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# MONTHLY REPORT

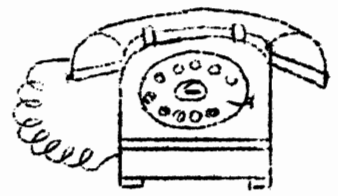
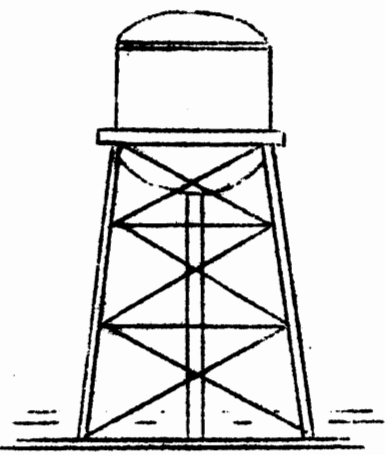
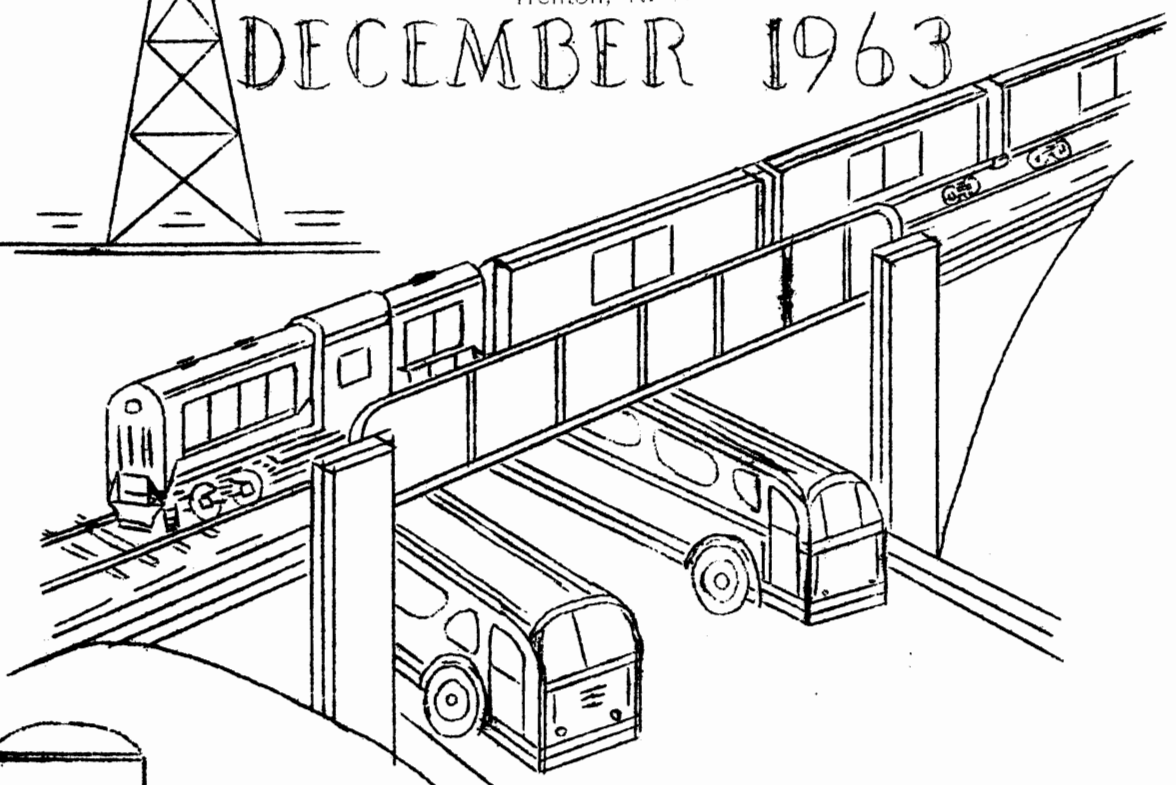
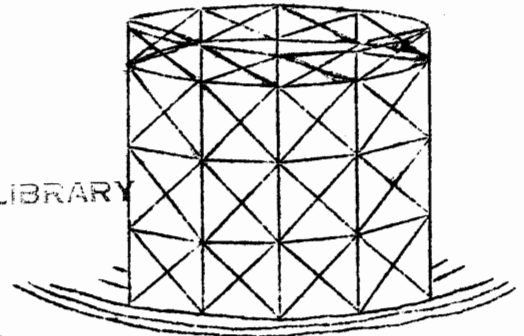
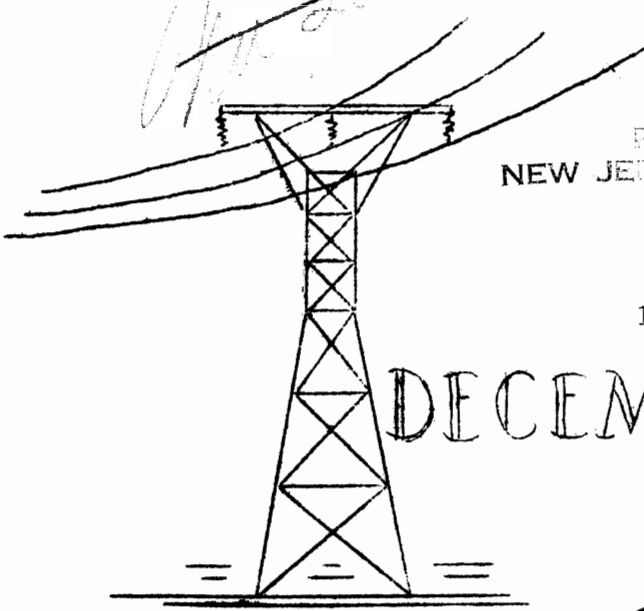
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## DECEMBER 1963



