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CASE MANAGEMENT

AUG 10 2018

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

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August 9, 2018

VIA OVERNIGHT DELIVERY

Honorable Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, Suite 314
P.O. Box 350
Trenton, NJ 08625-0350

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AUG 10 2018

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

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. WR18080881

Dear Secretary Cahacho-Welch:

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
LEGAL
DAG
RPA
M. MORAN
M. KAMMER
M. MASSEY
WATER (3)

Respectfully submitted,



Courtney L. Schultz

Enclosures

cc: Service List (as indicated)

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CASE MANAGEMENT

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BOARD OF PUBLIC UTILITIES
TRENTON, NJ

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

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AUG 10 2018

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

IN THE MATTER OF THE PETITION :
OF AQUA NEW JERSEY, INC., :
WALLKILL SEWER DIVISION, FOR :
APPROVAL OF A 2017 PURCHASED :
WASTEWATER TREATMENT :
ADJUSTMENT CLAUSE TRUE-UP :
AND OTHER REQUIRED APPROVALS :
_____ :

BPU DOCKET NO. WR18080881

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 2017, and to set prospective rates for calendar year 2019 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 2017

4. As noted above, the purpose of this proceeding is twofold: to true-up actual 2017 PSTAC costs and revenues with estimated costs and revenues for 2017; and to set prospective rates for 2019. The rates that Wallkill was authorized to collect in 2017 were set by the Board in BPU Docket No. WR16080738 (dated November 30, 2016), attached as Exhibit A. Specifically, the Board authorized the Company to set 2017 rates to recover costs of approximately \$183,705 (consisting of the following components: estimated 2016 SCMUA treatment costs of \$162,496, \$18,709 for the actual PSTAC under-recovery for 2015, and actual costs of \$2,500 related to (half of) the cost of the proceeding).

5. On December 26, 2017 the Company received from the SCMUA a letter which explained that the 2017 Annual Charge for wastewater treatment was based on SCMUA's **estimated** annual charge of \$155,463 whereas, the **actual** annual charge for 2017 was \$150,204, which is comprised of a General Charge of \$35,609 and an Operating Charge of \$114,595. The difference between the estimated and actual charges created a credit of \$5,258 for the Company,

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).

reconciliation of which was included on the February 2018 bill. The SCMUA letter is attached hereto as Exhibit B. The Company's prospective authorized revenue in 2017 was \$183,705 and the Company's actual revenue for 2017 was \$191,288, resulting in an over-recovery of \$7,583.

2018 SCMUA RATE

6. The December 26, 2017 letter from SCMUA (see Exhibit B) also included an estimate of the quarterly sewage treatment and disposal service costs for Fiscal Year 2018 in the amount of \$149,685.

2019 SCMUA Costs & 2019 PSTAC Rate

7. Wallkill's 2018 PSTAC tariff was approved by Order of the Board in Docket No. WR17080872 (dated November 21, 2017), which is attached as Exhibit C. Attached hereto as Exhibit D is Wallkill's existing 2018 PSTAC tariff, and a proposed 2019 PSTAC tariff which incorporates the proposed 2017 PSTAC reconciliation as well as prospective rates for 2019.

8. Attached hereto as Exhibit E is a schedule which supports the proposed 2019 PSTAC tariff. As discussed above, the Company's 2019 PSTAC must address the reconciliation of actual 2017 PSTAC revenues and PSTAC expenses with estimated revenues and expenses, and set prospective rates for 2019 to address estimated treatment costs. As noted above, Petitioner has performed a reconciliation of the actual revenues and expenses of the 2017 PSTAC and determined that there was an over-recovery for 2017 of \$19,875. See Exhibit E (pages 1-3).

9. With respect to the setting of prospective rates for 2019, Petitioner has performed an analysis of the projected PSTAC costs for calendar year 2018, and estimated 2019 SCMUA treatment costs to be \$149,685. See Exhibit E (page 5). Additionally, as summarized on Exhibit

E (page 4), the Company has estimated the cost of this proceeding to be \$5,900 and has included half of that amount, \$2,950 in its request in this proceeding. As indicated on Exhibit E (page 7), the Company has estimated that its total PSTAC revenue requirement for 2019 is \$131,841 (which includes \$149,685 of estimated 2019 treatment costs, plus \$2,950 for the costs of this proceeding, plus a \$19,875 credit reflecting the 2017 PSTAC over-recovery reconciliation, and a credit for interest on the over-recovery of \$919).

10. As shown on Exhibit E (page 6), 2018 PSTAC rates were authorized in BPU Docket No. WR1708087 and 2018 PSTAC revenues are estimated to be approximately \$135,541. When the 2019 PSTAC revenue requirement is compared to the level of PSTAC revenues estimated for 2018, there is a revenue excess of \$3,700 (calculated on Exhibit E, page 7). As summarized on Exhibit E (page 9), the Company has developed a 2019 PSTAC rate to recover a total of \$131,841 in 2019 PSTAC revenues. As illustrated on Exhibit E (page 8), the decrease in the 2019 revenue requirement of \$3,700 (when compared to current rates) results in an across-the-board **decrease** in the present PSTAC rate of approximately 2.73% or approximately \$0.14 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 Arnstein & Lehr LLP
Centre Square West, 38th Floor
1500 Market Street
Philadelphia, PA 19102

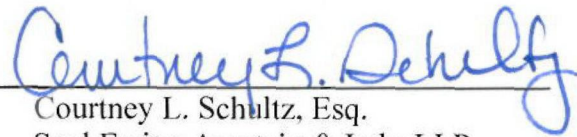
Susan Rauth
Aqua New Jersey, Inc.
10 Black Forest Road
Hamilton, NJ 08691

WHEREFORE, Petitioner respectfully requests that the Board approve the PSTAC true-up for 2017 set forth herein, and set prospective PSTAC rates for 2019, and grant such other relief as shall appear just and reasonable.

Respectfully submitted,

Dated: August 9, 2018

By:



Courtney L. Schultz, Esq.
Saul Ewing Arnstein & Lehr LLP
Counsel for Aqua New Jersey, Inc.

