

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

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

CASE SUMMARY, PETITION AND SUPPORTING TESTIMONY

COZEN O'CONNOR
Attorneys for Petitioner
ATLANTIC CITY SEWERAGE COMPANY
By: Stacy A. Mitchell, Esquire
LibertyView, Suite 300
457 Haddonfield Road
P.O. Box 5459
Cherry Hill, N.J. 08002
(856) 910-5000

CASE SUMMARY

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

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

By this Petition, Atlantic City Sewerage Company (the “Company”) seeks authority to increase its Volumetric Treatment Charge through the medium of its Purchased Sewerage Treatment Adjustment Clause (“PSTAC”). The Company seeks authority to increase its Volumetric Treatment Charge from \$25.251 per Mcf of metered water, to a rate of \$25.713 per Mcf of metered water service. This represents an increase of \$4.30 or 0.81% on the average residential customer’s annual sewerage bill. The proposed increase to the PSTAC is based upon information currently available to the Company. Updated information will be submitted as soon as it becomes available.

The Company further proposes to modify the methodology used to calculate and account for interest on over/under recoveries of the PSTAC.

The PSTAC recovers the costs of sewerage treatment furnished by the Atlantic County Utilities Authority, and provides no profits whatsoever to the Company.

PETITION

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

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

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

The Atlantic City Sewerage Company (hereinafter referred to as “Petitioner” or the “Company”), a public utility corporation of the State of New Jersey, with its principal office at 1200 Atlantic Avenue, Atlantic City, New Jersey 08404, hereby petitions this Honorable Board (“Board”) pursuant to *N.J.A.C. 14:9-8.1, et seq.*, for authority to change the level of its Purchased Sewerage Treatment Adjustment Clause (“PSTAC”). In support thereof, Petitioner states as follows:

1. Petitioner 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 7,350 customers. Petitioner purchases its sewage treatment from the Atlantic County Utilities Authority (“ACUA”).

2. By Order dated December 30, 1992, entered in Docket No. WR9205032J, the Board approved the establishment by Petitioner of a PSTAC, to be implemented effective on January 1, 1994. Under the framework established within that Order, changes in the PSTAC level are to be reflected through changes in Petitioner’s Volumetric Treatment Charge.

3. The present Petition is submitted to establish the PSTAC level and resultant Volumetric Treatment Charge for 2016.

4. Petitioner estimates that the amount to be recovered through the 2016 PSTAC will total \$9,396,642. This includes an under-recovery for 2015 of \$592,471 and projected filing costs (shared 50/50) of \$9,000. The Company is projecting 2016 Mcf of 365,438.6, resulting in a 2016 Volumetric Treatment Charge of \$25.713 Mcf before compression. These numbers are preliminary in nature, and updates will be necessary as final cost data is received from the ACUA, and final volumetric projection data is developed.

5. In accordance with the Order establishing the PSTAC, Petitioner accounts for net monthly cumulative over-recoveries and under-recoveries resulting from the PSTAC. The net monthly cumulative over-recoveries and under-recoveries are currently calculated for each month, utilizing an average balance for each month. Interest on net cumulative monthly over-recoveries are credited to the PSTAC at an interest rate equal to the return on rate base utilized in Petitioner's last completed rate case. Similarly, interest on net monthly under-recoveries are charged against the PSTAC. The PSTAC Clause Year is the calendar year. If at the end of the Clause Year interest is due to the PSTAC, interest is credited to the PSTAC. If at the end of a Clause Year interest is chargeable against the PSTAC, interest is eliminated through appropriate accounting entries.

6. At the end of the Clause Year, over-recoveries resulting from the PSTAC are credited to and reduce future PSTAC clause levels. The same is to be true of any interest due to the PSTAC. Conversely, under-recoveries are utilized to increase the PSTAC clause levels established for future Clause Years.

7. The Company is proposing by way of this Petition to modify the methodology used to calculate and account for interest on under/over-recoveries of the PSTAC consistent with more recent Board precedent. The Board has recognized in recent clause related proceedings that the

current accounting methodology utilized by ACSC is not reflective of borrowing costs.

Therefore, ACSC proposes to use a debt based cost consistent with Board precedent. *See I/M/O Rockland Electric Company for Approval of an Energy Efficiency Program*, Board Docket No. ET10090677, June 15, 2011; *I/M/O Demand Response Programs for the Period Beginning June 1, 2009*, Board Docket No. EO08050326, April 27, 2009; and *I/M/O Public Service Electric and Gas Company for Approval of Changes in its Electric and Gas Societal Benefits Charge Rates*, Board Docket No. ER12030207, January 1, 2013. Specifically, ACSC proposes to calculate the interest on under/over-recoveries based on a two-year constant maturity Treasuries as published in the Federal Reserve Statistical Release on the first day of each month (or the closest day thereafter on which the rates are published), plus sixty (60) basis points, but shall not exceed the Company's overall rate of return last used by the Board to set rates. The Company proposes to implement this methodology on a going forward basis. For PSTAC Clause Year 2016, the Company does not anticipate any over/under-recoveries on the PSTAC based on its current projections.

8. The attached testimony of Wendy E. Stewart, which includes all documents required to accompany this Petition pursuant to *N.J.A.C. 14:9-8.4*, is incorporated herein by reference.

9. The PSTAC provides no profit to the Petitioner. It merely allows the Company to pass through to its customers increases and decreases in the cost of purchased sewerage treatment.

10. The proposal to implement the PSTAC charge for 2016, will increase an average customer's annual sewerage bill by \$4.30 or 0.81%.

11. The tariff sheets necessary to implement this Petition are attached hereto and incorporated herein.

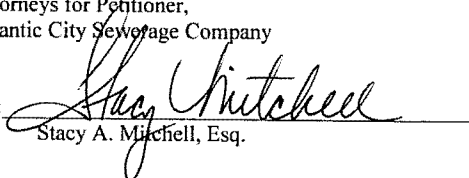
12. A proposed form of Notice is attached to this Petition, and will be published, if necessary, substantially in the form annexed hereto, in The Press of Atlantic City, a daily newspaper published within the Petitioner's service territory. Copies thereof will be served by mail upon the Clerk of the City of Atlantic City, upon the Clerk of the Board of Chosen Freeholders of Atlantic County, and upon the Atlantic County Executive. Proof of such service and publication will be filed with the Board.

13. The Petitioner has served two copies of this Petition upon the Director, Division of Rate Counsel, 140 East Front Street, P.O. Box 003, Trenton, New Jersey 08625 and two copies upon the Department of Law and Public Safety, 124 Halsey Street, P.O. Box 45029, Newark, New Jersey 07102.

14. Petitioner requests that the PSTAC requested herein be made effective for service rendered on and after January 1, 2016, and for the ensuing twelve-month period.

Respectfully submitted,
COZEN O'CONNOR
Attorneys for Petitioner,
Atlantic City Sewerage Company

By:


Stacy A. Mitchell, Esq.

Dated: 

Communications addressed to
the Petitioner in this case are
to be sent to:

COZEN O'CONNOR
Attn: Stacy A. Mitchell, Esquire
LibertyView, Suite 300
457 Haddonfield Road
P.O. Box 5459
Cherry Hill, NJ 08002
(856) 910-5000

VERIFICATION


I, LOUIS M. WALTERS, of full age, being duly sworn according to law, upon my oath, depose and say:

1. I am President and General Manager of the Atlantic City Sewerage Company and am authorized to make this verification on behalf of the Company.

2. I have reviewed the within Petition and the information contained therein is true according to the best of my knowledge, information and belief.


LOUIS M. WALTERS

Sworn to and subscribed
before me this 20th day
of January, 2016.


Notary Public

BARBARA S BRUCKLER
NOTARY PUBLIC
NEW JERSEY
MY COMMISSION EXPIRES 10-2-16

PROPOSED TARIFF SHEETS

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 Nos. _____ and
_____, dated _____.

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Date of Issue: _____
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 Atlantic City, New Jersey

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_____, 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"	\$235
3/4	409
1	1,236
1-1/2	2,877
2	6,000
3	14,090
4	33,765
6	111,000
8	143,250
10 or larger	220,749

Volumetric Collection Charge

In addition to the annual fixed charge, all customers shall pay \$8.993 for each 1,000 cubic feet of metered water, measured to the nearest one-tenth.

Volumetric Treatment Charge

In addition to the annual fixed charge and the volumetric collection charge, all customers shall pay \$25.713 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 Nos. _____ and
_____, dated _____.

DRAFT PUBLIC NOTICE

NOTICE OF PUBLIC HEARING

TO: THE CUSTOMERS AND RATEPAYERS OF THE ATLANTIC CITY SEWERAGE COMPANY

**IN THE MATTER OF THE PETITION OF THE ATLANTIC CITY SEWERAGE COMPANY FOR AUTHORIZATION TO CHANGE THE LEVEL OF ITS PURCHASED SEWERAGE TREATMENT ADJUSTMENT CLAUSE;
BPU DOCKET NO. _____**

NOTICE IS HEREBY GIVEN that Atlantic City Sewerage Company ("Company") has filed with the Board of Public Utilities a Petition in the referenced matter seeking to establish the 2016 level of its Purchased Sewerage Treatment Adjustment Clause ("PSTAC"). The Company is proposing to increase its Volumetric Treatment Charge from \$25.251 per Mcf to \$25.713 per Mcf through the PSTAC.

The increase to the Volumetric Treatment Charge by virtue of the PSTAC provides no profits to the Company. It is merely a pass-through of charges to the Company from the Atlantic County Utilities Authority.

The Company's proposal in the referenced matter will result in an increase to the average residential customer's bill of 0.81%, or \$4.30 annually. The Company proposes that the PSTAC be effective as to service rendered beginning January 1, 2016.

The Board of Public Utilities has the statutory authority to establish the PSTAC at a level other than that proposed by the Company. In no event will the level established by the Board be higher than the amount stated in this notice.

Copies of the Petition are available for inspection at the Company's office and can also be found at <http://www.acsewerage.com/pendingcase.htm>.

PLEASE TAKE FURTHER NOTICE that the Board of Public Utilities has scheduled a public hearing on the Petition at the following time and place:

**Atlantic City Council Chambers
City Hall
1301 Bacharach Boulevard
Atlantic City, New Jersey 08401
March __ 2016 at 5:30 pm**

The public is invited to attend and interested persons will be permitted to testify and/or make a statement of their views on the proposed increases. In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, including interpreter, listening devices or mobility assistance, 48 hours prior to the hearing. In addition, members of the public may submit written comments concerning the Petition to the BPU regardless of whether they attend a hearing by addressing them to: Irene Kim Asbury,

Secretary, Board of Public Utilities, 44 S. Clinton Avenue, 3rd Floor, Suite 314, P.O. Box 350,
Trenton, New Jersey 08625-0350.

THE ATLANTIC CITY SEWERAGE COMPANY
By: Louis M. Walters, President and General Manager

**TESTIMONY OF
WENDY E. STEWART**

IN THE MATTER OF THE PETITION OF
THE ATLANTIC CITY SEWERAGE COMPANY
TO CHANGE THE LEVEL OF ITS
PURCHASED SEWERAGE TREATMENT ADJUSTMENT CLAUSE

DIRECT TESTIMONY OF WENDY E. STEWART, ACCOUNTING MANAGER

1. Q. Please state your name, position and business address?

A. My name is Wendy E. Stewart. I am the Accounting Manager for the Atlantic City Sewerage Company ("ACSC" or the "Company"). My business address is 1200 Atlantic Avenue, Atlantic City, New Jersey 08404.

2. Q. What is your educational and professional background?

A. I graduated from Ramapo College of New Jersey, Mahwah, New Jersey, in 1990 with a Bachelor of Science Degree in Business Administration with a Concentration in Accounting. In 1992 and 1993 I took courses towards an MBA at Montclair State University in Montclair, New Jersey.

3. Q. What is your employment experience?

I started my employment part-time with On-Line Software in 1986 while attending college. I became a full time employee, Staff Accountant, upon my graduation in 1990. In late 1991 the company was sold and my position was eliminated.

I took a position as Accounts Receivable Manager/Accountant with a small firm called Prins Recycling from 1992 to 1993.

In late 1993 I accepted the position of Staff Accountant with Alpha Metals Inc, a subsidiary of Cookson Electronics.

After relocating to Southern New Jersey late in 1999, I began my employment at Bally's Atlantic City, a subsidiary of Park Place Entertainment in March of 2000. I was hired as a Staff Accountant and was promoted in 2001 to General Ledger Supervisor. In February of 2003 I was promoted to the Hotel Accounting Manager of Hilton Atlantic City, another subsidiary of Park Place Entertainment.

In November of 2006, I joined the Atlantic City Sewerage Company as an Accounting Manager. My responsibilities include overseeing all aspects of the Company's Accounting. I am responsible for the preparation of the Company's monthly and annual financial statements. I provide support in the Company's regulatory filings and rate proceedings. I report directly to the Company's President and General Manager, Lou Walters.

4. Q. Have you previously testified before any public utility board or commission?
- A. Yes, I provided direct testimony in the Atlantic City Sewerage Company's prior Purchased Sewerage Treatment Adjustment Clause proceedings before the BPU, Docket No. WR13020138, Docket No. WR14020136, and Docket No. WR15010118.
5. Q. What is the purpose of your testimony in this case?
- A. The purpose of my testimony is to support the Company's petition for authorization to establish its 2016 PSTAC by increasing its Volumetric Treatment Charge from \$25.251 to \$25.713 per MCF. I will present various Schedules that support this petition.
6. Q. What is the background of the PSTAC?
- A. ACSC operates a sewage collection and transmission system serving approximately 7,350 customers within the City of Atlantic City. ACSC purchases its sewerage treatment from the Atlantic County Utilities Authority ("ACUA"). The cost of purchased sewerage treatment is ACSC's single largest expense, representing approximately 47% of its total operating expenses for the year ended 2015.

For a number of years, in several base rate proceedings, ACSC had proposed the implementation of a Purchased Sewerage Treatment Adjustment Clause ("PSTAC"). The PSTAC was ultimately adopted through a Board Order dated December 30, 1992 in Docket No. WR9205032J, which adopted a Stipulation entered into in the Company's 1992 base rate case. Pursuant to the terms of that Order, the PSTAC was to be effective January 1, 1994.

The PSTAC has been implemented through the medium of ACSC's Volumetric Treatment Charge. The 2015 Volumetric Treatment Charge was adopted through a Board Order dated May 19, 2015 in Docket No. WR15010118 that case set the 2015 Volumetric Treatment Charge at \$25.251 per MCF based upon a net expense level of \$9,460,555 prior to compression. Due to the fact that rates became effective June 1, 2015, the rate was compressed to \$26.594.

Further, as per the BPU Board Order dated May 19, 2015 in Docket No. WR15010118, the Volumetric Treatment Charge was reset to the \$25.251 per MCF effective January 1, 2016, resulting in a decrease of \$1.343 per MCF from the compressed charge.

In the present case, we are proposing that the Volumetric Treatment Charge be increased to \$25.713 per MCF, based upon an expense level of \$8,795,171, a 2015 net PSTAC under recovery of \$592,471, and recovery of filing costs (50/50 shared) of \$9,000, for a total of \$9,396,642. The requested 1.83% increase in the Volumetric Treatment Charge will result in an increase to the average customer's annual sewerage bill of \$4.30 or 0.81%, based upon rates existing as of the date of this filing.

It is important to note that the implementation of this PSTAC request will not result in any additional profit or loss to the Company. Rather, it allows the Company to recover the treatment costs that are invoiced to ACSC by the ACUA.

