



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/

WATER

IN THE MATTER OF THE PETITION OF AQUA NEW)	DECISION AND ORDER
JERSEY, INC., WALLKILL SEWER DIVISION, FOR)	APPROVING STIPULATION
APPROVAL OF A 2017 PURCHASED WASTEWATER)	OF SETTLEMENT
TREATMENT ADJUSTMENT CLAUSE TRUE-UP AND)	
OTHER REQUIRED APPROVALS)	DOCKET NO. WR18080881

Parties of Record:

Courtney L. Schultz, Esq., Saul Ewing Arnstein & Lehr LLP, on behalf of Aqua New Jersey, Inc., Wallkill Sewer Division
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On August 10, 2018, Aqua New Jersey, Inc., Wallkill Sewer Division ("Wallkill," "Company," or "Petitioner"), a public utility of the State of New Jersey, filed a verified petition with the Board of Public Utilities ("Board") pursuant to N.J.A.C. 14:9-7.1 to 7.7 for approval of a Purchased Wastewater (Sewerage) Treatment Adjustment Clause ("PSTAC") true-up for calendar year 2017, and to set prospective rates for calendar year 2019 as required by N.J.A.C. 14:9-7.7.1(d) and 7.7. The Company originally filed for an overall decrease in PSTAC revenues totaling \$3,700 or approximately -0.73% below current PSTAC revenues of \$135,541.

Wallkill is a wastewater utility engaged in the collection and transmission of sewage. Wallkill serves approximately 408 customers within a portion of Hardyston Township, Sussex County, New Jersey. The Sussex County Municipal Utilities Authority ("SCMUA") receives and treats all of the sewage transmitted by Wallkill.

By this Order, the Board considers the Stipulation of Settlement ("Stipulation") executed by the Petitioner, the Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively, "Parties"), agreeing to an overall decrease in Petitioner's PSTAC revenues totaling \$5,048 or approximately 3.72% below current PSTAC revenues of \$135,541.

BACKGROUND/PROCEDURAL HISTORY

The matter was retained by the Board and since the Company requested a decrease in rates, it was deemed that a public comment hearing was not required pursuant to N.J.S.A. 48:2-21.

Petitioner's rates reflect the recovery of wastewater treatment charges imposed by SCMUA. The current PSTAC tariff was approved by the Board by Order dated November 21, 2017, in Docket No. WR17080872, which examined PSTAC revenues and expenses applicable to the period ending December 31, 2016 and set prospective rates for calendar year 2018.

STIPULATION¹

The Parties participated in a settlement conference on October 15, 2018 and subsequently entered into the Stipulation that, among other things, provides for an overall decrease in Wallkill's PSTAC revenues totaling \$20,460, and is calculated based on the following components:

- a) An over-recovery of actual wastewater treatment charges of approximately \$19,873 for the calendar year ending December 31, 2017 (See Exhibit A of the Stipulation, pages 1 to 3), with interest on this over-recovery calculated to be \$919 (See Exhibit A of the Stipulation, page 10);
- b) Projected SCMUA charges for 2019 of \$149,685 based on SCMUA rates effective for 2017 (See Exhibit A of the Stipulation, page 5);
- c) The total costs of this proceeding are deemed to be \$3,200 (See Exhibit A, page 4). These costs will be shared 50/50 between ratepayers and shareholders, resulting in a cost to customers of \$1,600 (See Exhibit A of the Stipulation, page 7); and
- d) The pro forma PSTAC revenues present rates are projected to be \$135,541 (See Exhibit A of the Stipulation, page 7).

As required in N.J.A.C. 14:9-7.7, the Petitioner has included in its filing an estimate of SCMUA costs for calendar year 2019, which estimate has been used to determine the applicable PSTAC rate for 2019.

