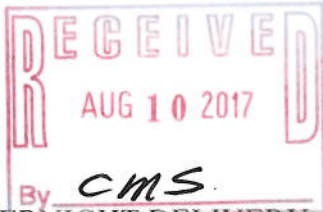


Saul Ewing
LLP

Courtney L. Schultz
Phone: (215) 972-7717
Fax: (215) 972-1839
cschultz@saul.com
www.saul.com



BOARD OF PUBLIC UTILITIES

AUG 10 2017

MAIL RECEIVED

August 9, 2017

VIA OVERNIGHT DELIVERY

Honorable Irene Kim Asbury, Secretary
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350

WR17080872

Re: In the Matter of the Petition of Aqua New Jersey, Inc.,
Wallkill Sewer Division, for Approval of a 2016 Purchased Wastewater
Treatment Adjustment Clause True-Up
and Other Required Approvals (2016 True-Up)
BPU Docket No. WR17-

Dear Secretary Asbury:

Enclosed for filing please find an original and ten (10) copies of a Petition submitted on behalf of Aqua New Jersey, Inc., ("Petitioner") initiating the above-referenced matter. Additionally, I have enclosed an extra copy of this filing. Kindly stamp this copy "filed" and return it to me in the enclosed self-addressed, stamped envelope.

Please contact me if you have any questions regarding this proceeding. Thank you for your attention to this matter.

CMS
J. Kane
DAG
RPA
M. Moran
M. Kammer
M. Mosser
WATER (4)

Respectfully submitted,

Courtney L. Schultz

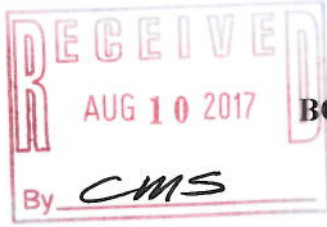
Enclosures

cc: Service List (as indicated)

Centre Square West ♦ 1500 Market Street, 38th Floor ♦ Philadelphia, PA 19102-2186
Phone: (215) 972-7777 ♦ Fax: (215) 972-7725

DELAWARE MARYLAND MASSACHUSETTS NEW JERSEY NEW YORK PENNSYLVANIA WASHINGTON, DC

A DELAWARE LIMITED LIABILITY PARTNERSHIP



STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

BOARD OF PUBLIC UTILITIES

AUG 10 2017

MAIL RECEIVED

BPU DOCKET NO. WR17880872

: IN THE MATTER OF THE PETITION :
: OF AQUA NEW JERSEY, INC., :
: WALLKILL SEWER DIVISION, FOR :
: APPROVAL OF A 2016 PURCHASED :
: WASTEWATER TREATMENT :
: ADJUSTMENT CLAUSE TRUE-UP :
: AND OTHER REQUIRED APPROVALS :
: _____ :

TO THE HONORABLE NEW JERSEY BOARD OF PUBLIC UTILITIES:

1. PETITIONER, AQUA NEW JERSEY, INC. (hereinafter “Petitioner” or the “Company”), a public utility of the State of New Jersey, with its principal business office at 10 Black Forest Road, Hamilton, New Jersey 08691, hereby petitions for approval of a true-up of purchased wastewater treatment adjustment clause (“PSTAC”) costs and revenues for calendar year 2016, and to set prospective rates for calendar year 2018 pursuant to N.J.A.C. 14:9-7.1 et seq.

2. Petitioner’s Wallkill Sewer Division (“Wallkill”), formerly the Wallkill Sewer Company, provides wastewater service to approximately 406 customers in a portion of the Township of Hardyston, County of Sussex, pursuant to an Order of the Board of Public Utilities (“Board”).

3. Wallkill purchases wastewater treatment services from the Sussex County Municipal Utilities Authority (“SCMUA”). SCMUA treats all of the wastewater collected by Wallkill pursuant to the “1982 Wallkill Sewer Company Service Contract” (as amended May 3,

1984) between the Company and SCMUA. In December¹ of each year, SCMUA estimates the annual cost of wastewater to be treated for Wallkill and bills the Company in four equal installments based on that estimate.² To the extent that any credits are due the Company, or additional payments are due SCMUA (based on actual usage during the year), those amounts are included in the estimate of costs for the upcoming fiscal year and reflected in the February payment.

PSTAC RECONCILIATION FOR 2016

4. As noted above, the purpose of this proceeding is twofold: to true-up actual 2016 PSTAC costs and revenues with estimated costs and revenues for 2016; and to set prospective rates for 2018. The rates that Wallkill was authorized to collect in 2016 were set by the Board in BPU Docket No. WR15050631 (dated November 16, 2015), attached as Exhibit A. Specifically, the Board authorized the Company to set 2016 rates to recover costs of approximately \$205,682 (consisting of the following components: estimated 2016 SCMUA treatment costs of \$167,308, \$30,951 for the actual PSTAC under-recovery for 2014, and actual costs of \$7,424 related to (half of) the cost of the proceeding).