7. Q. What is the basis for the PSTAC rate relief requested?
- A. The PSTAC volumetric treatment charge proposed in the petition is based upon the actual 2016 charges to be invoiced to ACSC by the ACUA plus the net under recovered PSTAC amount from 2015, and ACSC's estimate of 2016-metered flows. The estimated metered flows reflect management's judgment, based on present conditions. We anticipate updating estimated data with actual data as the case progresses.
8. Q. Please provide a detailed explanation of the Schedules supporting your request for PSTAC rate relief.
- A. Schedule WES-1 Calculation of 2016 Volumetric Treatment Rate

Schedule WES-1 is the summary calculation of the proposed new PSTAC rate for 2016. It includes the under collection for 2015 from Schedule WES-3, the adjustment for the 2015 actual ACUA treatment billings from Schedule WES-5, the 2016 ACUA treatment cost, the February 2016 ACUA flow true-up shown in Schedule WES-4 and the Company's estimate of legal, accounting and filing costs shared equally between Customers and Shareholders from Schedule WES-7.

These components are summed and divided by the projected 2016 MCF of usage. The result is the volumetric treatment rate that should apply to all bills for 2016 usage.

The sum of the above-mentioned components equals \$9,396,642, as shown on Line 22 of Schedule WES-1. This is the Treatment Cost Recovery that will be made through the PSTAC in 2016.

The proposed Volumetric Treatment Charge for 2016 as shown on Line 30 is \$25,713 per MCF. The rate is calculated by dividing the total 2016 Treatment Cost Recovery by the projected metered flows as indicated on Schedule WES-2.

Schedule WES-2 Projected Billing Usage

Schedule WES-2 includes the projections of 2016 MCF usage. The monthly billings represent the estimated 2016 MCF billings as adjusted for any known new customers or known retirements. Our billings, as estimated, are based upon water volumes furnished to the Company from the City's water supplier.

Schedule WES-3 Over/Under Recovery

Schedule WES-3 is being provided in order to set forth the methodology involved in computing the over or under collection. We have calculated an under recovery for 2015 of \$592,471. Because ACSC is in a net under recovered position, no interest is applied.

Column Definitions in Schedule WES-3

The Billing Month is the month in which ACSC sends a bill to customers for each of the eight (8) months, January to August. The bill in each case covers the current 12-month period. The 12-month bills are billed in advance and are based on estimated usage. The estimated usage is simply the actual usage from the prior 12-month period. Thus the usage that is billed in

2016 is the actual metered 2015 usage, adjusted for new customers and known casino closures at the time the bills were rendered.

- (a) Column (1) PSTAC Approved MCF. This represents the approved PSTAC MCF from BPU order Docket No. WR15010118 dated May 19, 2015.
- (b) Column (2) Treatment Rate. The 2015 treatment rate is the uncompressed PSTAC rate per MCF from BPU order Docket No. WR15010118 dated May 19, 2015.
- (c) Column (3) Approved Treatment Revenues. This represents the projected treatment revenues based upon the approved PSTAC MCF. The 2015 treatment revenue is the product of Columns (1) and (2) and equals the revenue which the PSTAC would recover in 2015 at the approved PSTAC MCF level of usage.
- (d) Column (4) Billed 2015 MCF. For 2015, Billed MCF means actual 2015 billed MCF, which is equal to actual 2014-metered usage, plus the billed MCF associated with new customers added in 2015.
- (e) Column (5) Billed Treatment Revenues. For WES-3, the Billed 2015 treatment revenue is the product of multiplying Column (4) by the approved rate in effect when the bills were rendered (January to May cycles-\$23.348/MCF; June to August cycles-\$25.251/MCF).
- (f) Column (6) represents the Supplemental Billings from BPU Order Docket No. WR15010118 dated May 19, 2015.
- (g) Column (7) Monthly over/under collection is equal to Column (5) plus Column (6) less Column (3) and equals the difference between the billed PSTAC revenues and the Approved Treatment revenues.
- (h) Column (8) Prior Year Adjustment (MCF). The prior year MCF adjustment is equal to Column (4), less the actual MCF billed. For 2015, this represents 2014 actual usage, as shown in Column (11) of WES-3, less new accounts billed for the first time in 2015 plus the known adjustment for the Revel Casino and Hotel (Polo North) Termination in November 2015. This information is shown on Schedule WES-6.
- (i) Column (9) Prior Year Treatment. For 2015, the prior year treatment adjustment is equal to the product of Column (8) and the PSTAC rate for 2014.

The purpose of this prior year adjustment is to reflect the fact that customers' bills are trued-up on an individual basis, pursuant to the tariff, such that in 2015 customers paid for the difference between actual and projected 2014 usage on a customer specific basis in their individual bills. This payment included the PSTAC charge as well as the other volumetric tariff component.

The usage associated with new accounts added in 2015 is subtracted from the calculated difference between actual metered 2014 usage and billed 2014 usage in the prior year adjustment MCF in Column (8) because customers added in 2015 had no usage in 2014 while their

billed usage is included in Column (4) 2015 billed MCF. Likewise, an adjustment was made for the Revel Casino and Hotel (Polo North) Termination MCF because the customer's termination was known prior to the year-end 2015. Therefore, the net of these two components for the 2015 Treatment Costs represents an under recovery of \$592,471.

- (j) Column (10) Net Monthly Cumulative Average Balance. The net monthly cumulative average balance is the sum of Columns (7) and (9) expressed on a cumulative basis for each month of the year.

Schedule WES-4 Actual 2015 Treatment Cost (Actual)

Schedule WES-4 provides the actual 2016 ACUA treatment cost annual billing and as well as any flow or other (credits)/charges. For 2016, the gross ACUA treatment cost is \$9,082,480. This amount is decreased by the net flow charge of \$287,309, resulting in a net cost to the Company of \$8,795,171.

Schedule WES-5 Treatment Billing Adjustment

Schedule WES-5 calculates the 2015 treatment billing adjustment by subtracting the 2015 actual treatment billing from the 2015 BPU approved treatment billing. Because the 2015 approved treatment billing and the 2015 actual treatment billing are the same, the adjustment is zero.

Schedule WES-6 2015 New Accounts Billed

Schedule WES-6 shows the annual bills associated with new accounts billed in 2015 by billing month. Since these accounts have no prior billed usage, the associated MCF must be subtracted in Column (8) of Schedule WES-3 in order to properly compute the prior year adjustment. In addition, WES-6 reflects the MCF adjustment for the Revel Casino and Hotel (Polo North) Termination. This adjustment is necessary because the 2015 actual billing to the Revel reflected the fact the customer was terminated.

Schedule WES-7 2016 Projected Expenses

Schedule WES-7 shows a schedule of projected expenses associated with this case allowing for a 50/50 sharing between the Company and ratepayers.

Schedule WES-8 PSTAC Reconciliation

Schedule WES-8 shows the reconciliation of the Approved PSTAC BPU Order dated May 19, 2015 and the amount to be recovered for 2016 net of the 2015 under-recovered PSTAC.

Compression

It is reasonable to assume that the ACSC PSTAC rate will need to be compressed due to the fact that the 2016 PSTAC order will be received after the beginning of 2016 and the Company will have already billed some of its 2016 cycles. The compression method used by the Company is simply based on the number of days that have elapsed prior to the effective date of the new PSTAC

and the number of days remaining in the calendar year. This method works for ACSC because it bills each customer one time for 12 months usage, which is equivalent to assuming that usage per day is the same for every day.

The compression formula is:
$$\frac{((NR*366)-(CR*days))}{(366-days)}$$

Where: NR is the new PSTAC rate
CR is the current PSTAC rate
Days is the number of days prior to the date
of the compressed PSTAC implementation.

9. Q. Please explain how ACSC has actively engaged ACUA in keeping down sewerage treatment charges during 2016.
- A. The Company meets with the senior management and the Board of Commissioners of the ACUA on a regular basis. These meetings include a mid-year budget review (usually in July), a detailed review of the next year's proposed budget (usually early December) and regular attendance at the ACUA's monthly Board meetings. In addition, the Company attended the ACUA's Public Hearing on the approval of the 2016 Waste-water budget and publicly encouraged the Board of the ACUA to be mindful of the impact of any budget increases that result in increases to the customers of the Company. Please note that ACUA has again not increased the 2016 waste-water budget. Previously, ACUA increased its 2014 waste-water budget by 1.50%, its 2013 waste-water budget by 1.00%, its 2012 waste-water budget by 1.50% and had held the waste-water treatment fees constant for the three years, 2009, 2010 and 2011 while continuing to maintain the same high level services the Company and its customers have come to expect.

In addition, the Company continues to monitor the metering devices of the ACUA to insure ASCS flows to ACUA are accurate. See Schedule WES-9 for the results of this monitoring.

10. Q. Please describe the other attachments included in the filing.
- A. ATTACHMENTS IN COMPLIANCE WITH N.J.A.C. 14:9-8.4
- 1) A copy of the current agreement and amendment (Joinder Agreement) between ACSC and the ACUA, identified as Schedule WES-10;
 - 2) A schedule depicting the actual number and classes of customers approved in ACSC's most recent base rate case, identified as Schedule WES-11;
 - 3) A copy of the Board's Order dated May 19, 2015, approving the stipulation in the Company's most recent PSTAC proceeding, identified as Schedule WES-12;
 - 4) A proposed tariff, demonstrating the proposed increase to the Volumetric Treatment Charge, necessary to implement the proposed PSTAC, identified as Schedule WES-A;
 - 5) A schedule depicting volumes and costs under ACSC's contract with ACUA, with a specific calculation showing the basis of any volume and cost differential from the base cost of purchased sewerage treatment

approved in our most recent proceeding, attached hereto as Schedule WES-2 and WES-4; and

- 6) A schedule of projected expenses associated with this case allowing for a 50/50 sharing between the Company and ratepayers as shown on Schedule WES-7. This level of expenses has been amortized over the one-year period between PSTAC cases, and rolled into the Volumetric Treatment Charge. It will affect rates by 2.4¢ per MCF.

11. Q. What are your conclusions regarding the request for 2016 PSTAC rate increase?

- A. It is respectfully requested that based on the proof set forth above, the Volumetric Treatment Charge be set at \$25.713 per MCF for the recovery year 2016.

12. Q. Does this conclude your testimony?

- A. Yes, it does.

SCHEDULES

WES 1-8

1	CALCULATION OF 2016 TREATMENT RATE		
2			
3			
4			REFERENCE
5			
6			
7			
8	Net 2015 Over/(Under) Collection	\$ (592,471)	WES-3
9			
10	Adjustment for Treatment Billing	<u>0</u>	WES-5
11			
12	Net Over/(under) collected	(592,471)	
13			
16	Projected 2016 Treatment Cost	9,082,480	WES-4
17	Additional Charge/(Credit) for 2015 Treatment Flows	<u>(287,309)</u>	WES-4
18	Net Projected Treatment Cost	8,795,171	
19	Projected Filing Costs (shared 50/50)	<u>9,000</u>	WES-7
20			
21	Total 2016 Treatment Cost		
22	Recovery	<u>\$ 9,396,642</u>	
23			
24			
25			
26	Total 2016 Treatment Cost Recovery	\$ 9,396,642	
27			
28	Projected 2015 MCF (divided by)	<u>365,438.6</u>	WES-2
29			
30	2016 Volumetric Treatment Rate	<u>\$ 25.713</u>	

The Atlantic City Sewerage Company

SCHEDULE WES-2
12/31/2015

2016 PROJECTED BILLING CONSUMPTION

	<u>BILLING</u> <u>MONTH</u>	<u>PROJECTED</u> <u>2016 MCF</u>
9	January*	107,507.7
10	February	19,237.3
11	March	54,764.3
12	April	51,509.0
13	May	24,050.5
14	June	36,115.6
15	July	24,431.6
16	August	47,822.6
17		
18	Total	<u>365,438.6</u>

* Actual Billing.

The Atlantic City Sewerage Company
2015 OVER (UNDER) RECOVERY

SCHEDULE WES-3
12/31/2015

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
BILLING	PSTAC Requested	2015 TREATMENT	APPROVED TREATMENT REVENUES	BILLED	2015 BILLED TREATMENT REVENUES	Supplemental Billing 2015 PSTAC	MONTHLY OVER (UNDER) COLLECTION	PRIOR YEAR ADJ (MCF) TO ACTUAL	PRIOR YEAR TREATMENT	NET MONTHLY CUMULATIVE AVERAGE BAL.	ACTUAL READINGS	Interest Calculation	2 yr. Treasury Interest Rate Plus 60
MONTH	MCF	RATE	(1) x (2)	2015 MCF	(4) x Rate		(5)+(6) - (3)		(8) x 23.348	OVER (UNDER)	2014 MCF	(10) x (13)/12	Basis Points
January	111,889.0	25.251	2,825,309	109,462.9	2,555,740	208,276	(61,293)	762.4	17,801	(43,493)	110,693.8	(39)	1.07%
February	19,538.2	25.251	493,359	19,798.9	462,265	43,277	12,183	407.2	9,507	(21,803)	19,254.5	(22)	1.23%
March	58,840.8	25.251	1,485,789	55,425.2	1,294,068	134,706	(57,016)	(4,106.1)	(95,869)	(174,687)	59,526.0	(172)	1.18%
April	47,404.0	25.251	1,196,998	51,267.3	1,196,989	138,776	138,767	(11,648.1)	(269,648)	(306,568)	62,785.3	(306)	1.20%
May	23,907.1	25.251	603,678	24,001.2	560,380	71,341	28,043	(619.7)	(12,134)	(289,660)	24,510.9	(292)	1.21%
June	36,514.0	25.251	922,015	34,390.7	868,400	0	(53,615)	(6,395.3)	(149,317)	(492,692)	40,729.5	(542)	1.32%
July	26,811.2	25.251	677,010	24,137.7	602,525	6,976	(67,509)	(2,243.9)	(62,391)	(512,492)	26,364.6	(648)	1.27%
August	49,757.6	25.251	1,256,429	49,749.2	1,229,929	26,288	(212)	865.2	20,201	(592,503)	48,596.3	(652)	1.32%
September	0.0	25.251	0	0.0	0	0	0	0.0	0	(592,503)	0.0	(583)	1.18%
October	0.0	25.251	0	0.0	0	0	0	0.0	0	(592,503)	0.0	(652)	1.32%
November	0.0	25.251	0	0.0	0	0	0	0.0	0	(592,503)	0.0	(751)	1.52%
December	0.0	25.251	0	0.0	0	0	0	0.0	0	(592,503)	0.0	(820)	1.66%
Rounding			(32)				32			(592,471)			
Totals	<u>374,661.9</u>		<u>\$9,460,555</u>	<u>368,233.1</u>	<u>\$ 8,770,296</u>	<u>\$ 629,639</u>	<u>\$ (60,620)</u>	<u>(22,779.3)</u>	<u>\$ (531,851)</u>		<u>392,460.9</u>	<u>\$ (5,477)</u>	
Total Approved Treatment Recovery Amount					<u>9,460,555</u>								
Over/(under) recovery on actual 2015 customer billings							<u>(60,620)</u>						
Over/(under) recovery on 2014 adjust to actual usage												<u>(531,851)</u>	
Net 2015 Underrecovery													<u>(692,471)</u>

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The Atlantic City Sewerage Company

SCHEDULE WES-4
12/31/2015

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2016 TREATMENT COST
ANNUAL BILLING

(1)	(2)	(3)	(4)
2015 TREATMENT COST	2016 0.00% <u>INCREASE</u>	FEBRUARY 2016 <u>(CREDIT)/CHARGE</u>	2016 TREATMENT COST <u>(1)+(2)+(3)</u>
\$ 9,082,480	\$ -	\$ (287,309)	\$ 8,795,171

The Atlantic City Sewerage Company

SCHEDULE WES-5
12/31/2015

1	2016 TREATMENT BILLINGS ADJUSTMENT	
2		
3		
4		<u>AMOUNT</u>
5		
6		
7	2015 Actual Treatment Billing	\$ 9,082,480
8		
9	Less:	
10	2015 Approved Treatment Billing	\$ 9,082,480
11		
12		-----
13		
14	Adjustment	<u>\$ -</u>
15		

The Atlantic City Sewerage Company
SCHEDULE WES-6
12/31/2016

1	2016 NEW ACCOUNTS BILLED*			
2				
3		MCF	Termination**	
4	<u>MONTH</u>	<u>AMOUNT</u>	<u>Adjustment</u>	
5			Net MCF	
6	January	48.3	(2,041.6)	(1,993.3)
7	February	137.2		137.2
8	March	5.3		5.3
9	April	31.1		31.1
10	May	10.0		10.0
11	June	56.5		56.5
12	July	17.0		17.0
13	August	287.7		287.7
14				
15	Total	<u>593.1</u>	<u>(2,041.6)</u>	<u>(1,448.5)</u>

16
17 * These accounts are billed in advance with no
18 adjustment for prior year usage.