DISCUSSIONS AND FINDINGS

Based on the estimated costs for 2019, updated discovery responses, the over-recovery for 2017 with interest, and the costs of this proceeding, there is a total overall decrease in PSTAC revenues of (\$5,048). The Parties have agreed that Petitioner's current PSTAC volumetric rate on file with the Board should be revised to reflect a decrease from \$5.28 per thousand gallons to \$5.08 per thousand gallons or a decrease of approximately 3.79%, pursuant to the rates indicated on Exhibit A attached to the Stipulation (and the attached proposed tariff). This reflects a decrease in the PSTAC volumetric rate of \$0.20 or approximately 3.79%.

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

The average residential customer, with a 5/8" meter utilizing approximately 3,900 gallons of water per month, would see a decrease in its wastewater bill from \$34.11 to \$33.33 per month, which equates to an overall monthly decrease in the total wastewater bill of \$0.78.

Having reviewed the record in this matter, as well as the Stipulation, the Board **HEREBY FINDS** that the Stipulation is reasonable, in the public interest, and in accordance with the law.

Therefore, the Board **HEREBY ADOPTS** the Stipulation, including all attachments and schedules, as its own, incorporating by reference the terms and conditions of the Stipulation, as if fully set forth at length herein, subject to the following:

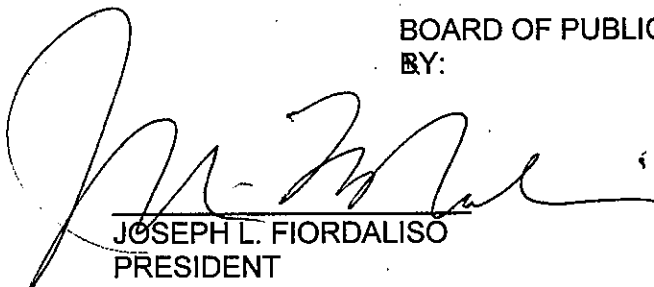
In accordance with the provisions of N.J.A.C. 14:9-7.3(c), the Petitioner shall file with the Board, no later than 45 days after the adjustment clause has been in effect for one year, or by February 28, 2020, whichever is earlier, a PSTAC true-up filing in connection with this proceeding. This filing shall include estimates of the SCMUA costs for calendar year 2020. Copies of the true-up filing shall be served upon all Parties to the present proceeding.

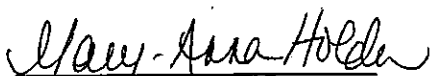
The Board **HEREBY DIRECTS** the Company to file tariff pages conforming to the terms and conditions of the Stipulation and this Order within 10 days from the effective date of this Order.

The effective date of this Order is November 29, 2018 with rates to become effective January 1, 2019.

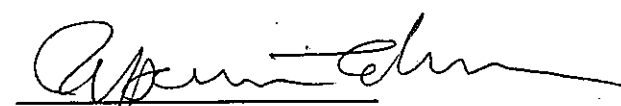
DATED: 11/19/18

BOARD OF PUBLIC UTILITIES
BY:

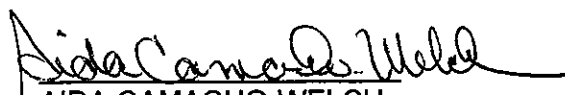

JOSEPH L. FIORDALISO
PRESIDENT


MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER


ROBERT M. GORDON
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
SECRETARY

**IN THE MATTER OF THE PETITION OF AQUA NEW JERSEY, INC., WALLKILL SEWER
DIVISION, FOR APPROVAL OF A 2017 PURCHASED WASTEWATER TREATMENT
ADJUSTMENT CLAUSE TRUE-UP AND OTHER REQUIRED APPROVALS
BPU DOCKET NO. WR18080881**

SERVICE LIST

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

IN THE MATTER OF THE PETITION	:	STIPULATION OF SETTLEMENT
OF AQUA NEW JERSEY, INC.,	:	
WALLKILL SEWER DIVISION, FOR	:	BPU DOCKET NO. WR18080881
APPROVAL OF A 2017 PURCHASED	:	
WASTEWATER TREATMENT	:	
ADJUSTMENT CLAUSE TRUE-UP	:	
AND OTHER REQUIRED APPROVALS :	:	

