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CASE MANAGEMENT

MAY 16 2018

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

BOARD OF PUBLIC UTILITIES



MAY 16 2018

State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

MAIL RECEIVED

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 00405-18
AGENCY DKT. NO. WR17121313

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

Christine Soares, Esq., for petitioner Atlantic City Sewerage Company (Cozen
O'Connor, attorneys)

Patricia Krogman and Renee Greenberg, Deputy Attorneys General, for Staff of
the Board of Public Utilities (Gurbir S. Grewal, Attorney General of New
Jersey, attorney)

Debra Robinson and Susan McClure, Assistant Deputies Rate Counsel, for Division
of Rate Counsel (Stefanie A. Brand, Director)

Cms
K. Graham
D. Thomas
M. Moran
M. Kemmer
M. Mosser
M. Lupo
C. Vachier

Record Closed: May 11, 2018

Decided: May 14, 2018

BEFORE **JACOB S. GERTSMAN**, ALJ t/a:

This proceeding involves a petition filed by the Atlantic City Sewerage Company
(Company) with the Board of Public Utilities (Board), pursuant to N.J.S.A. 48:2-21,
seeking approval to change the levels of its Purchased Sewerage Treatment Adjustment
Clause (PSTAC).

The petition was transmitted to the Office of Administrative Law (OAL) on January 11,
2018, for determination as a contested case, and assigned to the undersigned, who

OAL DKT. NO. PUC 00405-18

conducted the initial case management conference on February 13, 2018. The Company filed, on March 27, 2018, an amended petition with the Board, requesting approval to maintain the level of its PSTAC. As the company is not seeking an increase in rates, no public hearing was held pursuant to N.J.S.A. 48:2-32.4.

The parties filed on May 11, 2018, a Stipulation of Settlement (J-1) which resolves all issues in this proceeding. Said Stipulation of Settlement has been signed by petitioner, Staff of the Board of Public Utilities, and Division of Rate Counsel. It indicates the terms of settlement, and is attached and fully incorporated herein.

I have reviewed 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 on the attached document.
2. The settlement fully disposes of all issues in controversy between the parties and is consistent with the law.

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

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 14, 2018 _____
DATE



JACOB S. GERTSMAN, ALJ t/a

Date Received at Agency: _____ 5/16/18

Date Mailed to Parties: _____
JSG/nd

APPENDIX

EXHIBITS

Jointly Submitted

J-1 Stipulation of Settlement

J1

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

RECEIVED

2018 MAY 11 A 10:17

STATE OF NEW JERSEY
OFFICE OF ADMINISTRATIVE LAW

IN THE MATTER OF THE PETITION OF :
THE ATLANTIC CITY SEWERAGE : BPU DOCKET NO. WR17121313
COMPANY TO MAINTAIN THE LEVEL : OAL DOCKET NO. PUC 00405-2018 S
OF ITS PURCHASED SEWERAGE :
TREATMENT ADJUSTMENT CLAUSE : STIPULATION
:

APPEARANCES:

Ira G. Megdal and Christine Soares, Esquires (Cozen O'Connor, attorneys) for The Atlantic City Sewerage Company, Petitioner;

Susan E. McClure, Esq., Division of Rate Counsel; (Stefanie A. Brand, Director, Division of Rate Counsel); and

Renee Greenberg, Deputy Attorney General (Gurbir S. Grewal, 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 7,500 customers. ACSC purchases its sewage treatment from the Atlantic County Utilities Authority ("ACUA").

2. On or about December 27, 2017, 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 assigned Docket No. WR17121313 by the Board. The matter was thereafter transmitted to the Office of Administrative Law

("OAL") as a contested case on January 10, 2018 and was assigned to the Honorable Jacob S. Gertsman, ALJ under Docket No. PUC00405-2018S.

3. On March 27, 2018, ACSC filed an Amended Petition to maintain the level of its PSTAC.

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 Amended Petition, the Company proposed to maintain its Volumetric Treatment Charge, effective January 1, 2018.

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 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 Amended Petition was based on projected consumption by customers for the billing cycles of January 1, 2018 through December 31, 2018, based upon actual 2017

consumption and assuming the opening of the Ocean Resort Casino, Stockton University and South Jersey Gas Company in mid-summer, September and November respectively.

