



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9th Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpul](http://www.nj.gov/bpul)

WATER

IN THE MATTER OF THE PETITION OF GORDON'S	)	ORDER ADOPTING INITIAL
CORNER WATER COMPANY FOR AUTHORIZATION	)	DECISION SETTLEMENT
TO CHANGE THE LEVEL OF ITS PURCHASED	)	
WATER ADJUSTMENT CLAUSE PURSUANT TO	)	
<u>N.J.A.C. 14:9-7.1 ET SEQ.</u> AND <u>N.J.S.A. 48:2-21</u>	)	DOCKET NO. WR15040498
	)	OAL DOCKET NO. PUC 06816-2015

**Parties of Record:**

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

BY THE BOARD:

On April 30, 2015, Gordon's Corner Water Company ("Gordon's Corner," "Company," or "Petitioner"), a public utility of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities ("Board"), filed a petition, pursuant to N.J.A.C. 14:9-7.1, N.J.S.A. 48:2-21, and N.J.A.C. 14:1-15, seeking authorization to change the level of its Purchased Water Adjustment Clause ("PWAC"). The Petitioner originally sought a PWAC increase of \$230,520 or 2.09% above total Company revenues of \$11,055,215. Under its proposal, the Petitioner's PWAC would increase from \$0.00 to \$0.163 per thousand gallons of water.

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

By this Order, the Board considers an Initial Decision Settlement ("Initial Decision") recommending that the Board adopt a Stipulation<sup>1</sup> executed by Petitioner, the New Jersey Division of Rate Counsel ("Rate Counsel"), and Board Staff (collectively, the "Parties"), agreeing to an overall stipulated PWAC increase of \$63,392 or 0.57% above total Company revenues of \$11,055,215.

<sup>1</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.

## **BACKGROUND/PROCEDURAL HISTORY**

The matter was transmitted to the Office of Administrative Law on May 12, 2015 and was assigned to Administrative Law Judge ("ALJ") Diana Sukovich. On June 18, 2015, ALJ Sukovich conducted a telephonic prehearing conference and adopted a procedural schedule for this matter. After proper notice, a public hearing was held on August 5, 2015 at 5:30 p.m. in Petitioner's service territory at the Manalapan Township Municipal Building in Manalapan. No members of the public appeared to provide comments on that occasion.

The Parties exchanged discovery and, subsequent to the public hearing and prior to the scheduled evidentiary hearings for this matter, engaged in settlement discussions that resulted in the Stipulation. There were no Intervenor in this proceeding.

Pursuant to the terms of the Stipulation, which was fully executed on September 23, 2015 and submitted to ALJ Sukovich on September 24, 2015, the Parties recommend that the Board approve an increase to Petitioner's PWAC rate on PWAC Rate Schedule No. 1A from \$0.00 to \$0.045 per thousand gallons of water for general service to customers.

On September 28, 2015, ALJ Sukovich issued an Initial Decision Settlement recommending the Board's adoption of the Stipulation, finding that the Parties had voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues and is consistent with the law. No exceptions to the Initial Decision have been filed.

## **DISCUSSIONS AND FINDINGS**

The Parties have agreed that Petitioner's current PWAC rate should be increased from \$0.00 to \$0.045 per thousand gallons of water. The PWAC rate of \$0.045 per thousand gallons of water is calculated as being effective on November 1, 2015, which accounts for two months of compression, September 1, 2015 to October 31, 2015, as indicated in Exhibit B to the Stipulation. The effective PWAC rate increase would result in an increase for the average customer using a 5/8" meter and consuming 9,000 gallons of water per month, from \$60.41 to \$60.82, an increase of \$0.41 per month, or 0.678%.

Having reviewed the record in this matter, including ALJ Sukovich's Initial Decision, as well as the Stipulation among the Parties to this proceeding, the Board **HEREBY FINDS** that the Stipulation among the Parties is reasonable, is in the public interest, and is in accordance with the law.

