

December 27, 2017

Christine Soares

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VIA FEDERAL EXPRESS

Irene Kim Asbury
Secretary
Board of Public Utilities
44 South Clinton Ave.
3rd Floor, Suite 314
PO Box 350
Trenton, NJ 08625-0350



BOARD OF PUBLIC UTILITIES

DEC 28 2017

MAIL RECEIVED

WR17121313

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.: _____

Dear Secretary Asbury:

On behalf of Petitioner, Atlantic City Sewerage Company, we hereby submit an original and ten (10) copies of the Petition, Case Summary, Testimony and Exhibits in the referenced matter.

Please stamp the extra copy of the Petition as "Filed" and return same in the self-addressed stamped envelope.

Also enclosed is an additional copy of this letter, with a self-addressed stamped envelope to send back to our office once a docket number has been assigned.

Respectfully,

COZEN O'CONNOR, PC

By: Christine Soares

CS:kn
Enclosure

CMS
J. Kane
DAG
RPA
M. Moran
M. Kaunmer
M. Mosser
WATER(3)

cc: Stefanie A. Brand, Esquire, Division of Rate Counsel (2 copies)
Division of Law (2 copies)

LEGAL\33821686\1

**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 (“ACSC”), 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. ACSC 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, ACSC serves approximately 7,500 customers. ACSC 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 the Company 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 ACSC’s Volumetric Treatment Charge. The 2017 Volumetric Treatment Charge was adopted through a Board Order dated March 24, 2017 in Docket No. WR16121186 (the “March 2017 Order”). That case set the 2017 Volumetric Treatment Charge at \$26.103 per thousand cubic foot (“Mcf”) based upon a net expense level of

\$8,944,769 before compression. Because rates became effective April 3, 2017, the rate was compressed to \$25.857 per Mcf through December 31, 2017.

3. Further, as per the March 2017 Order, the Volumetric Treatment Charge will be reset to the \$26.103 per Mcf effective January 1, 2018, resulting in an increase of \$0.246 per Mcf from the compressed charge.

4. The present Petition is submitted to establish the PSTAC level and resultant Volumetric Treatment Charge for 2018.

5. ACSC estimates that the amount to be recovered through the 2018 PSTAC will total \$9,166,227. This includes an under-recovery for 2017 of \$1,039,408 and projected filing costs (shared 50/50) of \$11,250. ACSC is projecting 2018 Mcf of 337,614.9, resulting in a 2018 Volumetric Treatment Charge of \$27.150 Mcf before compression.

6. The 2018 PSTAC is based on an estimate of the 2018 charges that ACUA will invoice to ACSC plus an estimate of the net under-recovered PSTAC amount from 2017, and ACSC's estimate of 2018-metered flows. The estimated metered flows reflect management's judgment, based on present conditions. ACSC anticipates updating estimated data with actual data as the case progresses.

7. In accordance with the Order establishing the PSTAC, ACSC accounts for net monthly cumulative over-recoveries and under-recoveries resulting from the PSTAC. ACSC calculates the net monthly cumulative over-recoveries and under-recoveries monthly, 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 ACSC'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.

8. 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.

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

10. The PSTAC provides no profit to ACSC, but allows a pass through to its customers of the cost of purchased sewerage treatment.

11. The proposal to implement the PSTAC charge for 2018 will increase an average customer's annual sewerage bill by \$9.74 or 1.65%.

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

13. 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 ACSC'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.

14. ACSC 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.

15. ACSC respectfully requests that the PSTAC requested herein be made effective for service rendered on and after January 1, 2018, and for the ensuing twelve-month period.

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

By: Christine Soares
Christine Soares

Date: December 27, 2017

Communications addressed to Petitioner,
The Atlantic City Sewerage Company in this case
are to be sent to:

COZEN O'CONNOR
Attn: Ira G. Megdal, Esquire
Christine Soares, Esquire
LibertyView, Suite 300
457 Haddonfield Road
P.O. Box 5459
Cherry Hill, NJ 08002
(856) 910-5000

VERIFICATION

I, Thomas S. Kavanaugh, of full age, being duly sworn according to law, upon my oath, depose and say:


1. I am Senior Vice President 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.



THOMAS S. KAVANAUGH

Sworn to and subscribed
before me this 20th day
of December, 2017.



Notary Public

Barbara S. Bruckler
Notary Public of New Jersey
My Commission Expires October 2, 2021



**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, The 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 the 2017 Volumetric Treatment Charge (uncompressed) of \$26.103 per thousand cubic feet (“Mcf”) of metered water to \$27.150 per Mcf of metered water. This represents an increase of \$1.05 or 4.01% in the Volumetric Treatment Charge and an increase to the average residential customer’s annual sewerage bill of \$9.74 or 1.65%. 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 PSTAC recovers the costs of sewerage treatment furnished by the Atlantic County Utilities Authority, and provides no profit whatsoever to the Company.