



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/bpu/

WATER

IN THE MATTER OF THE PETITION OF MIDDLESEX)
WATER COMPANY FOR APPROVAL OF A)
PURCHASED WATER ADJUSTMENT CLAUSE)
PURSUANT TO N.J.A.C. 14:9-7.1, ET SEQ.)

ORDER ADOPTING INITIAL
DECISION/STIPULATION

) DOCKET NO. WR12090881
) OAL DOCKET NO. PUC 14135-2012N

Parties of Record:

Kenneth J. Quinn, Esq, General Counsel, Middlesex Water Company, Petitioner
Stefanie A. Brand, Esq., Director, Division of Rate Counsel
Hesser G. McBride, Jr., Esq, Wilentz Goldman & Spitzer P.A. on behalf of the Old Bridge MUA

BY THE BOARD:

On September 28, 2012, Middlesex Water Company ("Company" or "Petitioner"), a public utility corporation of the State of New Jersey pursuant to N.J.A.C. 14:9-7.1, et seq. filed a petition with the New Jersey Board of Public Utilities ("Board") seeking approval of a Purchased Water Adjustment Clause ("PWAC") to recover increased purchased water costs together with deferred costs, and associated expenses. The Company's original request was to be an increase in annual revenues of \$101,432 or 0.16% over total company pro forma present rate revenues totaling \$64,887,172. On November 29, 2012, the Company amended its filing to include revised Exhibits E and F, which updated the Company's total pro forma present rate revenues to now reflect \$71,865,176. This amendment reduced the percentage increase from 0.16% to 0.14%.

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 ("Staff") (collectively, the "Signatory Parties"), agreeing to an overall increase in revenues in the amount of \$85,123 or 0.12%.

BACKGROUND/PROCEDURAL HISTORY

Petitioner services approximately 59,000 general water customers in all or part of the municipalities of South Plainfield, Metuchen, Carteret, Woodbridge, Edison and South Amboy, in the County of Middlesex and Clark, in the County of Union (collectively "GWS Customers"); as well as on a contractual basis to the Township of Edison, Boroughs of Highland Park and Sayreville, the OBMUA, and the Marlboro Township Municipal Utilities Authority ("MTMUA") (collectively, the "Contract Customers"). Middlesex also provides services on a special contract basis, for water treatment and pumping services only to East Brunswick.

GWS Customers receive finished water that is distributed through Middlesex's transmission facilities. The Contract Customers and East Brunswick receive service that differs from that provided by Middlesex to its GWS Customers. East Brunswick purchases water from the New Jersey Water Supply Authority ("NJWSA") and sends this unfinished water to Middlesex, which, in turn, treats the water and sends the finished water back to East Brunswick's facilities for distribution to East Brunswick's customers. The Contract Customers are provided with finished water that is treated by Middlesex and subsequently distributed by the Contract Customers.

The Petitioner purchases water through two water purchase contracts: the first is for untreated water from the NJWSA and the second is for treated water from New Jersey American Water Company ("NJAW"). Middlesex was notified of an increase in its purchased water rate per thousand gallons from NJAW effective May 1, 2012, pursuant to BPU Docket No. WR11070460. Subsequent to filing this petition, Middlesex was notified of an increase in its purchased water rate per thousand gallons from NJAW effective October 23, 2012, pursuant to BPU Docket No. WR12050390 and a decrease in the purchased water rate per thousand gallons from NJAW effective April 1, 2013, pursuant to BPU Docket No. WR12111019. Middlesex has not received an increase in the purchased water rate per thousand from NJWSA in connection with this matter. The total proposed revenue requirement increase originally requested in this Docket amounted to \$101,432 per year.

This matter was transmitted to the Office of Administrative Law ("OAL") and was assigned to Administrative Law Judge ("ALJ") Kimberly A. Moss. Subsequently, intervention status was granted to the Old Bridge Municipal Utilities Authority ("OBMUA") on November 29, 2012. A Pre-hearing conference (via telephone) was convened by ALJ Moss on November 27, 2012, and a Pre-hearing Order was issued on November 29, 2012.

