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BOARD OF PUBLIC UTILITIES
MAIL ROOM



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

RECEIVED
JUN 02 2016
By _____

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 1725-16

AGENCY DKT. NO. WR16010086

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

Stacy A. Mitchell, Esq., for petitioner, Atlantic City Sewerage Company (Cozen
O'Connor, attorneys)

Susan McClure, Assistant Deputy Rate Counsel, on behalf of the respondent,
Division of Rate Counsel (Stefanie A. Brand, Director)

Christopher M. Psihoules, Deputy Attorney General, on behalf of the
responderit, Staff of the Board of Public Utilities (Robert Lougy, Acting
Attorney General of New Jersey, attorney)

Andrew Kuntz, Deputy Attorney General, on behalf of the respondent, Staff of
the Board of Public Utilities (Robert Lougy, Acting Attorney General of
New Jersey, attorney)

EMS
J. Kane
DAG
M. Moran
M. Kanter
M. Moser
V. Haynes
D. Thomas
WATER

Record Closed: May 24, 2016

Decided: May 24, 2016

BEFORE W. TODD MILLER, ALJ:

This matter was transmitted to the Office of Administrative Law on February 2, 2016, for determination as a contested case, pursuant to N.J.S.A. 52:14B-1 to -15 and N.J.S.A. 52:14F-1 to -13.

The parties have agreed to a settlement and have prepared a Settlement Agreement indicating the terms thereof, which is attached and fully incorporated herein.

I have reviewed the record and the terms of settlement and I **FIND:**

1. The parties have voluntarily agreed to the settlement as evidenced by their signatures or their representatives' signatures.
2. The settlement fully disposes of all issues in controversy and is consistent with the law.

I **CONCLUDE** that this agreement meets the requirements of N.J.A.C. 1:1-19.1 and that the settlement should be approved. I approve the settlement and therefore **ORDER** that the parties comply with the settlement terms and that these proceedings be concluded.

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

OAL DKT. NO. PUC 1725-16

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

May 24, 2016
DATE


W. TODD MILLER, ALJ

Date Received at Agency:

6/2/16

Date Mailed to Parties:

fjb

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. WR16010086
COMPANY TO CHANGE THE LEVEL OF : OAL DOCKET NO. PUC 01725-2016 S
ITS PURCHASED SEWERAGE :
TREATMENT ADJUSTMENT CLAUSE : STIPULATION
:

APPEARANCES:

Stacy A. Mitchell, 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); and

Christopher M. Psihoules and Andrew Kuntz, Deputy Attorneys General (Robert Lougy, Acting Attorney General of the State of New Jersey) on behalf of the Staff of the Board of Public Utilities ("Board Staff").

TO THE HONORABLE BOARD OF PUBLIC UTILITIES;

I. INTRODUCTION

1. The Atlantic City Sewerage Company ("ACSC", the "Company" or "Petitioner") a public utility company of the State of New Jersey, operates a sewage collection and transmission system within its defined service territory, consisting of the City of Atlantic City, New Jersey. Within its service territory, Petitioner serves approximately 7,350 customers. Petitioner purchases its sewage treatment from the Atlantic County Utilities Authority ("ACUA").

2. On or about January 27, 2016, the Company filed a petition with the New Jersey Board of Public Utilities ("BPU" or the "Board") proposing to change the level of its Purchased Sewerage Treatment Adjustment Clause ("PSTAC") pursuant to the provisions of N.J.A.C. 14:9-

7.1, *et seq.* (the "Petition").¹ The matter was assigned Docket No. WR16010086 by the Board. The matter was thereafter transferred to the Office of Administrative Law ("OAL") as a contested case on February 1, 2016 and was assigned to the Honorable William Todd Miller, ALJ under Docket No. PUC01725-2016S.

3. After appropriate public notice of the Petition, a public hearing in the matter was held in Atlantic City, New Jersey on May 3, 2016 at 5:30 p.m. presided over by ALJ Miller. No members of the public were 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. Pursuant to the Petition, the Company proposed to raise its Volumetric Treatment Charge, effective January 1, 2016.

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

8. ACSC does not meter sewage flows, but bills its customers on the basis of water entering its customers' premises. ACSC is furnished data regarding water entering its customers' premises by the Atlantic City Municipal Utilities Authority ("ACMUA"), the entity

¹ On March 8, 2016, the Company filed a letter with the Board amending its PSTAC filing to seek authority pursuant N.J.A.C. 14:9-R.1, *et seq.* and not N.J.A.C. 14:9-7.1 as erroneously stated in the Petition.