NEW JERSEY  
BOARD OF PUBLIC UTILITY COMMISSIONERS

REPORT TO GOVERNOR RICHARD J. HUGHES  
FOR THE MONTH OF DECEMBER, 1963

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ACTIVITIES

Decisions Issued	51
Petitions Filed	68
Formal Hearings	58
Informal Proceedings	2,000

<u>REVENUES</u>	<u>1962</u>	<u>1963</u>
Filing Fees and Other Sources for the Month of December	\$ 7,875.18	\$ 12,433.99
Filing Fees and Other Sources for the Months of July-December	\$75,955.50	\$117,612.92

BOARD OK'S SALE FOR \$130,025 INSTEAD OF \$52,010.

Central Railroad Company of N. J. asked the Board to approve a sale of its land for \$52,010 but the Board in its order of July 3, 1963 disapproved the sale finding the price was not the best obtainable. After re-advertising and receiving a high bid of \$130,025, Central once more sought Board approval and received it in an order issued December 24, 1963. The property was no longer used or useful for utility purposes and the additional \$78,015 is about 250% of the selling price proposed in July.

PATH ACCIDENT DEVELOPMENTS

Following 5 public hearings on the July 24th PATH and PRR train collision at Harrison, Hudson County, involving safety interlocking plants, a Board Order is in preparation and it is expected that the Board on its own motion, will order hearings on the matter of safety interlocking plants, directing all N. J. railroads to appear as parties.

WATER MATTERS

WATER FRANCHISE PROPOSED TO BE REVOKED

Hearings were completed in December on Bordentown Township's petition to the Board to revoke the water franchise granted to Bordentown Sewer Co. and to appoint a receiver. A hearing examiner's report and recommendations is in preparation. Concurrently, in a suit by the Board and the State against the Company to enforce duties set in a Board Order which were not fulfilled, the Bordentown Banking Company has moved to intervene to protect its interests as mortgagee of the Company because the utility-mortgagor allegedly is delinquent in mortgage payments. The motion will be heard on January 10, 1964, and a pre-trial conference is set for the same day.

## SERVICE RESTORED

On the basis of service complaints, the Board in emergent circumstances on December 18, 1963, issued a telegram order to show cause to the Bayville Water Company in which allegations were made, that the water works were frozen and an auxiliary supply had been disconnected because of non-payment of bills by the utility. The supply was immediately reconnected on December 18th and a public hearing on December 30th resulted in a commitment that service would be continued.