After proper notice, a public hearing in the service territory was held at the Woodbridge Community Center in Woodbridge, New Jersey at 5:30 pm on January 17, 2013. No members of the public appeared to provide comments on the proposed PWAC rate filing.

Subsequent to the public hearing, the Signatory Parties engaged in settlement negotiations. As a result of these discussions and extensive discovery, the Signatory Parties reached a Settlement on all issues and entered into the Stipulation. While it was not a signatory party to the Stipulation, Intervener OBMUA did submit a letter to ALJ Moss, dated April 16, 2013, stating that it had no objection to the Stipulation of Settlement.

On April 3, 2013, ALJ Moss 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. No exceptions were received by the Board.

DISCUSSION AND FINDINGS

As more fully discussed in the attached Stipulation¹, the Signatory Parties agreed that the following increases are reasonable and appropriate to allow the Petitioner to recover increased purchased water expenses:

- As a result of this settlement, a residential customer with a 5/8" meter using 2,600 cubic feet (19,448 gallons) of water per quarter would see his water bill increase from \$129.94 to \$130.12 per quarter (an increase of \$0.18 per quarter) or 0.14%.

Having reviewed the Initial Decision and 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. 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:

In accordance with the provisions of N.J.A.C. 14:9-7.3 (c), the Petitioner shall file with the Board, no later than 45 days after the adjustment clause has been in effect for one year, a PWAC true-up schedule in connection with this proceeding. Copies of the true-up schedule shall be served upon all parties to the present proceeding.

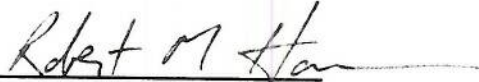
The Board **HEREBY ACCEPTS** the tariff pages attached to the Stipulation as filed with the Board, to be effective as of the effective date stated below.

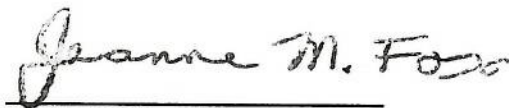
¹ Although described in the Order at some length, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions in this Order.

The effective date of this Order is May 1, 2013.

DATED: 4/29/13

BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER

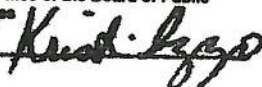

JOSEPH L. FIORDALISO
COMMISSIONER


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 a
Purchased Water Adjustment Clause Pursuant to N.J.A.C. 14:9-7.1, et seq.
BPU Docket No. WR12090881
OAL Docket No. PUC 14135-2012N**

SERVICE LIST

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Iselin, NJ 08850

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**WILENTZ
GOLDMAN
& SPITZER P.A.**

ATTORNEYS AT LAW

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(732) 655-8113
Fax (732) 728-6864
E-Mail: hmcbride@wilentz.com
website: www.wilentz.com

April 16, 2013

VIA OVERNIGHT MAIL

The Honorable Kimberly Moss, ALJ
New Jersey Office of Administrative Law
33 Washington Street
Newark, New Jersey 07102

**Re: In the Matter of the Petition of Middlesex Water Company for
Approval of a Purchased Water Adjustment Clause Pursuant to
N.J.A.C. 14:9-7.1, et seq.
BPU Docket No. WR09120881
OAL Docket No. PUC 14135-12N**

Dear Judge Moss:

We represent the Old Bridge Municipal Utilities Authority ("OBMUA") in the above referenced matter. The OBMUA has reviewed the proposed Stipulation of Settlement ("Stipulation") with regard to same. Please be advised that the OBMUA does not object to the Stipulation.

Should you have any questions, please do not hesitate to contact me.

Respectfully submitted,



Hesser G. McBride, Jr.

