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By *CMS*

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November 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

BOARD OF PUBLIC UTILITIES

NOV 13 2017

MAIL RECEIVED

Re: In the Matter of the Petition of Aqua New Jersey, Inc.,
Walkkill Wastewater Division, for Approval of a 2016 Purchased
Wastewater Treatment Adjustment Clause True-Up
and Other Required Approvals
BPU Docket No. WR17080872

Dear Secretary Asbury:

Enclosed for filing please find an original and ten (10) copies of a Stipulation of Settlement 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.

Respectfully submitted,

Courtney L. Schultz
Courtney L. Schultz

Enclosures

cc: Service List (as indicated) ✓

*Case Mgmt
Legal*

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SERVICE LIST

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. WR17-080872

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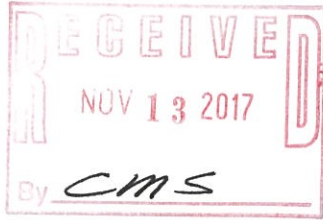
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Original



STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

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 :	STIPULATION OF SETTLEMENT BPU DOCKET NO. WR17080872
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BOARD OF PUBLIC UTILITIES

NOV 13 2017

MAIL RECEIVED

APPEARANCES:

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

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

Veronica Beke, Deputy Attorney General, and Renee Greenberg, Deputy Attorney General (Christopher S. Porrino, Attorney General of New Jersey), on behalf of the Staff of the New Jersey Board of Public Utilities

TO THE HONORABLE NEW JERSEY BOARD OF PUBLIC UTILITIES:

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

1. Petitioner operates a sewage collection and transmission system within a portion of the Township of Hardyston, County of Sussex, New Jersey. Petitioner serves approximately 406 customers within this portion of its service territory. Aqua New Jersey, Inc. is a public utility corporation of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities (the "Board"). Aqua's principal business office is located at 10 Black Forest Road, Hamilton, New Jersey 08691.

2. On August 9, 2017, pursuant to N.J.A.C. 14:9-7.1 et seq., Aqua filed the above-captioned Petition with the Board, which was later assigned BPU Docket No. WR17080872, 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 as required by N.J.A.C. 14:9-7.1(d) and 14:9-7.7. Aqua will true-up 2017 PSTAC revenues and rates in its 2018 PSTAC filing, and commits that it will make this filing on a timely basis.

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

4. Petitioner's rates reflect the recovery of wastewater treatment charges imposed by the Sussex County Municipal Utilities Authority ("SCMUA"). The current PSTAC tariff was approved by the Board in an Order in Docket No. WR16080738, dated November 30, 2016, which examined PSTAC revenues and expenses applicable to the period ending December 31, 2015 and set prospective rates for calendar year 2017.

5. In this proceeding, the Parties have examined the Company's actual revenues and actual SCMUA expenses for calendar year 2016, and the Company's projected SCMUA expenses for 2018, as well as the costs of this proceeding. Based on the foregoing, the Parties

have determined that the current PSTAC rate should be decreased to recover \$50,237 less in revenues. The \$50,237 PSTAC decrease was calculated based on the following components:

- a) an over-recovery of actual wastewater treatment charges of approximately \$23,913 for the calendar year ending December 31, 2016 (See Exhibit A, attached hereto, pages 1 to 3), with the interest on this over-recovery calculated to be \$1,091 (See Exhibit A, page 10);
- b) projected SCMUA charges for 2018 of \$155,463 based on SCMUA rates effective for 2017 (See Exhibit A, page 5);
- c) the total costs of this proceeding are deemed to be \$5,900 (See Exhibit A, page 4). These costs will be shared 50/50 between ratepayers and shareholders, resulting in a cost to customers of \$2,950 (See Exhibit A, page 7); and
- d) the pro forma PSTAC revenues at present rates are projected to be \$183,645 (See Exhibit A, page 6).

6. As required in N.J.A.C. 14:9-7.7, the Company has included in its filing an estimate of SCMUA costs for calendar year 2018, which estimate has been used to determine the applicable PSTAC rate for 2018.

7. Based on the estimated costs for 2018, the over-recovery for 2016, and the costs of this proceeding, the Parties have agreed that Petitioner's current PSTAC rates on file with the Board should be decreased as indicated on Exhibit A. For the average residential customer, the PSTAC rate will decrease from \$7.27 per thousand gallons to \$5.28 per thousand gallons, a decrease of \$1.99 per thousand gallons or approximately 27.36%. (See Exhibit A, page 8). With respect to the total monthly rate for wastewater services, the total monthly rate for the average

residential customer using approximately 3,900 gallons per month will decrease from \$41.87 to \$34.12, a decrease of \$7.76 or approximately 18.53% monthly.