APPEARANCES:

Courtney L. Schultz, Esq., Saul Ewing Arnstein & Lehr LLP, on behalf of the Petitioner, Aqua New Jersey, Inc., Wallkill Sewer Division

Debra F. Robinson, Managing Attorney, and Susan E. McClure, Esq., Assistant Deputy Rate Counsel, on behalf of the Division of Rate Counsel

Renee Greenberg, Deputy Attorney General and Peter Van Brunt, Deputy Attorney General, (Gurbir S. Grewal, Attorney General of New Jersey), on behalf of the Staff of the New Jersey Board of Public Utilities

TO THE HONORABLE NEW JERSEY BOARD OF PUBLIC UTILITIES:

The Parties that have participated in this proceeding are Aqua New Jersey, Inc., Wallkill Sewer Division (“Aqua,” “Company,” or “Petitioner”), the Division of Rate Counsel (“Rate Counsel”), and the Staff of the Board of Public Utilities (“Staff”) (collectively, the “Parties”). There were no intervenors in this proceeding. As a result of an analysis of Aqua’s Petition and exhibits, discovery conducted by Rate Counsel and Staff, conferences, and negotiations, the Parties to this proceeding have come to the within agreement. The Parties hereto agree and stipulate as follows:

1. Petitioner operates a sewage collection and transmission system within a portion of the Township of Hardyston, County of Sussex, New Jersey. Petitioner serves approximately

408 customers within this portion of its service territory. Aqua New Jersey, Inc. is a public utility corporation of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities (the "Board"). Aqua's principal business office is located at 10 Black Forest Road, Hamilton, New Jersey 08691.

2. On August 10, 2018, pursuant to N.J.A.C. 14:9-7.1 to 7.7, Aqua filed the above-captioned Petition with the Board, which was later assigned BPU Docket No. WR18080881, for approval of a true-up of purchased wastewater treatment adjustment clause ("PSTAC") costs and revenues for calendar year 2017, and to set prospective rates for calendar year 2019 as required by N.J.A.C. 14:9-7.1(d) and 14:9-7.7. Aqua will true-up 2018 PSTAC revenues and rates in its 2019 PSTAC filing, and commits that it will make this filing on a timely basis.

3. The matter was retained by the Board for review and disposition. The Parties agreed that a public comment hearing was not required because the Petitioner had proposed a decrease in rates.

4. Petitioner's rates reflect the recovery of wastewater treatment charges imposed by the Sussex County Municipal Utilities Authority ("SCMUA"). The current PSTAC tariff was approved by the Board in an Order in Docket No. WR17080872, dated November 21, 2017, which examined PSTAC revenues and expenses applicable to the period ending December 31, 2016 and set prospective rates for calendar year 2018.

5. In this proceeding, the Parties have examined the Company's actual revenues and actual SCMUA expenses for calendar year 2017, and the Company's projected SCMUA expenses for 2019, as well as the costs of this proceeding. Based on the foregoing, the Parties have determined that the current PSTAC rate should be decreased to recover \$5,048 less in revenues. The \$5,048 PSTAC decrease was calculated based on the following components:

- a) an over-recovery of actual wastewater treatment charges of approximately \$19,873 for the calendar year ending December 31, 2017 (See Exhibit A, attached hereto, pages 1 to 3), with the interest on this over-recovery calculated to be \$919 (See Exhibit A, page 10);
- b) projected SCMUA charges for 2019 of \$149,685 based on SCMUA rates effective for 2018 (See Exhibit A, page 5);
- c) the total costs of this proceeding are deemed to be \$3,200 (See Exhibit A, page 4). These costs will be shared 50/50 between ratepayers and shareholders, resulting in a cost to customers of \$1,600 (See Exhibit A, page 7); and
- d) the pro forma PSTAC revenues at present rates are projected to be \$135,541 (See Exhibit A, page 6).