HGM/abm

cc: See service list attached (via electronic mail only)

MIDDLESEX WATER COMPANY
2012 PURCHASED WATER ADJUSTMENT CLAUSE
BPU Docket No. WR12090881

Middlesex Water Company

Dennis W. Doll Middlesex Water Company 1500 Ronson Road Iselin, NJ 08830 ddoll@middlesexwater.com	A. Bruce O'Connor Middlesex Water Company 1500 Ronson Road Iselin, NJ 08830 abo@middlesexwater.com	
Kenneth J. Quinn Middlesex Water Company 1500 Ronson Road Iselin, NJ 08830 kquinn@middlesexwater.com	Michele L. Tilley Middlesex Water Company 1500 Ronson Road Iselin, NJ 08830 mtilley@middlesexwater.com	

Board of Public Utilities

Maria Moran, Director Board of Public Utilities Division of Water & Wastewater 44 South Clinton Avenue 9 th Floor, PO Box 350 Trenton, NJ 08625-0350 Maria.moran@bpu.state.nj.us	Alex Moreau Deputy Attorney General Department of Law and Public Safety 124 Halsey Street — 5th Floor Newark, NJ 07101 alex.moreau@dol.lps.state.nj.us	Veronica Beke Deputy Attorney General Department of Law & Public Safety 124 Halsey Street — 5th Floor Newark, NJ 07101 Veronica.Beke@dol.lps.state.nj.us
Justin T. Cederberg NJ Board of Public Utilities Division of Water Rate Utilities Analyst 44 South Clinton Ave., 9 th fl. CN354 Trenton, NJ 08625 Tel.: (609) 292-1370 Justin.cederberg@bpu.state.nj.us	Matthew Koczur NJ Board of Public Utilities Division of Water and Wastewater 44 South Clinton Ave., 9 th fl. Trenton, NJ 08625 Tel.: (609) 292-0804 Matt.koczur@bpu.state.nj.us	James Kane NJ Board of Public Utilities Division of Water Legal Specialist 44 South Clinton Ave., 9 th fl. Trenton, NJ 08625 Tel.: (609) 292-1425 Jim.kane@bpu.state.nj.us

Division of Rate Counsel

Debra F. Robinson, Esq. Managing Attorney Water & Wastewater Division of Rate Counsel 31 Clinton Street — 11th Floor P.O. Box 46005 Newark, NJ 07101 drobinso@rpa.state.nj.us	Paul E. Flanagan, Esq. Litigation Manager Division of Rate Counsel 31 Clinton Street, 11 th Floor P.O. Box 46005 Newark, NJ 07101	Stefanie A. Brand, Esq. Director Division of Rate Counsel 31 Clinton Street, 11 th Floor Newark, NJ 07101 sbrand@rpa.state.nj.us
Susan E. McClure, Esq., Division of Rate Counsel 31 Clinton St. — 11th Floor P.O. Box 46005 Newark, NJ 07101 smcclure@rpa.state.nj.us	Bernard Smalls, Legal Associate Division of Rate Counsel 31 Clinton Street — 11 th Floor P.O. Box 46005 Newark, NJ 07101 bsmalls@rpa.state.nj.us	Robert J. Henkes, Consultant Henkes Consulting 7 Sunset Road Old Greenwich, CT 06870 rhenkes@optonline.net
Ivette Altamirano, Water Secretary icotto@rpa.state.nj.us	Meena Singh, Water Paralegal msingh@rpa.state.nj.us	Christine Juarez, Esq. cjuarez@rpa.state.nj.us

filed
4/8/13



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

RECEIVED

APR - 5 2013

BOARD OF PUBLIC UTILITIES
MAIL ROOM

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 14135-12N

AGENCY DKT. NO. WR12090881

**IN/RE THE PETITION OF MIDDLESEX WATER
COMPANY FOR APPROVAL OF A PURCHASED
WATER ADJUSTMENT CLAUSE PURSUANT TO
N.J.A.C. 14:9-7.1, et seq.**