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, 2016 through December 31, 2016, based upon actual 2015 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 \$25.251 per Mcf of metered water, to a rate of \$25.713 per Mcf of metered water, prior to compression.² 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 2016 PSTAC is \$8,795,171. This amount has been further adjusted by the projected regulatory costs of \$8,000, as well as a \$592,471 under-collection in 2015 to reflect a total amount to be recovered through the 2016 PSTAC of \$9,395,642. This is the amount to be recovered in 2016 through the Volumetric Treatment Charge, which is the rate through which the PSTAC is affected. When this amount is divided by the projected 2016 flows of 350,292.9 Mcf, the resulting PSTAC rate, prior to compression, is \$26.822 per Mcf. This represents an annual increase of \$14.61 or 2.75% on the average residential customers' annual sewerage bill.

12. The Volumetric Treatment Charge of \$26.822 assumes an implementation date of January 1, 2016. If a Board Order is effective as of July 1, 2016, it means that the 2016 PSTAC will only be recovered over 184 days, rather than 366 days. As a result, the PSTAC charge for 2016 will be compressed to a charge of \$28.376 per Mcf from the current PSTAC charge of \$25.251 per Mcf as portrayed on Exhibit "A". This represents an increase of \$3.125 per Mcf. If

² On April 5, 2016, the Company submitted a letter to the Board reflecting the Company's actual billing through March 2016. The updated Schedules supported the Company's proposed 2016 PSTAC rate of \$26.825, which differs from the proposed rate of \$25.713, as originally filed.

the Board should act on this matter after July 1, 2016 the charge may, if deemed necessary by the Parties, be further compressed in order to recover the appropriate amount.

13. Attached hereto as Exhibit "B" are the tariff sheets giving effect to the Volumetric Treatment Charge stipulated in this Stipulation. The Parties hereto agree that said tariff sheets are just and reasonable and should be accepted by the Board effective July 1, 2016, 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.

14. Beginning January 1, 2017, the uncompressed PSTAC charge of \$26.822 per Mcf shall become effective resulting in a decrease of \$1.554 per Mcf from the compressed charge. The Company shall make a compliance filing with the Board effective January 1, 2017 incorporating this rate change. A copy of the proposed filing is attached hereto as Exhibit "C".

15. 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, 2016, interest shall be due the PSTAC,

such interest shall in fact be credited to the PSTAC. If, as of December 31, 2016, interest shall be chargeable against the PSTAC, said interest shall be eliminated through appropriate accounting entries.

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 Mitchell
Stacy A. Mitchell Esquire

ROBERT LOUGY
ACTING ATTORNEY GENERAL OF NEW JERSEY
ATTORNEY FOR STAFF OF THE NEW JERSEY
BOARD OF PUBLIC UTILITIES

By: _____
Christopher M. Psihoules
Deputy Attorney General

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

By: _____
Susan McClure
Assistant Deputy Rate Counsel

Dated: May __, 2016

THE ATLANTIC CITY SEWERAGE COMPANY

By: Stacy Mitchell
Stacy A. Mitchell, Esquire

ROBERT LOUGY
ACTING ATTORNEY GENERAL OF NEW JERSEY
ATTORNEY FOR STAFF OF THE NEW JERSEY
BOARD OF PUBLIC UTILITIES

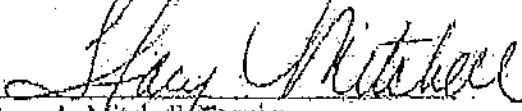
By: Christopher M. Psillos
Christopher M. Psillos
Deputy Attorney General

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

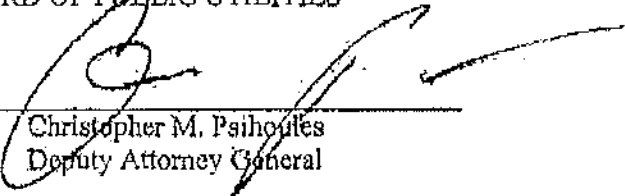
By: _____
Susan McClure
Assistant Deputy Rate Counsel

Dated: May ___, 2016

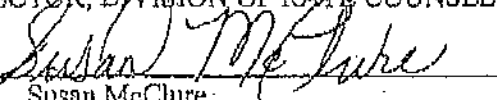
THE ATLANTIC CITY SEWERAGE COMPANY

By: 
Stacy A. Mitchell, Esquire

ROBERT LOUGY
ACTING ATTORNEY GENERAL OF NEW JERSEY
ATTORNEY FOR STAFF OF THE NEW JERSEY
BOARD OF PUBLIC UTILITIES

By: 
Christopher M. Psihogiēs
Deputy Attorney General

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

By: 
Susan McClure
Assistant Deputy Rate Counsel

Dated: May __, 2016

Exhibit A

**THE ATLANTIC CITY SEWERAGE COMPANY
2016 PSTAC RATE CALCULATIONS**

	<u>Amount</u>
2016 New Annual PSTAC Rate	26.822
Current PSTAC Rate	<u>25.251</u>
Annual Rate Increase	<u>1.571</u>

