



Agenda Date: 3/24/17  
Agenda Item: 5B

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 3rd Floor, Suite 314  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

WATER

IN THE MATTER OF THE PETITION OF THE	)	ORDER ADOPTING INITIAL
ATLANTIC CITY SEWAGE COMPANY FOR	)	DECISION/SETTLEMENT
AUTHORIZATION TO INCREASE TARIFF RATES AND	)	BPU DOCKET NO. WR16100957
CHARGES FOR SEWERAGE SERVICE; AND	)	OAL DOCKET NO. PUC 16816-2016S
	)	
IN THE MATTER OF THE PETITION OF ATLANTIC	)	
CITY SEWERAGE COMPANY TO CHANGE THE	)	
LEVEL OF ITS PURCHASED SEWERAGE	)	ORDER ADOPTING STIPULATION
TREATMENT ADJUSTMENT CLAUSE	)	BPU DOCKET NO. WR16121186

**Parties of Record:**

**Ira G. Megdal, Esq.**, Cozen O'Connor, on behalf of Atlantic City Sewerage Company, Petitioner  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel  
**John G. Valeri Jr., Esq.**, Chiesa Shahinian & Giantomasi, PC, on behalf of Timothy Cunningham, Director, Division of Local Government Services, Intervenor

**BY THE BOARD:**

On October 13, 2016, Atlantic City Sewerage Company ("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.S.A. 48:2-21, N.J.S.A. 48:2-21.1, and N.J.A.C. 14:1-5.12, seeking to increase and revise its rates and charges for sewerage service amounting to \$3,003,981 or 15% above the annual revenues based on a test year ending December 31, 2016.

According to the petition, the rate increase is driven by two factors, including, but not limited to, the Company's continuing prudent capital investments in its sewerage system, and the continuing erosion of the Atlantic City casino industry.

By this Order, the Board considers the Initial Decision/Settlement ("Initial Decision") recommending adoption of the Stipulation<sup>1</sup> executed by the Company, the Division of Rate Counsel ("Rate Counsel") and Board Staff (collectively the "Signatory Parties"), agreeing to an overall increase in revenues in the amount of \$1,950,000 representing a 9.78% increase over pro-forma present rate revenues of \$19,940,217.

### **BACKGROUND/PROCEDURAL HISTORY**

The Petitioner operates a sewerage collection and transmission system within its defined service territory, the City of Atlantic City, and serves approximately 7,450 customers and purchases sewerage treatment from the Atlantic County Utilities Authority.

On November 1, 2016, in accordance with N.J.S.A. 52:14B-1 to -15 and N.J.S.A. 52:14F-1 to -13, the Board transmitted the matter to the Office of Administrative Law ("OAL") for hearings. Administrative Law Judge ("ALJ") Elia A. Pelios was assigned the case and held a telephone prehearing conference on December 2, 2016. A procedural schedule was agreed to by the Parties.

The proposed rate increase was to become effective on November 15, 2016. On October 26, 2016, the Company submitted a letter to the Board Secretary advising that it would not implement rates on an interim basis prior to the effective date of the Board's Initial Suspension Order resulting from the November 30, 2016 agenda meeting, which suspended the proposed rates until March 15, 2017. Because it became apparent that this matter would not be completed by March 15, 2017, the Board on February 22, 2017, issued an Order further suspending the proposed rate increase until July 15, 2017.

After proper notice, a public hearing was held on January 26, 2017 at 5:30 p.m. Only one member of the public appeared at the hearing, John Valeri, on behalf of Timothy Cunningham, the Director of Local Government Services ("the Director"), representing Atlantic City. Mr. Valeri commented that the Director opposed the increase in rates.

On February 10, 2017, the Director moved to intervene in this matter. By letter dated March 1, 2017, the Director advised ALJ Pelios that based on his discussions with the Parties, his understanding of the proposed Stipulation, and no objection to his motion to intervene, he was taking no position on the proposed Stipulation.

On March 2, 2017, the Company filed a letter with the OAL advising that the Company does not oppose the motion for intervention. As no opposition was received, and following a telephone prehearing conference with ALJ Pelios on March 2, 2017, the Parties anticipated that the ALJ would grant the Director's motion for intervention and would incorporate it into his Initial Decision. The fully executed Stipulation was sent to ALJ Pelios on March 6, 2017.

---

<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.

Subsequent to the public hearing and prior to evidentiary hearings in this matter, the Signatory Parties engaged in settlement negotiations. As a result of the settlement negotiations, the Signatory Parties reached a settlement on all issues and entered into a Stipulation that, among other things, provides for an overall increase of \$1,950,000, representing a 9.78% increase above current operating revenues of \$19,940,217.

On March 9, 2017, ALJ Pelios issued his Initial Decision, recommending adoption of the Stipulation executed by the Signatory Parties, in accordance with N.J.A.C. 1:1-19.1, finding that the Signatory Parties had voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues and was consistent with the law. Judge Pelios also thereby granted the Director's motion to intervene. Copies of the Initial Decision and the Stipulation are attached hereto.

### **DISCUSSIONS AND FINDINGS**

Among the provisions of the Stipulation, the Signatory Parties recommended a test year ending December 31, 2016; a rate base of \$41,919,582, adjusted for all known and measurable changes; and an overall rate of return of 6.90%. As is illustrated in Exhibit A, which is attached to the Stipulation, the 6.90% overall rate of return is based on a capital structure consisting of 50% equity using a return on common equity of 9.60% and 50% debt using an actual cost of debt rate of 4.20%. The Signatory Parties further agree that the rate applicable to the Company's Allowance for Funds Used During Construction shall be equal to the Company's overall rate of return of 6.90%. The Signatory Parties also acknowledge that the stipulated revenue increase reflects a consolidated income tax adjustment. The Parties agree that the resulting revenue requirement should represent a level of revenues necessary to ensure that the Company will continue to provide safe, adequate and proper sewerage service to its customers.

The Parties acknowledge that the stipulated revenue increase is \$1,950,000 and agree that the attached tariff pages implement the terms of this Stipulation and should be adopted by the Board in their entirety.

The Board is mindful of the impact any rate increase has on customers. However, having reviewed the record in this matter, including 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. In reaching this decision, the Board must balance the needs of the ratepayer to receive safe, adequate and proper service at just and reasonable rates, while allowing the utility the opportunity to earn a fair rate of return. See FPC v. Hope Natural Gas, 320 U.S. 591 (1944); N.J.S.A. 48:2-21 and N.J.S.A. 48:3-1. Therefore, the Board **FINDS** that 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:

- a. The Tariff sheets, attached as Exhibit B to the Stipulation, containing the rates and charges conforming to the Stipulation and designed to produce the additional revenues to which the Parties have stipulated herein, are **HEREBY ACCEPTED**; and

- b. The base rate increase in the amount of \$1,950,000 represents a 9.78% increase above present rate revenues of \$19,940,217. The revenue requirement of \$21,890,236, which includes a \$19 differential due to rounding, will be derived through \$10,842,226 from fixed service charge revenues and \$11,048,010 from volumetric charge revenues. Exhibit C, attached to the Stipulation as a schedule demonstrating the net effect of the Stipulation on each of the Company's customer classes, is **HEREBY ACCEPTED**; and
- c. The stipulated increase and the tariff design allocations for each customer classification are **HEREBY ACCEPTED**.

### **PURCHASED SEWERAGE TREATMENT ADJUSTMENT CLAUSE**

On December 22, 2016, the Company filed a petition pursuant to N.J.A.C. 14:9-7.1 et seq.,<sup>2</sup> requesting to change the level of its Purchased Wastewater (sewerage) Treatment Adjustment Clause ("PSTAC") from \$26.822 per Mcf of metered water to a rate of \$26.451 per Mcf. The Company's initial filing was based on preliminary estimates and was updated as the case progressed.<sup>3</sup>

By this Order, the Board considers the Stipulation<sup>4</sup> executed by the Company, Rate Counsel, and Board Staff (collectively, "the Parties") as its own agreeing to an overall increase in revenues in the amount of \$8,944,769. There were no interveners in this proceeding. The Petitioner services approximately 7,450 customers and purchases its sewage treatment from the Atlantic County Utilities Authority.

### **BACKGROUND/PROCEDURAL HISTORY**

Due to the fact that the PSTAC rate was filed as a decrease, this matter was retained by the Board and deemed that no public hearing was necessary.

The Parties engaged in settlement negotiations, in conjunction with the abovementioned base rate case, and on March 8, 2017, the Parties entered into a Stipulation that fully disposes of all issues and is consistent with the law.

### **DISCUSSIONS AND FINDINGS**

As more fully discussed in the Stipulation, the Parties agreed that the following decrease is reasonable and appropriate. The amount of Atlantic City Utilities Authority treatment costs to be recovered through the 2017 PSTAC The actual amount to be recovered through the 2017 PSTAC is \$8,357,955. This amount was further adjusted by actual filing costs, after a 50/50 split between Petitioner and Ratepayers, of \$5,069, as well as an under collection in 2016 PSTAC revenues to reflect a total amount to be recovered through the 2017 PSTAC of \$8,944,769 and the level of the PSTAC charge is changed from \$26.451 per Mcf to \$26.103 per Mcf. This represents an annual decrease of the PSTAC of (\$6.69) on the average residential

<sup>2</sup> The Petition mistakenly cited N.J.A.C. 14:9-8.1.

<sup>3</sup> As a result of the Company's updated schedules, the 2017 requested PSTAC rate decreased to \$26.103 per Mcf, which differs from the proposed rate of \$26.451, as originally filed.

<sup>4</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.

customer's annual sewerage bill. This PSTAC decrease, coupled with the aforementioned base rate case will increase the average customers' annual sewerage bill by \$43.67 or 7.99%.

The PSTAC Charge of \$26.103 assumes an implementation date of January 1, 2017. If a Board Order is effective as of April 3, 2017, it means that the 2017 PSTAC will only be recovered over 272 days, rather than 365 days. As a result, the PSTAC charge for 2017 will be compressed to a charge of \$25.857 per Mcf from the current PSTAC charge of \$26.822 per Mcf as portrayed on Exhibit "A" of the base rate case Stipulation which is attached to base rate case the Initial Decision. This represents a decrease of \$0.965 per Mcf.

Attached as Exhibit B to the executed Stipulation are the PSTAC tariff sheets. The Parties hereto agree that said tariff sheets are just and reasonable and should be accepted by the Board effective April 3, 2017, or as soon as the Board may issue an order accepting same.

Beginning January 1, 2018, the uncompressed PSTAC charge of \$26.103 per Mcf shall become effective resulting in an increase of \$0.246 per Mcf from the compressed charge. The Company is **HEREBY DIRECTED** to make a compliance filing with the Board effective January 1, 2018 incorporating this rate change.