19 ** Adjustment made to Revel (Polo North) for termination of account.
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The Atlantic City Sewerage Company

SCHEDULE WES-7
12/31/2015

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2016 PROJECTED EXPENSES

AMOUNT

Legal Fees for 2016 PSTAC	\$ 14,000
Postage,Publication & Copying	4,000

Total 2016 Projected Expenses	\$ 18,000
	=====
Total Projected Expenses (shared 50/50)	\$ 9,000
	=====

Atlantic City Sewerage Company

SCHEDULE WES-8
12/31/2015

Atlantic City Sewerage PSTAC Reconciliation

Costs to be Recovered/Credited (1/1/16-12/31/16)

1. 2015 Treatment Costs	9,082,480	
2. 2015 Treatment Charge/(Credit)	(15,235)	
3. Regulatory Costs	9,000	
4. 2014 Under-recovery Net	<u>384,311</u>	
5. Subtotal		9,460,556 Per BPU Order 6-18-14

6.		
7. 2015 Net Treatment Charge/(Credit)	<u>(287,309)</u>	WES-4
8.		

9.		
10. Regulatory Costs	<u>9,000</u>	WES-7
11. Total to be Recovered/Credited	<u>9,182,247</u>	

Amount Recovered/Credited (1/1/15-12/31/15)

12. 2015	8,770,296	WES-3 (5)
13. Supplemental (5-19-15 Order)	629,639	WES-3 (6)
14. Prior Year Adj	<u>(531,851)</u>	WES-3 (9)
15. Total Recovered	<u>8,868,084</u>	

16. (Over)/Under Collection	314,162		-	9,000	Legal
17. 2016 Treatment Costs	9,082,480	WES-4 (1)+(2)	592,471	Underrecovery	
			<u>(287,309)</u>	2015 Flow Credit	
			<u>314,162</u>		

18. Total to be Recovered in 2016	<u>9,396,642</u>	WES-1
19. Company Claim	9,396,642	WES-1
20. Difference	0	

SCHEDULE

WES 9

CERTIFICATION OF CALIBRATION METER/LOCATION Great Island
 Conv. Md. # 10D1475EN15PL29KW52KBE1 Serial # 94W020786
 Pri. M # 10D1475EN15PL29KW52KBE1 Serial # 94W020786
 Cal Factor 1073 GPM @ 33.33 ft./sec. Ohms Set 44.734 K
 Max Flow 1200 GPM MGD @ 37.275 ft./sec. Meter Size 4 inch
 CALIBTR. QC # _____ CUR. METER QC # _____
 Calib. Flow Rate Calcul. Conv. Indctr. Checked meter pit
 ft/sec % outpt mA outpt mA reading adjusted mater yes no
0 0% 4.00 4.00 0 COMMENTS:

<u>5</u>	<u>13.41%</u>	<u>6.15</u>	<u>6.15</u>	<u>16</u>	<i>Non-Linear error ② 40%</i>
<u>15</u>	<u>40.24%</u>	<u>10.44</u>	<u>10.42</u>	<u>48</u>	
<u>30</u>	<u>80.48%</u>	<u>16.87</u>	<u>16.87</u>	<u>97</u>	

Totalizer =	100	Gals/Pulse			
ft/sec	Cnts.	Time	Calcul. GPM	Actual GPM	% Error
<u>11</u>	<u>4</u>	<u>2:29.48</u>	<u>160.97</u>	<u>160.55</u>	<u>-.26%</u>
<u>22</u>		<u>2:29.50</u>		<u>160.53</u>	<u>-.27%</u>
<u>27</u>		<u>2:29.39</u>		<u>160.65</u>	<u>-.2%</u>
		<u>2:04.25</u>			
<u>33</u>	<u>10</u>	<u>2:04.97</u>	<u>482.90</u>	<u>480.12</u>	<u>-.58%</u>
<u>46</u>		<u>2:05.12</u>		<u>479.54</u>	<u>-.69%</u>
<u>67</u>		<u>2:04.85</u>		<u>480.19</u>	<u>-.56%</u>
		<u>2:04.25</u>			
<u>247</u>	<u>30</u>	<u>2:04.39</u>	<u>965.80</u>	<u>964.69</u>	<u>-.11%</u>
<u>70</u>		<u>2:04.62</u>		<u>962.9</u>	<u>-.3%</u>
<u>97</u>		<u>2:04.54</u>		<u>963.5</u>	<u>-.23%</u>

SERVICE REP. *[Signature]* Date 10-15-15 CALF



CERT No.: 10152016JHA

CERTIFICATE OF CALIBRATION

Customer: ACUA

Site Location: Street: 1801 Absecon boulevard

City: Atlantic City

State: NJ

Contact: Rob Kuhn

Ph.: 609-343-7733

Instrument Type: Electromagnetic flowmeter electronics (Processmaster)

Manufacturer: ABB

Model No.: FET325

Serial No.: 3K62000116453

Tag No.: Chelsea Heights

This equipment has been calibrated under ambient conditions and in accordance with the manufacturer's recommended procedures.

Ambient Temperature: 65°

The specifications for determination of accuracy conformance are defined by:

Manufacturer's Requirement

Customer's requirement

As found condition:

In Tolerance

Out of Tolerance

Data attached

Yes

No

ABB Inc. certifies that the above unit has been calibrated to meet or exceed its accuracy specifications. Calibrations were performed using the standard(s) listed below whose accuracies are traceable to the National Institute of Standards and Technology. The Quality Management System at the ABB facility, which calibrates the equipment used, meets the requirements of ISO 9001 as certified by Det Norske Veritas. The metrology confirmation system for measuring equipment is operated to provide calibration services that conform to the intended requirements of ISO 10012-1 and ANSI Z540-1.

<u>Equipment Used</u>	<u>Due Date</u>	<u>Manufacturer</u>	<u>Model</u>
Asset ID <u>92440111</u>	<u>17Sept16</u>	<u>Fluke</u>	<u>87</u>
Asset ID <u>E-465</u>	<u>31Sept16</u>	<u>ABB</u>	<u>55XC4000</u>
Asset ID _____	_____	_____	_____
Asset ID _____	_____	_____	_____

Calibrated By: Jason Hammell

Name

102202

Check No.

Calibration Date: 10-15-2015

Where data is attached, this certificate and attached data shall not be reproduced, except in full, without the approval of ABB Inc.

CERTIFICATION OF CALIBRATION METER/LOCATION Venice Park

Conv. Md. # 50SD111D113AA2A3250 Serial # 95W032784

Pri. M # 10D1435U Serial # 7601A5518J24

Cal Factor 3044.9 GPM @ 33.33 ft./sec. Meter Factor 6.109

Max Flow 1388.89 GPM 2.0 MGD @ 4.634 M/S Meter Size 6 inch

CALIBTR. QC # _____ CUR. METER QC # _____

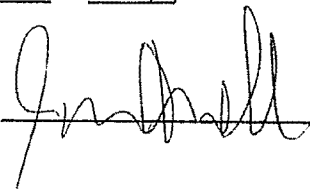
Calib. Flow Rate Calcul. Conv. Indctr. Checked meter pit

M/S % outpt mA outpt mA reading adjusted meter yes no

0 0 % 4.00 4.00 0 COMMENTS:

<u>1</u>	<u>21.58%</u>	<u>7.45</u>	<u>7.45</u>	<u>300</u>
<u>2</u>	<u>43.16%</u>	<u>10.91</u>	<u>10.91</u>	<u>599.9</u>
<u>4</u>	<u>86.31%</u>	<u>17.81</u>	<u>17.82</u>	<u>1200</u>

Totalizer = M/S	100 Gals.	Pulse Time	Calcul. GPM	Actual GPM	% Error
<u>1</u>	<u>800</u>	<u>2:40.14</u>	<u>299.69</u>	<u>299.73</u>	<u>.01%</u>
		<u>2:40.09</u>		<u>299.82</u>	<u>.04%</u>
		<u>2:40.19</u>		<u>299.64</u>	<u>.01%</u>
		<u>2:30.1</u>			
<u>2</u>	<u>1500</u>	<u>2:30.16</u>	<u>599.39</u>	<u>599.35</u>	<u>-.01%</u>
		<u>2:30.12</u>		<u>599.52</u>	<u>.02%</u>
		<u>2:30.16</u>		<u>599.35</u>	<u>-.01%</u>
		<u>2:30.15</u>			
<u>4</u>	<u>3000</u>	<u>2:30.18</u>	<u>1198.78</u>	<u>1198.56</u>	<u>-.02%</u>
		<u>2:30.15</u>		<u>1198.8</u>	<u>0%</u>
		<u>2:30.19</u>		<u>1198.46</u>	<u>-.03%</u>

SERVICE REP.  Date 10-16-15 CALFSP4

CERTIFICATION OF CALIBRATION

METER/LOCATION Atlantic City - Head Stru

Conv. Md. # 50SD1-111C113AA2A3250

Serial # 94W118622

Pri M # 10D1465FL26PB61AY54A1112NS

Serial # 94W118621

Cal Factor 81,596 GPM @ 33.33 ft/sec

Max Flow 27,777.778 GPM @ 40 MGD @ 11.347 ft/sec

Meter Size 30 inch

CALIBTR. QC # _____ CUR. METER QC # _____

Calib. ft/sec	Flow Rate %	Calcul. outpt mA	Conv. outpt mA	Indctr. reading
0	0 %	4.00	4.00	0

Checked meter pit
 adjusted meter yes no
 COMMENTS:

0.5	14.46%	6.31	6.31	4000
-----	--------	------	------	------

1.5	43.37%	10.94	10.93	12000
-----	--------	-------	-------	-------

3.0	86.74%	17.88	17.88	24000
-----	--------	-------	-------	-------

Totalizer 500 = Gals/Pulse
 ft/sec Gals. Time

Calcul. Actual %
 GPM GPM Error

0.5	10 k	2:29.14	4015.79	39963	1.48%
		2:30.17		39955	1.50%
		2:30.10		39972	1.46%

1.5	30k	2:30.34	12047.38	11972	1.63%
		2:29.47		12026.45	1.17%
		2:29.38		12049.64	1.02%

3.0	60k	2:29.56	24094.77	24070.28	-1.10%
		2:29.64		24057.73	-1.15%
		2:29.61		24062.56	-1.13%

SERVICE REP. 

Date

10-16-15

CALF&P4

SCHEDULE

WES 10

280
Certified as a true copy of the original
on file at the Atlantic County Utilities
Authority.



JOINDER AGREEMENT, SUPPLEMENTING
SEWAGE CONVEYANCE AND TREATMENT AGREEMENT
DATED AS OF SEPTEMBER 1, 1973

Among

THE ATLANTIC COUNTY UTILITIES AUTHORITY

And

CITY OF ABSECON
THE ATLANTIC CITY SEWERAGE COMPANY
CITY OF BRIGANTINE
THE CITY OF EGG HARBOR CITY
EGG HARBOR TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
GALLOWAY TOWNSHIP
HAMILTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
CITY OF LINWOOD
THE BOROUGH OF LONGPORT
CITY OF MARGATE CITY
CITY OF NORTHFIELD
CITY OF PLEASANTVILLE
SOMERS POINT CITY SEWERAGE AUTHORITY
CITY OF VENTNOR
WEYMOUTH TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

JOINDER AGREEMENT SUPPLEMENTING SEWAGE CONVEYANCE AND TREATMENT AGREEMENT dated as of September 1, 1987 ("Supplemental Agreement"), made as of this 17th day of July, 1980, among the Atlantic County Utilities Authority (as successor to The Atlantic County Sewerage Authority) ("ACUA") and City of Absecon, City of Brigantine, City of Linwood, The Borough of Longport, City of Margate City, City of Northfield, City of Pleasantville, City of Ventnor, and Egg Harbor Township Municipal Utilities Authority, Galloway Township (as successor to Galloway Township Municipal Utilities Authority), and Somers Point City Sewerage Authority, The Atlantic City Sewerage Company, Hamilton Township Municipal Utilities Authority, Weymouth Township Municipal Utilities Authority and the City of Egg Harbor City (collectively, the "Participants").

WHEREAS, the ACUA, as successor to the Atlantic County Sewerage Authority, has financed, constructed and put into operation an interceptor sewer system and wastewater treatment plant (collectively, the "Regional System") servicing the area known as the Atlantic Coastal Region of the County of Atlantic ("County") pursuant to an Agreement dated September 1, 1973 ("Original Agreement"), between the ACUA in its predecessor form as the Atlantic County Sewerage Authority and Absecon City, Brigantine City, Linwood, The Borough of Longport, Margate City, The City of Northfield, Pleasantville and Ventnor

City, and Egg Harbor Township Municipal Utilities Authority, Galloway Township, and Somers Point City Sewerage Authority and the Atlantic City Sewerage Company (Absecon City and the other municipalities, authorities and public utility thereafter mentioned immediately above, collectively, the "Original Participants"); and

WHEREAS, the New Jersey Department of Environmental Protection ("NJDEP") has approved an amendment to the Atlantic County Water Quality Management Plan for the Lower Great Egg Harbor River Region of the County in order to provide for the transmission to, and treatment and disposal of sewage originating in the municipalities comprising that region by, the Regional System, which amendment to said Plan, as so approved by NJDEP, is identified as the "Coastal Alternative"; and

WHEREAS, the method of financing of the capital improvements necessary to accomplish design and construction of the Coastal Alternative is the subject of an Amended Stipulation of Settlement entered as of July 17, 1990 (the "Stipulation") in the Superior Court of the State of New Jersey, in the action captioned Atlantic County Utilities Authority vs. Borough of Absecon, et al., Docket No. L-07044-87E ("Coastal Alternative Proceeding") which Stipulation incorporates by reference and amends that certain Stipulation of Settlement (the "Original Stipulation") entered in the Coastal Alternative Proceeding on July 29, 1988;

WHEREAS, the Hamilton Township Municipal Utilities Authority and the Weymouth Township Municipal Utilities Authority, local authorities serving their respective municipalities in the lower Great Egg Harbor River Region, have been directed by NJDEP to have the sewage originating within their respective boundaries transmitted to and treated and disposed of by the Regional System; and

WHEREAS, the municipality of the City of Egg Harbor City, a municipality located in the Atlantic Coastal Region, wishes to have the sewage originating within its boundaries transmitted to and treated and disposed of by the Regional System; and

WHEREAS, the Egg Harbor Township Municipal Utilities Authority, which is an Original Participant, wishes to expand the area in Egg Harbor Township served by the Regional System to include the Coastal Alternative service area in Egg Harbor Township; and

WHEREAS, the Original Participants, as parties to the Stipulation, have agreed that it would be to the benefit of all concerned to have Hamilton Township Municipal Utilities Authority, Weymouth Township Municipal Utilities Authority and the City of Egg Harbor City become participants in the Regional System, and to permit sewage treatment service to be expanded within Egg Harbor Township, on the terms and conditions set forth in the Stipulation and herein; and

WHEREAS, ACUA. in agreeing to the matters set forth in the Stipulation, as such matters are reflected herein, has determined that it would be in the best interest of the public health, safety and welfare of the residents of the County and would improve the water quality within the County to receive the City of Egg Harbor City as a participant in the Regional System and to implement the Coastal Alternative by receiving Hamilton Township Municipal Utilities Authority and Weymouth Township Municipal Utilities Authority as participants in the Regional System, and to expand sewage treatment service for Egg Harbor Township, as contracted for herein by the Egg Harbor Township Municipal Utilities Authority, to include its Coastal Alternative area ; and

WHEREAS, the total capital cost of the project implementing the Coastal Alternative is estimated to be approximately \$28 million, such cost to be financed by (i) a loan to ACUA from the New Jersey Pinelands Infrastructure Trust, established by Chapter 302 of the Laws of 1985 of the State of New Jersey ("Pinelands Trust"), in the amount of \$4,600,000.00, (ii) a grant to ACUA from the Pinelands Trust in the amount of \$9,200,000, and (iii) an amount to be contributed to ACUA by the Hamilton Township Municipal Utilities Authority which should not exceed \$16,200,000 except as provided in the Stipulation dealing with proportionate contributions from all Participants;

NOW, THEREFORE, ACUA and the original Participants and the New Participants, in consideration of the mutual covenants herein set forth and for other good and valuable consideration, receipt of which is hereby acknowledged, and each intending to be legally bound, HEREBY AGREE to enter into or ratify, and to amend and supplement, the Original Agreement, as follows:

Section 1. Definitions. Section 101 of the Original Agreement is hereby amended and supplemented as follows:

1.1. "Act", as defined in Section 101(1) of the Original Agreement, is hereby amended to mean the New Jersey Municipal and County Utilities Authorities Law, Chapter 183 of the Laws of 1957 of the State of New Jersey, as amended and supplemented, N.J.S.A. 40:14B-1 ff.;

1.2. "Coastal Alternative Project" shall mean the design, acquisition, construction and installation of interceptor lines and facilities in the Lower Great Egg Harbor River Region and Atlantic Coastal Region in Atlantic County as set forth in the amendment to the Atlantic County Water Quality Management Plan for the Lower Great Egg Harbor River Region, as approved by NJDEP, in order to provide for the transmission to, and treatment and disposal of sewage originating in the municipalities comprising that region by the Regional System, with all necessary and incidental connections, manholes, valves, metering stations, equipment, apparatus, and structures appurtenant thereto, and all other real or personal property

necessary or desirable for the efficient construction and operation of such lines and facilities;

1.3. The term "Egg Harbor City Interceptor Sewer Line" shall mean the interceptor line referred to in Paragraph 19 of the Original Stipulation, as more particularly described in an agreement providing for the design, construction, ownership and operation and maintenance thereof, titled "Connection Agreement," between ACUA and the City of Egg Harbor City.