10. The Company's PSTAC rate is implemented through the use of its Volumetric Treatment Charge. In the Amended Petition, ACSC sought to maintain its Volumetric Treatment Charge of \$26.103 per Mcf of metered water. The Amended Petition 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 2018 PSTAC is \$8,071,115. This amount has been further adjusted by the projected regulatory costs (shared 50/50) of \$11,250, as well as a \$1,039,408 under-recovery in 2017 to reflect a total amount to be recovered through the 2018 PSTAC of \$9,121,773. This is the amount to be recovered in 2018 through the Volumetric Treatment Charge, which is the rate through which the PSTAC is affected. When this amount is divided by the projected 2018 flows of 349,077.8 Mcf, the resulting PSTAC rate is \$26.131 per Mcf. Given what would otherwise be a negligible increase in the PSTAC of less than three cents (\$0.028), based on Petitioner's projections for 2018, ACSC proposes to maintain the 2017 PSTAC charge for 2018 of \$26.103.

12. Attached hereto as Exhibit "A" 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, 2018, 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.

13. 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 6.90%. 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, 2018, interest shall be due the PSTAC, such interest shall in fact be credited to the PSTAC. If, as of December 31, 2018, interest shall be chargeable against the PSTAC, said interest shall be eliminated through appropriate accounting entries.

III. MISCELLANEOUS

14. 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.

15. 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.

16. 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.

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

18. 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: Christine Soares
Christine Soares, Esquire

Dated: May 4, 2018

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
ATTORNEY FOR STAFF OF THE NEW
JERSEY
BOARD OF PUBLIC UTILITIES

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE
COUNSEL

By: _____
Renee Greenberg
Deputy Attorney General

By: _____
Susan McClure
Assistant Deputy Rate Counsel

Dated: May ___, 2018

Dated: May ___, 2018

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THE ATLANTIC CITY SEWERAGE COMPANY

By: Christine Soares
Christine Soares, Esquire

Dated: May 4, 2018

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
ATTORNEY FOR STAFF OF THE NEW
JERSEY
BOARD OF PUBLIC UTILITIES

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE
COUNSEL

By: Renee Greenberg
Renee Greenberg
Deputy Attorney General

By: _____
Susan McClure
Assistant Deputy Rate Counsel

Dated: May 4, 2018

Dated: May __, 2018

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THE ATLANTIC CITY SEWERAGE COMPANY

By: Christine Soares
Christine Soares, Esquire

Dated: May 4, 2018

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
ATTORNEY FOR STAFF OF THE NEW
JERSEY
BOARD OF PUBLIC UTILITIES

By: Renee Greenberg
Renee Greenberg
Deputy Attorney General

Dated: May 4, 2018

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE
COUNSEL

By: Susan McClure
Susan McClure
Assistant Deputy Rate Counsel

Dated: May 8, 2018

EXHIBIT A

THE ATLANTIC CITY SEWERAGE COMPANY
B.P.U. NO. 10 – SEWER

SECOND REVISED SHEET NO. 1

TARIFF
FOR
SEWERAGE SERVICE

Applicable In
THE CITY OF ATLANTIC CITY
NEW JERSEY

Date of Issue:		Effective for Service
Issued by:	THOMAS S. KAVANAUGH, President & General Manager	rendered on and after
	1200 Atlantic Avenue	_____
	Atlantic City, New Jersey	

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR17121313 dated _____

THE ATLANTIC CITY SEWERAGE COMPANY
B.P.U. NO. 10 – SEWER

SECOND REVISED SHEET NO. 2

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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"	\$260
3/4	451
1	1,326
1-1/2	3,270
2	6,483
3	15,792
4	33,215
6	107,373
8	157,896
10 or larger	253,750

Volumetric Collection Charge

In addition to the annual fixed charge, all customers shall pay \$8.165 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 \$26.103 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:		Effective for Service
Issued by:	THOMAS S. KAVANAUGH, President & General Manager	rendered on and after
	1200 Atlantic Avenue	_____
	Atlantic City, New Jersey	

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR17121313 dated _____.