Petitioner shall account for net cumulative over-recoveries and under-recoveries resulting from the PSTAC. These over-recoveries and under-recoveries will be charged or credited to the PSTAC in subsequent PSTAC proceedings. The net monthly cumulative over-recoveries and under-recoveries shall be calculated for each month, utilizing an average balance for each month. Interest on net cumulative monthly over-recoveries shall be credited to the PSTAC at an interest rate equal to the return on rate base of 6.90%. Similarly, interest on net monthly under-recoveries shall be charged against the PSTAC. If Petitioner has another base rate case completed while this PSTAC is in effect, the return on rate base utilized in that base rate case shall become the interest rate on net monthly cumulative over-recoveries and under-recoveries, on a prospective basis. If, as of December 31, 2017, interest shall be due the PSTAC, such interest shall in fact be credited to the PSTAC. If, as of December 31, 2017, interest shall be chargeable against the PSTAC, said interest shall be eliminated through appropriate accounting entries.

Having reviewed the Stipulation, the Board **HEREBY FINDS** that the 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 **FURTHER FINDS** the Stipulation, to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board **HEREBY ADOPTS** 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:

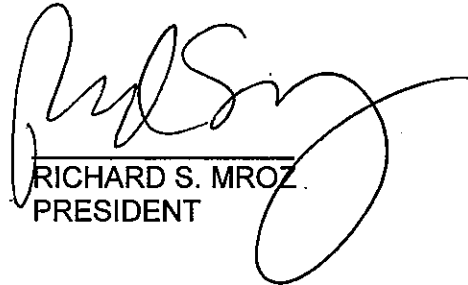
In accordance with the provisions of N.J.A.C. 14:9-7.4, the Petitioner shall file with the Board, no later than 45 days after the adjustment clause has been in effect for one year, a PSTAC true-up schedule in connection with this proceeding. Copies of the true-up schedule shall be served upon all Parties to the present proceeding.


The Board **HEREBY DIRECTS** the Company to file tariff pages conforming to the terms and conditions of the Initial Decision, which adopts the Stipulation, and this Order, within ten (10) days from the effective date of this Order.

This Order and the approved rates shall become effective on April 3, 2017.

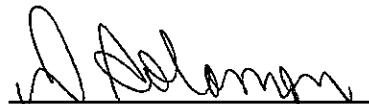
DATED: 3/24/17

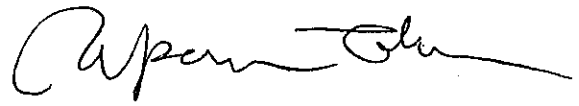
BOARD OF PUBLIC UTILITIES  
BY:

  
RICHARD S. MROZ  
PRESIDENT

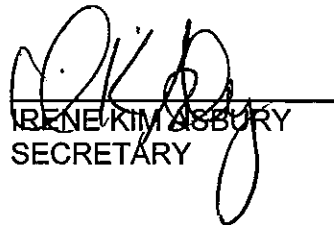
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
MARY-ANNA HOLDEN  
COMMISSIONER

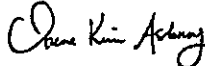
  
DIANNE SOLOMON  
COMMISSIONER

  
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



**Docket No. WR16100957 – in the Matter of the Petition of the Atlantic City Sewage Company for Authorization to Increase Tariff Rates and Charges for Sewerage Service; and**

**Docket No. WR16121186 – In the Matter of the Petition of Atlantic City Sewerage Company to Change the Level of its Purchased Sewerage Treatment Adjustment Clause**

**SERVICE LIST**

Ira G. Megdal, Esq.  
Cozen O'Connor  
457 Haddonfield Road, Suite 300  
Post Office Box 5459  
Cherry Hill, NJ 08002  
[imegdal@cozen.com](mailto:imegdal@cozen.com)

John G. Valeri Jr., Esq.  
Chiesa Shahinian & Giantomasi, PC  
One Boland Drive  
West Orange, NJ 07052  
[ivaleri@csglaw.com](mailto:ivaleri@csglaw.com)

Stefanie A. Brand, Esq., Director  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003  
[sbrand@rpa.state.nj.us](mailto:sbrand@rpa.state.nj.us)

Irene Kim Asbury, Esq.  
Secretary of the Board  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[irene.asbury@bpu.nj.gov](mailto:irene.asbury@bpu.nj.gov)

Maria L. Moran, Director  
Division of Water  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[maria.moran@bpu.nj.gov](mailto:maria.moran@bpu.nj.gov)

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES  
OFFICE OF ADMINISTRATIVE LAW

IN THE MATTER OF THE PETITION OF : **BPU DOCKET NO. WR16100957**  
THE ATLANTIC CITY SEWERAGE : **OAL DOCKET NO. PUC16816-2016 S**  
COMPANY FOR AUTHORIZATION TO :  
INCREASE TARIFF RATES AND CHARGES : **STIPULATION**  
FOR SEWERAGE SERVICE :

APPEARANCES:

Ira G. Megdal, Esquire (Cozen O'Connor, attorneys) for The Atlantic City Sewerage Company, Petitioner.

Susan E. McClure, Esq., Assistant Deputy Rate Counsel, Division of Rate Counsel; (Stefanie A. Brand, Director, Division of Rate Counsel).

Andrew Kuntz and Renee Greenberg, Deputy Attorneys General, (Christopher S. Porrino, Attorney General of New Jersey) on behalf of the Staff of the Board of Public Utilities ("Board Staff").

John G. Valeri, Jr., Chiesa Shahinian & Giantomasi, attorneys for Timothy Cunningham, Director, Division of Local Government Services.

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

**I. INTRODUCTION**

1. The Atlantic City Sewerage Company ("ACSC", the "Company" or "Petitioner") a public utility company of the State of New Jersey, operates a sewage collection and transmission system within its defined service territory, consisting of the City of Atlantic City, New Jersey. Within its service territory, Petitioner serves approximately 7,450 customers. Petitioner purchases its sewage treatment from the Atlantic County Utilities Authority ("ACUA").



2. On October 13, 2016, the Company filed a petition with the New Jersey Board of Public Utilities (“BPU” or the “Board”) proposing to increase its base tariff rates (the “Petition”). The matter was transmitted by the Board to the Office of Administrative Law (“OAL”) for hearing as a contested case and receipt thereof was acknowledged by the OAL on November 4, 2016 and the matter was assigned to the Honorable Elia A. Pelios, Administrative Law Judge. The matter was assigned Docket No. WR16100957 by the Board and Docket No. PUC16816-2016 S by the OAL.

3. After appropriate public notice of the Petition, a public hearing in the matter was held in Atlantic City, New Jersey on January 26, 2017 at 5:30 p.m. presided over by the Honorable Jeffrey R. Wilson. Only one member of the public, John Valeri, on behalf of the Timothy Cunningham, Director of Local Government Services representing Atlantic City appeared. He commented that the Director is in opposition to the increase in rates.

4. The parties to the proceeding are the Board Staff, Division of Rate Counsel (“Rate Counsel”), and the Company (hereafter collectively, the “Parties”). On February 10, 2017 Timothy Cunningham, Director, Division of Local Government Services moved for leave to intervene. The motion is still pending before the OAL. On March 2, 2017, ACSC filed a letter with the OAL advising that the Company does not oppose the motion for intervention. As no opposition was received, the Parties anticipate that the ALJ will grant Timothy Cunningham’s motion for intervention, and will incorporate the Order into an Initial Decision. Discovery was propounded by Board Staff and Rate Counsel in the proceeding and answered in full by the Company.

5. In addition to discovery, the Parties have also engaged in settlement discussions. As a result of these discussions, the Parties to this Stipulation agree to a resolution of all issues

which arose in the proceeding and hereto stipulate as follows:

## II. BACKGROUND

6. By the Petition, ACSC sought authorization to increase its base tariff rates to produce increased pro-forma operating revenues of \$3,003,981. The Company proposed to increase the Volumetric Collection Charge and Fixed Charges, in amounts varying by meter size.

7. Based upon Petitioner's books and prospective operating revenues for the twelve month period ending December 31, 2016, the rates proposed in the Petition were designed to yield additional proforma operating revenues of \$3,003,981 or 15%. The Petition was based upon seven months of actual results for the test year and five months of projections. The Company updated its filing to reflect twelve months of actual test year results. In that update, the Company revised its requested increase to \$3,044,045.

8. The need for base rate relief is primarily driven by the loss of revenue associated with multiple casino customer closings, capital improvements since the Company's last base rate case, and, to a lesser extent, increases in operating, maintenance and administrative expenses of the Company.

9. As alleged in the Company's petition approximately 40% of the Company's total revenue is derived from the Atlantic City casino industry. Since the beginning of 2014, the City has seen a decline in total number of casinos from 12 to 7. The continued decline of gaming and hotel revenues due to significant competitive and economic pressures threatens the growth and prosperity of the Company and Atlantic City. Combined with expense and cost increases for capital improvements and a general decline in water usage, the Company has suffered and continues to suffer economic erosion.

### **III. BASE RATES**

10. The Parties agree that the twelve (12) months ending December 31, 2016, adjusted for known and measurable changes, constitutes the appropriate Test Year for use in this proceeding.

11. The Parties hereto stipulate to a base rate increase of \$1.95 million.

12. The Parties agree to a rate base of \$41,919,582 and an overall rate of return of 6.90%, which as illustrated in Exhibit "A", is obtained based on a capital structure of 50% equity with a cost rate of 9.60% and 50% debt with an actual cost rate of 4.20% at the year-end of 2016.

13. The Parties further agree that the rate applicable to the Company's Allowance for Funds Used During Construction (AFUDC) shall be equal to the Company's overall rate of return of 6.90%.

14. The Parties acknowledge that the stipulated revenue increase reflects consideration of a consolidated income tax adjustment.

15. Attached to this Stipulation, as Exhibit "B", are the Tariff sheets necessary to produce the stipulated pro forma annual operating revenues. The Parties to this Stipulation agree that the Tariff sheets constituting Exhibit "B" should replace and be substituted for the existing Tariff sheets. The Parties to this Stipulation agree further that the Tariff sheets constituting Exhibit "B" are just and reasonable, and should be accepted by the Board and made effective. The Parties further acknowledge that any increase or resolution of any issue agreed to in this Stipulation shall become effective upon a date certain as specified in the Board Order, after the service of the Board Order on all Parties of record, in accordance with N.J.S.A. 48:2-40.

16. The base rate increase in the amount of \$1.95 million represents a 9.78% increase above present annual revenues of \$19,940,217. The revenue requirement of \$21,890,236 will be derived through \$10,842,226, from fixed service charges and \$11,048,010 in volumetric charges. Accordingly, the Company will continue to provide safe, adequate and proper service to its customers.

17. Under the terms of this Stipulation, the actual impact on customers will depend upon the meter size utilized by the customers. Attached hereto as Exhibit "C" is a schedule demonstrating the net effect of this Stipulation on each of ACSC's customer classes.

18. While agreeing for the purpose of this Stipulation to the results of the allocations as evidenced in the Tariff sheets (Exhibit "B") and Exhibit C attached to this Stipulation, the Parties hereto have not agreed upon any specific allocation methodology or policy in the resolution of the rate design issues raised in this proceeding.

#### IV. MISCELLANEOUS

19. This Stipulation shall be binding on the Parties on approval of the Board. This Stipulation shall bind the Parties in this matter only and shall have no precedential value.

