers.

(6) Attached hereto as Schedule B are new tariff sheets containing rates and charges conforming to this Stipulation and designed to produce the additional annual revenues to

(2) In the event of any modification, amendment or alteration of this Stipulation by the Board, the parties individually reserve the right to either deem the Stipulation void in toto (in which case the parties would revert to the status quo prior to the execution of this Stipulation, which in this matter would be submission of testimony and proceeding with evidentiary hearings) or to consent to the modification(s) in writing.

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

WHEREFORE, the parties hereto do respectfully submit this Stipulation and request that the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

GORDONS CORNER WATER COMPANY



Douglas R. Kleinfeld, Esq.
KLEINFELD & KLEINFELD, ESQS.

1-10-11

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

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

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WHEREFORE, the parties hereto do respectfully submit this Stipulation and request that the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

GORDONS CORNER WATER COMPANY

By

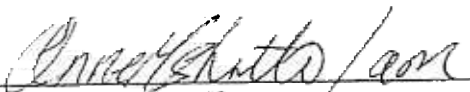
Douglas R. Kleinfeld, Esq.
KLEINFELD & KLEINFELD, ESQS.

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



Susan E. McClure, Esq.
Assistant Deputy Rate Counsel

PAULA T. DOW
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Staff of the Board of Public Utilities

By: 
Anne Marie Shatto
Deputy Attorney General

Dated: January 10, 2011

SCHEDULE A
GORDON'S CORNER WATER COMPANY
REVENUE REQUIREMENT SUMMARY

RATE BASE @ 12/31/10	\$9,440,110
RATE OF RETURN	9.30%
OPERATING INCOME REQUIRED	877,897
OPERATING INCOME AT PRESENT RATES	311,838
OPERATING INCOME DEFICIENCY	566,059
REVENUE MULTIPLIER	1.766
REQUIRED REVENUE INCREASE	\$1,000,000
REVENUE AT PRESENT RATES	9,440,731
REVENUE AT STIPULATED RATES	\$10,440,731
REVENUE INCREASE	10.59%

Schedule B

GORDON'S CORNER WATER COMPANY
B.P.U. NO. 5-WATER

9th Revised Sheet No. 29
Superseding
8th Revised Sheet No. 29

RATE SCHEDULES

NO : GENERAL METERED SERVICE

APPLICABILITY:

Applicable to the use of water supplied through meters in the territory served by the Company in Marlboro Township and Manalapan Township.

RATE:

MONTHLY SERVICE CHARGES

<u>SIZE OF METER</u>	<u>RATE</u>
5/8"	\$ 11.93
3/4"	17.89
1"	29.82
1-1/2"	59.64
2"	95.42
4"	298.17
6"	596.36
8"	954.61

VOLUME CHARGE

USAGE RATE PER 1,000 GALLONS \$ 4.53

TERMS OF PAYMENT:

Payment is due 15 days from the date of the postmark for valid bills mailed to customers. Bills for metered water service are rendered monthly. Whenever service to a customer is established or terminated during a billing period the fixed service charge will be prorated on a daily basis to the date when service is established or discontinued to such customer.

The state of New Jersey enacted Ch. 443 of the Laws of New Jersey 1983 concerning the periodic testing of public water supplies which established a water tax of \$0.01 per 1,000 gallons of water. This tax is reflected and included in the above rates. Filed pursuant to decision of the Board of Public Utilities, Docket No.818-711, dated 2/9/82.

ISSUED:

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

EFFECTIVE:

FILED PURSUANT TO ORDER OF THE
BOARD OF PUBLIC UTILITIES IN
DOCKET NO. WR10060430

SCHEDULE C

GORDON'S CORNER WATER COMPANY

PROFORMA REVENUES UNDER STIPULATED RATES

<u>METER SIZE</u>	<u>QUANTITY</u>	<u>STIPULATED TARIFF RATE (Monthly)</u>	<u>ANNUAL FIXED REVENUES</u>	<u>% INCREASE</u>
<u>GENERAL METERED SERVICES</u>				
5/8"	13490	\$11.93	\$1,931,876.00	30.00%
	1230	\$17.89	\$264,027.00	30.00%
1"	53	\$29.82	\$18,967.00	30.00%
	11	\$59.64	\$7,873.00	30.00%
2"	38	\$95.42	\$43,512.00	30.00%
4"	14	\$298.17	\$50,092.00	30.00%
6"	2	\$596.36	\$14,313.00	30.00%
Less: Fixed Service Charge for Seasonal Turn-Offs			<u>-27,540</u>	
TOTAL FIXED SERVICE REVENUE			\$2,303,120.00	
<u>PRIVATE FIRE SERVICE</u>				
2"	8	\$5.76	\$553.00	10.59%
4"	14	\$28.71	\$4,823.00	10.59%
6"	36	\$57.41	\$24,800.00	10.59%
8"	68	\$91.89	<u>\$74,982.00</u>	10.59%
TOTAL PRIVATE FIRE REVENUE			\$105,158.00	
<u>PUBLIC FIRE SERVICE</u>		<u>ANNUAL RATE</u>		
HYDRANTS	1146	\$390.81	\$447,872.00	2%
TOTAL PUBLIC FIRE REVENUE			\$447,872.00	

TOTAL REVENUES OTHER THAN FROM COMSUMPTION AND MISC SERVICE REVENUE	\$2,856,150	
MISCELLANEOUS SERVICE REVENUE	\$12,000	
MISCELLANEOUS NON-OPERATING INCOME	438,572	
CONSUMPTION REVENUE(Based on 1,577,902 gal x \$4.52/1000gal)	\$7,134,009	6.75%
 PROFORMA REVENUES UNDER STIPULATED RATES	 <u>\$10,440,731</u>	

SCHEDULE D

GORDON'S CORNER WATER COMPANY
PURCHASED WATER COSTS

<u>SOURCE OF SUPPLY</u>	<u>THOUSAND GALLONS</u>	<u>COST PER THOUSAND GALLONS</u>	<u>TOTAL COST</u>
UWR-Matchaponix	547,500	2.55	\$1,396,125
Marlboro Township Water Utility Division	547,500	3.72441	2,039,114
Aberdeen Township Diversion	<u>132,530</u>	1.59	<u>210,723</u>
	1,227,530	PRO FORMA PURCHASED WATER COST	<u>\$3,645,962</u>