## GAS UTILITIES INVOLVED IN 3 EXPLOSIONS

One accident in the service area of South Jersey Gas Company happened in Runnemede, Camden County, when a service line, which was pulled up by an excavating contractor, broke at the regulator in the cellar of a house. Two other accidents, about one-quarter mile apart on the same four-inch cast iron main, were in the Elizabethtown Consolidated Gas Company area in Woodbridge, Middlesex County. In both instances, the main cracked, serving the pipe. The Board will receive a report from the Company after a gas consulting engineering firm, hired by the Company, finishes its study. But, presently, all three explosions are under continued investigation.

## TELEGRAPH AND AUTOBUS CHARGES RAISED

Finding that the Western Union Telegraph Company was receiving an inadequate 1.2% rate of return on a rate base fixed by the Board, the Company was permitted, by the Board Order of December 10, effective December 21, 1963, to file revised tariffs dealing with money orders and various commercial news services and amounting to annual additional revenue of \$59,867. The level of rates now equals those filed with the FCC for interest rates and effective in 41 states.

Beviano Chartered Service, operating 7 buses in several municipalities in Union County, was granted a fare increase which eliminated a \$4,055 deficit and caused increased operating income of \$4,657 and, on a net investment in plant and equipment of \$93,081, this was found to be a fair return on utility property. Previously, 5 buses were under a fare structure of 15¢ for 1 zone plus 5¢ for the second zone but 2 buses recently purchased from independent operations had a 14¢-5¢ fare structure. The new rate, adopted as proposed by the operator, increases the second zone to 10¢ for all buses and increases to 15¢ the 14¢ fare of the 2 buses in zone No. 1.

To eliminate a \$11,454 deficit and to realize \$3,184 in operating income, Garfield & Passaic Transit Company, Inc. petitioned on October 18 and received Board approval on December 17, effective December 29, 1963, to eliminate the zones on its 3 bus routes between Garfield, East Paterson and Saddle Brook, all in Bergen County, and to establish a single 15¢ fare on each route instead of the present 10¢ fare for the first zone with 5¢ additional for the second zone. Students fares will not change; also, denied by the Board was a request for elimination of the free bus transfer between two routes. The return can only be anticipated because the President of the Company has waived his \$5,000 salary.

## RAILROAD DOINGS

In 1964, 103 decisions were issued by the Board on formal railroad matters. During December, 458 informal matters were disposed of without hearing, including inspection of protection at 156 grade crossings, 24 railroad shop inspections, and work on 231 passenger and freight tariff filings.

## VARIOUS CROSSINGS

The Hudson County Freeholders petition for reconstruction of a bridge over the Erie-Lackawanna Railroad in Kearny, Hudson County. The State Highway Department asks for the reconstruction of 5 grade crossings in Middletown Township, Monmouth County, and one grade crossing in Atlantic Highlands, Monmouth County, the establishment of a new grade crossing at Leonardo, Monmouth County, and the widening of a grade crossing in Raritan Township, Hunterdon County. After a hearing in December, the Borough of Union Beach, Monmouth County, will negotiate with the Central Railroad to construct a grade crossing on the Seashore Branch. In a joint petition, the Boroughs of New Shrewsbury and Eatontown seek permission to improve the protection at the Hope Road crossing of the Central Railroad. The Township of Matawan, Monmouth County, has applied for reconstruction of the Lloyd River Bridge over the New York and Long Branch Railroad. The City of Millville, Cumberland County, seeks authority to build a grade crossing at South 10th Street over the PRSL. To provide better access to nearby schools, the Borough of Milltown, Middlesex County, urges that the Board direct the establishment of a new grade crossing at Violet Street over the Raritan River R. R. Co. At hearings held in December, the Pennsylvania Railroad Company presented its case for the discontinuance of watchman protection at 2 locations in Mount Holly, Burlington County, and the substitution of automatic flashing lights.

## FREIGHT STATIONS

The Raritan River R. R. Company seeks to change the status of its station in the Borough of South River, Middlesex County, from agency freight to non-agency freight. A hearing was held in December on the PRSL petition to consolidate the freight offices at Gibbstown and Paulsboro, Gloucester County, into a single central office at Paulsboro.

## ACCOUNTING HIGHLIGHTS

In 1963, 208 formal cases and 2,184 informal matters were cleared. The Book of Statistics of Utilities, concerning more than 600 utilities, was completed at year's end. With the exception of railroad, electric and gas utilities, who receive annual report forms from the U. S. Government Printing Office in Washington, D. C., all other utilities were furnished forms which are required to be filed with the Board and, then, processed and audited by the Board's accounting staff.