6. As required in N.J.A.C. 14:9-7.7, the Company has included in its filing an estimate of SCMUA costs for calendar year 2019, which estimate has been used to determine the applicable PSTAC rate for 2019.

7. Based on the estimated costs for 2019, the over-recovery for 2017, and the costs of this proceeding, the Parties have agreed that Petitioner's current PSTAC rates on file with the Board should be decreased as indicated on Exhibit A. For the average residential customer, the PSTAC rate will decrease from \$5.28 per thousand gallons to \$5.08 per thousand gallons, a decrease of \$0.20 per thousand gallons or approximately 3.79%. (See Exhibit A, page 8). With respect to the total monthly rate for wastewater services, the total monthly rate for the average residential customer using approximately 3,900 gallons per month will decrease from \$34.11 to \$33.33, a decrease of \$0.78 or approximately 2.29% monthly.

8. Consistent with the provisions of N.J.A.C. 14:9-7.1 to 7.7, the Parties agree that the Company will file with the Board a PSTAC petition to reconcile calendar year 2018 actual SCMUA costs with the estimated SCMUA costs (as reflected in the rates identified on Exhibit A) for the same period. Additionally, the Company will include in its filing an estimate of SCMUA costs for calendar year 2020, which estimate will be used to determine the applicable PSTAC rate for 2020, as required in N.J.A.C. 14:9-7.1(d) and 14:9-7.7.

9. The Parties have engaged in full discovery. The Parties agree that the within Stipulation reflects a mutual balancing of various issues and positions, and that it is being entered into in the spirit of compromise and to avoid protracted and costly litigation.

10. This Stipulation is the product of negotiations by the Parties, and it is an express condition of the settlement embodied by this Stipulation that it be presented to the Board in its entirety without modification or condition. It is also the intent of the Parties to this Stipulation that this settlement, once accepted and approved by the Board, shall govern all issues specified and agreed to herein. The Parties to this Stipulation specifically agree that if adopted in its entirety by the Board, no appeal shall be taken by them from the order adopting same as to those issues upon which the Parties have stipulated herein.

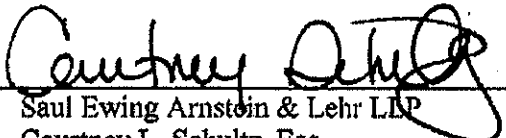
11. The Parties agree that each term within this Stipulation reflects a mutual balancing of various issues and positions and is intended to be accepted and approved in its entirety. Each term is vital to this Stipulation as a whole, since the Parties hereto expressly and jointly state that they would not have signed this Stipulation had any terms been modified in any way. In the event any particular aspect of this Stipulation is not accepted and approved by the Board, then any Party hereto materially affected thereby shall not be bound to proceed under this Stipulation.

12. The Parties further agree that with respect to any policy or other issues which were compromised in the spirit of reaching an agreement, none of the Parties shall be prohibited from, or prejudiced in, arguing a different policy or position before the Board in any other proceeding, as such agreements pertain only to this matter and to no other matter. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, the Parties shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposedly underlying any agreement provided herein in total or by specific item. The Parties further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

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

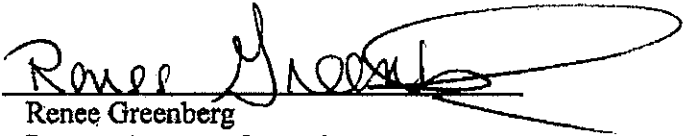
AQUA NEW JERSEY, INC.
WALKKILL SEWER DIVISION

October 31, 2018
Date

By: 
Saul Ewing Arnstein & Lehr LLP
Courtney L. Schultz, Esq.
Attorney for Petitioner