Kenneth Quinn, Esq., for petitioner, Middlesex Water Company

Alex Moreau and Veronlca Beke, Deputy Attorney Generals, for respondent
(Jeffrey S. Chiesa, Attorney General of New Jersey)

Stephanie Brand and Christine Juarez, Rate Counsel, on behalf of the
Division of Rate Counsel

Hesser McBride, Esq., Intervenor, on behalf of Old Bridge Municipal Utilities
Authority

Record Closed: April 2, 2013

Decided: April 3, 2013

BEFORE KIMBERLY A. MOSS, ALJ:

On October 18, 2012, this matter 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. A telephone prehearing was scheduled for November 27, 2012 during which time the public hearing was scheduled for January 17, 2013 at the

OAL DKT. NO. PUC 14135-12N

Woodbridge Community Center. A telephone status conference was scheduled for March 8, 2013 however, prior to the conference the parties reached a settlement. On March 28, 2013 the Company submitted a fully executed Stipulation of Settlement, via electronic mail. The original Stipulation of Settlement was received on April 2, 2013, which is attached hereto for reference.

I have reviewed the record and terms of the Stipulation of Settlement 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 agreement meets the requirements of N.J.A.C. 1:1-19.1 and therefore, it is ORDERED that the parties comply with the settlement terms and that these proceedings be and are hereby concluded.


I hereby FILE my initial decision with the BOARD OF PUBLIC UTILITIES for consideration.

OAL DKT. NO. PUC 14135-12N

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.

4-3-13

DATE



KIMBERLY A. MOSS, ALJ

Date Received at Agency: _____

Date Mailed to Parties: _____

ljb



MIDDLESEX
WATER COMPANY

RECEIVED
STATE OF N.J.
OFFICE OF ADMIN. LAW

2013 APR -2 A 9:59

Via Federal Express
April 1, 2013

Honorable Kimberly Moss
Administrative Law Judge
Office of Administrative Law
33 Washington Street
Newark, NJ 07102

**RE: I/M/O of the Petition of Middlesex Water Company
Purchased Water Adjustment Clause
BPU Docket No.: WR12090881
OAL Docket No.: PUC 14135-2012N**

Dear Judge Moss:

In accordance with Your Honor's request, enclosed is the Stipulation of Settlement in the above matter with the original signature pages attached.

Respectfully,

Kenneth J. Quinn
Vice President, General Counsel,
Secretary & Treasurer

KJQ:jh

Enclosure



MIDDLESEX
WATER COMPANY

Via E-Mail & Regular Mail
March 28, 2013

Honorable Kimberly Moss
Administrative Law Judge
Office of Administrative Law
33 Washington Street
Newark, NJ 07102

RE: I/M/O of the Petition of Middlesex Water Company
Purchased Water Adjustment Clause
BPU Docket No.: WR12090881
OAL Docket No.: PUC 14135-2012N

Dear Judge Moss:

The parties have reached a settlement in the above matter, and enclosed herewith is a fully executed Stipulation of Settlement.

We respectfully request that you issue your Initial Decision in the above matter as soon as possible. Once issued, please arrange for the Initial Decision to be forwarded to the BPU via e-mail by sending it to Maria Moran, Director of Division of Water at the following e-mail address: Maria.Moran@bpu.state.nj.us.

If Your Honor requires any additional information, please have your assistant contact me. Thank you for your cooperation.

