

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

<b>IN THE MATTER OF THE PETITION OF GORDON’S CORNER 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.</b>	<b>PETITION</b>  Docket No WR2310 <u>0727</u>
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**TO THE HONORABLE BOARD OF PUBLIC UTILITIES:**

Petitioner, Gordon’s Corner Water Company (“GCWC” or the “Company”), avers as follows in support of its petition for approval to change the levels of its purchased water adjustment clause (“PWAC”) pursuant to N.J.A.C. 14:9-7.1 et seq. (“Petition”):

1. This Petition is filed pursuant to N.J.A.C. 14:9-7.1 to -7.7.
2. The Petition requests that the New Jersey Board of Public Utilities (“Board”) approve a change to the level of GCWC’s PWAC that will: (i) allow the Company to recover increased purchased water costs by increasing its PWAC rate by \$0.76 from \$0.08 to \$0.84, (ii) permit the Company to set a prospective PWAC rate for 2024 based on known and measurable increases to its purchased water contracts, and (iii) to allow PWAC case expenses and associated gross receipts and franchise taxes, as set forth in greater detail herein and in the attached exhibits.
3. Communications and correspondence relating to this Petition should be served upon the following individuals:

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4. GCWC is a public utility of the State of New Jersey and subject to the jurisdiction of the Board.

5. The Company's principal office is located at 27 Vanderburg Road, Marlboro, New Jersey, 07746.

6. GCWC provides water to approximately 14,600 customers in portions of Marlboro and Manalapan Townships in Monmouth County, New Jersey.

7. The Company obtains a substantial portion of the water necessary to meet its overall water supply requirements through water purchase contracts with two sources: (1) the Township of Marlboro, and (2) SUEZ-Matchaponix Water Company.<sup>1</sup>

8. The Company's currently effective tariff contains a PWAC of \$0.08 per thousand gallons for general service customers, effective January 1, 2023, as established in the Company's most recent PWAC proceeding<sup>2</sup> in conformance with applicable PWAC regulations. A copy of this Order is attached to the Petition as **Exhibit A** in conformance with N.J.A.C. 14:9-7.6(b)(7).

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<sup>1</sup> SUEZ Water New Jersey merged with Veolia North America, Inc., as approved by the Board's Order in I/M/O Joint Petition of Veolia Environnement S.A., Veolia North America, Inc., SUEZ S.A., and Suez Water New Jersey, Inc. for Approval of a Change of Control of SUEZ Water New Jersey, Inc., and other Related Approvals, Docket No. WM 21060909 (N.J. B.P.U. Dec. 15, 2021). The surviving entity of the merger with respect to New Jersey-regulated activities was Veolia Water New Jersey, Inc. ("Veolia").

<sup>2</sup> See I/M/O The Petition of Gordon's Corner Water Company to Change the Levels of its Purchased Water Adjustment Clause, Docket No. WR22070458, Decision and Order Approving Stipulation (N.J. B.P.U. Dec. 21, 2022).

9. In the Company's most recent base rate case, the Company's purchased water expense level was set at \$4,571,214, which was based on the Company paying the following rates, per thousand gallons of water, to its suppliers: (a) \$2.8957 to SUEZ-Matchaponix Water Company, and (b) \$5.45355 to Marlboro Township Water Utility Division ("Marlboro").<sup>3</sup>

10. Pursuant to N.J.A.C. 14:9-7.6(b)(1), a copy of the Company's current water purchase contract with SUEZ-Matchaponix Water Company is attached hereto as **Exhibit B** and a copy of the Company's water purchase contract with the Marlboro Township Water Utility Division is attached hereto as **Exhibit C**. These contracts are the same contracts in effect during the Company's most recently concluded base rate case.

11. In accordance with N.J.A.C. 14:9-7.6(b)(3), as of the conclusion of the Company's most recent rate case, the Company served approximately 14,600 water and fire service customers. The Order in that case was issued on February 23, 2022, and was effective March 1, 2022. See Exhibit D.

12. Under N.J.A.C. 14:9-7.6(b)(4), the total actual volume of purchased water ("TGY") as set in the Company's most recent base rate case was 1,095,000 thousand gallons, and TGY at the end of the most recent calendar year (2022) was 1,084,065 thousand gallons.

13. The Company files this Petition prospectively and proactively in anticipation of two events that *will* result in significant increases to its purchase water rates: (a) the pending base rate case filed by Middlesex Water Company ("Middlesex"), and (b) a base rate case that will imminently be filed by Veolia.