1.4. The term "HTMUA Capital Contribution" shall mean the payment by the Hamilton Township Municipal Utilities Authority to the ACUA of an amount not to exceed \$16,200,000.00 toward the cost of the Coastal Alternative Project and the connection fee to be paid by Hamilton Township Municipal Utilities Authority under and pursuant to the terms of the Stipulation.

1.5. The term "Local Authority," as defined in Section 101(8) of the Original Agreement, is hereby supplemented to include the Hamilton Township Municipal Utilities Authority and the Weymouth Township Municipal Utilities Authority;

1.6. The term "Municipality," as defined in Section 101(10) of the Original Agreement, is hereby supplemented to include the City of Egg Harbor City;

1.7. The term "New Participants" shall mean, when referred to collectively, the City of Egg Harbor City, the Hamilton Township Municipal Utilities Authority and the Weymouth Township Municipal Utilities Authority.

1.8. The term "Participant," as defined in Section 101(11) of the Original Agreement, is hereby supplemented to include the New Participants:

1.9. The term "Project," as defined in Section 101(13) of the Original Agreement, is hereby amended to mean both the Project as defined in the Original Agreement and the Coastal Alternative Project;

1.10. The term "Regional System," as defined in the Original Agreement, is hereby amended to mean the Project as defined herein and all additions, extensions and improvements thereto including, inter alia, the Egg Harbor City Interceptor Sewer Line project, or any part of the foregoing, and any renewals or replacements thereof, acquired or constructed or to be acquired and constructed by the Authority under and as authorized by the Act, but does not include the Local Sewerage System of any Participant;

1.11. "Service Agreement" shall mean the Original Agreement, as amended and supplemented by this Supplemental Agreement, as either or both may be amended or supplemented from time to time upon the written consent of all parties hereto;

1.13. The following terms shall have the meanings ascribed thereto in the headings and preambles hereof:

ACUA	Original Agreement
Coastal Alternative	Original Participants
Coastal Alternative	Original Stipulation
Proceeding	Pinelands Trust
County	Stipulation
NJDEP	Supplemental Agreement

Section 2. Joinder of New Participants in Original Agreement as Supplemented Hereby; Ratification of Original Agreement as Supplemented Hereby by Original Participants.

Each New Participant acknowledges receipt of a copy of the Original Agreement, certified by the Secretary of the Authority to be a true and correct copy of such Original Agreement as in effect on the date hereof. Each New Participant shall be bound by the terms and conditions of the Original Agreement fully as if it were an Original Participant, and agrees to the terms and conditions hereof amending and supplementing the Original Agreement.

Each Original Participant by execution hereof ratifies and confirms the Original Agreement in all respects, and agrees to the terms and conditions hereof amending and supplementing the Original Agreement.

Section 3. Waiver of Requirements of Section 202 of Original Agreement. The Original Participants hereby waive the provisions of Section 202 of the Original Agreement with respect to the Coastal Alternative Project, and with respect to the Egg Harbor City Interceptor Sewer Line project.

Section 4. Connections to the Regional System.

4.1. Subject to Section 4.3 below, Section 301 of the Original Agreement shall govern the connections into the Regional System, of (i) the New Participants and (ii) Coastal Alternative areas within the geographic boundaries of Original

Participants, including, inter alia, any necessary extensions of Local Sewerage Systems to reach and deliver sewage at the points of connection to the Regional System herein provided for. Accordingly, upon notice from ACUA, each of such Participants shall permit its sewer or drainage systems or the discharge pipes therefrom to be connected with the Regional System, at the point or points designated therefor in the Schedule of Connection Points annexed hereto as Schedule A and made a part hereof, or at such substitute point or points upon which ACUA and each affected Participant shall agree.

4.2. Other than as provided in Section 301 of the Original Agreement, as supplemented by Section 4.1 above, any fees for connection (as such connection fees or charges are contemplated and provided for in Section 22 of the Act, N.J.S.A. 40:14B-22) of the New Participants' Local Sewerage Systems to the Regional System shall be as may be mutually agreed upon by the ACUA and the Participants, or in the absence of any such mutual agreement, as may be determined in the Coastal Alternative Proceeding .

4.3 The Parties hereto mutually agree that there shall be no connection to the Coastal Alternative Project or Egg Harbor City Interceptor Sewer Line portions of the Regional System by (i) a New Participant or (ii) Coastal Alternative areas within Original Participants, except upon compliance with each and every of the terms and provisions of the Stipulation in the Coastal Alternative Proceeding.

Section 5. Allocation of Flow Capacity. Flow Capacity in the Coastal Alternative Project shall be allocated as set forth on Schedule B, annexed hereto and made a part hereof, among the New Participants listed on said Schedule B.

Section 6. Egg Harbor Township Municipal Utilities Authority Service Area. The service area of the Egg Harbor Township Municipal Utilities Authority serviced by the Regional System shall include the area within Egg Harbor Township as delineated in the currently existing Water Quality Management Plan and as the same may be redrawn pursuant to any amendment to said plan.

Section 7. Capital Contributions.

7.1. Hamilton Township Municipal Utilities Authority shall make the HTMUA Capital Contribution to the cost (as such term is defined in Section 3(11) of the Act, N.J.S.A. 40:14B-3(11)) of the Coastal Alternative Project.

The ACUA shall deposit sums received by it in connection with the HTMUA Capital Contribution into a separate, segregated account to be established for the purpose in the Construction Fund established under its "Resolution Authorizing Sewer Revenue Bonds," adopted August 27, 1985, as restated and ratified September 24, 1985, and as variously supplemented ("Bond Resolution"), said account to be designated "Coastal Alternative Project Account," and shall apply the HTMUA Capital Contribution solely to the cost of the Coastal Alternative Project.

In furtherance of the foregoing, the ACUA shall direct First Fidelity Bank, National Association, New Jersey, trustee ("Trustee") under the Bond Resolution, to disburse such moneys only upon the presentation of requisitions therefor accompanied by the appropriate supporting certifications of ACUA's consulting engineer, as specified in Section 4.12(b) of the Bond Resolution.

7.2. Subject to Section 7.3 below and to the terms of the Stipulation, the HTMUA Capital Contribution shall be due and payable to the ACUA only after:

(A) the County adopts by ordinance an amendment to its Water Quality Management Plan to provide for an increase in the design capacity of the Coastal Alternative interceptor from 4 million gallons per day ("mgd") to 7 mgd;

(B)(i) ACUA and the Pinelands Trust have entered into such agreements as shall enable the ACUA to commence receiving the \$13.8 million loan and grant moneys from the Pinelands Trust in respect of the Coastal Alternative Project, or (ii) if ACUA and Pinelands Trust have not at the time entered into agreements of the tenor described above, then Hamilton Township Municipal Utilities Authority shall at the written request of ACUA provide written notice to ACUA that Hamilton Township Municipal Utilities Authority shall nevertheless, or shall not, make the HTMUA Capital Contribution in accordance with the Stipulation and this Agreement; and

(C) bids have been received for the acquisition and construction of the Coastal Alternative

Project, and the ACUA has determined to award the same within 30 days, as evidenced by a letter to such effect delivered to the Hamilton Township Municipal Utilities Authority.

7.3. Periodic payment of portions of the HTMUA Capital Contribution shall be made to ACUA within 15 days of written notice given by ACUA to Hamilton Township Municipal Utilities Authority of the necessity therefor, which Notice shall be accompanied by a certification of ACUA's consulting engineers that the amount of such payment reflect actual costs incurred by the ACUA in connection with completion of the Coastal Alternative Project, which certification shall include copies of the payment requisitions of ACUA's contractors approved for payment by such consulting engineer.

7.4. The Participants agree that, in the event that HTMUA fails to make any capital contribution payment pursuant to paragraph 7.3, above, the ACUA may advance the sums necessary to pay for the costs of the Coastal Alternative Project to such extent, and may fund any such advance through private or public financing consistent with its fiscal authority; provided that, in any such event, ACUA agrees to diligently pursue, to the fullest extent permitted by law, enforcement of HTMUA's obligation to make the HTMUA Capital Contribution as required under this Agreement and under the Stipulation, together with incidental costs and attorneys fees; and further provided that, in any such event, HTMUA agrees that ACUA shall be permitted to (i) obtain judgment against HTMUA by order of the Court having continuing jurisdiction in connection

with the Coastal Alternative Proceeding for the accelerated balance of the HTMUA Capital Contribution together with attorneys fees, costs of suit and incidental costs, included, without limitation, all fees, charges, expenses and other costs incurred, and the interest and other financing charges paid or to be paid, in connection with any financing obligations undertaken by ACUA to cover advances to be made by ACUA as aforesaid, or (ii) enforce the obligations of HTMUA under this Agreement and the Stipulation by specific performance, injunction, mandamus or other available relief in law or in equity, such enforcement proceedings to be conducted as provided for in the Stipulation with respect to enforcement of the obligations of the parties under the Stipulation.

7.5. Hamilton Township Municipal Utilities Authority agrees that it shall at all times use its good faith best efforts to obtain the funding necessary to make the HTMUA Capital Contribution in accordance with the terms of this Agreement and the Stipulation and, further, that it will, if necessary, increase its sewer service rates to generate the revenues necessary to pay the HTMUA Capital Contribution and/or any other sums due by it to the ACUA in accordance with the foregoing provisions of this Section 7.

Section 8. Amendment to Section 702(1) of Original Agreement. The second sentence of Section 702(1) of the Original Agreement is hereby amended to state in full as follows:

"If any payment or part thereof due to the Authority from any Participant shall remain unpaid for thirty days following its due date, such Participant shall be charged with and shall pay to the Authority interest on the amount unpaid at a rate per annum equal to the prime or base rate on corporate loans from time to time in effect for large United States money center banks, as published in The Wall Street Journal or its successor publication or other nationally circulated financial publication providing such information on usual business days, plus two per centum (2%) per annum, and the Authority, in its discretion, may charge and collect Service Charges with regard to persons and real property directly or indirectly connected to the Regional System sufficient to meet any default or deficiency in any payments herein agreed to be made by such Participant. [Underscoring indicates new provision]

Section 9. Formal Action Taken.

9.1. Each Participant hereby warrants and represents to the Authority that by its governing body, or board of directors, as the case may be, it has duly and validly taken all action necessary or appropriate under the laws of the State of New Jersey, including without limitation the General Corporations Act, the New Jersey Open Public Meetings Law and the Act, to authorize its execution, delivery and the performance of its obligations under this Supplemental Agreement.

9.2. The Authority hereby warrants and represents to each Participant that by its governing body it has duly and validly taken all action necessary or appropriate

under the laws of the State of New Jersey, including without limitation the New Jersey Open Public Meetings Law and the Act, to authorize its execution, delivery and the performance of its obligations under this Supplemental Agreement.

Section 10. Project to be Property of Authority. All right, title and interest in and to the Project, including, without limitation, the Coastal Alternative Project, shall at all times be vested in the Authority.

Section 11. Determination Pursuant to Section 701 of Original Agreement: Joinder of New Participants in Original Agreement. In satisfaction of the requirements of Section 701 of the Original Agreement, the Participants and ACUA herèby determine that the admission of the New Participants to the Regional System on the terms and conditions herein and in the Original Agreement set forth, and the joinder of the Original Participants herein, are not on terms and conditions less favorable to the ACUA than the terms and conditions of the Original Agreement.

Section 12. Service Agreement One Instrument. The Service Agreement shall be read, taken and construed as one and the same instrument.

Section 13. Severability. If any one or more of the terms or provisions of the Service Agreement shall be finally determined to be invalid or unenforceable, the remainder of the terms and conditions thereof shall not be affected thereby and shall continue to be enforceable in all respects.

Section 14. Counterparts. This Supplemental Agreement may be executed in any number of counterparts, each of which shall be executed by ACUA and any one or more of the Participants, and all of which shall constitute one and the same instrument.

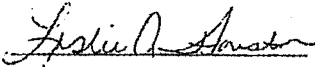
Section 15. Construction: Parties Benefited. This Supplemental Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey and shall inure to the benefit of the parties hereto and their successors and assigns.

Section 16. Headings. The headings of the several sections hereof are included herein for convenience of reference only and shall not constitute a part of this Supplemental Agreement for any other purpose.

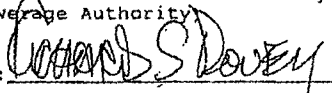
IN WITNESS WHEREOF, the Atlantic County Utilities Authority and the Participants have each caused this Supplemental Agreement to be duly executed and delivered by their respective officers thereunto duly authorized and have caused their respective corporate seals to be hereunto affixed and duly attested all as of the date first above written.

