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CASE MANAGEMENT

SEP 28 2018

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

September 28, 2018

VIA HAND DELIVERY



Ira G. Megdal

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

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MAIL ROOM

SEP 28 2018

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

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.: WR18091077

Dear Secretary Camacho-Welch:

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 to our courier.

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.

Sincerely,

COZEN O'CONNOR, PC

Ira G. Megdal
By: Ira G. Megdal

IGM/kn
Enclosure

cc: Division of Law (2 copies)
Division of Rate Counsel (2 copies)

CMS
Legal
DAG
RPA
M. Moran
M. Kammer
WATER(S)

LEGAL\38496728\1

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BOARD OF PUBLIC UTILITIES
TRENTON, NJ

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

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IN THE MATTER OF THE PETITION OF : CASE SUMMARY
THE ATLANTIC CITY SEWERAGE :
COMPANY TO DECREASE THE LEVEL : BPU DOCKET NO.
OF ITS PURCHASED SEWERAGE :
TREATMENT ADJUSTMENT CLAUSE : OAL DOCKET NO.

By this Petition, The Atlantic City Sewerage Company (the "Company") seeks authority to decrease its Volumetric Treatment Charge through the medium of its Purchased Sewerage Treatment Adjustment Clause ("PSTAC"). The Company seeks authority to decrease its 2018 Volumetric Treatment Charge (uncompressed) of \$26.103 per thousand cubic feet ("Mcf") of metered water to \$25.737 per Mcf for 2019. The proposed PSTAC is based upon information currently available to the Company.

The PSTAC recovers the costs of sewerage treatment furnished by the Atlantic County Utilities Authority, and provides no profit whatsoever to the Company.

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

**IN THE MATTER OF THE PETITION OF : PETITION
THE ATLANTIC CITY SEWERAGE :
COMPANY TO DECREASE THE LEVEL : BPU DOCKET NO.
OF ITS PURCHASED SEWERAGE :
TREATMENT ADJUSTMENT CLAUSE : OAL DOCKET NO.**

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 files this Petition with this Honorable Board ("Board") pursuant to *N.J.A.C. 14:9-8.1, et seq.*, seeking authority to decrease 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 2018 Volumetric Treatment Charge was adopted through a Board Order dated May 24, 2018 in Docket No. WR17121313 (the "2018 Order"). That case set the 2018 Volumetric Treatment Charge at \$26.103 per thousand cubic foot ("Mcf") based upon a net expense level of \$9,121,773. Because the rate remained unchanged, no adjustment for compression was required.

3. The Petition is submitted to establish the PSTAC level and resultant Volumetric Treatment Charge for 2019.

4. ACSC estimates that the amount to be recovered through the 2019 PSTAC will total \$8,856,359. This includes an under-recovery for 2018 of \$320,015 and projected filing costs (shared 50/50) of \$11,250. ACSC is projecting 2019 Mcf of 344,115.7, resulting in a 2019 Volumetric Treatment Charge of \$25,737 Mcf.

5. The 2019 PSTAC is based on an estimate of the 2019 charges that ACUA will invoice to ACSC plus an estimate of the net under-recovered PSTAC amount from 2018, and ACSC's estimate of 2019-metered flows. The estimated metered flows reflect management's judgment, based on present conditions.

6. 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.

7. 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.

8. 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.

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

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

11. Because ACSC seeks to decrease the level of its PSTAC, there is no public hearing requirement. Thus, ACSC has not attached a proposed form of Notice.

12. 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.

13. ACSC respectfully requests that the PSTAC requested herein be made effective for service rendered on and after January 1, 2019, and for the ensuing twelve-month period.

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

By:  _____
Ira G. Megdal

Date: September 28, 2018

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
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 Amended 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 28th day
of September, 2018.



Notary Public

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

This Verification is being submitted in facsimile form. The undersigned attorney, Ira G. Megdal, certifies That the affiant acknowledged the genuineness of the signature and that the Verification or a copy with an original signature affixed will be filed if request by the Board of Public Utility.



Ira G. Megdal, Esq.