COMPRESSED RATE CALCULATION

	<u>Amount</u>
Annual Rate Increase	1.571
Times Number of Days	<u>x 366</u>
Weighted Rate Increase	<u>574.986</u>
Weighted Rate Increase	574.986
Divided by Number of Days <i>(Effective July 1, 2016)</i>	<u>184</u>
Compressed Rate Increase	<u>3.125</u>
Current PSTAC Rate	25.251
Compressed Rate Increase	<u>3.125</u>
NEW 2015 PSTAC RATE	<u>28.376</u>
<i>(Effective July 1, 2016)</i>	

EXHIBIT B

THE ATLANTIC CITY SEWERAGE COMPANY
B.P.U. NO. 9 – SEWER

SECOND REVISED SHEET NO. 1

TARIFF
FOR
SEWERAGE SERVICE

Applicable In
THE CITY OF ATLANTIC CITY
NEW JERSEY

Date of Issue:	January 26, 2016	Effective for Service
Issued by:	LOUIS M. WALTERS, President & General Manager	rendered on and after
	1200 Atlantic Avenue	July 1, 2016.
	Atlantic City, New Jersey	

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR16010086 dated July 1, 2016.

THE ATLANTIC CITY SEWERAGE COMPANY
B.P.U. NO. 9 - SEWER

SECOND REVISED SHEET NO. 2

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	<u>Sheet No.</u>
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Deferred Payment Arrangement	5
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Form of Bill for Metered Service	7
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
Payment for Sewerage Service	14
Requests for Disconnection of Service	14
Schedule of Rates	
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Annual Rates	Second Revised 16
Limitations on Wastewater Discharges	Exhibit A

Date of Issue: January 26, 2016
 Issued by: LOUIS M. WALTERS, President & General Manager
 1200 Atlantic Avenue
 Atlantic City, New Jersey

Effective for Service
 rendered on and after
 July 1, 2016.

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR16010086 dated July 1, 2016.

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.

Purchased Sewerage Treatment Adjustment Clause (PSTAC) Charge

In addition to the annual fixed charge and the volumetric collection charge, all customers shall pay \$28.376 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 26, 2016
 Issued by: LOUIS M. WALTERS, President & General Manager
 1200 Atlantic Avenue
 Atlantic City, New Jersey

Effective for Service
 rendered on and after
 July 1, 2016.

EXHIBIT C

THE ATLANTIC CITY SEWERAGE COMPANY
B.P.U. NO. 9 - SEWER

THIRD REVISED SHEET NO. 1

TARIFF
FOR
SEWERAGE SERVICE

Applicable In
THE CITY OF ATLANTIC CITY
NEW JERSEY

Date of Issue: January 26, 2016
issued by: LOUIS M. WALTERS, President & General Manager
1200 Atlantic Avenue
Atlantic City, New Jersey

Effective for Service
rendered on and after
January 1, 2017.

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR16010086 dated July 1, 2016.

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	<u>Sheet No.</u>
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Schedule of Rates	
Application.....	15
Annual Rates.....	Third Revised 16
Limitations on Wastewater Discharges	Exhibit A

Date of Issue: January 26, 2016
 Issued by: LOUIS M. WALTERS, President & General Manager
 1200 Atlantic Avenue
 Atlantic City, New Jersey

Effective for Service
 rendered on and after
 January 1, 2017.

THE ATLANTIC CITY SEWERAGE COMPANY
B.P.U. NO.9- SEWER

THIRD REVISED SHEET NO. 16

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

Date of Issue: January 26, 2016
Issued by: LOUIS M. WALTERS, President & General Manager
1200 Atlantic Avenue
Atlantic City, New Jersey

Effective for Service rendered on and after January 1, 2017.



A Pennsylvania Professional Corporation

May 24, 2016

VIA EMAIL

Stacy A. Mitchell

Direct Phone 856-910-5006

Direct Fax 877-295-6880

smitchell@cozan.com

Honorable W. Todd Miller, ALJ
Office of Administrative Law
1601 Atlantic Avenue
Sixth Floor
Atlantic City NJ 08401

**Re: In the Matter of the Petition of Atlantic City Sewerage Company to Change the Level of Its Purchased Sewerage Treatment Adjustment Clause
BPU Docket No.: WR16010086**


Dear Judge Miller:

Enclosed please find a fully executed Stipulation of settlement in the above-referenced matter. We await issuance of Your Honor's Initial Decision.

Thank you in advance for your cooperation.

Respectfully,

COZEN O'CONNOR, PC


By: Stacy A. Mitchell

SAM/kn
Enclosure

cc: Attached Service List (via email)

LEGAL\268771601

457 Haddenfield Road Suite 300, P.O. Box 5459 Cherry Hill, NJ 08002

856.910.5000 800.989.0499 856.910.5075 Fax cozan.com

Thomas McKay, III attorney responsible for New Jersey practice.