Agenda Date: 10/21/21 Agenda Item: VB



STATE OF NEW JERSEY Board of Public Utilities 44 South Clinton Avenue, 1st Floor Post Office Box 350 Trenton, New Jersey 08625-0350 www.nj.gov/bpu

<u>WATER</u>

IN THE MATTER OF THE PETITION OF SHORE WATER COMPANY FOR AN INCREASE IN TARIFF RATES AND CHARGES FOR WATER SERVICE, AND OTHER RELIEF ORDER SUSPENDING INCREASES, CHANGES OR ALTERATIONS IN RATES FOR WATER SERVICE

BPU DOCKET NO. WR21091141

Parties of Record:

Stephen B. Genzer, Esq., Saul Ewing Arnstein & Lehr, LLP, on behalf of Atlantic City Sewerage Company

Brian Lipman, Esq., Acting Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On September 23, 2021, pursuant to N.J.S.A. 48:2-21, N.J.A.C. 14:1-5.12, and other relevant statutes and regulations Shore Water Company ("Petitioner," "Shore" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") seeking to increase rates for water service in the amount of \$401,215 or approximately 38.53% above the annual level of present rate revenues for the test year ending December 31, 2021, with rates to become effective for service rendered on and after November 1, 2021.¹

The Company is a family-owned and operated public utility, with a limited geographic service territory, consisting of the South Seaside Park section of Berkeley Township, New Jersey. The petition states that, the existing tariff has become unjust and unreasonable because the revenues derived therefrom are insufficient to permit the petitioner to meet the cost of operating the facilities used and useful in the service of the public; to obtain a just and reasonable return on the investment in said facilities; to maintain its financial integrity, attract capital, and to compensate investors for the risks assumed on a basis comparable to that in other business undertakings attended by corresponding risks; to encourage good management and furnish incentive for

¹ By letter dated September 28, 2021, the Petitioner stated that it will not implement rates on interim basis prior to the effective date of the Board's Suspension Order for this matter.

efficiency; to continue to furnish safe, adequate and proper service, and to maintain its facilities in such condition as to discharge its public duties.

Shore further indicates that the base rate increase is largely driven by increases in the Company's operating expenses and needed capital investments, as well as complying with the Water Quality Accountability Act, developed an Asset Management Plan pursuant to the Act, has made corporate changes to permit it to make those additional investments in providing safe, adequate, and proper service to its customers, and is implementing its Financial Plan to accomplish all those actions.

Additionally, the Company is seeking to add a new Flat Rate Charge classification for unmetered customers with one-inch service connections and above so that those customers more properly bear a fairer share of system costs based on the water flows coming through their larger connections.

Except for its larger condominium units, Shore's residential customers are currently unmetered. The community that Shore serves is a beachside community that has been comprised of primarily smaller "bungalow" style homes utilizing ¾ inch service mains. Over the past several years, a combination of new construction and renovations have resulted in the replacement of numerous ¾ inch service mains with service connections of one inch or larger.

The Company is seeking to revise and/or implement certain fees and charges in its tariffs which are generally associated with items such as bad checks and tampering, which costs should be the responsibility of individual customers causing those issues rather than all customer.

Finally, as part of this petition Shore is also requesting an increase to the volumetric charges for commercial customers (metered), as well as it's metered larger condominium buildings.

Due to the composition of its customer base, and the small size of the Company there has been a decrease in commercial usage likely due to the COVID-19 pandemic, and Shore claims it has been uniquely impacted by the COVID-19 pandemic. While the full impacts cannot be known with certainty at this time, the Company asserts that it will continue to feel those impacts for at least the next several years. For this, and other reasons, the Company has adjusted its normalized revenues to reflect its calculated prospective usage resulting from this case.

On September 29, 2021, the Board transmitted this matter to the Office of Administrative Law ("OAL") for hearing and initial disposition as a contested case.

It appearing that the proposed revisions will increase existing rates and change or alter existing classifications in the Petitioner's tariff, it is <u>HEREBY</u> <u>ORDERED</u> that:

- (1) Pursuant to N.J.S.A. 48:2-21, the proposed revisions be, and are suspended until March 1, 2022, unless the Board prior to that date, makes a determination disposing of the petition or enters an Order further suspending the proposed revisions;
- (2) The Petitioner shall, at least 10 days prior to the date set for hearing on the petition by the OAL, file with this Board and with the OAL (33 Washington Street, Newark, NJ 07102) proof of compliance with the Notice provisions of N.J.S.A. 48:2-32.2 and N.J.A.C. 14:1-5.12 (b) and (c), which Notice shall include a statement that any relief found by the Board to be just and reasonable may be allocated by the Board to any

class or classes of customers on any rate or schedule as the Board may determine; and

(3) The Petitioner shall, serve copies of this Order upon the OAL, the Division of Rate Counsel (140 East Front Street, 4th Floor, Post Office Box 003, Trenton, NJ 08625), the clerks of all affected municipalities, the clerks of the Board of Commissioners of the affected county, and if appropriate, the executive officer of the affected county within its service area. Service of the petition, notice of hearings and this Order may be made simultaneously. Proof of service of this Order shall be filed with the Board within 15 days of the date of this Order.

This Order shall be effective on November 4, 2021.

sher 28,202 DATED:

BOARD OF PUBLIC UTILITIES BY:

FORDALISC

PRESIDENT

MARY-ANNA HOLDEN COMMISSIONER

UPENDRA J. CHIVUKULA COMMISSIONER

OMON DIANNE OI

DIANNE-SOLOMON COMMISSIONER

ROBERT M. GORDON COMMISSIONER

ATTEST:

AIDA CAMACHO-WELCH SECRETARY

IN THE MATTER OF THE PETITION OF SHORE WATER COMPANY FOR AN INCREASE IN TARIFF RATES AND CHARGES FOR WATER SERVICE, AND OTHER RELIEF

BPU DOCKET NO. WR21091141

SERVICE LIST

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