20. 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 Parties expressly and jointly state that they would not have signed the agreement had any term been modified in any way. Since the Parties have compromised in numerous areas, each is entitled to certain procedures in the event that any modifications whatsoever are made to this Stipulation.

21. If any modification is made to the terms of this Stipulation, the Signatory Parties each must be given the right to be placed in the position it was in before the Stipulation was

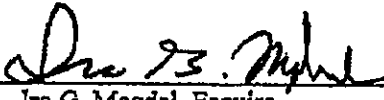
entered into. It is essential that each Party be given the option, before the implementation of any new rate resulting from any modification of this Stipulation, either to modify its own position to accept the proposed changes, or to resume the proceeding as if no agreement had been reached.

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

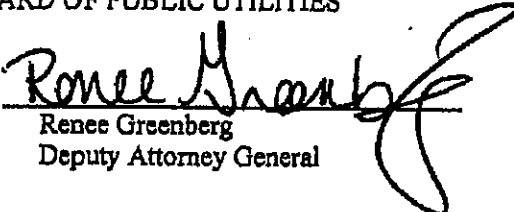
23. This Stipulation may be executed in as many counterparts as there are signatories of this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

[SIGNATURES APPEAR ON NEXT PAGE]

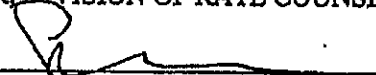
THE ATLANTIC CITY SEWERAGE COMPANY

By:   
Ira G. Megdal, Esquire

CHRISTOPHER S. PORRINO  
ATTORNEY GENERAL OF NEW JERSEY  
ATTORNEY FOR STAFF OF THE NEW JERSEY  
BOARD OF PUBLIC UTILITIES

By:   
Renee Greenberg  
Deputy Attorney General

STEFANIE A. BRAND  
DIRECTOR, DIVISION OF RATE COUNSEL

By:   
Susan McClure  
Assistant Deputy Rate Counsel

Dated: March 6, 2017

## EXHIBIT A

**Atlantic City Sewerage Company**

**Overall Rate of Return**

**31-Dec-16**

Forecast

	<b>Capital Structure Ratios</b>	<b>Cost Rate</b>	<b>Weighted Return</b>
Long Term Debt	50.00%	4.20%	2.10%
Common Stock	50.00%	9.60%	4.80%
Total	<u>100.00%</u>		<u>6.90%</u>



**EXHIBIT B**

TARIFF  
FOR  
SEWERAGE SERVICE

Applicable In  
THE CITY OF ATLANTIC CITY  
NEW JERSEY

---

Date of Issue:

Issued by:

LOUIS M. WALTERS, President & General Manager  
1200 Atlantic Avenue  
Atlantic City, New Jersey

Effective for Service  
rendered on and after

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR16100957 dated

---

---

TABLE OF CONTENTS

	<u>Sheet No.</u>
Title Page .....	1
Table of Contents .....	2
An Introduction to Customers .....	3
An Overview of Common Customer Complaints and Customer Rights .....	4
Deposits .....	4-5
Deferred Payment Arrangement .....	5
Discontinuance of Service .....	5-6
Meters .....	6-7
Form of Bill for Metered Service .....	7
Standard Terms and Conditions	
Territory to which Tariff Applies .....	8
General Rules .....	8-10
General Provisions	
Definition of Terms .....	11
Nature and Extent of Services .....	11
Requirements as to Wastewater Discharged .....	11
Annual Charges for Sewerage Service .....	11
Water Used from Sources Other Than the Public Water System .....	12
Exemption for Water Not Entering the Sewerage System .....	12-13
Billing .....	13
Billing Year .....	13
Payment for Sewerage Service .....	14
Requests for Disconnection of Service .....	14
Schedule of Rates	
Application .....	15
Annual Rates .....	16
Limitations on Wastewater Discharges .....	Exhibit A

---

Date of Issue:		Effective for Service
Issued by:	LOUIS M. WALTERS, President & General Manager	rendered on and after
	1200 Atlantic Avenue	
	Atlantic City, New Jersey	

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR16100957 dated

---

---

**AN INTRODUCTION TO CUSTOMERS**

The approved tariff located here in the Company's office is available for your review. The Company is responsible to maintain its tariff with any changes approved by the Board of Public Utilities and must, by State Law and regulations, maintain it in exactly the same format as the Company's tariff on file at the Board of Public Utilities, 44 South Clinton Avenue, Trenton, N.J. The Division of Water and Wastewater is on the 9<sup>th</sup> Floor.

If, after you review this tariff and discuss it with appropriate Company employees, you still have questions regarding clarification or interpretations, please contact the Board of Public Utilities, Division of Customer Relations at 1-800-624-0241, 609-341-9188 or [www.nj.gov/bpu](http://www.nj.gov/bpu).

You have the right to review this tariff at the Company's offices or at the Board's office in Trenton. Your inquiries will be handled by the Board's staff in an expeditious manner in order to protect your rights as well as those of the Company. Please feel free to exercise this right by telephoning or by visiting the Board's offices at any time between the hours of 9:00 a.m. and 5:00 p.m., Monday through Friday, or by writing a letter. The letter should contain the writer's name, address and phone number including area code. If the writer is a customer of record, the account number should be included.

The Company has available in its office a leaflet entitled "An Overview of Common Customer Complaints and Customer Rights." This is a summary of the most frequent customer complaints and rights; it does not include all customer rights or utility obligations.

The Board of Public Utilities is responsible for the final interpretation and enforcement of a utility's Tariff provisions and rates. The utility is bound by New Jersey's statutes and the Board's regulations. If a conflict should exist in the Tariff that is detrimental to the Customer, the Board's regulations supersede the Tariff provision absent specific approval to the contrary by the New Jersey Board of Public Utilities. A utility company may provide for more liberal treatment than that provided for in the Board's Regulations.

---

Date of Issue:		Effective for Service
Issued by:	LOUIS M. WALTERS, President & General Manager	rendered on and after
	1200 Atlantic Avenue	_____
	Atlantic City, New Jersey	

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR16100957 dated \_\_\_\_\_

---

**AN OVERVIEW OF COMMON CUSTOMER COMPLAINTS AND CUSTOMER RIGHTS**

1. No public utility shall refuse to furnish or supply service to a qualified applicant. (Board Order CX86602155)
2. The utility shall not place the name of a second individual on the account of a residential Customer unless specifically requested by said second individual. (N.J.A.C. 14:3-3.2)

**DEPOSITS**

3. If after notice of the methods of establishing credit and being afforded an opportunity, a customer has not established satisfactory credit, the utility may require a deposit. The deposit amount shall be determined by taking the cost of service for one year dividing by twelve and multiplying that figure by 2. EX. 12 months total bills = \$763.54 divided by 12 = \$63.63 multiplied by 2 = \$127.26 deposit, or \$127.
4. The utility shall furnish a receipt to each customer that makes a deposit. If the deposit is provided by mail, internet or telephone, the utility may comply with this requirement by displaying the amount of the deposit on the customer's next bill. (N.J.A.C. 14:3-3-4.(i)).
5. Each utility shall review a residential customer's account at least once every year and a nonresidential customer's account at least every two years. If this review indicates that the customer has met the utility's standard requirements for establishing credit, the utility shall refund the customer's deposit. (N.J.A.C. 14:3-3.5(a)).
6. Interest payments on the customer deposits held to secure residential accounts shall be made to the customer at least once during each 12-month period in which a deposit is held. (N.J.A.C. 14:3-3.5(g)).
7. When a utility refunds a deposit or pays a customer interest on a deposit, the utility shall offer the customer the option of a credit to the customer's account or a separate check. In either case, the utility shall provide the full refund or payment within one billing period after the review required under N.J.A.C. 14:3-3.5(a) is completed, or after the interest payment is due, as applicable, unless other reasonable arrangements are made between the customer and the utility. (N.J.A.C. 14:3-3.5(h)).

(continued)

---

Date of Issue:

Issued by:

LOUIS M. WALTERS, President & General Manager  
1200 Atlantic Avenue  
Atlantic City, New Jersey

Effective for Service  
rendered on and after

8. Where a water or sewer utility furnishes unmetered service, for which payment is received in advance, it may not request a deposit. (N.J.A.C. 14:3-3.4(j)).

DEFERRED PAYMENT ARRANGEMENT

9. A customer is entitled to at least one deferred payment plan in one year. N.J.A.C. 14:3-7.7(b)(2). In the case of a residential customer who received more than one utility service from the same utility (ex: Water and sewer; gas and electric ) and the amount which is in arrears is a combination of those services, the utility shall offer a separate deferred payment agreement for each service based on the outstanding balance for that service. (N.J.A.C. 14:3-7.7(d)). The Company MUST renegotiate the deferred payment agreement should the customer's financial situation change significantly. The Company must also issue a new discontinuance notice each time it intends to shut off service, including for default on the terms of the agreement. In the case of a residential customer who receives more than one utility service from the same utility and has subsequently entered into an agreement for each separate service, default on one such agreement shall constitute grounds for discontinuance of only that service. (N.J.A.C. 14:3-7.7(f)).

DISCONTINUANCE OF SERVICE

10. A utility shall not discontinue service because of nonpayment in cases where a charge is in dispute, provided the undisputed charges are paid and the customer has requested that the Board of Public Utilities investigate the disputed charge. (N.J.A.C. 14:3-3A.2(e)5). In accordance with N.J.A.C. 14:3-7.6(b), the utility shall notify the customer that they may make a request to the Board of Public Utilities for an investigation of the disputed charge.
11. A notice of discontinuance sent to the customer shall be postmarked no earlier than 15 days after the postmark date of the outstanding bill. The notice of discontinuance for nonpayment shall provide the customer with at least 10 days written notice of the utility's intention to discontinue service. (N.J.A.C. 14:3-3A.3).
12. The utility shall make good faith efforts to determine which of their residential customers are over 65 years of age, and shall make good faith efforts to notify such customers of discontinuance of service by telephone in addition to notice by regular mail. This effort may consist of an appropriate inquiry set forth on the notice informing customers that they may designate a third party to receive notice of discontinuance. (N.J.A.C. 14:3-3A.49(c)).

(continued)

---

Date of Issue:		Effective for Service
Issued by:	LOUIS M. WALTERS, President & General Manager	rendered on and after
	1200 Atlantic Avenue	
	Atlantic City, New Jersey	

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR16100957 dated

---

13. A water utility shall not discontinue residential service involuntarily except between the hours of 8:00 A.M. and 4:00 P.M., Monday through Thursday, unless there is a safety related emergency. There shall be no involuntary discontinuance of service on Fridays, Saturdays, and Sundays or on the day before a New Jersey State holiday or on a New Jersey State holiday absent such emergency. (N.J.A.C. 14:3-3A.1(c)).
14. The occupant of a multiple family dwelling, has the right to be notified of pending service discontinuance at least fifteen (15) days prior to the service being discontinued. (N.J.A.C. 14:3-3A.6).
15. A customer has the right to have any complaint against the utility handled promptly by that utility. (Board Order, Docket No, C08602155).
16. Each utility shall, upon request, furnish its customers with such information as is reasonable in order that the customers may obtain safe, adequate and proper service (N.J.A.C. 14:3-3(a)). Each utility shall inform its customers, where peculiar or unusual circumstances prevail, as to the conditions under which sufficient and satisfactory service may be secured from its system. (N.J.A.C. 14:3-3.3(c)). Each utility shall supply its customers with information on the furnishing and performance of service in a manner that tends to conserve energy resources and preserve the quality of the environment. (N.J.A.C. 14:3-3.3(d)).