8. Consistent with the provisions of N.J.A.C. 14:9-7.1 et seq., the Parties agree that the Company will file with the Board a PSTAC petition to reconcile calendar year 2017 actual SCMUA costs with the estimated SCMUA costs (as reflected in the rates identified on Exhibit A) for the same period. Additionally, the Company will include in its filing an estimate of SCMUA costs for calendar year 2019, which estimate will be used to determine the applicable PSTAC rate for 2019, as required in N.J.A.C. 14:9-7.1(d) and 14:9-7.7.

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

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

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

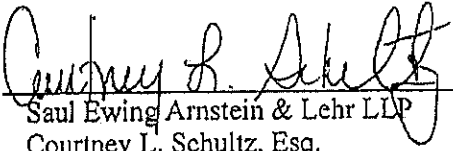
Board, then any Party hereto materially affected thereby shall not be bound to proceed under this Stipulation.

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

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

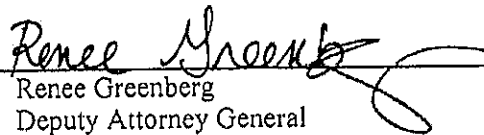
AQUA NEW JERSEY, INC.
WALLKILL SEWER DIVISION

November 6, 2017
Date

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

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

11/8/2017
Date

By: 
Renee Greenberg
Deputy Attorney General

STEFANIE A. BRAND, ESQ.
DIRECTOR - RATE COUNSEL

11/9/2017
Date


By: 
Susan McClure, Esq.
Assistant Deputy Rate Counsel

EXHIBIT A

Aqua New Jersey, Inc.
Walkill PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2016
A.) 2016 Treatment Expenses Paid to SCMUA:

<u>Quarter</u>	<u>Amount</u>	<u>Invoice #</u>	<u>Reference</u>
Q1	\$40,624	None	Exhibit B
Q2	\$40,624	None	Exhibit B
Q3	\$40,624	None	Exhibit B
Q4	\$40,624	None	Exhibit B
Credit	(\$21,128)	None	Exhibit B
	\$141,368		

Total 2016 Actual Treatment Expense

Lines 6.) thru 11.) - 12.)

Aqua New Jersey, Inc.
Walkill PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2016

B.) 2016 Revenues Billed to Walkill Customers:

Class	Customers	Meter Size	Gallons	Amount	Rate per 1,000 Gals.	% of Revenue
Residential - Single Family	367	-	16,341	\$132,035	\$8.08	64.83%
Commercial, Industrial, School, Business, & Religious	39	-	8,964	\$71,621	\$8.08	35.17%
Subtotal:	406		25,305	\$203,656		100.00%

Aqua New Jersey, Inc.
Walkill PSTAC Reconciliation/True-Up
For Calendar Year ending December 31, 2016

C.) 2016 Reconciliation - Over/(Under) Recovery:

C.1) Actual Revenue 2016	\$203,656	Reference
Prospective Revenue Authorized 2016	\$205,683	B.)
Over/(Under) Recovery 2016	<u>(\$2,027)</u>	Exhibit A
C.2) Actual Expense 2016	\$141,368	A.)
Projected Expense 2016	\$167,308	Exhibit A; Page 2 Sub B
Over/(Under) Recovery 2016	<u>\$25,940</u>	
Total Over/(Under) Recovery 2016	\$23,913	

Aqua New Jersey, Inc.
Walkill PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2016

D.) Cost of Filing Application:

Legal
Notification & Other
Transcripts
Total

	<u>Amount</u>
\$	5,900.00
\$	-
\$	-
	<u>\$5,900</u>

**Aqua New Jersey, Inc.
 Walkill PSTAC Reconciliation/True-Up
 For Calendar year ending December 31, 2016**

E.) Prospective 2018 Rate Adjustment:

- 1.) Projected 2018 Sewage Volume (KGallons)
- 2.) 2017 Volumetric Rate
- 3.) Projected Calendar Year 2018 Revenue
- 4.) Projected 2018 SCMUA Billings (Based on 2017)
- 5.) Prospective Adj. for Rates Effective 1/1/2018

Calculation	Reference
25,261	3 Year Avg
\$7.27	
\$183,645	KGals x 2017 Vol Rate
\$155,463	Exhibit B
<u>(\$28,182)</u>	Lines 4.) - 3.)