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

November 5, 2018
Date

By: 
Renee Greenberg
Deputy Attorney General

STEFANIE A. BRAND, ESQ.
DIRECTOR – RATE COUNSEL

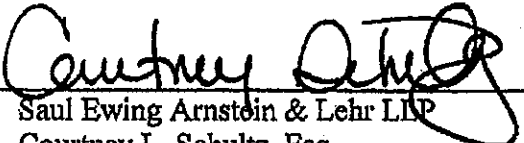
Date

By: _____
Susan McClure, Esq.
Assistant Deputy Rate Counsel

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

AQUA NEW JERSEY, INC.
WALKKILL SEWER DIVISION

October 31, 2018
Date

By: 
Saul Ewing Arnstein & Lehr LLP
Courtney L. Schultz, Esq.
Attorney for Petitioner

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

Date

By: _____
Renee Greenberg
Deputy Attorney General

STEFANIE A. BRAND, ESQ.
DIRECTOR - RATE COUNSEL

11/5/18
Date


By: 
Susan McClure, Esq.
Assistant Deputy Rate Counsel

EXHIBIT A

Acqua New Jersey, Inc.
Walkill PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2017

A.J. 2017 Treatment Expenses Paid to SCMUA:

Quarter	Amount	Invoice #	Reference
Q1	\$38,866	None	Exhibit B
Q2	\$38,866	None	Exhibit B
Q3	\$38,866	None	Exhibit B
Q4	\$38,866	None	Exhibit B
Credit	(\$5,258)	None	Exhibit B
Total 2017 Actual Treatment Expense			
			Lines 8, 10, 11, 12
			\$150,206

Aqua New Jersey, Inc.
Walkill PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2017

BJ 2017 Revenues Billed to Walkill Customers:

<u>Class</u>	<u>Customers</u>	<u>Meter Size</u>	<u>Gallons</u>	<u>Amount</u>	<u>Rate per 1,000 Gals.</u>	<u>% of Revenue</u>
Residential - Single Family	369	-	17,480	\$127,080	\$7.27	66.43%
Commercial, Industrial, School, Business, & Religious	39	-	8,832	\$64,209	\$7.27	33.57%
Subtotal:	408		26,312	\$191,288		100.00%

Aqua New Jersey, Inc.
Walkill PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2017

C.1 2017 Reconciliation - Over/(Under) Recovery:

		<u>Reference</u>
C.1) Actual Revenue 2017	\$191,288	B.)
Prospective Revenue Authorized 2017	<u>\$183,705</u>	Exhibit A
Over/(Under) Recovery 2017	<u>\$7,583</u>	
C.2) Actual Expense 2017	\$150,206	A.)
Projected Expense 2017	<u>\$162,496</u>	Exhibit A; Page 2 Sub B
Over/(Under) Recovery 2017	<u>\$12,290</u>	
Total Over/(Under) Recovery 2017	\$19,873	

*Aqua New Jersey, Inc.
Walkill PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2017*

D.) Cost of Filing Application:

	<u>Amount</u>
Legal	\$ 3,200.00
Notification & Other	\$ -
Transcripts	\$ -
Total	<u>\$3,200</u>

Aqua New Jersey, Inc.
Walkill PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2017

E.) Prospective 2019 Rate Adjustment:

- 1.) Projected 2019 Sewage Volume (KGallons)
- 2.) 2018 Volumetric Rate
- 3.) Projected Calendar Year 2019 Revenue
- 4.) Projected 2018 SCMUA Billings (Based on 2018)
- 5.) Prospective Adj. for Rates Effective 1/1/2019

<u>Calculation</u>	<u>Reference</u>
25,671	3 Year Avg
<u>\$5.28</u>	
\$135,541	KGals x 2017 Vol Rate
<u>\$149,685</u>	Exhibit B
<u>\$14,144</u>	Lines 4.) - 3.)