METERS

17. Each utility shall, without charge, make a test of the accuracy of a meter upon request of a customer, provided such customer does not make a request for test more frequently than once in 12 months. (N.J.A.C. 14:3-4.5(a)). If a customer has a complaint filed with the Board reflecting on the accuracy or performance of the meter, the utility shall not remove the customer's meter from service during the pendency of said complaint, or during the 30 days following the Board's decision on the complaint, unless otherwise authorized by the Board's staff. (N.J.A.C. 14:3-4.8(c)). When a billing dispute is known to exist, the electric, gas or water utility shall, prior to removing the meter, advise the customer that the customer may have the meter tested by the utility, or may have the Board witness a testing of the meter by the utility, and that in any event the customer may have the test witnessed by a third party. (N.J.A.C. 14:3-4.5(c)).

(continued)

---

Date of Issue:		Effective for Service
Issued by:	LOUIS M. WALTERS, President & General Manager	rendered on and after
	1200 Atlantic Avenue	
	Atlantic City, New Jersey	

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR16100957 dated

- 
18. Whenever a water meter is found to be registering fast by more than one and one-half percent, an adjustment of charges shall be made in accordance with the following: (1) if the date when the meter had first become inaccurate can be ascertained then the adjustment shall be such percentage as the meter is found to be in error at the time of test adjusted to 100 percent on the amount of the bills covering the entire period that the meter has registered inaccurately; (2) in all other cases the adjustment shall be such percentage as the meter is found to be in error at the time of the test on one-half of the total amount of the billing affected by the fast meter adjusted to 100 percent since the previous test. No adjustment shall be made for a period greater than the time during which the customer has received service through that meter. No adjustment shall be made for a meter that is found to be registering less than 100 percent except in the case of meter tampering, non-registering meters or in a circumstance in which the customer should reasonably have known that his bill did not reflect his usage. (N.J.A.C. 14:3-4.6).

FORM OF BILL FOR METERED SERVICE

19. A utility must maintain records of customers' accounts for each billing period occurring within a six (6) year period. Such records shall contain all information necessary to permit computation of the bill. (N.J.A.C. 14:3-7.8).
20. Bills rendered must contain the following information: (a) For metered service, the meter readings at the beginning and end of the billing period; (b) For metered service, the dates on which the meter is read; (c) the number and kind of units measured; (d) identification of applicable rate schedule or a statement that the applicable rate schedule will be furnished on request; (e) the amount of the bill; (f) a distinctive marking to indicate an estimated, averaged or a remote meter index where applicable; (g) an explanation or statement of any conversion from meter reading to billing units or any other calculations or factors used in determining the bill; and (h) the gross receipts and franchise tax statement. (N.J.A.C. 14:3-7.2).

---

Date of Issue: \_\_\_\_\_  
Issued by: LOUIS M. WALTERS, President & General Manager  
1200 Atlantic Avenue  
Atlantic City, New Jersey

Effective for Service  
rendered on and after  
\_\_\_\_\_

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR16100957 dated \_\_\_\_\_



---

**STANDARD TERMS AND CONDITIONS**

Territory to Which Tariff Applies:

In the City of Atlantic City which is in the County of Atlantic.

General Rules

The Atlantic City Sewerage Company hereby adopts Regulations for Sewer utility promulgated by the Board of Public Utilities of the State of New Jersey, which Regulations are incorporated herein by reference thereto.

The Company shall own and maintain all house lateral connections from its mains to the curb line of the property. A curb box enclosing a "cleanout tee" shall be installed by the Company on the sidewalk near the curb for each house lateral connection. The customer shall maintain the house lateral connection from the curb box into and on the premises of the customer.

Property owners wishing to connect their premises with the sewer line of the Company shall make application at the office of the Company and must agree to the terms, conditions and rates as set forth in this and subsequent tariffs of the Company.

Grease interceptors shall be provided by the customer, at customer's expense when, in the opinion of the Company, they are necessary for the proper handling of liquid wastes containing grease or other ingredients harmful to the sewer system or sewage treatment plant or processes.

The size and type of each interceptor shall be determined according to maximum volume and rate of discharge, and each interceptor shall be approved by the Company. No wastes other than those requiring separation shall be discharged into any interceptor.

A grease interceptor or interceptors for major installations shall be mechanical devices which are not solely dependent upon employees, for maintenance and operation.

All interceptors shall be installed upon the lines of the customers in such a manner and location that they are accessible for inspection by the employees of the Company.

No fixture or fixtures shall be installed in the premises of a customer in a basement or at any other point, unless the trap of the fixture is at least 6 inches above the level of the manhole cover of the Company's main which is nearest to the connection to said customer's premises. This provision

---

Date of Issue:		Effective for Service
Issued by:	LOUIS M. WALTERS, President & General Manager	rendered on and after
	1200 Atlantic Avenue	
	Atlantic City, New Jersey	

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR16100957 dated

---

---

**Standard Terms and Conditions**  
**(Continued)**

does not apply where adequate Pumping facilities are installed on premises. The Company may require the removal of any fixture which violates this provision and failure to remove such fixture within the time specified shall be cause for the Company to discontinue service and refuse further services until the offending fixture or fixtures are removed.

The Company shall not be liable, whatever the cause, for any damages, resulting from a backing up of sewerage through open traps in fixtures located in basements or otherwise or from open joints in sewer lines located in basements or elsewhere, where such traps or lines are less than 6 inches above the level of the manhole cover of the Company's main which is nearest to the connection to the premises of the customer.

In accordance with the National Standard Plumbing Code adopted by the Uniform Construction Code of the State of New Jersey, no storm drainage system of a building shall be connected directly or indirectly to the sanitary drainage system. The Company adopts the above provision and prohibits the drainage of storm water into its collecting system.

All persons, whose premises are connected with the Company's sewerage system or otherwise discharging sewage, wastes, water or other liquids either directly or indirectly into the sewerage system, shall be charged for such service according to the approved rates filed with the Board of Public Utilities of the State of New Jersey.

Sewerage service may be discontinued by the Company for any of the following reasons:

1. For non-payment of a valid bill due for service based on the rates approved by the Board and contained in the utility's tariff. Customers unable to pay the full annual bill shall be afforded the opportunity to enter into a reasonable deferred payment agreement. If service is discontinued, a reconnection fee of \$25.00 shall apply.
2. For the refusal to admit the proper representative of the Company who requires admission to the premises for the purpose set forth in the General Provisions, Original Sheet No. 12.
3. For the violation of one or more of the standard terms and conditions of service contained in this or subsequent tariffs of the Company. Service may be discontinued by the Company for violation of standard terms and conditions upon 30 days notice of the existence of such violation.

---

Date of Issue:

Issued by:

\_\_\_\_\_  
LOUIS M. WALTERS, President & General Manager  
1200 Atlantic Avenue  
Atlantic City, New Jersey

Effective for Service  
rendered on and after  
\_\_\_\_\_

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR16100957 dated \_\_\_\_\_

---

**Standard Terms and Conditions  
(Continued)**

All notices herein of discontinuance shall be delivered to the owner personally or by registered mail, addressed to the last address of the owner listed in the records of the Company. On all notices of discontinuance to residential customers, there shall be included:

1. A statement that the utility is subject to the jurisdiction of the New Jersey Board of Public utilities and the address and phone number of the Board. The telephone numbers of the Board to be indicated on such statement are (609) 341-9188 and (800) 624-0241 (toll free).
2. A statement that in the event the customer is either unable to make payment of a bill or wishes to contest a bill the customer should contact the utility. The notice shall contain information sufficient for the customer to make appropriate inquiry.
3. A statement that if the customer is presently unable to pay an outstanding bill, the customer may contact the utility to discuss the possibility of entering into a reasonable deferred payment agreement. In the case of a residential customer receiving more than one different service from the same utility, the statement shall state that deferred payment agreements are available separately for each utility service.

The utility shall make every reasonable attempt to determine when a landlord-tenant relationship exists at residential premises being serviced. If such a relationship is known to exist, discontinuance of residential service is prohibited unless the utility has posted notice of discontinuance in the common areas of multiple family premises and has given individual notice to occupants of single and two family dwellings and has offered the tenants continued service to be billed to the tenants, unless the utility demonstrates that such billing is not feasible. The continuation of service to a tenant shall not be conditioned upon payment by the tenant of any outstanding bills due upon the account of any other person. The utility shall not be held to the requirements of this provision if the existence of a landlord-tenant relationship could not be reasonably ascertained.

The Company reserves the right subject to approval of the Board of Public Utilities of the State of New Jersey, to change, take from, or add to the foregoing rules, regulations, terms and conditions.

---

Date of Issue: \_\_\_\_\_  
Issued by: LOUIS M. WALTERS, President & General Manager  
1200 Atlantic Avenue  
Atlantic City, New Jersey

Effective for Service  
rendered on and after  
\_\_\_\_\_

---

**GENERAL PROVISIONS**

Definition of Terms

The Company shall mean The Atlantic City Sewerage Company.

The Company's lines shall mean its laterals, mains, manholes, and appurtenances.

Buildings shall include structures of all types which are directly or indirectly connected to the Company's lines.

Nature and Extent of Service

Sanitary sewerage service for all dwellings will be furnished to all customers at rates set forth in this schedule.

Sanitary sewerage service for business, commercial and industrial buildings will be furnished at rates set forth in this schedule, but only to the extent that the demand therefore will not interfere with the maintenance of adequate sanitary sewerage service to other customers of the Company.

Requirements as to Wastewater Discharged - Since the Company is a participant in the Atlantic County Utilities Authority and must comply with the Rules and Regulations of said Authority, the Company has adopted the Authority's Requirements as to Wastewater Discharged; copies, of which, are available in the Office of the Company, and attached to this tariff as Exhibit A.

Annual Charges for Sewerage Service

The annual charge for any residence, firm, or corporation situated within the service territory of the Company, having any connection with the Company's sewerage system, shall be the sum of:

- (a) a fixed charge for each size water meter; and
- (b) volumetric collection and treatment charges based on the quantity of water used as measured by the water meter or meters then in use, owned by the customer or the entity rendering water service to the customer. For customers without water meters, the fixed and volumetric charges shall be based upon Company's estimate of annual water consumption until such time as a water meter is installed.

---

Date of Issue:		Effective for Service
Issued by:	LOUIS M. WALTERS, President & General Manager	rendered on and after
	1200 Atlantic Avenue	
	Atlantic City, New Jersey	

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR16100957 dated \_\_\_\_\_.