3 Yr. Avg. Annual Gallons	
2014	25,082
2015	25,495
2016	25,205
Average	25,261

Aqua New Jersey, Inc.
Walkill PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2016

F.) PSTAC Revenue at Present Rates (2017):

Class	Customers	KGallons	2017 Current Rate	PSTAC Revenue at Present Rates	% of Revenue
Residential - Single Family	367	16,377	\$7.27	\$119,061.44	64.83%
Commercial, Industrial, School, Business, & Religious	39	8,884	\$7.27	\$64,583.60	35.17%
Total:				<u>\$183,645</u>	

Total PSTAC Revenue at Present Rates =>

Aqua New Jersey, Inc.
Walkill PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2016

G.) PSTAC Calculation:

	<u>Amount</u>	<u>Reference</u>
1.) Projected 2018 Calendar Year Billings by SCMLUA	\$155,463	E.)
2.) Over Recovery 2016	(\$23,913)	C.)
3.) Interest on Over Recovery	(\$1,091)	
4.) Cost of Filing Application (\$5,900 x 50%)	\$2,950	D.)
5.) 2018 PSTAC Revenue Requirement	<u>\$133,409</u>	Sum Lines 1 thru 3
6.) PSTAC Revenue at Present (2017 Rates)	<u>\$183,645</u>	F.)
7.) Subtotal PSTAC Request	<u>(\$50,237)</u>	Line 5 minus Line 6

Aqua New Jersey, Inc.
Walkill PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2016

H.) Rate Design:

Class	Customers	KGallons	2017 Current Rate	% of Revenue	Assessment	New Rate	% Change
Residential - Single Family	367	16,377	\$7.27	64.83%	(\$32,568.54)	\$5.28	-27.355%
Commercial, Industrial, School, Business, & Religious	39	8,884	\$7.27	35.17%	(\$17,667.00)	\$5.28	-27.355%
Total:					(\$50,237)		

Aqua New Jersey, Inc.
Walkill PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2016

L) Proof of Revenue:

Class	Customers	KGallons	New Rate	Prospective 2018 Revenue
Residential - Single Family	367	16,377	\$5.28	\$86,491.90
Commercial, Industrial, School, Business, & Religious	39	8,884	\$5.28	\$46,916.60
Total:				<u>\$133,408.50</u>

2016 Walkkill PSTAC True Up

Interest Calculation (Rate = 30 Yr Treasury @ 12/31/16 => 3.06%, @ 7/18/17 = 2.85%)

Month	Year	Refund*	APR %	Month % Rate	Interest
January	2016	\$ 1,992.75	0.0306	0.00255	5.08
February	2016	3,990.58	0.0306	0.00255	10.18
March	2016	5,988.43	0.0306	0.00255	15.27
April	2016	7,986.27	0.0306	0.00255	20.36
May	2016	9,984.11	0.0306	0.00255	25.46
June	2016	11,981.96	0.0306	0.00255	30.55
July	2016	13,979.80	0.0306	0.00255	35.65
August	2016	15,977.65	0.0306	0.00255	40.74
September	2016	17,975.49	0.0306	0.00255	45.84
October	2016	19,973.34	0.0306	0.00255	50.93
November	2016	21,971.18	0.0306	0.00255	56.03
December	2016	23,969.03	0.0306	0.00255	61.12
January	2017	24,030.15	0.0285	0.00238	57.07
February	2017	24,087.22	0.0285	0.00238	57.21
March	2017	24,144.43	0.0285	0.00238	57.34
April	2017	24,201.77	0.0285	0.00238	57.48
May	2017	24,259.25	0.0285	0.00238	57.62
June	2017	24,316.86	0.0285	0.00238	57.75
July	2017	24,374.62	0.0285	0.00238	57.89
August	2017	24,432.51	0.0285	0.00238	58.03
September	2017	24,490.53	0.0285	0.00238	58.17
October	2017	24,548.70	0.0285	0.00238	58.30
November	2017	24,607.00	0.0285	0.00238	58.44
December	2017	24,665.44	0.0285	0.00238	58.58

* 2016 Over-Recovery \$23,913 pro-rated

Total Interest to be Refunded to Customers

\$ 1,091