ATTEST:

THE ATLANTIC COUNTY UTILITIES
AUTHORITY
(Successor to Atlantic County
Sewerage Authority)



By:



01625
MJV/cs
04/25/90

ATTEST:

CITY OF ABSECON

By: _____

ATTEST:

THE ATLANTIC CITY SEWERAGE
COMPANY

By: _____

ATTEST:

CITY OF BRIGANTINE

By: _____

ATTEST:

CITY OF EGG HARBOR CITY

William M. Brown

By: *J. E. M. H.*

ATTEST:

EGG HARBOR TOWNSHIP MUNICIPAL
UTILITIES AUTHORITY

By: _____

ATTEST:

GALLOWAY TOWNSHIP (successor
to Galloway Township Municipal
Utilities Authority)

By: _____

ATTEST:

HAMILTON TOWNSHIP MUNICIPAL
UTILITIES AUTHORITY

By: _____

ATTEST:

CITY OF ABSECON

By: _____

ATTEST:

THE ATLANTIC COUNTY SEWERAGE
COMPANY

By: _____

ATTEST:

CITY OF BRIGANTINE

By: _____

ATTEST:

CITY OF EGG HARBOR CITY

By: _____

ATTEST:

EGG HARBOR TOWNSHIP MUNICIPAL
UTILITIES AUTHORITY (as an
Original Participant and as a
Participant in respect of the
Coastal Alternative area
within Egg Harbor Township)

By: _____

ATTEST:

GALLOWAY TOWNSHIP (successor
to Galloway Township Municipal
Utilities Authority)

By: _____

ATTEST:

Maria J. Fisher

HAMILTON TOWNSHIP MUNICIPAL
UTILITIES AUTHORITY

By: *[Signature]*

ATTEST:

Carol A. Cash

CITY OF NORTHFIELD

By: Timothy J. Mansueti

ATTEST:

Alice H. Foster

CITY OF PLEASANTVILLE

By: George W. King

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ATTEST:

Mary Fisher

BOROUGH OF LONGPORT

By: *Howard Kuyper*

ATTEST:

Audrey P. Woods

TOWNSHIP OF GALLOWAY

By: John D. Ryan

ATTEST:


William E. Hurd City Clerk/Adm

CITY OF ABSECON

By: 
Peter C. Elco Mayor

ATTEST:

Agnes A. Simpson
City Clerk

CITY OF BRIGANTINE

By: *Christy J. Dunne*

ATTEST:

[Handwritten Signature]
JUL 13 1990

CITY OF MARGATE

By: *[Handwritten Signature]*

JUL 13 1990

ATTEST:

Eileen M. Hyatt

SOMERS POINT CITY SEWERAGE
AUTHORITY

By: *Joseph S. Melby, Jr.*

ATTEST:

Handel F. Waack

EGG HARBOR TOWNSHIP MUNICIPAL
UTILITIES AUTHORITY

By: E. J. O'Reilly

ATTEST:

Wm. H. [unclear]
[unclear]

THE ATLANTIC CITY SEWERAGE COMPANY

By: [Signature]

ATTEST: 7/16/70

Mary E. Poole
CITY CLERK

CITY OF LINWOOD

By: Donald B. Vass
Donald B. Vass, Mayor

This signature page is to be annexed to The ACUA Joinder Agreement.

ATTEST:

Handwritten signature: Sandra M. Beigi

THE CITY OF VENTNOR

By: 

DATE SIGNED: JULY 17, 1990

SCHEDULE A

Schedule of Connection Points

<u>Connecting Party</u>	<u>Connection Point</u>
Hamilton Township MUA	Mays Landing P/S No. 1 Reega P/S No. 2 McKee Ave. P/S No. 5
Weymouth Township MUA	Existing via HTMUA system to Mays Landing P/S No. 1
Egg Harbor Township MUA	English Creek P/S No. 3 Broadway P/S No. 4 McKee P/S No. 5
Atlantic City Expressway	McKee P/S No. 5
FAA Technical Center	McKee P/S No. 5
Egg Harbor City	Egg Harbor City P/S

SCHEDULE B

Allocation of Flow Capacity⁽¹⁾

Egg Harbor Township	700,000 gallons/day
Hamilton Township Municipal Utilities Authority	5,750,000 gallons/day
Weymouth Township Municipal Utilities Authority	75,000 gallons/day
[Atlantic County Expressway (75,000 gallons/day) and NAFEC (175,000 gallons/day) to be added to capacity of New Participants into which they will connect]	
Uncommitted (2)	225,000 gallons/day

(1) To the extent that the allocations specified herein have not been utilized by the municipal entities within ten (10) years from the date that the Project is declared operational by the Atlantic County Utilities Authority, all unused allocations shall revert to the Atlantic County Utilities Authority to be reallocated on a first come, first serve basis. The term "utilized" as used in this paragraph shall include both (i) used capacity actually in service and (ii) capacity committed through duly approved CP-1 permits which shall have been issued on or before expiration of such ten year period.

(2) This capacity shall be made available to Galloway Township if Galloway Township amends its wastewater management plan, and in such event Galloway Township then agrees that it will withdraw, waive and forever release any and all claims it has or may have against Egg Harbor City with regard to Galloway Township's previous construction of the Aloe Street Line; otherwise, such claims are specifically preserved.

01625

THIS AGREEMENT

made and dated as of the first day of SEPTEMBER, One Thousand
Nine Hundred and Seventy- ~~Two~~ THREE

BETWEEN

THE ATLANTIC COUNTY SEWERAGE AUTHORITY (hereinafter referred to as,
"Authority"), a public body politic and corporate of the State of
New Jersey,

AND

ABSECON CITY, BRIGANTINE CITY, LINWOOD, THE BOROUGH OF LONGPORT,
MARGARET CITY, THE CITY OF NORTHFIELD, PLEASANTVILLE, PORT REBULIC
AND VENTNOR CITY, each being a municipal corporation of the State
of New Jersey, situate in the County of Atlantic and hereinafter
referred to as "Municipality" and the EGG HARBOR TOWNSHIP MUNICI-
PAL UTILITIES AUTHORITY, GALLOWAY TOWNSHIP MUNICIPAL UTILITIES
AUTHORITY AND SOMERS POINT CITY SEWERAGE AUTHORITY, each a public
body politic and corporate of the State of New Jersey and herein-
after referred to as "Local Authority",

AND

THE ATLANTIC CITY SEWERAGE COMPANY, a corporation of the State of
New Jersey (hereinafter referred to as "Company"),

W I T N E S S E T H

WHEREAS pursuant to the Sewerage Authorities Law, constitu-
ting Chapter 138 of the Pamphlet Laws of 1946, of the State of New
Jersey, approved April 23, 1946, the Authority was created by virtue

of a resolution duly adopted by the Board of Chosen Freeholders of the County of Atlantic, New Jersey, and is a public body politic and corporate of the State of New Jersey organized and existing under said Law, established as an instrumentality exercising public and essential governmental functions to provide for the public health and welfare, with all necessary or proper powers to acquire, construct, maintain, operate and use sanitation facilities for the relief of waters in, bordering or entering the District (hereinafter defined) from pollution or threatened pollution and for improvement of conditions affecting the public health; and

WHEREAS in partial fulfillment of its functions, the Authority is ready to design, finance, construct and put in operation an interceptor sewer system and sewage disposal plant for the transmission, treatment and disposal of certain sanitary sewage and other wastes, as generally described in the Regional Sewerage Feasibility Study of Atlantic County, prepared by John G. Reutter Associates, dated April, 1968, as supplemented particularly as to cost estimates by the Interim Report on Engineering and Financing, Atlantic Coastal Region, prepared by John G. Reutter Associates, dated December 20, 1971 (Revised January 6, 1972), wherein it is estimated that the cost to the Participants for such transmission, treatment and disposal is expected to be approximately Three Hundred Fifty Eight Dollars per million gallons of sewage, and to enable the Authority to undertake such design, financing and construc-

tion the Municipalities, Local Authorities and the Company, must become legally bound to accept and pay for sewage and waste treatment service from the time such system and plant commence operation; and

WHEREAS each Participant has been requested and is willing to have sewage originating from it or within its territory treated and disposed of by the Authority pursuant to the terms of this Agreement and has duly authorized its proper officials to enter into and execute for it this Agreement;

NOW THEREFORE, in consideration of the premises, of the mutual covenants and agreements herein set forth, and of the undertakings of each party to the others, the parties hereto, each binding itself, its successors and assigns, do mutually covenant, promise and agree as follows:

ARTICLE I.

Definitions.

Section 101. Definitions. As used or referred to in this Agreement, unless a different meaning clearly appears from the context:

(1) "Act" means the Sewerage Authorities Law, constituting Chapter 138 of the Pamphlet Laws of 1946, of the State of New Jersey, approved April 23, 1946, and the acts amendatory thereof and supplemental thereto;

(2) "Annual Charge" shall have the meaning given to such term in Article IV hereof;

(3) "Authority" shall have the meaning hereinabove given to such term;

(4) "Deficiency" shall have the meaning given to such term in Article IV hereof;

(5) "District" means the area within the territorial boundaries of all the municipal corporations of the State of New Jersey situate in the County of Atlantic, except (a) any such municipal corporation the Governing Body of which did, prior to the creation of the Authority, create or join in the creation of a sewerage authority pursuant to section 4 of the Act; and (b) any such municipal corporation the Governing Body of which adopted a resolution in accordance with subsection (g) of section 4 of the Act or Chapter 423 of the Laws of 1971 and has not adopted an or-

dinance in accordance with subsection (g) of section 4 of the Act determining that the area within the territorial area of such municipal corporation shall again be a part of the District;

(6) "Fiscal Year" means the period of twelve calendar months ending with December 31 of any year;

(7) "Governing Body" shall have the meaning given to such term by the Act;

(8) "Local Authority" shall have the meaning hereinabove given to such term;

(9) "Local Sewerage System" means all sewer systems of a Participant which are or may be connected, or are or may be required under the terms of Article III hereof to be connected, with the Regional System, including all outfalls of such systems and any extensions or enlargements of such systems;

(10) "Municipality" shall have the meaning hereinabove given to such term;

(11) "Participant" means a Municipality, a Local Authority or the Company;

(12) "Pollution" shall have the meaning given to such term in the Act;

(13) "Project" means the following sewerage facilities in the Atlantic Coastal Region to be constructed or acquired by the Authority, with all necessary and incidental connections, manholes, valves, metering stations, equipment, apparatus, structures and appurtenances, and all other real or tangible personal property neces-

sary or desirable for the efficient construction and operation of such facilities:

(a) a pumping station in the City of Brigantine at the site of the existing Brigantine Wastewater Treatment Plant together with a force main from said pumping station to the City Island Treatment Plant site;

(b) a pumping station in the Borough of Longport by modifications of the existing Longport Wastewater Treatment Plant together with a force main from said pumping station to the Margate-Ventnor City Pumping Station;

(c) a pumping station in the City of Ventnor City, herein called the "Margate-Ventnor City Pumping Station", together with a force main to the City Island Plant site;

(d) a pumping station in the City of Somers Point at the site of the existing Somers Point Sewerage Authority Wastewater Treatment Plant site together with a force main and a gravity interceptor sewer from said pumping station to the Linwood Pumping Station;

(e) a pumping station in the City of Linwood, herein called the "Linwood Pumping Station", together with a force main and a gravity interceptor sewer from said pumping station to the Northfield Pumping Station;

(f) a pumping station in the City of Northfield, herein called the "Northfield Pumping Station", together with a force main and gravity interceptor sewer from the Northfield Pumping Station to the Pleasantville Wastewater Treatment Plant;

(g) a pumping station in the City of Port Republic together with a force main from said pumping station to the Smithville Pumping Station;

(h) a pumping station in the Township of Galloway, herein called the "Smithville Pumping Station", together with a force main sewer from the Smithville Pumping Station to the Absecon Pumping Station;

(i) a pumping station in the Township of Galloway, herein called the "Oceanville Pumping Station", together with a force main from the Oceanville Pumping Station to a connection with the Smithville to Absecon force main;

(j) a pumping station in the Township of Galloway, herein called the "Seaview Pumping Station", together with a force main from the Seaview Pumping Station to a connection with the Smithville to Absecon force main;

(k) a pumping station in the City of Absecon, herein called the "Absecon Pumping Station", together

with a force main and gravity interceptor sewer from the Absecon Pumping Station to the site of the Pleasantville Wastewater Treatment Plant;

(l) a pumping station in the City of Pleasantville at the site of the existing Pleasantville Wastewater Treatment Plant, together with a force main from said pumping station to the City Island Plant site;

(m) a secondary level wastewater treatment plant at the site of the existing Atlantic City Sewerage Company Wastewater Treatment Plant on City Island in the City of Atlantic City; and

(n) a force main ocean outfall system from the City Island Plant site to the point of disposal;

(14) "Regional System" means the Project and all additions, extensions and improvements thereto or any part of the foregoing, and any renewals or replacements thereof, acquired or constructed or to be acquired or constructed by the Authority for the purposes of the Authority under the Act, but does not include the Local Sewerage System of any Participant;

(15) "Service Charges" means rents, rates, fees or other charges for direct or indirect connection with, or the use or services of, the Regional System which the Authority, under the provisions of Section 8 of the Act, is or may be authorized to charge and collect with regard to persons or real property; and

(16) "Sewage" or "sewage" means waterborne animal, vegetable or other degradable wastes from water closets, buildings, residences, industrial and commercial establishments or other places together with such ground and surface water infiltration or other wastes as may be present;

ARTICLE II.

Construction of the Project and
Operation of the Regional System.

Section 201. Construction, Operation and Enlargement of Project and Regional System. The Authority shall with all practicable speed prepare and complete plans for the construction and financing of the Project, and, upon completion of such financing or the making of arrangements therefor satisfactory to the Authority, shall with all practicable speed construct and complete the Project and place the same in operation. The Authority will thereafter operate in accordance with applicable requirements of governmental authorities having jurisdiction with respect thereto, and maintain, alter, improve, renew and replace and subject to the terms of Section 202 of this Article, enlarge and extend the Regional System so as to treat and dispose of all sewage without limitation as to amount of flow which may be delivered into the Regional System by any Participant in accordance with Article III hereof.

Section 202. Public Hearings Prior to Enlargement and Extension of the Regional System. The Authority shall not construct, and nothing in this Agreement shall be deemed to require the Authority to construct, any enlargement or extension unless it shall have caused to be prepared by its consulting engineers a study with respect to such enlargement or extension which sets forth an estimate as of the then current year of the total cost and expense of financing, constructing and acquiring the enlargement or extension, and

putting it in operation, the estimated date of completion of the enlargement or extension, and an estimate of the Annual Charges payable by each Participant for or with respect to the five Fiscal Years beginning next after said estimated date of completion, shall file a copy of said study with each Participant, shall cause notice of the time and place of the hearing hereinafter mentioned to be published at least once in a newspaper of general circulation published in the County of Atlantic, New Jersey, and to be mailed to each Participant, and not sooner than fifteen days after such publication and mailing or thirty days after such filing, shall hold a public hearing on said study at which any Participant may appear and, by agent or attorney, be heard with respect thereto.

Section 203. Project Plans to be Approved. Before undertaking construction of any substantial part of the Regional System, the Authority will submit the plans and specifications for such construction to the New Jersey State Department of Environmental Protection (or a successor thereof) for approval as to sufficiency of design of the Authority's proposed sewage treatment plant and compliance with standards as then promulgated by said Department, and all necessary permits shall be obtained by the Authority from said Department to proceed with such construction, and all necessary approvals shall be secured from any other agency of the State of New Jersey or any other governmental authorities which have jurisdiction or authority as to type or degree of treatment of sewage by said sewage treatment plant or as to effluent therefrom.

Section 204. Insurance. The Authority will at all times

maintain with responsible insurers all such insurance as is customarily maintained with respect to sewerage systems of like character against loss or damage to the Regional System and against public or other liability to the extent not less than that reasonably necessary to protect the interests of the Authority and the Participants, and will at all times maintain with responsible insurers all insurance reasonably required and obtainable within limits and at costs deemed reasonable by the Authority to indemnify and save harmless the Participants against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to person or property resulting directly or indirectly from the operation or a failure of operation of the Regional System caused by the negligence or wilful act of the Authority, its employees or agents.

ARTICLE III.

Connections to the Regional System.

Section 301. Connections Required. Upon notice from the Authority, each of the Participants will permit its sewer or drainage systems or the discharge pipes therefrom to be connected with the Regional System, at the point or points designated therefor in the List of Connection Points attached hereto marked, and hereinafter called, "Schedule A" and by this reference made a part hereof, or at such other substitute point or points upon which the Authority and the Participants may mutually agree. The Authority shall pay all costs of such connections at the points designated in said Schedule A or at any approved substitute point. Upon request by a Participant for any additional connection of its sewer or drainage systems to the Regional System, the Authority may, but shall not be required to, permit and make such additional connection, but all costs and expenses of every such additional connection, including all sewage meters and other facilities appurtenant thereto, shall be paid by the Participant requesting the same. Every connection shall constitute, and be operated by the Authority, as part of the Regional System and shall include such pumping and other facilities as may be necessary to cause all sewage delivered at the point or points of connection to be discharged into the Regional System and be so made and constructed as to discharge into the Regional System all sewage collected in the Local Sewerage System of the Participant and delivered at the point or points of connection. Each

Participant at its own cost and expense, will construct, install and operate any and all extensions of its Local Sewerage System necessary to cause the same to reach to and deliver sewage at the said point or points of connection, and, after the making of such connection or connections, will keep its Local Sewerage System connected with the Regional System, and will deliver and discharge into the Regional System all sewage originating in or collected by the Participant or collected in such Local Sewerage System.