---

**General Provisions**  
**(Continued)**

Water Used from Sources Other Than the Public Water System

The Company bills for sewerage service based upon metered water flow, registered upon meters of the Atlantic City Municipal Utilities Authority.

In the event any person or entity discharging sanitary sewage, industrial waste, water or other liquids into the Company's sewerage system, either directly or indirectly, obtains part or all of the water used by him from sources other than a metered public water system, such user of other water shall, at his own expense, install and maintain water meters satisfactory to the Company for measuring all water usage other than that obtained from the public water system, and the quantity of water used to determine the volumetric collection and treatment charges as set forth in this tariff shall be the sum of the quantity measured by all such meters plus the quantity of water obtained from the public water system. The Company may estimate appropriate fixed charges.

Company personnel shall at all reasonable times have authority to enter the customer's premises and have access to water meters owned by the customers for the purpose of recording the reading of those meters.

Each water meter, whenever installed by the customer, shall have been tested for accuracy at the customer's expense, and thereafter, shall be tested, and recalibrated, periodically as deemed necessary by the Company, also, at the customer's expense. Testing and recalibration shall be performed and certified to by qualified independent contractors with copies of the certifications delivered to the Company.

Exemption for Water Not Entering the Sewerage System

In the event it is established to the satisfaction of the Company that a portion of the water measured by the water meters, does not and cannot enter the sanitary sewerage system, then the Company may determine, in such a manner and by such method as it may deem practical, the portion of the metered water entering the sanitary sewerage system, or the Company may require or permit the installation of additional meters in such a manner as to determine either the quantity of water excluded from the sewerage system, or the quantity of water actually entering the sanitary sewerage system. The sewerage volumetric charges shall be based upon the quantity of water estimated, measured or computed by the Company to be actually entering the sanitary sewerage system.

---

Date of Issue:

Issued by: LOUIS M. WALTERS, President & General Manager  
1200 Atlantic Avenue  
Atlantic City, New Jersey

Effective for Service  
rendered on and after

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR16100957 dated \_\_\_\_\_.

---

**General Provisions**  
**(Continued)**

Persons requesting consideration for a reduction in the sewerage volumetric charges because of water not entering the sanitary sewerage system shall make written application to the Company for such consideration, giving the name of the individual, firm, industry or business, address, account number, and supporting data fully describing sources of water, as well as disposition of water alleged not to be entering the sewerage system. The application shall be accompanied by a drawing to approximate scale showing the plan of the property, water source, sewer layout, existing meters and proposed meters to determine the quantity of flow entering or not entering the sewerage system. The cost of furnishing, installing and maintaining any meters other than those utilized to measure water purchased from the water utility shall be borne by the customer. The type, size, location, arrangement and maintenance of such meters shall be subject to the approval of the Company.

Billing

All customers connected with the Company's sewerage system shall be billed in accordance with the Schedule of Sewer Rates contained in this tariff and approved by the Board of Public Utilities.

Annual bills for sewerage service shall be rendered on a cycle billing basis (identified as the billing year) for all customers beginning in January and each month thereafter through August of each year based on the quantity of water estimated to be used during the year. A billing adjustment for any difference between actual and estimated usage will be made the following year in the corresponding billing cycle.

Billing Year

The billing year shall be that twelve-month period which the Company designates for the purpose of billing, the beginning date of which shall be the first day of the month between the months of January and August, inclusive, nearest to but after the date of commencement of service to the property. Customers initiating service from September through December will be placed into the January billing cycle and a prorated bill will be rendered for the period from the date of the establishment of service through December 31.

---

Date of Issue: \_\_\_\_\_  
Issued by: LOUIS M. WALTERS, President & General Manager  
1200 Atlantic Avenue  
Atlantic City, New Jersey

Effective for Service  
rendered on and after  
\_\_\_\_\_

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR16100957 dated \_\_\_\_\_.

---

**General Provisions  
(Continued)**

Payment for Sewerage Service

All charges for sewerage service shown in the billing are payable in advance for the twelve (12) month period commencing on the first day of the appropriate billing year. The customer may pay one-half (1/2) of the total charges within 30 days of the day the bill is sent and the remaining one-half (1/2) within six months of the date the bill is sent. Accounts will be considered delinquent when payment of at least one-half (1/2) of the total charges is not received within thirty (30) days of the date the bill is sent. The second, payment is considered delinquent if not received six months after the bill is sent.

Requests for Discontinuance of Service

Customers wishing to discontinue service must give notice to that effect. Where such notice is not received by the utility, the customer shall remain liable for service until the final reading of the water meter. Customers wishing to discontinue service and contact the Company shall be advised by the Company that they must obtain a final meter reading from the Atlantic City Municipal Utilities Authority and submit same to the Company. All charges shall be prorated upon establishment and termination of service.

Customers who properly notify the Company during the billing year, in accordance with the above requirements, will be given a prorated credit or rebate. With respect to the Volumetric Collection and Treatment charges the credit or rebate will be calculated on the basis of the actual water used according to the water meter reading on the day service is discontinued.

---

Date of Issue: \_\_\_\_\_  
Issued by: LOUIS M. WALTERS, President & General Manager  
1200 Atlantic Avenue  
Atlantic City, New Jersey

Effective for Service  
rendered on and after  
\_\_\_\_\_

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR16100957 dated \_\_\_\_\_

---

**SCHEDULE OF RATES**

**APPLICATION**

**General**

This schedule is applicable to all sewer customers located within the service territory of the Company.

All annual sewer bills shall be calculated according to the method set forth on Original Sheet Nos. 11, 12 and 13.

The volumetric collection and treatment charges shall be applied to the nearest one-tenth of a thousand cubic feet of water measured by a water meter.

Each water meter shall be considered a separate billing unit in applying the rates set forth in this Schedule.

**Multiple Customers Served By a Single Water Meter**

Except for buildings consisting of three or more dwelling units (e.g. apartment complexes and condominiums), when a single water meter serves more than one customer, (1) the volumetric collection and treatment charges shall be divided and billed equally among the customers served by the same water meter; and (2) the annual fixed charge shall be divided and billed equally among the customers of record served by the same water meter; however, in no such case shall multiple customers, served by a single water meter, be billed less than the annual fixed charge for a 5/8-inch water meter.

---

Date of Issue:

Issued by:

LOUIS M. WALTERS, President & General Manager  
1200 Atlantic Avenue  
Atlantic City, New Jersey

Effective for Service  
rendered on and after

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR16100957 dated

---



---

**SCHEDULE OF RATES**

Annual Rates

Fixed Charge

All customers shall pay the following annual fixed charge, based on the size of the water meter used in the rendering of water service:

Size of Meter	Total Annual Fixed Charge
5/8" .....	\$269
3/4 .....	467
1 .....	1,374
1-1/2 .....	3,390
2 .....	6,720
3 .....	16,370
4 .....	34,430
6 .....	111,300
8 .....	163,670
10 or larger .....	263,030

Volumetric Collection Charge

In addition to the annual fixed charge, all customers shall pay \$8.464 for each 1,000 cubic feet of metered water, measured to the nearest one-tenth.

Purchased Sewerage Treatment Adjustment Clause (PSTAC) Charge

In addition to the annual fixed charge and the volumetric collection charge, all customers shall pay \$26.822 for each 1,000 cubic feet of metered water, measured to the nearest one-tenth, for sewerage treatment costs assessed the Company by the relevant treating wastewater facility

---

Date of Issue:

Issued by: LOUIS M. WALTERS, President & General Manager  
1200 Atlantic Avenue  
Atlantic City, New Jersey

Effective for Service  
rendered on and after

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR16100957 dated

---

## EXHIBIT A

### LIMITATIONS ON WASTEWATER DISCHARGES

Effective January 1990  
A.C.U.A. Resolution 90-1

No person shall discharge directly or indirectly into the regional system, any wastewater the characteristics of which do not conform to the concentration limits prescribed herein, or to discharge into the regional system any toxic substances or any other objectionable material or substances as specified in this schedule, except upon written approval by the A.C.U.A. and upon such terms and conditions as may be established by the Authority in the acceptance of the wastewater.

#### SECTION 1.0

No person shall discharge or permit the discharge or infiltration into the regional system any of the following:

Any liquid having a temperature higher than 150 degrees (65 degrees C) or heat in such amounts which will inhibit biological activity in the POTW resulting in Interference, but in no case heat in such quantities that the temperature at the POTW Treatment Plant exceeds 40 degrees C. (104 degrees F.) unless the State, upon request of the ACUA, approves an alternate limit.

Any liquid containing fats, wax, grease, or oils, whether emulsified or not, in excess of 100 mg/1 or containing substances which may solidify or become viscous at temperatures between .32 degrees E and 150 degrees F (0 degrees C and 65 degrees C).

Any water or wastes that contain hydrogen sulfide in sufficient quantity to cause damage or excessive odor within the wastewater treatment system.

Any residue from petroleum storage, refining or processing fuel or lubrication oil, gasoline, naphtha, benzene, or other explosive or inflammable liquids, solids, or gases in such concentrations which would cause or potentially cause an explosive, flammable, or other hazardous condition.

Any substances that may:

- A. Cause interference with the metering of wastewater;
- B. Pass through to the receiving waters without being effectively treated at the wastewater treatment processes,

Any solid or viscous substance in quantities or of such size capable of causing obstruction to the flow in sewers such as, but not limited to, mud, straw, metal, rags, glass tar, plastics, wood and shavings.

Any solid or viscous substances in quantities or of such size capable of causing an interference with the proper operation of the regional system such as, but not limited to ashes, cinde's, sand, feathers,

unground garbage, whole blood, paunch manure, hair and fleshings, entrails, paper or plastic containers, etc., either whole or ground by garbage grinders.

Any garbage that has not been properly shredded to a degree that all particles can be carried freely under the flow conditions normally prevailing in public sewers. Particles greater than one-half (1/2) inch in any dimension are prohibited.

Any pollutant that will cause corrosive damage or hazard to structures, equipment, or personnel of the wastewater facilities, but in no case discharges having a pH lower than 5.0 Standard Units or greater than 9.0 Standard Units.

Any radioactive waste or isotope of such half-life or concentration as to be in excess of that permitted by appropriate regulatory agencies having control over their use or in such quantity as to cause damage or hazard to structures, equipment, and personnel of the Authority.

Any waste containing noxious or malodorous solids, liquids or gases, which, either single or by interaction with other wastes, are capable of creating a public nuisance or hazard to life, or are or may be sufficient to prevent entry into a sewer for its maintenance and repair.

Any unpolluted waters e.g. (stormwater, surface water, groundwater, roof runoff, cooling drainage) to the wastewater treatment system.

Any non-contact cooling water or unpolluted industrial process waters to the wastewater treatment system unless specifically allowed by A.C.U.A.

Constitute a rate of discharge sufficient to be classified as a "slug discharge", or containing such concentrations or quantities of pollutants that would cause an interference to the wastewater treatment system.

Any water or wastes containing toxins or pollutants in sufficient quantity and/or concentration to cause injury, damage or hazard to personnel, structures or equipment, or interfere with the Wastewater Treatment System or any portion of the liquid or solids treatment or handling processes, or that will pass through the wastewater treatment system in such condition that it will not achieve state, federal or other existing requirements for the effluent or for the receiving waters.