Therefore, the Board **HEREBY ADOPTS** ALJ Sukovich's 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 fully set forth at length herein, subject to the following:

In accordance with the provisions of N.J.A.C. 14:9-7.4, the Petitioner shall file with the Board, not later than 45 days after the adjustment clause has been in effect for one year, PWAC true-up schedules. Copies of the true-up schedules will be served upon Board Staff and Rate Counsel. Petitioner shall submit an annual year-end true-up. Due to the adverse impact of increased litigation filing costs upon ratepayers, the Company seeks a limited waiver, pursuant to N.J.A.C. 14:1-1.2(b), of the requirement to file an annual petition for adjustment of the PWAC amount pursuant to N.J.A.C. 14:9-7.1, in the event

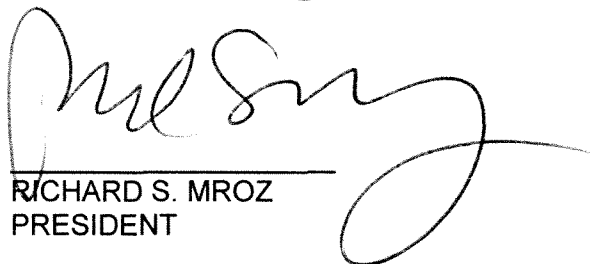
the Company does not seek to increase the PWAC and the Company provides any credits for over recoveries pursuant to N.J.A.C. 14:7.4(d) and (e).

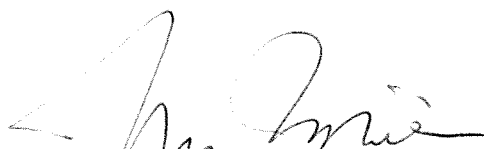
The Board **HEREBY ACCEPTS** the tariff pages attached to the Stipulation as filed with the Board, to be effective as of November 1, 2015.


This Order shall be effective on October 25, 2015.


DATED: *October 15, 2015*


BOARD OF PUBLIC UTILITIES  
BY:

  
RICHARD S. MROZ  
PRESIDENT

  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
MARY-ANNA HOLDEN  
COMMISSIONER

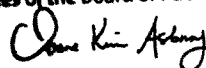
  
DIANNE SOLOMON  
COMMISSIONER

  
UPENDRA J. CHIVUKULA  
COMMISSIONER

ATTEST:

  
IRENE KIM ASBURY  
SECRETARY

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



IN THE MATTER OF THE PETITION OF GORDON'S CORNER WATER COMPANY FOR  
AUTHORIZATION TO CHANGE THE LEVEL OF ITS PURCHASED WATER ADJUSTMENT  
CLAUSE PURSUANT TO N.J.A.C. 14:9-7.1 ET SEQ. AND N.J.S. A. 48:2-21

DOCKET NO. WR15040498  
OAL DOCKET NO. PUC 06816-2015

SERVICE LIST

Douglas R. Kleinfeld, Esq.  
General Counsel  
c/o Gordon's Corner Water Company  
27 Vandenburg Road  
Marlboro NJ 07746

Stefanie A. Brand, Esq., Director  
New Jersey Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003



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

**INITIAL DECISION**

**SETTLEMENT**

OAL Dkt. No. PUC 06816-15

AGENCY DKT. NO. WR 15040498

**IN THE MATTER OF THE PETITION OF  
GORDON'S CORNER WATER COMPANY  
FOR AUTHORIZATION TO CHANGE THE  
LEVEL OF ITS PURCHASED WATER  
ADJUSTMENT CLAUSE**

---

**Douglas R. Kleinfeld, Esq.**, for petitioner Gordon's Corner Water Company

**Susan E. McClure**, Assistant Deputy Rate Counsel, for intervener the Division  
of Rate Counsel (Stephanie A. Brand, Director, attorney)

**Veronica Beke** and **Patricia A. Krogman**, Deputy Attorneys Generals, for the  
Staff of the Board of Public Utilities (John J. Hoffman, Acting Attorney  
General, attorney)

Record Closed: September 24, 2015

Decided: September 28, 2015

BEFORE: **DIANA C. SUKOVICH**, ALJ t/a:

## **PROCEDURAL HISTORY**

On April 13, 2015, Gordon's Corner Water Company (petitioner) filed a petition with the Board of Public Utilities (BPU) to change the level of its Purchased Water Adjustment Clause (PWAG). The BPU transmitted the matter to the Office of Administrative Law for determination as a contested case pursuant to N.J.S.A. 52:14F-1 to -13.

A telephone conference was conducted on June 18, 2015. A public hearing was held on August 5, 2015, in Manalapan, New Jersey. No members of the public appeared at the hearing or filed comments.

The parties conducted discovery and conferred throughout the proceedings and reached a resolution of the matter. An executed Stipulation of Settlement (Stipulation) was filed on September 24, 2015, on which date the record was closed. Attached herewith is a copy of the Stipulation and attachments thereto filed with the agreement.