## LEGAL ACTION

### COURT CASES

With a deputy attorney general representing the Board, oral argument was heard by the Appellate Division, Superior Court of New Jersey, on two appeals taken from Board Orders. One case was argued on December 16 in which the New York Central Railroad and the Borough of Ridgefield are parties on each side of the issue whether an exception should be made to a municipal zoning ordinance. In the other case, Public Service Coordinated Transport contended, on December 23, that Super Service is operating a regular route operation, subject to Board regulation and, allegedly, in competition with PSCT. Super Service answered that it is a charter bus service.

In the Hollywood Manor Water Company case in Chancery Division Superior Court of Essex County, wherein the Board seeks specific performance of its January 25, 1962 Order (directing, among other things, the installation by the water utility of iron removal facilities) and other relief, an answer to the Board's complaint of October 31 was received on December 3, 1963 at the Board's Newark office. After denying substantially all the allegations in the complaint, the utility sets up several affirmative defenses; namely, (1) no willful default, (2) compliance with all Board Orders, (3) all equipment in process of installation, (4) the utility has always given proper service, and (5) the complaint fails to state a claim for relief. No date has yet been set for the trial.

The Hillsborough case on appeal from a Board Order and awaiting argument in the Appellate Division of the Superior Court was remanded to the Board on agreement of all parties by order of the court of December 19. In the Board Order of December 20, 1962, affecting both a water and sewage utility, a finding was made that the utilities rate and investment base was inflated due to an improper addition of contributions in aid of construction by a developer. Hence, the value of utility property being reduced, a lesser number of common stock were authorized to be issued by the utilities. Following this there was a motion for reargument and reconsideration on the decision of which the Board considered testimony previously taken in 1954 on the formation of the utility companies but which testimony wasn't referred to in the hearings on the motion. Lack of prior notice of use of the 1954 testimony was the reason for the remand application and the parties had agreed between themselves to seek remand without restriction to any specific point.

Another case before the Appellate Division may soon be settled by agreement of the parties. This is the Brundage Case in which property owners, the Brundages, appealed from a Board Order, finding that an electric line was necessary for proper utility service to the public, after petition of Jersey Central Power & Light Company to condemn Brundage land for use as a right-of-way for the electric line. Intervenors in the case were Morris County and Morris County Municipal Utilities Authority whose lands are also involved. Further findings in the case were that the taking of Authority land was not contra to the public interest and would not unduly injure private

## LEGAL ACTION

### COURT CASES (Continued)

property owners but, the acquiring of Morris County property would be incompatible with the public interest. In an interim order, the Board stated that the New Jersey case law upholds the doctrine of prior public use in eminent domain actions. Nevertheless, the issue of comparative public uses had to be decided by the Board and mere ownership of land by a public agency would not bar condemnation. Here the court "dismissed" the appeal with the possibility of restoration if a settlement is not reached by January 13, 1964.

### FEDERAL ADMINISTRATIVE COURTS

Acting on behalf of the State and the Board, a deputy attorney general participated in a Federal Power Commission hearing on December 2 in the TRANSCO case, in which Transcontinental Gas Pipe Line Corporation seeks authority to transport natural gas through its pipeline from Texas to Linden, New Jersey.

At an I.C.C. hearing held at Freehold, Monmouth County, on December 10, Board Counsel did not oppose the proposed abandonment of a freight line, stretching about 8 miles from Farmingdale to Sea Girt, both in Monmouth County, which is owned by the Pennel Company and operated by the Pennsylvania Railroad Company. The interested parties, shippers and other users of the service, did not object to the proposal.

## LEGISLATION

A legislative memorandum was sent by the Board to the Governor counsel's office supporting a proposed bill allowing a private utility to purchase or lease municipal sewer facilities and intended to aid in the settlement of the Ocean City Sewer Service Company case which was remanded to the Board after argument in the Appellate Division on an appeal in which the utility contended that the Board granted an inadequate rate increase. The utility intends to utilize Ocean City sewer facilities, eliminating thereby a part of its proposed construction program costs and thus reducing rate base on which a utility is entitled to a fair return on its investment.