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<sup>3</sup> See In re Gordon's Corner Water Co. for Approval of an Increase in its Rates for Water Serv. & Other Tariff Changes, Docket No. WR21070979, Order Adopting Initial Decision Approving Stipulation of Settlement (N.J. BPU Feb. 23, 2022)

14. With respect to the water the Company purchases from Marlboro, the Company understands that Marlboro obtains a portion of its water supply from Middlesex and that the rates Middlesex charges Marlboro will increase as a result of Middlesex's *pending* base rate proceeding. See I/M/O Middlesex Water Company for Approval of an Increase in its Rates for Water Service and other Tariff Changes, Docket No. WR23050292.

15. Marlboro's rates to GCWC are set by the contract between Marlboro and GCWC, which contract is attached as noted above in Paragraph 10 as **Exhibit C**.

16. The eventual increased purchase water costs for Marlboro will be a significant factor in the increased charges the Company will have to pay Marlboro and the Company anticipates that pursuant to any forthcoming Middlesex Order (including the implementation of rates on or about February 15, 2024), Middlesex rates to Marlboro will increase, necessitating an additional change to this PWAC when Marlboro acts to pass its purchased water costs to GCWC.

17. Based on the data and information contained in Middlesex's base rate filing, *if* Middlesex received the full relief requested in its petition the ultimate result would be that the Company's purchase water rate per thousand gallons of water to Marlboro would increase from \$5.62167 to \$7.3257 (an increase of \$1.70403/thousand gallons).

18. The Company is in constant contact with Marlboro so that Marlboro's charges to the Company will not hamper GCWC's efforts to ensure that its rates remain just and reasonable. See N.J.A.C. 14:9-7.6(8).

19. Further, upon information and belief, Veolia will file a base rate case prior to the end of calendar year 2023. Veolia-Matchaponix's (formerly SUEZ-Matchaponix) rates are set by Board Order and its rates are set by its Board tariff. The ultimate increase in Veolia's rates will result in an increase of GCWC's purchase water costs under its contract with Veolia.

20. GCWC will closely monitor the imminent Veolia base rate case once filed and take appropriate action to attempt to ensure that the ultimate rate to GCWC resulting from that base rate case covers appropriate costs. See N.J.A.C. 14:9-7.6(8).

21. Attached hereto as **Exhibit E** is a true-up schedule reconciling actual and estimated purchased water revenues and costs for the period of January 1, 2023 through December 31, 2023, at this time utilizing nine (9) months actual and three (3) months projected data.

22. Based on the reconciliation shown in **Exhibit E** there may be an *under* recovery in the amount of \$960. At this time, the Company is not seeking to carry forward any over recovery balance in the prospective PWAC rate for 2024. The Company is, however, intending to update that number during the course of this proceeding so that the prospective PWAC will continue to perform the true-up function intended by the applicable regulations.

23. As required by N.J.A.C. 14:9-7.6(b)(9), a schedule of expenses, including legal expenses, anticipated in connection with this proceeding is attached hereto as **Exhibit F**. Legal expenses will be updated as the proceeding progresses. The Company reserves the right to seek compression, if necessary.

24. A proposed Schedule of Purchase Water Costs is attached hereto as **Exhibit G**. As set forth therein, and based upon the assumptions described above, the Company estimates at this time that its new purchase water cost will be \$5,596,200.

25. Pursuant to N.J.A.C. 14:9-7.6(b)(6) and N.J.A.C. 14:1-5.12, a copy of the proposed GCWC PWAC tariff sheet is attached hereto as **Exhibit H**.

26. A proposed “Notice of Public Hearing” with respect to this Petition is attached hereto as **Exhibit I**.

27. Notice of this filing, a copy of this Petition and the exhibits annexed thereto are being served upon the municipal clerk in each of the municipalities of the affected customers, and upon the Department of Law and Public Safety and the Director of the Division of Rate Counsel.

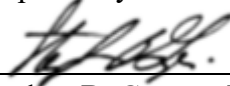
28. Notice of filing and a statement of its effect will be furnished to the Company's customers by publication in newspapers published and circulated in the Company's service area pursuant to the applicable Board rules and regulations.

29. Proof of service of the notices referenced in the preceding paragraphs will be filed with the Board by the Company in compliance with the applicable Board rules and regulations.

WHEREFORE, Gordon's Corner Water Company respectfully requests that the Board grant the following relief:

- (a) approving an increase in the Company's PWAC rate as proposed herein as just and reasonable for recovery of known and measurable increased water purchase costs and authorizing same to be placed into effect on February 15, 2024; and
- (b) for any other, further relief that the Board may deem proper, equitable, and just.

Respectfully submitted,



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Dated: October 6, 2023

**VERIFICATION**

David G. Ern hereby certifies as follows:

1. I am President of Petitioner, Gordon's Corner Water Company, and am authorized to execute this Verification on its behalf. I have reviewed the Petition and supporting Exhibits filed in this matter.

2. I hereby certify that the information contained therein is true to the best of my knowledge, information and belief.



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David G. Ern  
President  
Gordon's Corner Water Company

DATED: October 6, 2023