Any material which exerts or causes:

- A. Unusual concentrations of inert suspended solids (such as, but not limited to, Fuller's earth, lime slurries and lime residues) or of dissolved solids (such as, but not limited to, sodium chloride and sodium sulfate).
- B. Any water or wastes containing dyes, pigments or other colored substances that will not be removed in the wastewater treatment system and will interfere with effluent color or turbidity measurements.
- C. Unusual POD, COD, or chlorine ' requirements in such quantities as to constitute an unacceptable load on the wastewater treatment works.

#### SECTION 1.1

No person shall dispose of wastes from septic tanks, cesspools, or other such sources of sanitary waste to the regional system without the prior written

approval of A.C.U.A. and in accordance with all conditions imposed by A.C.U.A. on such disposal.

SECTION 1.2 No person shall uncover or make any unauthorized connection or alteration or otherwise disturb any element of the regional system without the prior written approval of A.C.U.A.

SECTION 1.3 Connections to the regional system shall be designed and constructed to conform to the requirement of all applicable state and local building and plumbing codes. All such connections shall be made gastight and watertight and shall be subject to the inspection and approval of A.C.U.A.

SECTION 1.4 No person shall discharge to the regional system any liquids containing toxic solids, liquids or gases in sufficient quantity, either single or by interaction with other wastes, to injure or interfere with any wastewater treatment process, constitute a hazard to humans or animals, create a public nuisance, prevent the attainment of effluent limitations as imposed by any state or federal regulatory agency, or create any hazard in the effluent of the wastewater treatment plant or the receiving waters.

SECTION 1.5 The concentration in wastewater of any of the following substances shall be limited to the stated maximum concentrations in order to be acceptable for discharge to the regional system:

PARAMETERS	DISCHARGE LIMITATIONS	
	Monthly* Average (MG/L)	Daily Maximum (MG/L)
Arsenic (as AS)	2.0	2.0
Boron (as BO)	1.0	1.0
Cadmium (as Cd)	0.26	0.69
Chromium (Total)	0.23	0.23
Copper (as Cu)	0.36	1.0
Cyanide (Total)	1.0	1.0
Iron (as Fe)	5.0	5.0
Lead (as Pb)	0.4	0.6*
Mercury (as Hg)	0.01	0.04*
Nickel (as Ni)	0.36	0.36
Silver (as Ag)	0.24	0.43*
Zinc	2.2	2.2
MBAS	10	10
Phenol	0.04	0.04
Total Solids	1,300	1,300

\*New (91) addition

SECTION 1.6

No person shall discharge into the regional system any waters or wastes having the following characteristics without the prior review and approval of A.C.U.A.

- a) A five-day BOD concentration greater than three-hundred (300) parts per million, or
- b) A suspended solids concentration in excess of three-hundred (300)parts per million, by weight, or
- c) Incompatible pollutants, as defined in these Rules and Regulations, or
- d} Pollutants subject to the federal categorical pretreatment standards, as defined by 40 CFR 403, or
- e) Any new source significant indirect user (SIU) as. defined by N.J.S.A. 56:10A-6 and N.J.A.C. 7:14A-12.1.

LEGAL\28298375\2 00650.3408.000\387579.000

EXHIBIT C

**THE ATLANTIC CITY SEWERAGE COMPANY**

**APPLICATION OF SETTLEMENT RATES TO PRO FORMA METER BILLING UNITS AND WATER VOLUME  
AS OF DECEMBER 31, 2016**

Meter Size (1)	Meter Billing Units (2)	Annual Fixed Charge (3)	Fixed Charge Revenues (4)=(2)x(3)	Water Volume, (MCF) (5)	Volumetric Charge @ \$35.286 Per MCF* (6)	Total Settlement Annual Revenues (7)=(4)+(6)	Total Present Annual Revenues (8)	Settlement Increase Amount (9)	Settlement Increase Percent (10)
5/8	5,330	\$269	\$1,433,770	39,547.2	\$1,395,462	\$2,829,232	\$2,573,075	\$256,157	9.96%
3/4	1,290	\$467	602,430	22,588.9	797,072	1,399,502	1,285,491	114,011	8.87%
1	359	\$1,374	493,266	18,198.9	642,166	1,135,432	1,041,771	93,661	8.99%
1-1/2	125	\$3,390	423,750	11,570.6	408,280	832,030	756,652	75,378	9.96%
2	157	\$6,720	1,055,040	22,382.3	789,782	1,844,822	1,665,203	179,619	10.79%
3	53	\$16,370	867,610	20,276.8	715,487	1,583,097	1,432,729	150,368	10.50%
4	43	\$34,430	1,480,490	38,511.7	1,358,924	2,839,414	2,578,251	261,163	10.13%
6	35	\$111,300	3,895,500	117,763.8	4,155,413	8,050,913	7,343,799	707,114	9.63%
8	2	\$163,670	327,340	17,196.6	606,799	934,139	865,802	68,337	7.89%
10	1	\$263,030	263,030	5,062.2	178,625	441,655	397,444	44,211	11.12%
<b>Total</b>	<b>7,395</b>		<b>\$10,842,226</b>	<b>313,099.0</b>	<b>\$11,048,010</b>	<b>\$21,890,236</b>	<b>\$19,940,217</b>	<b>\$1,950,019</b>	<b>9.78%</b>

March 6, 2017

**VIA FAX AND FIRST CLASS MAIL**

**Ira G. Megdal**

Direct Phone 856-910-5007

Direct Fax 877-259-7984

imegdal@cozen.com

Honorable Elia A. Pelios, ALJ  
Office of Administrative Law  
Quakerbridge Plaza, Bldg. 9  
P.O. Box 049  
Trenton, NJ 08625

**Re: In the Matter of the Petition of The Atlantic City Sewerage Company for  
Authorization to Increase Tariff Rates and Charges for Sewerage Service  
BPU Docket No. WR16100957  
OAL Docket No. PUC 16816-2016 S**

Dear Judge Pelios:

Pursuant to our discussion of March 2, 2017, I am forwarding with this letter a Stipulation resolving the referenced matter. The Stipulation has been executed by the Petitioner; the Division of Rate Counsel; and the Staff of the Board of Public Utilities.

Intervenor, Timothy Cunningham, Director, Division of Local Government Services has sent you a letter under separate cover.

It would be very much appreciated if the Stipulation of Settlement could be incorporated into an Initial Decision as soon as possible.

As we discussed last week, we are attempting to have this matter on the Board of Public Utilities' Agenda Meeting on March 24, 2017.

Thank you for your attention to this matter.

Respectfully,

COZEN O'CONNOR, PC

  
By: Ira G. Megdal

IGM/kn  
Enclosure

cc: Attached Service List (via email)

LEGAL\29632446\1



## SERVICE LIST

### In the Matter of the Petition of The Atlantic City Sewerage Company for Authorization to Increase Tariff Rates and Charges for Sewerage Service

BPU Docket No. WR16100957  
OAL Docket No. PUC 16816-2016 S

Maria Moran  
Board of Public Utilities  
44 South Clinton Ave., 9<sup>th</sup> Floor  
PO Box 350  
Trenton, NJ 08625-0350  
maria.moran@bpu.state.nj.us

Mona Mosser  
Board of Public Utilities  
44 South Clinton Ave., 9<sup>th</sup> Floor  
PO Box 350  
Trenton, NJ 08625-0350  
mona.mosser@bpu.state.nj.us

Michael Kammer  
Board of Public Utilities  
44 South Clinton Ave., 9<sup>th</sup> Floor  
PO Box 350  
Trenton, NJ 08625-0350  
mike.kammer@bpu.state.nj.us

Matthew Koczur  
Board of Public Utilities  
44 South Clinton Ave., 9<sup>th</sup> Floor  
PO Box 350  
Trenton, NJ 08625-0350  
Matthew.koczur@bpu.state.nj.us

Alex Moreau  
Deputy Attorney General  
Division of Law  
124 Halsey Street, Floor 2  
Newark, NJ 07101  
Alex.moreau@dol.lps.state.nj.us

Renee Greenberg  
Deputy Attorney General  
Division of Law  
124 Halsey Street, Floor 2  
Newark, NJ 07101  
Renee.greenberg@dol.lps.state.nj.us

Andrew Kuntz  
Deputy Attorney General  
Division of Law  
124 Halsey Street, Floor 2  
Newark, NJ 07101  
Andrew.kuntz@dol.lps.state.nj.us

Rupal Patel  
Board of Public Utilities  
44 South Clinton Ave., 9<sup>th</sup> Floor  
PO Box 350  
Trenton, NJ 08625-0350  
Rupal.patel@bpu.state.nj.us

Wendy Stewart  
Atlantic City Sewerage Company  
1200 Atlantic Avenue  
Suite 300  
Atlantic City, NJ 08401  
wstewart@acsewerage.com

Louis M. Walters  
President and General Manager  
Atlantic City Sewerage Company  
1200 Atlantic Avenue  
Suite 300  
Atlantic City, NJ 08401  
lwalters@acsewerage.com

Stefanie A. Brand, Director  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
PO Box 003  
Trenton, NJ 08625  
sbrand@rpa.state.nj.us

Debra F. Robinson, Esquire  
Water & Wastewater  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
PO Box 003  
Trenton, NJ 08625  
drobinson@rpa.state.nj.us

Susan E. McClure, Esquire  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
PO Box 003  
Trenton, NJ 08625  
smcclure@rpa.state.nj.us

Howard J. Woods, Jr., P.E.  
Howard J. Woods, Jr. & Associates  
138 Liberty Drive  
Newtown, PA 18940  
howard@howardwoods.com

Robert J. Henkes  
Henkes Consulting  
7 Sunset Road  
Old Greenwich, CT 06870  
rhenkes@optonline.net

Glenn A. Watkins  
Technical Associates  
1503 Santa Rosa Road  
Suite 130  
Richmond, VA 23229  
watkinsg@tai-econ.com

Kyle Felton  
Board of Public Utilities  
44 South Clinton Ave., 9<sup>th</sup> Floor  
PO Box 350  
Trenton, NJ 08625-0350  
kyle.felton@bpu.nj.gov

Carl Cordek  
Samson Asset Management  
3350 Centre Square East  
1500 Market Street  
Philadelphia, PA 19102  
cordekc@aol.com

Alaina D. Torres, Water Paralegal  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
PO Box 003  
Trenton, NJ 08625  
atorres@rpa.state.nj.us

Brian Kalcic  
Excel Consulting  
Suite 720T  
225 S. Meramec Ave.  
St. Louis MO 63105  
Excel.consulting@sbcglobal.net

Ira G. Megdal, Esquire  
Cozen O'Connor  
457 Haddonfield Road  
LibertyView Suite 300  
Cherry Hill, NJ 08002  
imegdal@cozen.com

Christine Soares, Esquire  
Cozen O'Connor  
457 Haddonfield Road  
LibertyView Suite 300  
Cherry Hill, NJ 08002  
csoares@cozen.com

Mark Lazaroff, Esquire  
Cozen O'Connor  
457 Haddonfield Road  
LibertyView Suite 300  
Cherry Hill, NJ 08002  
Mlazaroff@cozen.com

John G. Valeri, Jr.  
Chiesa Shahinian &Giantomasi PC  
One Boland Drive  
West Orange NJ 07052  
jvaleri@csglaw.com



A Pennsylvania Professional Corporation

March 6, 2017

**VIA EMAIL**

**Ira G. Megdal**

Direct Phone 856-910-5007

Direct Fax 877-259-7984

imegdal@cozen.com

Susan McClure Esq.  
Assistant Deputy Public Advocate  
Division of Rate Counsel  
140 East Front Street - 4th Floor  
P. O. Box 003  
Trenton NJ 08625

Renee Greenberg  
Deputy Attorney General  
Division of Law  
124 Halsey Street  
Second Floor  
Newark, NJ 07101

**Re: I/M/O the Petition of Atlantic City Sewerage Company for Authorization to Increase  
Tariff Rates and Charges for Sewerage Service  
BPU Docket No. WR16100957  
OAL Docket No. PUC 16816-2016S**

Dear Sue and Renee:

Attached hereto is an execution copy of the Stipulation in the referenced matter. As you will see, I have executed the same.