Section 302. Sewage Not Required to be Discharged Into Regional System. Notwithstanding the provisions of Section 301 of this Article, no Participant shall be obligated to deliver and discharge into the Regional System sewage which the Authority may be its written consent exempt from delivery and discharge into the Regional System.

Section 303. Sewage to be Accepted for Discharge into Regional System. Notwithstanding the provisions of Section 301 of this Article or any other Article hereof, a Participant shall not have the right under this Agreement to deliver and discharge into the Regional System any sewage or other wastes except either (1) sewage originating within either the territorial boundaries or the franchise area of such Participant or (2) sewage collected by such Participant in sewers which at the date of this Agreement are connected with its Local Sewerage System or (3) any other sewage delivered and discharged into the Regional System by said Participant with the written consent of the Authority.

ARTICLE IV.

Charges and Establishment of Rates by
Authority and Payments by Participants.

Section 401. Charges by the Authority. The Authority will make and impose Annual Charges with respect to all sewage or other wastes delivered into the Regional System by any Participant or any other person, partnership, firm or corporation. The Annual Charge for each Fiscal Year payable hereunder shall consist of and include an Operating Charge and a General Charge. The Operating Charge shall at all times be sufficient to pay or provide for the expenses of operating, repair and maintenance of the Regional System including (without limitation of the foregoing) insurance, renewals and replacements, and the cost of all enlargements and alterations and the Regional System not otherwise provided for. The General Charge shall at all times be sufficient to pay the principal of and interest on any and all bonds or other obligations of the Authority as the same become due, and to provide for any deficits of the Authority resulting from failure to receive sums payable to the Authority by any Participant or any other person, partnership, firm or corporation, or from any other cause, and to provide and maintain such reserves or sinking funds for any of the foregoing purposes as may be required by the terms of any contract or other obligation of the Authority. The Annual Charges made and imposed by the Authority shall be computed for the service rendered by the Regional System in the treatment and disposal of sewage by the Authority at rates

which shall at all times be uniform as to all Participants for the same type, class and amount of use or services of the Regional System, and the rates applicable with respect to sewage delivered and discharged into the Regional System by any Participant shall not be more favorable to such Participant than the rates applicable with respect to sewage so delivered and discharged by any other Participant. The Authority, prior to the discharge and delivery of sewage into the Regional System, shall prescribe an initial schedule of such rates and, from time to time whenever necessary after prescribing such initial schedule (but only after public hearing thereon held by the Authority at least twenty days after notice of the time and place of such hearing shall have been mailed to each Participant at its usual place of business), the Authority shall revise the schedule of such rates, which shall at all times comply with the terms of any contract or other obligation of the Authority and shall be based or computed on the quantity, quality and other characteristics of sewage so discharged and delivered. Any Participant aggrieved by any part of such a revised schedule which fails to conform with the terms and provisions of this Agreement may institute appropriate judicial proceedings to have the same reviewed for the purpose of obtaining correction of said part of such revised schedule.

Section 402. Payment of Annual Charge. (A) Each Participant will pay to the Authority the Annual Charge made or imposed by the Authority with respect to the sewage delivered and discharged into the Regional System by or on behalf of such Participant in any

Fiscal Year; provided however, that the Annual Charge made or imposed by the Authority with respect to any Participant whose Local Sewerage System has not been connected to the Regional System during the two year period immediately succeeding the date the Regional System or any part thereof is placed in operation, by reason of the fact that no part of said Local Sewerage System could feasibly, in the opinion of the Authority's consulting engineer, be connected to the Regional System, shall consist of and include a General Charge only and no part of the Operating Charge shall be included in such Annual Charge; provided further, however, that the Annual Charge made by or imposed by the Authority to all Participants shall in all succeeding Fiscal Years consist of and include a General Charge and an Operating Charge. The Annual Charge shall be computed and established by the Authority on the basis of the quantity, quality and other characteristics of the sewage so delivered as shown by the records of the Authority, at the rate or rates prescribed by the Authority in accordance with this Article applicable from time to time during such Fiscal Year with respect to said sewage delivered during such Fiscal Year. Each such Annual Charge shall at all events be due and payable not later than January 15 next ensuing after the close of such Fiscal Year, but provision for and payment of every such Annual Charge will be made by each Participant in accordance with the following paragraphs of this Section.

(B) On or before January 25 of the Fiscal Year which the Authority may estimate as the year in which the Regional System or any

part thereof will be placed in operation and on or before January 25 of each Fiscal Year thereafter, and in any event on or before January 25 of each Fiscal Year after the Regional System or any part thereof shall have been placed in operation, the Authority will make an estimate, based upon the estimated quantity, quality and other characteristics of sewage to be delivered by every Participant, of the amount of the Annual Charge which will become payable from each Participant with respect to sewage to be delivered and discharged in such Fiscal Year and, on or before February 1 next ensuing, will make and deliver to such Participant its certificate stating such estimated amount of the Annual Charge. In the event that any part of the Annual Charge computed and established in accordance with paragraph (A) of this Section theretofore becoming due and payable to the Authority from such Participant shall not have been paid, the Authority will include in such certificate an additional provision separately stating the amount of such unpaid part (herein called "Deficiency").

(C) Each Municipality and Local Authority will in each Fiscal Year make all budgetary and other provisions or appropriations necessary to provide for and authorize the payment by the Participant to the Authority during such Fiscal Year of the estimated amount of the Annual Charge and the amount of the Deficiency (if any) stated in the certificate delivered in such Fiscal Year to it by the Authority as aforesaid.

(D) On or before March 1 of each Fiscal Year, each Participant will pay to the Authority the amount of the Deficiency (if any) stated in the certificate delivered in such Fiscal Year to it by the Authority

as aforesaid. Each Participant will pay to the Authority the estimated amount of the Annual Charge stated in the certificate delivered in such Fiscal Year to it by the Authority as aforesaid in four equal installments on March 1, June 1, September 1 and December 1 of such Fiscal Year, provided that in the Fiscal Year which the Authority may estimate as the year in which the Regional System or any part thereof will be placed in operation, said estimated amount shall be divided into as many installments as there are months in such Fiscal Year beginning after the date which the Authority shall estimate as the day on which the Regional System or any part thereof will be placed in operation and one of such installments shall be due and payable to the Authority on the first day of each such month.

(E) In the event that the amount of the Annual Charge computed and established in accordance with paragraph (A) of this Section becoming due from any Participant with respect to sewage delivered and discharged in a Fiscal Year shall be less than the estimated amount of such Annual Charge stated in the certificate delivered in such Fiscal Year to it by the Authority, the Authority will on or before March 1 next ensuing return to such Participant the difference between said amounts by credit against payments then or theretofore due to the Authority from such Participants under the provisions of paragraph (A) of paragraph (D) of this Section.

(F) The sums payable by a Participant to the Authority under the provisions of this Section are and shall be in lieu of Service Charges by the Authority with regard to real property in

such Participant directly or indirectly connected with the Regional System and real property connected to the Local Sewerage System of such Participant connected with the Regional System in accordance with Article III hereof. So long as such Participant shall not be in default in the making of any payments becoming due from it under the provisions of this Section, the Authority will waive Service Charges with regard to such real property. For the purposes of this paragraph, a Participant shall be deemed to be in default if such Participant, for a period of thirty days after its due date, shall fail to make in full to the Authority any payment required to be made by it under the provisions of this Agreement.

Section 403. Computation of Charges in Initial Operation of Regional System. For the purpose of computation of the estimated Annual Charge and the Annual Charge until the Regional System shall have been in operation for a full Fiscal Year, and thereafter, until a Participant has connected its Local Sewerage System to the Regional System, the volume of sewage delivered by any Participant and received into the Regional System in each calendar month, shall, for all purposes of this Article, be computed at not less than the minimum monthly number of gallons set forth in Schedule C attached hereto, marked, and hereinafter referred to as "Schedule C", and by this reference made a part hereof.

ARTICLE V.

Meters and Records, and Local Operations.

Section 501. Meters and Tests. The Authority will provide, install and use meters or other devices or methods for determining the quantity directly or by differentials or otherwise, and make tests and use other means for determining the quality and other characteristics, of all sewage, which shall be delivered and discharged into the Regional System by each of the Participants and all other users of the Regional System, and, in accordance with sound engineering practice, shall determine for all purposes of this Agreement such quantity, quality and characteristics and from and after the placing of the Regional System in operation, the Authority will make and keep permanent records of the quantity, quality and other characteristics of any sewage which shall or may be delivered and discharged into the Regional System by each of the Participants and all other users of the Regional System. For the purposes of determining the quantity, quality and other characteristics of any sewage which shall or may be delivered and discharged into the Regional System by a Participant the Authority shall have the right at all reasonable times to enter upon and inspect the sewer, sanitation or drainage system of such Participant and to take normal samples under ordinary operating conditions and make tests, measurements, and analyses of sewage or other wastes in, entering or to be discharged into such sewer, sanitation or drainage system. The Authority will make and keep a record of tests, measurements and analyses of such sewage or other wastes entering such sanitation, sewer or drainage systems, and upon the written request of any Participant will make available to such Participant

the results of such tests, measurements or analyses.

Section 502. Competitive Facilities. No Participant shall construct, enlarge or operate a plant for the treatment and disposal of sewage unless (1) required so do to by the terms of Article VI hereof or (2) the Authority shall have given its written consent thereto.

Section 503. Prohibited Connections. No Participant shall make or permit any new connection to or extension of its sewer, sanitation or drainage systems which is so designed as to permit entrance directly or indirectly into the Regional System of storm water drainage from ground surface, roof leaders, catch basins or any other source, and each Participant, before making any new connection to or extension of its sewer, sanitation or drainage systems, will submit the plans therefor to the Authority and, in making the same, will permit the Authority to inspect the work and will comply with all requests of the Authority with respect thereto reasonably designed to assure exclusion from the Regional System of any such storm water drainage.

Section 504. Accounts. The Authority will keep proper books of record and account in which complete and correct entries shall be made of its transactions relating to the Regional System or any part thereof, and which, together with all other books and papers of the Authority, shall at all reasonable times be subject to public inspection. The Authority will cause its books and accounts to be audited annually by a certified public or registered municipal accountant selected by the Authority, and annually within

one hundred days after the close of each Fiscal Year, copies of the reports of such audits so made shall be furnished to the Authority and to each Participant, including statements in reasonable detail, accompanied by a certificate of said accountant, of financial condition, of revenues and operating expenses, and of all funds held by or for the Authority.

Section 505. Operation, Maintenance and Reconstruction.
Each Participant shall at all times operate, or cause to be operated, its Local Sewerage System properly and in a sound and economical manner and shall maintain, preserve and keep the same or cause the same to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of its Local Sewerage System may be properly and advantageously conducted, and, if any useful part of its Local Sewerage System is damaged or destroyed, the Participant shall, as expeditiously as may be possible, commence and diligently prosecute the replacement or reconstruction of such part so as to restore the same to use.

ARTICLE VI.

Requirements Regarding Deleterious Wastes.

Section 601. Requirements for Sewage Discharged into Regional System. Sewage discharged into the Regional System by or on behalf of each Participant shall, at the point of connection of the sewer, sanitation or drainage systems of such Participant with the Regional System, comply with the requirements prescribed therefor in the Requirements as to Sewage Discharged attached hereto marked, and hereinafter called "Schedule B" and by this reference made a part hereof. The Authority represents to each Participant that the domestic wastes discharged at the date of this Agreement into any Local Sewerage System owned and operated by any Participant complies with such requirements.

Section 602. Amendment of Discharge Requirements. The Authority may from time to time make any amendment or amendments of the requirements referred to in Section 601 of this Article which may be reasonably necessary to prohibit or properly regulate the delivery or discharge into the Regional System of oils, acids or any other substances which, alone or in combination with other substances delivered and discharged into the Regional System from the same source, are or may be or may reasonably be expected to be substantially injurious or deleterious to the Regional System or to its efficient operation, and which, having regard to the public health and safety and the purposes of the Authority, does not unreasonably restrict the operations of a Participant or the use of

property of or located in a Participant.

Section 603. Determination by Authority as to Type of Discharge. Each Participant will cause all sewage at any time discharged into the Regional System by it or on its behalf to comply with the requirements referred to in Section 601 of this Article and the amendments thereof, if any, then in effect. Each Participant will permit no new connections and will discontinue existing public connections and will require the discontinuance of existing private connections to its Local Sewerage System, which allow entrance therein of such sewage as will cause the discharge at any time into the Regional System from such Local Sewerage System of sewage which does not comply with said requirements and the amendments thereof, if any, then in effect. If a violation in any Participant of the provisions of this Section 603 or of any rules or regulations issued pursuant to this Article VI shall cause any extraordinary expense to the Authority, such Participant will reimburse the Authority for such extraordinary expense within thirty days after notice by the Authority of the amount thereof.

ARTICLE VII.

Miscellaneous.

Section 701. Contracts with or Service to Others. The Authority will not enter into any agreement providing for or relating to the treatment and disposal of sewage originating in any Municipality or district (as defined in the Act) of a Local Authority or sewage originating outside such Municipality or district (as defined in the Act) of a Local Authority collected in sewers which at the date of this Agreement are connected with the Local Sewerage System of such Municipality or Local Authority, unless (1) the other contracting party be such Municipality or Local Authority or (2) such Municipality or Local Authority shall have given its written consent thereto; provided, however, that nothing in this Agreement contained shall restrict in any way the right and power of the Authority, in its discretion, at any time and from time to time to enter into agreements with any municipal corporation or with any other body, person, partnership, firm or corporation providing for or relating to the disposal of sewage or with respect to the delivery or discharge into the Regional System of sewage or other wastes originating within or without the District, provided that the charges with respect to such sewage or other wastes delivered and discharged into the Regional System made and imposed with respect thereto or charged and collected pursuant to the Act shall not be computed or established at any rates less favorable to the Authority than the rates applicable with respect to sewage deli-

vered and discharged into the Regional System by the Participants, and the terms and conditions of any such agreement shall not be less favorable to the Authority than the terms and conditions of this Agreement.

Section 702. Enforcement. (1) The Authority will at all times take all reasonable measures permitted by the Act or otherwise by law to collect and enforce prompt payment to it or for it of all Service or Annual Charges prescribed, fixed, certified or charged by it in accordance with this Agreement. If any payment or part thereof due to the Authority from any Participant shall remain unpaid for thirty days following its due date, such Participant shall be charged with and will pay to the Authority interest on the amount unpaid from its due date until paid at the rate of six per centum (6%) per annum, and the Authority, in its discretion, may charge and collect Service Charges with regard to persons and real property directly or indirectly connected to the Regional System sufficient to meet any default or deficiency in any payments herein agreed to be made by such Participant. If in any such case Service Charges are so collected, the amount so collected by the Authority will be credited against the amount of such default or deficiency or any payments then or theretofore due to the Authority from such Participant under the provisions of Article IV hereof, and the Authority will furnish to the Participant a list of the names of the persons making payment to the Authority of such Service Charges and of the several amounts so paid by such persons respectively, and

the Participant will give fair and proper credit to such persons for the several amounts so paid by them.

(2) Every obligation assumed by or imposed upon any Participant by this Agreement shall be enforceable by the Authority by appropriate action, suit or proceeding at law or in equity, and the Authority may have and pursue any and all remedies provided by law for the enforcement of such obligations including the remedies and processes provided by the Act with respect to Service Charges or other obligations.