3 Yr. Avg. Annual Gallons	
2015	25,495
2016	25,205
2017	26,312
Average	25,671

Aqua New Jersey, Inc.
Waikill PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2017

F.) PSTAC Revenue at Present Rates (2018):

<u>Class</u>	<u>Customers</u>	<u>KGallons</u>	<u>2018 Current Rate</u>	<u>PSTAC Revenue at Present Rates</u>	<u>% of Revenue</u>
Residential - Single Family	369	17,054	\$5.28	\$90,044.80	66.43%
Commercial, Industrial, School, Business, & Religious	39	8,617	\$5.28	\$45,496.32	33.57%
Total:					
Total PSTAC Revenue at Present Rates =>				\$135,541	

Aqua New Jersey, Inc.
Walkill PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2017

G.J PSTAC Calculation:

	<u>Amount</u>	<u>Reference</u>
1.) Projected 2019 Calendar Year Billings by SCMUA	\$149,685	E.)
2.) Over Recovery 2018	(\$19,873)	C.)
3.) Interest on Over Recovery	(\$919)	
4.) Cost of Filing Application (\$3,200 x 50%)	\$1,600	D.)
5.) 2019 PSTAC Revenue Requirement	<u>\$130,493</u>	Sum Lines 1 thru 3
6.) PSTAC Revenue at Present (2018 Rates)	<u>\$135,541</u>	F.)
7.) Subtotal PSTAC Request	<u>(\$5,048)</u>	Line 5 minus Line 6

Aqua New Jersey, Inc.
Waikill PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2017

H.I Rate Design:

<u>Class</u>	<u>Customers</u>	<u>KGallons</u>	<u>2018 Current Rate</u>	<u>% of Revenue</u>	<u>Assessment</u>	<u>New Rate</u>	<u>% Change</u>
Residential - Single Family	369	17,054	\$5.28	66.43%	(\$3,353.84)	\$5.08	-3.79%
Commercial, Industrial, School, Business, & Religious	39	8,617	\$5.28	33.57%	(\$1,694.57)	\$5.08	-3.79%
Total:					<u>(\$5,048)</u>		

Aqua New Jersey, Inc.
 Walkill PSTAD Reconciliation/True-Up
 For Calendar year ending December 31, 2017

I.J. Proof of Revenue:

Class	Customers	KGallons	New Rate	Prospective 2019 Revenue
Residential - Single Family	369	17,054	\$5.08	\$86,634.01
Commercial, Industrial, School, Business, & Religious	39	8,617	\$5.08	\$43,772.97
Total:				<u>\$130,407</u>

2017 Walkkill PSTAC True Up

Interest Calculation (Rate = 30 Yr Treasury @ 12/29/17 => 2.74%, @ 7/24/18 = 3.08%)

Month	Year	Refund*	APR %	Month % Rate	Interest
January	2017	\$ 1,656.08	0.0274	0.00228	3.78
February	2017	3,315.95	0.0274	0.00228	7.57
March	2017	4,975.82	0.0274	0.00228	11.36
April	2017	6,635.69	0.0274	0.00228	15.15
May	2017	8,295.57	0.0274	0.00228	18.94
June	2017	9,955.44	0.0274	0.00228	22.73
July	2017	11,615.31	0.0274	0.00228	26.52
August	2017	13,275.19	0.0274	0.00228	30.31
September	2017	14,935.06	0.0274	0.00228	34.10
October	2017	16,594.94	0.0274	0.00228	37.89
November	2017	18,254.81	0.0274	0.00228	41.68
December	2017	19,914.68	0.0274	0.00228	45.47
January	2018	19,960.15	0.0308	0.00257	51.23
February	2018	20,011.38	0.0308	0.00257	51.36
March	2018	20,062.75	0.0308	0.00257	51.49
April	2018	20,114.24	0.0308	0.00257	51.63
May	2018	20,165.87	0.0308	0.00257	51.76
June	2018	20,217.63	0.0308	0.00257	51.89
July	2018	20,269.52	0.0308	0.00257	52.03
August	2018	20,321.54	0.0308	0.00257	52.16
September	2018	20,373.70	0.0308	0.00257	52.29
October	2018	20,426.00	0.0308	0.00257	52.43
November	2018	20,478.42	0.0308	0.00257	52.56
December	2018	20,530.98	0.0308	0.00257	52.70

* 2017 Over-Recovery \$19,873 pro-rated

Total Interest to be Refunded to Customers

\$ 919