It would be greatly appreciated if you would do the same and return pdf copies of your signature page.

Thank you for your attention to this matter.

Cordially yours,

COZEN O'CONNOR, PC

By:  Ira G. Megdal

IGM:kn  
Enclosure

cc: Attached Service List (via email)

LEGAL\29631075\1 00650.3408.000/387579.000

March 1, 2017

**Via Facsimile (Fax) and First Class Mail**

Honorable Elia J. Pelios, ALJ  
Office of Administrative Law  
9 Quakerbridge Plaza  
P.O. Box 049  
Trenton, N.J. 08619

**Re: IN THE MATTER OF THE PETITION OF THE ATLANTIC CITY SEWERAGE  
COMPANY FOR AUTHORIZATION TO INCREASE TARIFF RATES AND  
CHARGES FOR SEWERAGE SERVICE  
BPU DOCKET NO.: WR16100957; OAL DOCKET NO.: PUC 16816-2016**

Dear Judge Pelios:

This firm represents Proposed Intervenor Timothy Cunningham, Director, Division of Local Government Services ("Proposed-Intervenor"), in the above captioned matter. Based upon correspondence from Ira Megdal, counsel for Petitioner Atlantic City Sewerage Company, it is our understanding that Your Honor has granted an extension to respond to the motion until March 6, 2017.

Although Your Honor has not yet ruled on Proposed-Intervenor's motion for intervention, we are writing because we have been informed that Petitioner has negotiated a Stipulation of Settlement ("Stipulation") with the Staff of the New Jersey Board of the Public Utilities ("Board Staff") and the New Jersey Division of Rate Counsel. Proposed-Intervenor has had an opportunity to discuss the Stipulation with Board Staff and Rate Counsel.

As stated in its prior public testimony on January 26, 2017, Proposed-Intervenor opposes rate increases on the residents and the businesses of Atlantic City during this time of fiscal hardship and transition. However, Proposed-Intervenor understands that the rate increases as set forth in the Stipulation have been significantly reduced for all customer classes. Notably, rate increases for many residential customers will be reduced from 14.42 percent to 9.21 percent. It is our understanding that once the Purchased Sewerage Treatment Adjustment Clause proposed decrease (which is not a part of this case) is applied, the rate increase will reduce to 7.99 percent. Rate increases to the City of Atlantic City will also be reduced from \$23,064.72 to \$15,038.20 under the Stipulation.

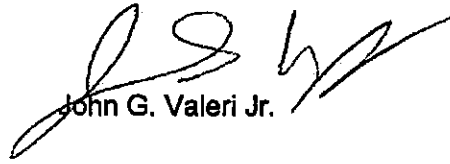
Based upon these discussions, this letter is to advise Your Honor that Proposed-Intervenor is taking no position on the proposed Stipulation.

Honorable Elia J. Pelios, ALJ  
March 1, 2017  
Page 2

In addition, it is Proposed-Intervenor's understanding based upon a discussion with counsel for all parties this morning that with the submission of this letter, the parties will not be objecting to Proposed-Intervenor's motion to intervene.

Thank you for your attention to this matter.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John G. Valeri Jr.", is written over the typed name.

John G. Valeri Jr.

cc: Attached Service List (via email)

## SERVICE LIST

**In the Matter of the Petition of The Atlantic City Sewerage Company for  
Authorization to Increase Tariff Rates and Charges for Sewerage Service  
BPU Docket No. WR16100957  
OAL Docket No. PUC 16816-2016 S**

Maria Moran  
Board of Public Utilities  
44 South Clinton Ave., 9<sup>th</sup> Floor  
PO Box 350  
Trenton, NJ 08625-0350  
maria.moran@bpu.state.nj.us

Mona Mosser  
Board of Public Utilities  
44 South Clinton Ave., 9<sup>th</sup> Floor  
PO Box 350  
Trenton, NJ 08625-0350  
mona.mosser@bpu.state.nj.us

Michael Kammer  
Board of Public Utilities  
44 South Clinton Ave., 9<sup>th</sup> Floor  
PO Box 350  
Trenton, NJ 08625-0350  
mike.kammer@bpu.state.nj.us

Matthew Koczur  
Board of Public Utilities  
44 South Clinton Ave., 9<sup>th</sup> Floor  
PO Box 350  
Trenton, NJ 08625-0350  
Matthew.koczur@bpu.state.nj.us

Alex Moreau  
Deputy Attorney General  
Division of Law  
124 Halsey Street, Floor 2  
Newark, NJ 07101  
Alex.moreau@dol.lps.state.nj.us

Renee Greenberg  
Deputy Attorney General  
Division of Law  
124 Halsey Street, Floor 2  
Newark, NJ 07101  
Renee.greenberg@dol.lps.state.nj.us

Andrew Kuntz  
Deputy Attorney General  
Division of Law  
124 Halsey Street, Floor 2  
Newark, NJ 07101  
Andrew.kuntz@dol.lps.state.nj.us

Rupal Patel  
Board of Public Utilities  
44 South Clinton Ave., 9<sup>th</sup> Floor  
PO Box 350  
Trenton, NJ 08625-0350  
Rupal.patel@bpu.state.nj.us

Wendy Stewart  
Atlantic City Sewerage Company  
1200 Atlantic Avenue  
Suite 300  
Atlantic City, NJ 08401  
wstewart@acsewerage.com

Louis M. Walters  
President and General Manager  
Atlantic City Sewerage Company  
1200 Atlantic Avenue  
Suite 300  
Atlantic City, NJ 08401  
lwalters@acsewerage.com

Stefanie A. Brand, Director  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
PO Box 003  
Trenton, NJ 08625  
sbrand@rpa.state.nj.us

Debra F. Robinson, Esquire  
Water & Wastewater  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
PO Box 003  
Trenton, NJ 08625  
drobinson@rpa.state.nj.us

Susan E. McClure, Esquire  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
PO Box 003  
Trenton, NJ 08625  
smcclure@rpa.state.nj.us

Howard J. Woods, Jr., P.E.  
Howard J. Woods, Jr. & Associates  
138 Liberty Drive  
Newtown, PA 18940  
howard@howardwoods.com

Robert J. Henkes  
Henkes Consulting  
7 Sunset Road  
Old Greenwich, CT 06870  
rhenkes@optonline.net

Glenn A. Watkins  
Technical Associates  
1503 Santa Rosa Road  
Suite 130  
Richmond, VA 23229  
watkinsg@tai-econ.com

Kyle Felton  
Board of Public Utilities  
44 South Clinton Ave., 9<sup>th</sup> Floor  
PO Box 350  
Trenton, NJ 08625-0350  
kyle.felton@bpu.nj.gov

Carl Cordek  
Samson Asset Management  
3350 Centre Square East  
1500 Market Street  
Philadelphia, PA 19102  
cordekc@aol.com

Alaina D. Torres, Water Paralegal  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
PO Box 003  
Trenton, NJ 08625  
atorres@rpa.state.nj.us

Brian Kalcic  
Excel Consulting  
Suite 720T  
225 S. Meramec Ave.  
St. Louis MO 63105  
Excel.consulting@sbcglobal.net

Ira G. Megdal, Esquire  
Cozen O'Connor  
457 Haddonfield Road  
LibertyView Suite 300  
Cherry Hill, NJ 08002  
imegdal@cozen.com

Christine Soares, Esquire  
Cozen O'Connor  
457 Haddonfield Road  
LibertyView Suite 300  
Cherry Hill, NJ 08002  
csoares@cozen.com



Mark Lazaroff, Esquire  
Cozen O'Connor  
457 Haddonfield Road  
LibertyView Suite 300  
Cherry Hill, NJ 08002  
Mlazaroff@cozen.com

John G. Valeri, Jr.  
Chiesa Shahinian & Giantomasi PC  
One Boland Drive  
West Orange NJ 07052  
jvaleri@csglaw.com

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

**IN THE MATTER OF THE PETITION OF** :  
**THE ATLANTIC CITY SEWERAGE** : **BPU DOCKET NO. WR16121186**  
**COMPANY TO CHANGE THE LEVEL OF** :  
**ITS PURCHASED SEWERAGE** :  
**TREATMENT ADJUSTMENT CLAUSE** : **STIPULATION**  
:

APPEARANCES:

Ira G. Megdal and Christine Soares, Esquires (Cozen O'Connor, attorneys) for The Atlantic City Sewerage Company, Petitioner;

Susan E. McClure, Esq., Assistant Deputy Rate Counsel, Division of Rate Counsel; (Stefanie A. Brand, Director, Division of Rate Counsel); and

Andrew Kuntz and Renee Greenberg, Deputy Attorneys General (Christopher S. Porrino, Attorney General of the State of New Jersey) on behalf of the Staff of the Board of Public Utilities ("Board Staff").

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

**I. INTRODUCTION**

1. The Atlantic City Sewerage Company ("ACSC", the "Company" or "Petitioner") a public utility company of the State of New Jersey, operates a sewage collection and transmission system within its defined service territory, consisting of the City of Atlantic City, New Jersey. Within its service territory, Petitioner serves approximately 7,450 customers. Petitioner purchases its sewage treatment from the Atlantic County Utilities Authority ("ACUA").

2. On or about December 21, 2016, the Company filed a petition with the New Jersey Board of Public Utilities ("BPU" or the "Board") proposing to change the level of its Purchased Sewerage Treatment Adjustment Clause ("PSTAC") pursuant to the provisions of

N.J.A.C. 14:9-7.1,<sup>1</sup> *et seq.* (the "Petition"). The matter was assigned Docket No. WR16121186 by the Board.

3. The matter was retained by the Board for review and disposition. The parties agreed that a public hearing on the Petition was not required because the Company proposed a decrease to the PSTAC.