(3) This Agreement shall be binding upon and be deemed to be executed by all subsidiary corporations of the Company and all corporations controlled by it and any company in which it may be merged or with which it may be consolidated and any company resulting from any merger or consolidation to which it shall be a party. Before the Company shall transfer the ownership, occupancy or control of all of any part of its collecting and transmission system to any other person, partnership, firm or corporation (hereinafter called "successor"), the Company will request such successor, by agreement with the Authority supplemental to this Agreement, to assume and undertake all of the obligations hereunder of the Company with respect to such collecting and transmission system or part thereof and, if such successor be controlled or subject to control by the Company, the Company will cause such successor to assume, undertake and perform each and all of said obligations.

(4) Failure on the part of the Authority or of any Participant in any instance or under any circumstance to observe or fully perform any obligation assumed by or imposed upon it by this Agreement shall not make the Authority liable in damages to a Participant or relieve a Participant from making any payment to the Authority or fully performing any other obligation required of it under this Agreement, but such Participant may have and pursue any and all other remedies provided by law for compelling performance by the Authority or such other Participant of said obligation assumed by or imposed upon the Authority or such other Participant.

Section 703. Certain Acts not a Waiver. Acceptance by the Authority into the Regional System from a Participant of sewage in a volume or at a rate or with characteristics exceeding or violating any limit or restriction provided for by or pursuant to this Agreement in one or more instances or under one or more circumstances shall not constitute a waiver of such limit or restriction or of any of the provisions of this Agreement and shall not in any way obligate the Authority thereafter to accept or make provision for sewage delivered and discharged into the Regional System in a volume or at a rate or with characteristics exceeding or violating any such limit or restriction in any other instance or under any other circumstance.

Section 704. Special Consents by Participants. Whenever under the terms of this Agreement a Municipality is authorized to give its written consent, such consent may be given and shall be

conclusively evidenced by a copy, certified by its Clerk and under its seal, of a resolution purporting to have been adopted by its Governing Body and purporting to give such consent. Whenever under the terms of this Agreement the Company is authorized to give its written consent, such consent may be given and shall be conclusively evidenced by an instrument in writing purporting to give such consent and purporting to be signed in its name by its President or any Vice-President, Assistant Vice-President, Secretary, Assistant Secretary, General Manager, Assistant General Manager, Treasurer or Assistant Treasurer thereof. Whenever under the terms of this Agreement a Local Authority is authorized to give its written consent, such consent may be given and shall be conclusively evidenced by a copy, certified by its Secretary and under its seal, of a resolution purporting to have been adopted by the Local Authority or its members and purporting to give such consent.

Section 705. Special Consents by Authority. (A) Whenever under the terms of this Agreement the Authority is authorized to give its written consent, such consent may be given and shall be conclusively evidenced by a copy, certified by its Secretary and under its seal, of a resolution purporting to have been adopted by the Authority or its members and purporting to give such consent.

(B) Whenever under the terms of the Agreement the Authority is authorized to give its written consent, the Authority, in its discretion, may give or refuse such written consent and, if given, may restrict, limit or condition such consent in such manner as it

shall deem advisable.

Section 706. Term of Agreement. This Agreement shall come into effect upon its execution and delivery by or on behalf of the parties hereinabove named and shall thereafter be and remain in full force and effect, but at any time after five years from the date of this Agreement and after the payment in full of all obligations of the Authority, including its bonds, original or refunding or both, issued to finance, the construction, replacement, maintenance or operation of the Regional System, any Participant may, upon two years' notice to the Authority and to each of the other Participants, withdraw from this Agreement and thereafter cease to be a Participant.

Section 707. Obligations of the Authority. All bonds, notes or other obligations of the Authority referred to in this Agreement or to be issued by the Authority shall, for all purposes of this Agreement be the sole obligation of the Authority and shall not in any way be deemed a debt or liability of any Participant.

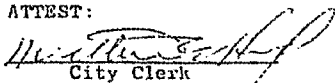
Section 708. Pledge or Assignment. The Authority may at any time assign or pledge for the benefit and security of the holders of bonds, notes or other evidences of indebtedness heretofore or hereafter issued by the Authority any of its rights under the provisions of this Agreement to receive payments from any Participant, and thereafter this Agreement shall not be terminated, modified or changed by the Authority or such Participant except in the manner (if any) and subject to the conditions (if any) permitted by the terms and provisions of such assignment or pledge.

Section 709. Effective Date. This agreement shall be in full force and effect and be legally binding upon the Authority and upon all of the Participants which shall then have executed same upon its execution and deliver by the Authority and by any selection of the thirteen Participants hereinabove named as, upon aggregating the minimum non-summer monthly number of gallons set opposite their names in Schedule C, presents eighty-five per centum (85%) of the total number of non-summer gallons set forth in said Schedule C.

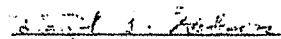
Section 710. Execution in Counterparts. This Agreement may be executed in any number of counterparts each of which shall be executed by the Authority and any one or more of the Participants and all of which shall be regarded for all purposes as one original and shall constitute and be but one and the same.

IN WITNESS WHEREOF, the Authority and the Participants have caused their respective corporate seals to be hereunto affixed and attested and these presents to be signed by the respective officers thereunder duly authorized and this Agreement to be dated as of the day and year first above written.

ATTEST:


City Clerk

ABSECON CITY

By 
Mayor

ATTEST:

Robert J. [Signature]
Deputy City Clerk

BRIGANTINE CITY

By [Signature]
Mayor

ATTEST:

Mar. E. [Signature]
City Clerk

LINWOOD

By [Signature]
Mayor

ATTEST:

[Signature]
Borough Clerk

THE BOROUGH OF LONGPORT

By [Signature]
Mayor

ATTEST:

[Signature]
City Clerk

MARGATE CITY

By [Signature]
Mayor

ATTEST:

[Signature]
City Clerk

THE CITY OF NORTHFIELD

By [Signature]
Mayor

ATTEST:

[Signature]
City Clerk

PLEASANTVILLE

By [Signature]
Mayor

ATTEST:

City Clerk

PORT REPUBLIC

By _____
Mayor

THE ATLANTIC COUNTY SEWERAGE AUTHORITY

ROOM 350, COMMERCE BUILDING
1200 ATLANTIC AVENUE
ATLANTIC CITY, N. J. 08401
July 17, 1974

The Atlantic City Sewerage Company
Guarantee Trust Building
Atlantic Avenue
Atlantic City, New Jersey 08401

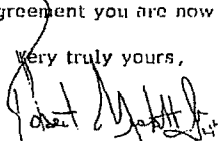
Attn: George Fieldhouse
Chairman

Dear Mr. Fieldhouse;

Enclosed herein please find page 34 of the Atlantic County Sewerage Authority Service Agreement which has now been executed by Mayor Robinson of the City of Ventnor.

Will you please substitute this for page 34 of the Atlantic County Sewerage Authority Service Agreement you are now holding.

Very truly yours,


Robert Nesbitt, Jr.
Secretary

The City of Ventnor City has executed and delivered this agreement this
12th day of July, 1974.

32.

ATTEST:

Sandra M. Ringier
City Clerk

VENTNOR CITY

[Signature]
Mayor

ATTEST:

[Signature]
Secretary

EGG HARBOR TOWNSHIP MUNICIPAL
UTILITIES AUTHORITY

By [Signature]
Chairman

ATTEST:

[Signature]
Secretary

GALLOWAY TOWNSHIP MUNICIPAL
UTILITIES AUTHORITY

By [Signature]
Chairman

ATTEST:

[Signature]
Secretary

SOMERS POINT CITY SEWERAGE
AUTHORITY

By [Signature]
Chairman

ATTEST:

[Signature]
Asst Secretary

THE ATLANTIC CITY SEWERAGE
COMMISSION

By [Signature]
Secretary

ATTEST:

[Signature]
Secretary

THE ATLANTIC COUNTY SEWERAGE
AUTHORITY

By [Signature]
Chairman

ATTEST:

City Clerk

ATTEST:

Harriet T. Washburn
Secretary

ATTEST:

William H. Cunniff
Secretary

ATTEST:

[Signature]
Secretary

ATTEST:

Jane [Signature]
Secretary

ATTEST:

Robert [Signature]
Secretary

VENTNOR CITY

BY _____
Mayor

EGG HARBOR TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

By *Michael P. [Signature]*
Chairman

GALLOWAY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

By *Robert D. [Signature]*
Chairman

SOMERS POINT CITY SEWERAGE AUTHORITY

By *Jack P. [Signature]*
Chairman

THE ATLANTIC CITY SEWERAGE COMPANY

By *[Signature]*
President

THE ATLANTIC COUNTY SEWERAGE AUTHORITY

By *[Signature]*
Chairman

SCHEDULE A.

(Attached to and part of Agreement dated as of November 1, 1972 between The Atlantic County Sewerage Authority and Participants.)

List of Connection Points

PARTICIPANTS

CONNECTION POINT

Borough of Longport

Longport Pumping Station in the vicinity of Amherst and 34th Avenues

Margate City

Ventnor/Margate Pumping Station in the vicinity of Wellington Lafayette Streets (see Note No.

Ventnor City

Ventnor/Margate Pumping Station in the vicinity of Wellington & Lafayette Streets (see Note No. 1)

Atlantic City Sewerage Company

1. Atlantic County Sewerage Authority Regional Wastewater Treatment Plant at City Island.
2. At a point on the Atlantic County Sewerage Authority Force Main in the vicinity of West End Avenue & Raleigh Avenue
3. At a point on the Atlantic County SA force main in the vicinity of West End Avenue & Raleigh Avenue (See foot No. 2)
4. Texas Avenue Pumping Station (See foot Note No. 3)

City of Brigantine

Brigantine Pumping Station in the vicinity of 36th Street near Brigantine Boulevard

Somers Point City Sewerage Authority

Somers Point Pumping Station located in the vicinity of the site of the existing Somers Point City Sewerage Authority Wastewater treatment plant.

PARTICIPANTS

City of Linwood

City of Northfield

City of Pleasantville

City of Absecon

Township of Galloway

CONNECTION POINT

Linwood Pumping Station in the vicinity of Poplar Street & Somerset Street extended (in addition there will be approximately 27 interconnections between the local system of Linwood & the interceptor line)

Northfield Pumping Station in the vicinity of Catherine Ave. (In addition there will be approximately 8 cross connections between the Northfield local system and the interceptor system)

Pleasantville Pumping Station in the vicinity of Old Turnpike Road adjacent to the existing Pleasantville Wastewater Treatment Plant

Absecon Pumping Station in the vicinity of Station Avenue (In addition there will be approximately 12 cross connections between the Absecon local system & the interceptor system)

1. Smithville Pumping Station in the vicinity of Old Port Road & Moss Mill Road.
2. In the vicinity of Moss Mill Road & Route 9
3. In the vicinity of Sylvan Road & Ridgewood Avenue
4. Oceanville Pumping Station in the vicinity of Great Creek Road & Route 9
5. Sylvan Road & Brook Avenue
6. Seaview Pumping Station in the vicinity of Brook Avenue & Route 9

PARTICIPANTS

City of Port Republic

CONNECTION POINT

Port Republic Pumping Station
in the vicinity of Old New
York Road at Nacote Creek
Bridge

1. Small local force mains will be intercepted and diverted to the Ventnor/Margate Pumping Station wet well. The actual connection will be to the new section of force main required to divert the flow to the wet well.
2. The Raleigh Avenue Pumping Station connection and the Chelsea Heights Pumping Station connections could be combined into one connection. If this occurs then this connection for the Atlantic City Sewerage Company will not be required as a formal connection point.
3. This connection point may be eliminated from the project.

SCHEDULE B.

(Attached to and part of Agreement dated as of November 1, 1972, between The Atlantic County Sewerage Authority and Participants.)

Requirements as to Wastewater Discharged

Wastewater discharged into the facilities of Authority shall not:

1. Be of such a nature and in such a quantity as to impair the hydraulic capacity of such facilities, normal and reasonable wear and usage excepted;
2. Be of such a nature as to, by either chemical or mechanical action, impair the strength and durability of wastewater conveyance, lifting and treatment structures;
3. Be of such a nature as cause explosive or flammable conditions in such facilities. The flash point shall be lower than 187° F., as determined by the Tagliabue (Tag.) close cup method;
4. Have toxic materials in such a quantity so as to cause or upset the biological activity of the treatment facilities;
5. Have a pH lower than 4.0 or greater than 9.0;
6. Have temperatures higher than 150°F;
7. Have any obnoxious or toxic gases that will cause hazardous conditions to the operating personnel of such facilities;
8. Include any garbage or grease other than that received directly into public sewers from residences, unless the Authority shall have given written consent to its inclusion;
9. Include any radioactive substance,* unless the Authority shall have given written consent to its inclusion;
10. Include any industrial waste,* unless the Authority shall have given written consent to its inclusion.

* the existence of such materials to be based upon proper analytical data to be submitted by a competent sanitary engineer.

SCHEDULE C.

(Attached to and part of Agreement dated as of November 1, 1972 between The Atlantic County Sewerage Authority and Participants.)

<u>Participant</u>	<u>Minimum Non-Summer Monthly Flows</u>	<u>Minimum Summer* Monthly Flows</u>
Absecon City	14.9	17.6
Brigantine City	44.0	63.8
The Township of Galloway, in the County of Atlantic	20.8	21.0
Linwood	14.6	17.4
The Borough of Longport	11.5	15.7
Margate City	38.6	76.5
The City of Northfield	21.1	24.8
Pleasantville	29.8	43.5
Port Republic	1.8	1.8
Ventnor City	37.8	64.8
Egg Harbor Township Municipal Utilities Authority	12.0	12.2
Somers Point City Sewerage Authority	25.8	34.0
Atlantic City Sewerage Co. Authority	<u>392.1</u> MG	<u>543.4</u> MG <i>17.5 mod</i>
Totals	664.8	936.5

*Summer months are June, July and August

SCHEDULE

WES 11

Exhibit C

The Atlantic City Sewerage Company

Summary of Recommendations

Meter Size (1)	Meter Billing Units ¹ (2)	Annual Fixed Charge (3)	Fixed Charge Revenue (4)	Water Volume (MCF) (5)	Volumetric Charge \$29.854 Per MCF ² (6)	Total Present Annual Revenue (7)	Proposed Fixed Charge (8)	Proposed Fixed Charge Revenue (9)	Proposed Volumetric Charge \$32.494 Per MCF ² (10)	Total Proposed Annual Revenue (11)	Percent Increase (12)
5/8"	5,369	\$ 227	\$ 1,218,763	43,121.4	\$ 1,287,346	\$ 2,506,109	\$ 230	\$ 1,234,870	\$ 1,401,187	\$ 2,636,057	5.19%
3/4"	1,323	394	521,262	19,809.1	591,381	1,112,643	400	529,200	643,677	1,172,877	5.41%
1"	386	1,169	451,234	19,648.7	586,591	1,037,825	1,175	453,550	638,465	1,092,015	5.22%
1 1/2"	112	2,811	314,832	9,852.4	294,134	608,966	2,900	324,800	320,144	644,944	5.91%
2"	170	5,559	945,030	26,270.4	784,277	1,729,307	5,750	977,500	853,630	1,831,130	5.89%
3"	50	13,691	684,550	15,991.8	477,419	1,161,969	14,000	700,000	519,638	1,219,638	4.96%
4"	45	27,368	1,231,560	59,618.2	1,779,842	3,011,402	29,450	1,325,250	1,937,234	3,262,484	8.34%
6"	42	68,077	2,869,234	158,538.0	4,732,993	7,592,227	95,205	3,998,610	5,151,534	9,150,144	20.52%
8"	3	136,281	408,843	15,782.0	471,156	879,999	140,000	420,000	512,820	932,820	6.00%
10"	-	217,576	-	-	-	-	225,000	-	-	-	NA
Totals	7,500		\$ 8,635,308	368,632.0	\$ 11,005,139	\$ 19,640,447		\$ 9,963,780	\$ 11,978,329	\$ 21,942,109	11.72%

Footnotes

¹ Consists of current Volumetric Collection Charge of \$6.506 and PSTAC Volumetric Treatment Charge of \$23.348.