Respectfully,

Kenneth J. Quinn
Vice President, General Counsel,
Secretary & Treasurer

KJQ:rk

cc: Attached Service List (w/enclosures)

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2013 MAR 28 A 10:18

STATE OF NEW JERSEY
OFFICE OF ADMIN LAW

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

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2013 MAR 28 A 10:18

STATE OF NEW JERSEY
OFFICE OF ADMIN LAW

IN THE MATTER OF THE PETITION OF : STIPULATION OF SETTLEMENT
MIDDLESEX WATER COMPANY FOR :
APPROVAL OF A PURCHASED WATER : BPU Docket No.: WR12090881
ADJUSTMENT CLAUSE PURSUANT TO : OAL Docket No.: PUC 14135-2012N
N.J.A.C. 14:9-7.1, ET SEQ. :

APPEARANCES:

Kenneth J. Quinn, Esq., on behalf of Middlesex Water Company, Petitioner

Alex Moreau, Deputy Attorney General, and Veronica Beko, Deputy Attorney General,
on behalf of the Staff of the New Jersey Board of Public Utilities (Jeffrey S Chiesa,
Attorney General of the State of New Jersey)

Debra F. Robinson, Esq., Deputy Rate Counsel, and Christine Juarez, Esq., Assistant
Deputy Rate Counsel, on behalf of the New Jersey Division of Rate Counsel (Stefanie A.
Brand, Esq., Director)

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE AND THE BOARD OF PUBLIC
UTILITIES:

This Stipulation of Settlement resolves all of the issues raised in BPU Docket No. WR12090881, by which Petitioner, Middlesex Water Company ("Middlesex," "Company" or "Pctitioner"), is seeking Board approval of its Purchased Water Adjustment Clause ("PWAC") filing to recover increased purchased water costs, together with deferred costs, as more fully set forth and described in the Exhibits attached to the Petition and other materials filed herein. The Parties that have participated in this proceeding are as follows: Middlesex, the Division of Rate

Counsel ("Rate Counsel"), and the Staff of the Board of Public Utilities ("Staff"). On November 26, 2012, the Old Bridge Municipal Utilities Authority ("Old Bridge") filed a Motion to Intervene, which was unopposed by the Company, and was granted full intervention status by Administrative Law Judge ("ALJ") Kimberly Moss on November 29, 2012.

As a result of an analysis of the petition, pre-filed testimony and exhibits, conferences, negotiations, responses to information requests, and a public hearing held in the service territory, Middlesex, Rate Counsel, and Staff (hereinafter referred to as "the Signatory Parties") have come to an agreement on the issues in dispute in this matter. Old Bridge, while not a Signatory Party, will issue a letter indicating that it will not object to the Stipulation of Settlement. The Signatory Parties hereto agree and stipulate to the following:

PROCEDURAL HISTORY

1. On September 28, 2012, Middlesex Water Company, a public utility corporation of the State of New Jersey pursuant to N.J.A.C. 14:9-7.1 et seq. franchised to provide water service in the State of New Jersey, filed a petition with the New Jersey Board of Public Utilities (the "Board") seeking approval of an increase in its Purchased Water Adjustment Clause ("PWAC") to recover increased purchased water costs, together with deferred costs, and associated expenses including PWAC rate case expenses, associated gross receipts and franchise taxes. The Company originally requested an increase in annual revenue of \$101,432 over pro forma present rates revenues of \$64,887,172, which represents an increase of approximately 0.16%. On November 29, 2012, the Company amended its filing to include revised Exhibits E and F, which reflect the Company is requesting an increase in annual revenue of \$101,432 over

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

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MAY 5 10 12 37
MIDDLESEX COUNTY

IN THE MATTER OF THE PETITION OF : STIPULATION OF SETTLEMENT
MIDDLESEX WATER COMPANY FOR :
APPROVAL OF A PURCHASED WATER : BPU Docket No.: WR12090881
ADJUSTMENT CLAUSE PURSUANT TO : OAL Docket No.: PUC 14135-2012N
N.J.A.C. 14:9-7.1, ET SEQ. :

APPEARANCES:

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on behalf of the Staff of the New Jersey Board of Public Utilities (Jeffrey S Chiesa,
Attorney General of the State of New Jersey)

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Counsel ("Rate Counsel"), and the Staff of the Board of Public Utilities ("Staff"). On November 26, 2012, the Old Bridge Municipal Utilities Authority ("Old Bridge") filed a Motion to Intervene, which was unopposed by the Company, and was granted full intervention status by Administrative Law Judge ("ALJ") Kimberly Moss on November 29, 2012.