5. On December 23, 2016 the Company received from the SCMUA a letter which explained that the 2016 Annual Charge for wastewater treatment was based on SCMUA's **estimated** annual charge of \$162,496 whereas, the **actual** annual charge for 2016 was \$141,368, which is comprised of a General Charge of \$37,252 and an Operating Charge of \$104,116. The difference between the estimated and actual charges created a credit of \$21,128 for the

¹ Please note that the fiscal year used by SCMUA ends on November 30.

² Bills are rendered by SCMUA and paid by Wallkill four times during the year (February, May, August and November).

Company, reconciliation of which was included on the February 2017 bill. The SCMUA letter is attached hereto as Exhibit B. The Company's prospective authorized revenue in 2016 was \$205,683, and the Company's actual revenue for 2016 was \$203,656, resulting in an under-recovery of \$2,207.

2017 SCMUA RATE

6. The December 23, 2016 letter from SCMUA (see Exhibit B) also included an estimate of the quarterly sewage treatment and disposal service costs for Fiscal Year 2017 in the amount of \$155,463.

2018 SCMUA Costs & 2018 PSTAC Rate

7. Wallkill's 2017 PSTAC tariff was approved by Order of the Board in Docket No. WR16080738 (dated November 30, 2016), which is attached as Exhibit C. Attached hereto as Exhibit D is Wallkill's existing 2017 PSTAC tariff, and a proposed 2018 PSTAC tariff which incorporates the proposed 2016 PSTAC reconciliation as well as prospective rates for 2018.

8. Attached hereto as Exhibit E is a schedule which supports the proposed 2018 PSTAC tariff. As discussed above, the Company's 2018 PSTAC must address the reconciliation of actual 2016 PSTAC revenues and PSTAC expenses with estimated revenues and expenses, and set prospective rates for 2018 to address estimated treatment costs. As noted above, Petitioner has performed a reconciliation of the actual revenues and expenses of the 2016 PSTAC and determined that there was an over-recovery for 2016 of \$23,913. See Exhibit E (pages 1-3).

9. With respect to the setting of prospective rates for 2018, Petitioner has performed an analysis of the projected PSTAC costs for calendar year 2018, and estimated 2018 SCMUA

treatment costs to be \$155,463. See Exhibit E (page 5). Additionally, as summarized on Exhibit E (page 4), the Company has estimated the cost of this proceeding to be \$10,000 and has included half of that amount, \$5,000 in its request in this proceeding. As indicated on Exhibit E (page 7), the Company has estimated that its total PSTAC revenue requirement for 2018 is \$135,459 (which includes \$155,463 of estimated 2018 treatment costs, plus \$5,000 for the costs of this proceeding, plus a \$23,913 credit reflecting the 2016 PSTAC over-recovery reconciliation, and a credit for interest on the over-recovery of \$1,091).

10. As shown on Exhibit E (page 6), 2017 PSTAC rates were authorized in BPU Docket No. WR16080738 and 2017 PSTAC revenues are estimated to be approximately \$183,645. When the 2018 PSTAC revenue requirement is compared to the level of PSTAC revenues estimated for 2017, there is a revenue excess of \$48,147 (calculated on Exhibit E, page 7). As summarized on Exhibit E (page 9), the Company has developed a 2018 PSTAC rate to recover a total of \$135,459 in 2018 PSTAC revenues. As illustrated on Exhibit E (page 8), the decrease in the 2018 revenue requirement of \$48,147 (when compared to current rates) results in an across-the-board **decrease** in the present PSTAC rate of approximately 26.1% or approximately \$1.90 per 1,000 gallons.

11. Petitioner reserves the right to amend this Petition and exhibits as necessary.

12. All correspondence related to this Petition should be sent to:

Courtney L. Schultz, Esq.
Saul Ewing LLP
Centre Square West, 38th Floor
1500 Market Street
Philadelphia, PA 19102

Kimberly A. Joyce, Esq.
Aqua America, Inc.
762 West Lancaster Avenue
Bryn Mawr, PA 19010


William C. Packer, Jr.
Aqua America, Inc.
762 West Lancaster Avenue
Bryn Mawr, PA 19010

Krista Weeks
Aqua America, Inc.
762 West Lancaster Avenue
Bryn Mawr, PA 19010

WHEREFORE, Petitioner respectfully requests that the Board approve the PSTAC true-up for 2016 set forth herein, and set prospective PSTAC rates for 2018, and grant such other relief as shall appear just and reasonable.

Respectfully submitted,

Dated: August 9, 2017

By: 
Courtney L. Schultz, Esq.
Saul Ewing LLP
Counsel for Aqua New Jersey, Inc.

Kimberly A. Joyce, Esq.
Aqua America, Inc.
Counsel for Aqua New Jersey, Inc.