² Consists of proposed Volumetric Collection Charge of \$7.243 and 2015 PSTAC Volumetric Treatment Charge of \$25.251.

³ Increase of \$2,301,662 consists of \$701,506.70 attributable to the PSTAC Volumetric Treatment Charge and \$1,600,155.30 for AC Sewerage base revenues.

SCHEDULE

WES 12



Agenda Date: 5/19/15
Agenda Item: 5B

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE PETITION OF THE)
ATLANTIC CITY SEWERAGE COMPANY TO CHANGE) ORDER ADOPTING
THE LEVEL OF ITS PURCHASED SEWERAGE) STIPULATION
TREATMENT ADJUSTMENT CLAUSE) DOCKET NO. WR15010118

Parties of Record:

Stacy A. Mitchell, Esq., Cozen O'Connor, on behalf of Atlantic City Sewerage Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On January 29, 2015, the Atlantic City Sewerage Company ("Company" or "Petitioner"), a public utility of the State of New Jersey, filed a petition with the Board of Public Utilities ("Board") pursuant to N.J.A.C. 14:9-8.1 et seq., requesting to change the level of its Purchased Sewerage Treatment Adjustment Clause ("PSTAC"), volumetric treatment charge from \$23.348 per Mcf of metered water to a rate of \$25.251 per Mcf. The Company's filing was based on preliminary estimates and was updated as the case progressed. The amount estimated in the petition to be recovered in the 2015 PSTAC is \$9,460,555.

The amount to be recovered through the 2015 PSTAC is \$9,460,555 and the level of the volumetric treatment charge is changed from \$23.348 per Mcf to \$25.251 per Mcf. This represents an increase of \$17.70 or 3.51% on the average residential customers' annual sewerage bill over the present volumetric treatment charge.

By this Order, the Board considers the Stipulation of Settlement ("Stipulation") executed by the Company, the New Jersey Division of Rate Counsel and Board Staff (collectively, "the Parties"), agreeing to an overall increase in revenues in the amount of \$9,460,555. There were no intervenors in this proceeding.

BACKGROUND/PROCEDURAL HISTORY

Petitioner is a wastewater utility engaged in the collection and transmission of sewage and serves approximately 7,500 customers in the City of Atlantic City, Atlantic County, New Jersey. The sewerage collected and transmitted by the Petitioner is treated by the Atlantic County Utilities Authority ("ACUA").

This matter was retained by Board. After appropriate notice, a public hearing was held at 5:30 pm on March 9, 2015 at the City Council Chambers, Atlantic City, NJ. No members of the public were in attendance at the public hearing. Subsequent to the public hearing, the Parties reached a Stipulation resolving all issues in this matter.

DISCUSSION AND FINDINGS¹

As more fully discussed in the attached Stipulation, the Parties agreed that the following increases are reasonable and appropriate to allow the Petitioner to recover increased purchased sewerage treatment expenses.

The amount to be recovered through the 2015 PSTAC is \$9,460,555. The amount of ACUA treatment costs to be recovered through the 2015 PSTAC is \$9,067,244. This amount has been further adjusted by the projected regulatory costs of \$9,000, as well as a \$384,311 under collection in 2014 to reflect a total amount to be recovered through the PSTAC of \$9,460,555. This is the amount to be recovered in 2015 through the Volumetric Treatment Charge, which is the rate through which the PSTAC is affected. When this amount is divided by the projected flows of 374,661.9 Mcf, the resulting PSTAC rate, prior to compression, is \$25.251 per Mcf. This represents an annual increase of \$17.70 or 3.51% on the average residential customers' annual sewerage bill.

The Volumetric Treatment Charge of \$25.251 assumes an implementation date of January 1, 2015. If a Board Order is effective as of June 1, 2015, it means that the 2015 PSTAC will only be recovered over 214 days, rather than 365 days. As a result, the PSTAC charge for 2015 will be compressed to a charge of \$26.594 per Mcf from the current PSTAC charge of \$23.348 per Mcf. This represents an increase of \$3.246 per Mcf. Beginning January 1, 2016, the uncompressed PSTAC charge of \$25.251 per Mcf shall become effective resulting in a decrease of \$1.343 per Mcf from the compressed charge. The Petitioner is **HEREBY DIRECTED** to make a compliance filing with the Board effective January 1, 2016 incorporating this rate change.

The Petitioner shall account for net cumulative over-recoveries and under-recoveries resulting from the PSTAC. These over-recoveries or 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 monthly cumulative over-recoveries shall be credited to the PSTAC at an interest rate equal to the Company's return on rate base of 6.96%. Similarly, net monthly cumulative under-recoveries shall be charged against the PSTAC. If, as of December 31, 2015, interest shall be due the PSTAC, such interest shall in fact be credited to the PSTAC. If, as of December 31, 2015, interest shall be charged against the PSTAC, said interest shall be eliminated through appropriate accounting entries.

Having reviewed the record in this matter, including 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 **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with the law. Therefore,

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 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 and this Order, 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 APPROVES** the amount to be recovered through the 2015 PSTAC of \$9,460,555.

The Board **HEREBY ACCEPTS** the tariff pages attached to the Stipulation as filed with the Board, to be effective as of June 1, 2015.

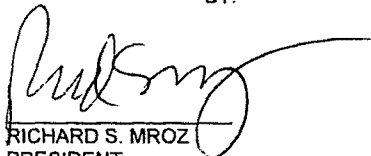
The effective date of this Order is May 29, 2015.

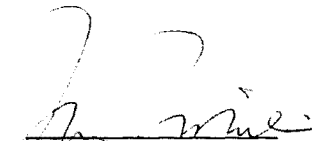
DATED:

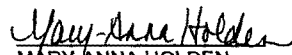
May 19, 2015

BOARD OF PUBLIC UTILITIES


BY:


RICHARD S. MROZ
PRESIDENT

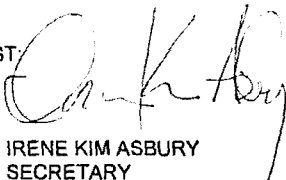

JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

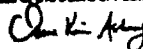

DIANNE SOLOMON
COMMISSIONER


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



IN THE MATTER OF THE PETITION OF THE ATLANTIC CITY SEWERAGE COMPANY
TO CHANGE THE LEVEL OF ITS PURCHASED SEWERAGE TREATMENT
ADJUSTMENT CLAUSE

BPU Docket No. WR15010118

SERVICE LIST

Stacey A. Mitchell, Esq.
Cozen O'Connor
457 Haddonfield Road
Suite 300
Cherry Hill, NJ 08002

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003

Debra Robinson, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003

Susan McClure, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003

Patricia Krogman, DAG
Department of Law and Public Safety
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029

Alex Moreau, DAG
Department of Law and Public Safety
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029

Christopher M. Psihoules, DAG
Department of Law and Public Safety
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029

Maria Moran, Director
Board of Public Utilities
Division of Water
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Michael Kammer, Bureau Chief
Board of Public Utilities
Division of Water
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Ed Hiott
Board of Public Utilities
Division of Water
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Kofi Ocansey
Board of Public Utilities
Division of Water
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

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

IN THE MATTER OF THE PETITION OF :
THE ATLANTIC CITY SEWERAGE : **BPU DOCKET NO. WR15010118**
COMPANY TO CHANGE THE LEVEL OF :
ITS PURCHASED SEWERAGE : **STIPULATION**
TREATMENT ADJUSTMENT CLAUSE :
:

APPEARANCES:

Stacy A. Mitchell, Esquire and 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)

Christopher M. Psihoules and Patricia A. Krogman, Deputy Attorneys General, (John J.
Hoffman, Acting Attorney General 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 7,500 customers.
Petitioner purchases its sewage treatment from the Atlantic County Utilities Authority
("ACUA").

2. On or about January 29, 2015, 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-

8.1, *et seq.* (the "Petition"). The matter was retained by the Board and was assigned Docket No. WR15010118.

3. After appropriate public notice of the Petition, a public hearing in the matter was held in Atlantic City, New Jersey on March 9, 2015 at 5:30 p.m. presided over by the Honorable W. Todd Miller.¹ No one from the public was in attendance.

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 hereto stipulate as follows:

II. PSTAC

6. By the PSTAC Petition, the Company proposed to raise its Volumetric Treatment Charge, effective January 1, 2015.

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

¹ Although this matter was retained by the Board, the public hearing in this matter was held simultaneously with the public hearing in the pending ACSC base rate filing, I/M/O the Petition of the Atlantic City Sewerage Company for Authorization to Increase Tariff Rates and Charges for Sewerage Service, BPU Docket No. WR14101263, OAL Docket No. PUC14773-2014S. The base rate filing was transmitted by the Board to the Office of Administrative Law and the public hearings were held together upon agreement of the Parties and Judge Miller.

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.

9. The Petition was based on projected consumption by customers for the billing cycles of January 1, 2015 through December 31, 2015, based upon actual 2014 consumption.

10. The Company's PSTAC rate is implemented through the use of its Volumetric Treatment Charge. In its initial filing, ACSC sought to increase its Volumetric Treatment Charge from its current level of \$23.348 per Mcf of metered water, to a rate of \$25.251 per Mcf of metered water, prior to compression. The initial filing was based on estimates, preliminary in nature, and updated as the case progressed.

11. The amount of ACUA treatment costs to be recovered through the 2015 PSTAC is \$9,067,244. This amount has been further adjusted by the projected regulatory costs of \$9,000; as well as a \$384,311 under collection in 2014 to reflect a total amount to be recovered through the PSTAC of \$9,460,555. This is the amount to be recovered in 2015 through the Volumetric Treatment Charge, which is the rate through which the PSTAC is affected. When this amount is divided by the projected 2015 flows of 374,661.9 Mcf, the resulting PSTAC rate, prior to compression, is \$25.251 per Mcf. This represents an annual increase of \$17.70 or 3.51% on the average residential customers' annual sewerage bill.

12. The Volumetric Treatment Charge of \$25.251 assumes an implementation date of January 1, 2015. If a Board Order is effective as of June 1, 2015, it means that the 2015 PSTAC will only be recovered over 214 days, rather than 365 days. As a result, the PSTAC charge for 2015 will be compressed to a charge of \$26.594 per Mcf from the current PSTAC charge of \$23.348 per Mcf as portrayed on Exhibit "A". This represents an increase of \$3.246 per Mcf. If

the Board should act on this matter after June 1, 2015 the charge may, if deemed necessary by the Parties, be further compressed in order to recover the appropriate amount.

13. Beginning January 1, 2016, the uncompressed PSTAC charge of \$25.251 per Mcf shall become effective resulting in a decrease of \$1.343 per Mcf from the compressed charge. The Company shall make a compliance filing with the Board effective January 1, 2016 incorporating this rate change. A copy of the proposed filing is attached hereto as Exhibit "B".

14. 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 6.96%. 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, 2015, interest shall be due the PSTAC, such interest shall in fact be credited to the PSTAC. If, as of December 31, 2015, interest shall be chargeable against the PSTAC, said interest shall be eliminated through appropriate accounting entries.

15. Attached hereto as Exhibit "C" 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 June 1, 2015, 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.

III. MISCELLANEOUS

16. 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.

17. 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.

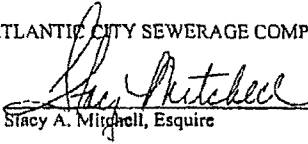
18. If any modification is made to the terms of this Stipulation, the Signatory Parties each must be given the right to be placed in the position it was in before the Stipulation was entered into. It is essential that each Party be given the option, before the implementation of any new rate resulting 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.

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

20. 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.

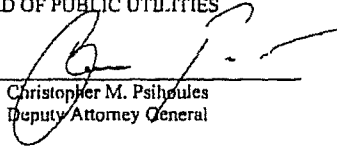
THE ATLANTIC CITY SEWERAGE COMPANY

By: _____


Stacy A. Mitchell, Esquire

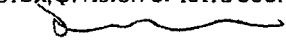
JOHN JAY HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY
ATTORNEY FOR STAFF OF THE NEW JERSEY
BOARD OF PUBLIC UTILITIES

By: _____


Christopher M. Psiloulas
Deputy Attorney General

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

By: _____


Susan McClure
Assistant Deputy Rate Counsel

Dated: April 27, 2015

Exhibit A

Exhibit A

**THE ATLANTIC CITY SEWERAGE COMPANY
2015 PSTAC RATE CALCULATIONS**

	<u>Amount</u>
2015 New Annual PSTAC Rate	25.251
Current PSTAC Rate	<u>23.348</u>
Annual Rate Increase	<u>1.903</u>

COMPRESSED RATE CALCULATION

	<u>Amount</u>
Annual Rate Increase	1.903
Times Number of Days	<u>x 365</u>
Weighted Rate Increase	<u>694.595</u>
Weighted Rate Increase	694.595
Divided by Number of Days <i>(Effective June 1, 2015)</i>	<u>214</u>
Compressed Rate Increase	<u>3.246</u>
Current PSTAC Rate	23.348
Compressed Rate Increase	<u>3.246</u>
NEW 2015 PSTAC RATE <i>(Effective June 1, 2015)</i>	<u>26.594</u>

Exhibit B

TARIFF
FOR
SEWERAGE SERVICE

Applicable In
THE CITY OF ATLANTIC CITY
NEW JERSEY

Date of Issue: January 29, 2015
Issued by: LOUIS M. WALTERS, President & General Manager
1200 Atlantic Avenue
Atlantic City, New Jersey

Effective for Service
rendered on and after
January 1, 2016

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR15010118 dated

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	<u>Sheet No.</u>
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Standard Terms and Conditions	
Territory to which Tariff Applies	8
General Rules	8-10
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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
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Billing Year	13
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Application	15
Annual Rates	Revised 16
Limitations on Wastewater Discharges	Exhibit A

Date of Issue: January 29, 2015
Issued by: LOUIS M. WALTERS, President & General Manager
1200 Atlantic Avenue
Atlantic City, New Jersey

Effective for Service
rendered on and after
January 1, 2016

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR15010118 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"	\$230
3/4	400
1	1,175
1-1/2	2,900
2	5,750
3	14,000
4	29,450
6	95,205
8	140,000
10 or larger	225,000

Volumetric Collection Charge

In addition to the annual fixed charge, all customers shall pay \$7.243 for each 1,000 cubic feet of metered water, measured to the nearest one-tenth.

Volumetric Treatment Charge

In addition to the annual fixed charge and the volumetric collection charge, all customers shall pay \$25.251 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: January 29, 2015
Issued by: LOUIS M. WALTERS, President & General Manager
1200 Atlantic Avenue
Atlantic City, New Jersey

Effective for Service
rendered on and after
January 1, 2016

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR15010118 dated

Exhibit C

TARIFF
FOR
SEWERAGE SERVICE

Applicable In
THE CITY OF ATLANTIC CITY
NEW JERSEY

Date of Issue: October 31, 2014
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 Orders of the Board of Public Utilities in Docket Nos. WR14101263 and
WR15010118 dated _____.

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Requests for Disconnection of Service.....	14
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Application.....	15
Annual Rates.....	16
Limitations on Wastewater Discharges	Exhibit A

Date of Issue: October 31, 2014
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 Orders of the Board of Public Utilities in Docket Nos. WR14101263 and
WR15010118 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 9th 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.

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.

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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)).

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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)).

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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)).

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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).

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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

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**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.

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**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.

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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.

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**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.

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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.

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**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.

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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.

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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"	\$230
3/4	400
1	1,175
1-1/2	2,900
2	5,750
3	14,000
4	29,450
6	95,205
8	140,000
10 or larger	225,000

Volumetric Collection Charge

In addition to the annual fixed charge, all customers shall pay \$7.243 for each 1,000 cubic feet of metered water, measured to the nearest one-tenth.

Volumetric Treatment Charge

In addition to the annual fixed charge and the volumetric collection charge, all customers shall pay \$26.594 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.

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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/l 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 BOD, 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.

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