## **NATURE OF THE CASE**

Petitioner purchases water from three other entities, which, in turn, adjust their rates for water service. Petitioner seeks to increase its PWAC due to an increased purchased water expense.

Petitioner originally sought an increase of \$230,520, 2.09%, over total Company revenues of \$11,055,215. The Stipulation provides for a total overall increase of \$63,392, 0.57%, resulting in an increase from \$0 to \$0.045 per thousand gallons of water for general service customers. That rate is to be effective November 1, 2015, which date reflects two months of compression.

The pending question, generally, is whether the Stipulation should be approved. I am persuaded that it should be.

**FINDINGS OF FACT**

I have reviewed the record and the settlement terms, and I **FIND** that the parties have voluntarily agreed to the Stipulation, as evidenced by their signatures, and the Stipulation fully disposes of all issues in controversy and is consistent with the law.

**CONCLUSIONS**

I **CONCLUDE** that the Stipulation meets the requirements of N.J.A.C. 1:1-19.1 and it should be approved.

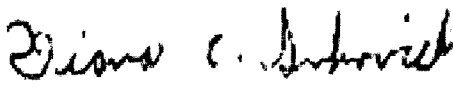
**ORDERS**

It is hereby **ORDERED** that the Stipulation be and is hereby **APPROVED**; effective the effective date of this Decision, and 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.

September 28, 2015  
DATE

  
DIANA C. SUKOVICH, ALJ t/a

Date Received at Agency: September 28, 2015

Date Mailed to Parties: September 28, 2015

kep



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

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IN THE MATTER OF THE PETITION :	STIPULATION
OF GORDON'S CORNER WATER :	BPU DOCKET NO: WR15040498
COMPANY FOR AUTHORIZATION TO :	OAL DOCKET NO: PUC068616-2015
CHANGE THE LEVEL OF ITS :	
PURCHASED WATER ADJUSTMENT :	
CLAUSE PURSUANT TO <u>N.J.A.C.</u> :	
14:9-7.1 <u>et seq.</u> & <u>N.J.S.A.</u> :	
48:2-21 :	

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**APPEARANCES:**

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

Susan E. McClure, Assistant Deputy Rate Counsel  
(Stefanie A. Brand, Director) on behalf of the New Jersey Division of Rate Counsel;

Veronica Beke and Patricia A. Krogman, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (John J. Hoffman, Acting Attorney General of New Jersey).

**TO THE HONORABLE BOARD OF PUBLIC UTILITIES:**

Petitioner, Gordon's Corner Water Company ("Petitioner" or "Company") is a public utility of the State of New Jersey, subject to the jurisdiction of the Board of Public Utilities ("Board") and franchised to provide water service in the Townships of Marlboro and Manalapan, Monmouth County, New Jersey. On April 30, 2015, Petitioner filed a petition with the Board, pursuant to N.J.A.C. 14:9-7.1, N.J.S.A. 48:2-21, and N.J.A.C. 14:1-5.12, for authorization to change the level of its purchased water adjustment clause (PWAC) due to increased purchased water expense. The total amount originally requested was an increase of \$230,520 or 2.09% above total Company revenues of \$11,055,215. As a result of settlement discussions, the signatory parties indicated below have agreed to a total

overall stipulated increase of \$63,392, or 0.57% above total Company revenues of \$11,055,215.

Petitioner purchases water on a routine basis from three separate entities, each of which adjusts its rates for water service: the Township of Marlboro; United Water Matchaponix, Inc.; and the Township of Aberdeen, all pursuant to water purchase agreements. In the Petition filed within the instant proceeding, Petitioner proposed to increase its PWAC rate from \$0 to \$0.163 per thousand gallons of water.

On May 12, 2015, the Board transmitted the matter to the Office of Administrative Law as a contested case where it was assigned to the Honorable Diana Sukovich, Administrative Law Judge ("ALJ").

A telephonic pre-hearing conference was held before ALJ Sukovich on June 18, 2015 at which time a date for a public hearing was scheduled. A public hearing was held on August 5, 2015 in Petitioner's service area, following publication of an appropriate public notice. No members of the public appeared or provided comments at the public hearing.

In the course of this proceeding, Petitioner was served with, and responded in full to, discovery requests by the New Jersey Division of Rate Counsel ("Rate Counsel") and by Staff of the Board of Public Utilities ("Board Staff"). On August 18, 2015, Petitioner, Board Staff, and Rate Counsel (collectively, "Parties" or "Signatory Parties") participated in a settlement conference, followed by a telephone status conference with ALJ Sukovich. Petitioner, Rate Counsel, and Board Staff also conferred on a number of occasions regarding this matter. There were no intervenors in this matter. As a result of updates to the petition followed by an analysis of the petition and exhibits, Petitioner's responses to discovery, as well as the Parties' discussions and negotiations in this matter, the Signatory Parties have reached an agreement on this matter, the provisions of which are set forth below.