As a result of an analysis of the petition, pre-filed testimony and exhibits, conferences, negotiations, responses to information requests, and a public hearing held in the service territory, Middlesex, Rate Counsel, and Staff (hereinafter referred to as "the Signatory Parties") have come to an agreement on the issues in dispute in this matter. Old Bridge, while not a Signatory Party, will issue a letter indicating that it will not object to the Stipulation of Settlement. The Signatory Parties hereto agree and stipulate to the following:

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pro forma present rate revenues of approximately \$71,865,000, which represents an increase of approximately 0.14%.

2. Middlesex purchases water through two water purchase contracts: the first is for untreated water from the New Jersey Water Supply Authority ("NJWSA") and the second is for treated water from New Jersey American Water Company ("NJAW"). Middlesex was notified of an increase in its purchased water rate per thousand gallons from NJAW effective May 1, 2012, pursuant to BPU Docket No. WR11070460. Subsequent to filing this petition, Middlesex was notified of an increase in its purchased water rate per thousand gallons from NJAW effective October 23, 2012, pursuant to BPU Docket No. WR12050390 and a decrease in the purchased water rate per thousand gallons from NJAW effective April 1, 2013, pursuant to BPU Docket No. WR12111019. Middlesex has not received an increase in the purchased water rate per thousand from NJWSA in connection with this matter. The total proposed revenue requirement increase originally requested in this Docket amounted to \$101,432 per year.

3. On October 17, 2012, the matter was transmitted to the Office of Administrative Law ("OAL"), and ALJ Kimberly Moss was assigned. A Pre-hearing Conference was convened by ALJ Moss on November 27, 2012, and a Pre-hearing Order issued on November 29, 2012. After proper notice, a public hearing in the service territory was held in Woodbridge, New Jersey on the evening of January 17, 2013. No members of the public appeared to provide comments.

4. An OAL status conference was held on February 6, 2013.

5. In accordance with the provisions of the Pre-hearing Order, settlement conferences were held on February 19, February 20, and March 6, 2013, with the following parties participating: Middlesex, Rate Counsel, Staff, and Old Bridge. As a result of the conferences, the following settlement terms were adopted.

SETTLEMENT TERMS

6. The purchased water costs, established pursuant to Petitioner's last base rate order dated July 18, 2012 in BPU Docket No. WR12010027 amounted to \$5,476,652 as appears on the Exhibit A, attached and made a part of this Stipulation. The new base cost of purchased water as agreed to by the Parties is agreed to be \$5,510,374, resulting in an increase in purchased water cost of \$33,722, as more fully set forth on attached Exhibit A.

7. The Parties have agreed that the sum of the allowable expenses in this matter is set forth in Exhibit A and is agreed to be \$85,123, including:

- a. Rate proceeding expenses of \$398 representing a 50% share of total rate proceeding expenses of \$796.
- b. Deferred purchased water costs of \$24,261.
- c. True-up of the purchased water adjustment from the Petitioner's last purchased water adjustment proceeding (BPU Docket No. WR11010038) of \$15,095.
- d. A revenue tax factor of 13.6825% and the resulting revenue tax of \$11,647.

8. For purposes of this matter, the base consumption established in Petitioner's last base rate case in million gallons (mg) is agreed to be 13,726.4 mg. This amount is reduced by the amount attributable to East Brunswick¹ of 2,338.7 mg, resulting in a base consumption for recovery of the PWAC of 11,387.7 mg as more fully set forth in Exhibit A.