4. The parties to the proceeding include the Board Staff, Division of Rate Counsel ("Rate Counsel"), and the Company (hereafter collectively, the "Parties"). There were no intervenors.

5. The Parties have engaged in settlement discussions. As a result of these discussions, the Parties to this Stipulation agree to a resolution of all issues which arose in the proceeding and hereby stipulate as follows:

## II. PSTAC

6. Pursuant to the Petition, the Company proposed to decrease its Volumetric Treatment Charge, effective January 1, 2017.

7. By way of background, ACSC does not treat any sewage. Rather, ACSC is solely engaged in the collection and transmission of sewage within the City of Atlantic City. All of the sewage collected and transmitted by the Company is treated by the ACUA.

8. ACSC does not meter sewage flows, but bills its customers on the basis of water entering its customers' premises. ACSC is furnished data regarding water entering its customers' premises by the Atlantic City Municipal Utilities Authority ("ACMUA"), the entity purveying water within the City of Atlantic City. Each year, ACSC bills its customers (other than certain large volume customers) based on water consumption during the prior year.

---

<sup>1</sup> The petition mistakenly cited N.J.A.C. 14:9-8.1.

9. The Petition was based on projected consumption by customers for the billing cycles of January 1, 2017 through December 31, 2017, based upon actual 2016 consumption.

10. The Company's PSTAC rate is implemented through the use of its Volumetric Treatment Charge. In its initial filing, ACSC sought to decrease its Volumetric Treatment Charge from its current level of \$26.822 per Mcf of metered water, to a rate of \$26.451 per Mcf of metered water, prior to compression. The initial filing was based on estimates, preliminary in nature, and updated as the case progressed.<sup>2</sup>

11. The amount of ACUA treatment costs to be recovered through the 2017 PSTAC is \$8,357,955. This amount has been further adjusted by the filing costs of \$5,069, as well as a \$786,748 under-collection in 2016 to reflect a total amount to be recovered through the 2017 PSTAC of \$8,944,769. This is the amount to be recovered in 2017 through the Volumetric Treatment Charge, which is the rate through which the PSTAC is affected. When this amount is divided by the projected 2017 flows of 342,667.5 Mcf, the resulting PSTAC rate, prior to compression, is \$26.103 per Mcf. This represents an annual decrease of the PSTAC of \$6.69 on the average residential customers' annual sewerage bill.

12. In a separate Stipulation of Settlement entered into in BPU Docket No. WR16100957, the parties agreed to a proposed increase in the Company's Base Rates. When the decrease in this Stipulation is combined with the increase reflected in the Stipulation of the Company's Base Rate case, the average customers' annual sewerage bill will increase by \$43.67, or 7.99%.

---

<sup>2</sup> As a result of the Company's updated schedules, the 2017 requested PSTAC rate changed to \$26.103, which differs from the proposed rate of \$26.451, as originally filed.

13. The Volumetric Treatment Charge of \$26.103 assumes an implementation date of January 1, 2017. If a Board Order is effective as of April 3, 2017, it means that the 2017 PSTAC will only be recovered over 272 days, rather than 365 days. As a result, the PSTAC charge for 2017 will be compressed to a charge of \$25.857 per Mcf from the current PSTAC charge of \$26.822 per Mcf as portrayed on Exhibit "A". This represents a decrease of \$.965 per Mcf from the current PSTAC rate of \$26.822. If the Board should make this Stipulation effective after April 3, 2017 the charge may, if deemed necessary by the Parties, be further compressed in order to recover the appropriate amount.

14. Attached hereto as Exhibit "B" are the tariff sheets giving effect to the Volumetric Treatment Charge stipulated in this Stipulation. The Parties hereto agree that said tariff sheets are just and reasonable and should be accepted by the Board effective April 3, 2017, or as soon thereafter as the Board may issue an Order accepting the same. The Parties further acknowledge that any increase or resolution of any issue agreed to in this Stipulation shall become effective on a date certain as specified in the Board Order, after the service of the Board Order on all Parties of record, in accordance with N.J.S.A. 48:2-40.

15. Beginning January 1, 2018, the uncompressed PSTAC charge of \$26.103 per Mcf shall become effective resulting in an increase of \$.246 per Mcf from the compressed charge. The Company shall make a compliance filing with the Board effective January 1, 2018 incorporating this rate change.

16. ACSC shall account for net cumulative over-recoveries and under-recoveries resulting from the PSTAC. These over-recoveries and under-recoveries will be charged or credited to the PSTAC in subsequent PSTAC proceedings. The net monthly cumulative over-recoveries and under-recoveries shall be calculated for each month, utilizing an average balance

for each month. Interest on net cumulative monthly over-recoveries shall be credited to the PSTAC at an interest rate equal to the return on rate base of 6.90%. Similarly, interest on net monthly under-recoveries shall be charged against the PSTAC. If Petitioner has another base rate case completed while this PSTAC is in effect, the return on rate base utilized in that base rate case shall become the interest rate on net monthly cumulative over-recoveries and under-recoveries, on a prospective basis. If, as of December 31, 2017, interest shall be due the PSTAC, such interest shall in fact be credited to the PSTAC. If, as of December 31, 2017, interest shall be chargeable against the PSTAC, said interest shall be eliminated through appropriate accounting entries.

### III. MISCELLANEOUS

17. This Stipulation shall be binding on the Parties on approval of the Board. This Stipulation shall bind the Parties in this matter only and shall have no precedential value.

18. 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 Parties expressly and jointly state that they would not have signed the agreement had any term been modified in any way. Since the Parties have compromised in numerous areas, each is entitled to certain procedures in the event that any modifications whatsoever are made to this Stipulation.

19. If any modification is made to the terms of this Stipulation, the Signatory Parties each must be given the right to be placed in the position it was in before the Stipulation was entered into. It is essential that each Party be given the option, before the implementation of any new rate resulting from any modification of this Stipulation, either to modify its own position to accept the proposed changes, or to resume the proceeding as if no agreement had been reached.

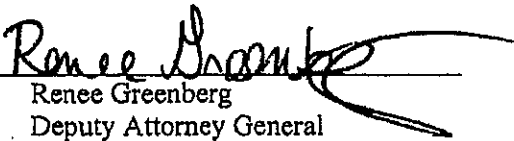
20. The Parties believe that these procedures are fair to all concerned, and therefore, they are made an integral and essential element of this Stipulation.

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

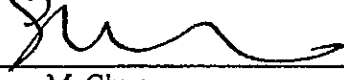
THE ATLANTIC CITY SEWERAGE COMPANY

By:   
Ira G. Megdal, Esquire

CHRISTOPHER S. PORRINO  
ATTORNEY GENERAL OF NEW JERSEY  
ATTORNEY FOR STAFF OF THE NEW JERSEY  
BOARD OF PUBLIC UTILITIES

By:   
Renee Greenberg  
Deputy Attorney General

STEFANIE A. BRAND  
DIRECTOR, DIVISION OF RATE COUNSEL

By:   
Susan McClure  
Assistant Deputy Rate Counsel

Dated: March 8, 2017

## EXHIBIT A



**THE ATLANTIC CITY SEWERAGE COMPANY  
2017 PSTAC RATE CALCULATIONS**

	<u>Amount</u>
2017 New Annual PSTAC Rate	26.103
Current PSTAC Rate	<u>26.822</u>
Annual Rate Decrease	<u>(.719)</u>

**COMPRESSED RATE CALCULATION**

	<u>Amount</u>
Annual Rate Decrease	(.719)
Times Number of Days	<u>x 365</u>
Weighted Rate Decrease	<u>(262.435)</u>

Weighted Rate Decrease	(262.435)
Divided by Number of Days <i>(Effective April 3, 2017)</i>	<u>272</u>
Compressed Rate Decrease	<u>(.965)</u>

Current PSTAC Rate	26.822
Compressed Rate Decrease	<u>(.965)</u>
<b>NEW 2017 PSTAC RATE</b>	<b><u>25.857</u></b>
<i>(Effective April 3, 2017)</i>	

## EXHIBIT B

EXHIBIT "B"

THE ATLANTIC CITY SEWERAGE COMPANY  
B.P.U. NO. 10 - SEWER

SECOND REVISED SHEET NO. 1

---

TARIFF  
FOR  
SEWERAGE SERVICE

Applicable In  
THE CITY OF ATLANTIC CITY  
NEW JERSEY

---

Date of Issue:

Issued by:

LOUIS M. WALTERS, President & General Manager  
1200 Atlantic Avenue  
Atlantic City, New Jersey

Effective for Service  
rendered on and after

---

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR16121186 dated

---

---

TABLE OF CONTENTS

	<u>Sheet No.</u>
Title Page .....	Second Revised 1
Table of Contents .....	Second Revised 2
An Introduction to Customers.....	3
An Overview of Common Customer Complaints and Customer Rights.....	4
Deposits.....	4-5
Deferred Payment Arrangement .....	5
Discontinuance of Service .....	5-6
Meters .....	6-7
Form of Bill for Metered Service.....	7
Standard Terms and Conditions	
Territory to which Tariff Applies .....	8
General Rules.....	8-10
General Provisions	
Definition of Terms.....	11
Nature and Extent of Services.....	11
Requirements as to Wastewater Discharged.....	11
Annual Charges for Sewerage Service .....	11
Water Used from Sources Other Than the Public Water System .....	12
Exemption for Water Not Entering the Sewerage System.....	12-13
Billing .....	13
Billing Year.....	13
Payment for Sewerage Service .....	14
Requests for Disconnection of Service .....	14
Schedule of Rates	
Application.....	15
Annual Rates .....	Second Revised 16
Limitations on Wastewater Discharges .....	Exhibit A

---

Date of Issue: \_\_\_\_\_  
Issued by: LOUIS M. WALTERS, President & General Manager  
            1200 Atlantic Avenue  
            Atlantic City, New Jersey

Effective for Service  
rendered on and after  
\_\_\_\_\_

---

**SCHEDULE OF RATES**

Annual Rates

Fixed Charge

All customers shall pay the following annual fixed charge, based on the size of the water meter used in the rendering of water service:

Size of Meter	Total Annual Fixed Charge
5/8" .....	\$269
3/4 .....	467
1 .....	1,374
1-1/2 .....	3,390
2 .....	6,720
3 .....	16,370
4 .....	34,430
6 .....	111,300
8 .....	163,670
10 or larger .....	263,030

Volumetric Collection Charge

In addition to the annual fixed charge, all customers shall pay \$8.464 for each 1,000 cubic feet of metered water, measured to the nearest one-tenth.

Purchased Sewerage Treatment Adjustment Clause (PSTAC) Charge

In addition to the annual fixed charge and the volumetric collection charge, all customers shall pay \$25.857 for each 1,000 cubic feet of metered water, measured to the nearest one-tenth, for sewerage treatment costs assessed the Company by the relevant treating wastewater facility.

---

Date of Issue: \_\_\_\_\_  
Issued by: LOUIS M. WALTERS, President & General Manager  
1200 Atlantic Avenue  
Atlantic City, New Jersey

Effective for Service  
rendered on and after  
\_\_\_\_\_

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR16121186 dated \_\_\_\_\_