### SETTLEMENT AGREEMENT

1. The Signatory Parties recommend that the Board approve an increase to Petitioner's PWAC rate upon PWAC Rate Schedule No. 1A from \$0 to \$0.045 per thousand gallons of water for general service customers.

2. The effective PWAC rate increase would result in an increase in the monthly bill of an average residential customer with a 5/8" meter, using 9,000 gallons of water per month, from \$60.41 to \$60.82, an increase of \$0.41 per month, or 0.678%. Attached hereto as Exhibit A is a Schedule reflecting Petitioner's new purchased water costs effective September 1, 2015.

3. The PWAC rate of \$0.045 per thousand gallons of water is calculated as being effective November 1, 2015, which accounts for two months of compression, as indicated in Exhibit B.

4. The PWAC rate established herein will increase annual revenues by \$63,392, or 0.57%, as reflected in Exhibit B. The additional revenue to which the Parties have stipulated, herein, is necessary to ensure that Petitioner will continue to provide safe, adequate and proper service to its customers.

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

6. In accordance with the provisions of N.J.A.C. 14:9-7.4, the Petitioner shall file with the Board, not later than 45 days after the adjustment clauses have been in effect for one year, PWAC true-up schedules in connection with this proceeding. Copies of the true-up schedules will be served upon Board Staff and Rate Counsel. Petitioner further agrees to submit an annual year-end true up. Due to the adverse impact of increased litigation filing costs upon ratepayers, the Company seeks a limited waiver, pursuant to N.J.A.C. 14:1-1.2(b), of the requirement to file an annual petition for adjustment of the PWAC amount pursuant to N.J.A.C. 14:9-7.1, in the event the Company does not seek to increase the PWAC and the Company provides any credits for overrecoveries pursuant to N.J.A.C. 14:7.4(d) and (e).

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

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

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

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

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

GORDON'S CORNER WATER COMPANY

9-21-15  
Date

By: 

Douglas R. Kleinfeld, Esq.

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

\_\_\_\_\_  
Date

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

Susan E. McClure, Esq.  
Assistant Deputy Rate Counsel

JOHN J. HOFFMAN  
ACTING ATTORNEY GENERAL OF NEW JERSEY  
Attorney for Staff of the  
Board of Public Utilities

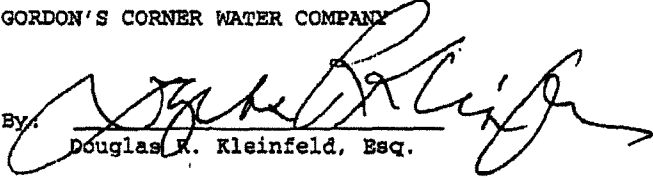
9/22/2015  
Date

By: 

Veronica Beke  
Deputy Attorney General

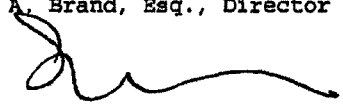
GORDON'S CORNER WATER COMPANY

9-21-15  
Date

By:   
Douglas R. Kleinfeld, Esq.

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

9.23.15  
Date

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

JOHN J. HOFFMAN  
ACTING ATTORNEY GENERAL OF NEW JERSEY  
Attorney for Staff of the  
Board of Public Utilities

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Veronica Beke  
Deputy Attorney General

**EXHIBIT A**

**SCHEDULE OF PURCHASE WATER COSTS  
EFFECTIVE September 1, 2015**

<u>PURVEYOR</u>	<u>RATE PER 1,000 GALLONS</u>	<u>MINIMUM TAKE OR PAY AMOUNTS (MILLION GALLONS)</u>	<u>COST</u>
UNITED WATER MATCHAPONIX	\$2.55	553,506	\$1,411,440
MARLBORO TWP WATER UTILITY DIVISION	\$4.235102	547,970	\$2,320,709
ABERDEEN TWP DIVERSION	\$1.79108	132,530	\$237,372
	<b>TOTAL</b>	<b>1,234,006</b>	<b>\$3,969,521</b>