¹The Township of East Brunswick ("East Brunswick") purchases untreated water from the New Jersey Water Supply Authority (NJWSA) under its own contract with NJWSA. Middlesex pumps the untreated water to its primary treatment plant from the intake connection with the NJWSA. Once Middlesex performs the water treatment services, East Brunswick takes delivery of the treated water at Middlesex's primary treatment plant. Middlesex does not purchase water from the NJWSA to fulfill its obligation under the contract with East Brunswick. Therefore,

9. For the General Water Service ("GWS") customers under Rate Schedule No. 1, Revised Tariff Sheet No. 33A, a charge of \$0.0677 per thousand cubic feet will be made to recover the increased purchased water costs, reflected on Rate Schedule No. 1, Revised Tariff Sheet No. 33A, attached and made a part of this Stipulation.

10. For service under contract customers, Rate Schedule No. 5, Revised Tariff Sheet No. 40A, PWAC charges agreed to herein result in a charge of \$4.22 per million gallons, reflected on Rate Schedule No. 5, attached and made a part of this Stipulation.

11. As a result of this settlement, a residential customer with a 5/8" meter using 2,600 cubic feet or 19,448 gallons of water per quarter would see his or her water bill increase from \$129.94 to \$130.12 per quarter, an increase of \$0.18 per quarter, or an increase of 0.14%. Petitioner will file a new tariff sheet with the Board, with copies to the Signatory Parties, in conformity with this Stipulation, to become effective on such date as the Board may direct.

12. In accordance with the provisions of N.J.A.C. 14:9-7.4, Petitioner shall file with the Board, not later than 45 days after the adjustment clause has been in effect for one year, a PWAC true-up schedule in connection with this proceeding. Copies of the true-up schedules will be served upon all parties to the present proceeding. In accordance with the provisions of N.J.A.C. 14:9-7.3, this PWAC, if approved by the Board, shall remain in effect until the Company's next rate case, provided that the Company submits an annual year-end true up as described above and an annual petition for adjustment of the PWAC amount in accordance with N.J.A.C. 14:9-7.4.

none of the increased purchased water costs sought in this or agreed to in this proceeding should be allocated to East Brunswick.

13. The Signatory Parties further acknowledge that a Board Order approving this Stipulation, including the implementation of the PWAC charge, will become effective on such date as the Board shall direct. The parties propose May 1, 2013 as the effective date.

14. This Stipulation is the product of 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 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 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.

15. It is specifically understood and agreed that this Stipulation has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, the Company, Board Staff and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein in total or by specific item. The Signatory Parties further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of the Stipulation.

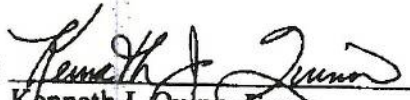
16. All rates are subject to audit by the Board.

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

[Signatures are on next page]

MIDDLESEX WATER COMPANY

3/27/13
Date

By: 
Kenneth J. Quinn, Esq.
Attorney for Petitioner

JEFFREY S. CHIESA
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey
Board of Public Utilities

Date:

By: _____
Alex Moreau, Deputy Attorney General
Veronica Beke, Deputy Attorney General


STEFANIE A. BRAND, ESQ., DIRECTOR
DIVISION OF RATE COUNSEL

Date:

By: _____
Debra F. Robinson, Esq.
Deputy Rate Counsel
Division of Rate Counsel


MIDDLESEX WATER COMPANY

3/27/13
Date

By: 
Kenneth J. Quinn, Esq.
Attorney for Petitioner

JEFFREY S. CHIESA
ATTORNEY GENERAL OF NEW JERSEY
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MIDDLESEX WATER COMPANY

3/27/13
Date

By: 
Kenneth J. Quinn, Esq.
Attorney for Petitioner

JEFFREY S. CHIESA
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey
Board of Public Utilities

Date:

By: _____
Alex Moreau, Deputy Attorney General
Veronica Beke, Deputy Attorney General

STEFANIE A. BRAND, ESQ., DIRECTOR
DIVISION OF RATE COUNSEL

3/28/13
Date:

By: Debra F. Robinson / CMJ
Debra F. Robinson, Esq.
Deputy Rate Counsel
Division of Rate Counsel