**EXHIBIT B**

**SCHEDULE OF INCREASE UNDER PURCHASE WATER ADJUSTMENT CLAUSE**

	<u>COST</u>	<u>GALLONS PURCHASED</u>
MINIMUM CONTRACTUAL TAKE OR PAY COST AS DETERMINED IN LAST BASE RATE CASE	\$3,928,990	1,234,006
NEW COST OF PURCHASED WATER	\$3,969,521	1,234,006
INCREASE IN COST AND BASE CONSUMPTION AND REVENUE INCREASE BEFORE TAXES	\$40,531	0
DEFERRED PURCHASE WATER COSTS EFFECTIVE DATE OF NOVEMBER 1, 2015		
MONTHLY COSTS RECOVERED IN BASE RATES	\$327,416	
MONTHLY COST PRESENTLY INCURRED	\$330,793	
MONTHLY INCREASE	\$3,378	
DEFERRAL PERIOD - 2 MONTHS (SEP. 1- OCT. 31)		
RATE CASE COSTS		
TOTAL COST	\$14,500	
COMPANY SHARE	\$7,250	
AMORTIZATION BASED ON ONE YEAR LIFE OF RATES	\$7,250	
(A) REVENUE AFTER REVENUE TAX FACTOR @ 13.97%	\$63,392	
INCREASE FOR REVENUE TAXES	\$8,856	
(B) BASE CONSUMPTION	1,395,755	
(C) SALES FOR RESALE-ENGLISHTOWN	18,250	
REQUIRED PWAC INCREASE PER 1,000 GALLONS		
\$63,392 divided by 1,414,005 MG or (A) divided by ((B) + (C)) =		\$0.04483
CURRENT PWAC PER 1,000 GALLONS		0
PROPOSED PWAC INCREASE PER 1,000 GALLONS	\$0.045	
REVENUE UNDER STIPULATED RATES EFFECTIVE OCTOBER 10, 2014	\$11,055,215	
PERCENTAGE INCREASE	0.57%	



**Exhibit C**  
GORDON'S CORNER WATER COMPANY  
B.P.U. No. 7 - WATER

12th Revised Sheet No. 29  
Superseding  
11th Revised Sheet No. 29

**RATE SCHEDULES**

**NO. 1A: GENERAL METERED SERVICE**

**PURCHASED WATER ADJUSTMENT (PWAC) CHARGE**

A charge of \$ 0.045 per thousand gallons for all water sales will be made to recover increases in the purchased water costs not included in the Consumption Charge.

**ISSUED:**

**BY: DAVID G. 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. WR15040498**

overall stipulated increase of \$63,392, or 0.57% above total Company revenues of \$11,055,215.

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## SETTLEMENT AGREEMENT

1. The Signatory Parties recommend that the Board approve an increase to Petitioner's PWAC rate upon PWAC Rate Schedule No. 1A from \$0 to \$0.045 per thousand gallons of water for general service customers.

2. The effective PWAC rate increase would result in an increase in the monthly bill of an average residential customer with a 5/8" meter, using 9,000 gallons of water per month, from \$60.41 to \$60.82, an increase of \$0.41 per month, or 0.678%. Attached hereto as Exhibit A is a Schedule reflecting Petitioner's new purchased water costs effective September 1, 2015.

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

6. In accordance with the provisions of N.J.A.C. 14:9-7.4, the Petitioner shall file with the Board, not later than 45 days after the adjustment clauses have been in effect for one year, PWAC true-up schedules in connection with this proceeding. Copies of the true-up schedules will be served upon Board Staff and Rate Counsel. Petitioner further agrees to submit an annual year-end true up. Due to the adverse impact of increased litigation filing costs upon ratepayers, the Company seeks a limited waiver, pursuant to N.J.A.C. 14:1-1.2(b), of the requirement to file an annual petition for adjustment of the PWAC amount pursuant to N.J.A.C. 14:9-7.1, in the event the Company does not seek to increase the PWAC and the Company provides any credits for overrecoveries pursuant to N.J.A.C. 14:7.4(d) and (e).

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GORDON'S CORNER WATER COMPANY

9-21-15  
Date

By: 

Douglas R. Kleinfeld, Esq.

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

\_\_\_\_\_  
Date

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

Susan E. McClure, Esq.  
Assistant Deputy Rate Counsel

JOHN J. HOFFMAN  
ACTING ATTORNEY GENERAL OF NEW JERSEY  
Attorney for Staff of the  
Board of Public Utilities

\_\_\_\_\_  
Date

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

Veronica Beke  
Deputy Attorney General