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BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

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Governor

SHEILA OLIVER  
Lt. Governor

*Land*  
*12/5/18*



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BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

STEFANIE A. BRAND  
Director

November 29, 2018

**Via Email & First Class Mail**

Ira G. Megdal, Esquire  
Cozen O'Connor  
457 Haddonfield Road, Suite 300  
P.O. Box 5459  
Cherry Hill, New Jersey 08002

Re: I/M/O the Petition of Atlantic City Sewerage Company to Change the Level of its  
Purchased Sewerage Treatment Adjustment Clause  
BPU Docket No. WR18091077

Dear Mr. Megdal:

I enclose the original, executed Stipulation in connection with the above referenced  
matter.

Best,

Stefanie A. Brand, Esq.  
Director, Division of Rate Counsel

By: \_\_\_\_\_

Susan McClure, Esq.  
Assistant Deputy Rate Counsel

SM/kah  
Enclosure  
cc: Service list

*Case mgmt*  
*C. Antale, Esq*  
*M. Supa, Esq*

**RECEIVED  
CASE MANAGEMENT**

**DEC 03 2018**

**BOARD OF PUBLIC UTILITIES  
TRENTON, NJ**

**I/M/O the Petition of Atlantic City  
Sewerage Company to Change the  
Level of its Purchased Sewerage  
Treatment Adjustment Clause**

**BPU Docket No. WR18091077**

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

RECEIVED  
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DEC 03 2018

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

IN THE MATTER OF THE PETITION OF :  
THE ATLANTIC CITY SEWERAGE : BPU DOCKET NO. WR18091077  
COMPANY TO DECREASE THE LEVEL :  
OF ITS PURCHASED SEWERAGE : STIPULATION  
TREATMENT ADJUSTMENT CLAUSE :  
:

APPEARANCES:

Ira G. Megdal, Esquire (Cozen O'Connor, attorney) 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 September 28, 2018, the Company filed a petition with the New Jersey Board of Public Utilities ("BPU" or the "Board") proposing to reduce 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. WR18091077 by the Board. The matter was retained at the BPU for processing.

3. On November 27, 2018, the Company served Updated Schedules, reflecting the fact that the ACUA is not planning any rate increase to Petitioner for 2019. As a result, the projected bill for 2019 from the ACUA is \$8,357,955. In addition ACUA is projecting a credit to the Company of \$218,973 for 2018 billing resulting in a net payment of \$8,132,982 in 2019.

4. As always, the credit for 2018 of \$218,973 is a projection from the ACUA based upon ten months actual flows and two months projected flows.

5. As a result, the Company is proposing a final Volumetric Treatment Rate emanating from this case of \$24.610 (without compression).

6. 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.

7. 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

8. Pursuant to the Updated Schedules, the Company proposed to reduce its Volumetric Treatment Charge effective January 1, 2019.

9. 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.

10. 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.

11. The Updated Schedules were based on projected consumption by customers for the billing cycles of January 1, 2019 through December 31, 2019, based upon actual 2018 consumption for the months of January through October 2018.

12. The Company's PSTAC rate is implemented through the use of its Volumetric Treatment Charge. In the Updated Schedules, ACSC sought to reduce its Volumetric Treatment Charge of \$26.103 to \$24.610 per Mcf of metered water.

13. The amount of ACUA treatment costs to be recovered through the 2018 PSTAC is \$8,138,982. This amount has been further adjusted by the projected regulatory costs (which are being shared 50/50) of \$11,250,<sup>1</sup> and also reflects an under-recovery in 2018 of \$319,207. The resulting total amount to be recovered through the 2019 PSTAC is \$8,469,439. This is the amount to be recovered in 2019 through the Volumetric Treatment Charge which is the rate through which the PSTAC is effected and this amount is divided by projected 2019 flows of 344,145.7 Mcf., the resulting PSTAC rate is \$24.610. The result is a decrease to the average customers bill of \$13.88, or 2.40%.

14. 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

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<sup>1</sup> Regulatory costs are an estimate, and will be trued-up in next year's PSTAC filing.

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.

15. 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, 2019, interest shall be due the PSTAC, such interest shall in fact be credited to the PSTAC. If, as of December 31, 2019, interest shall be chargeable against the PSTAC, said interest shall be eliminated through appropriate accounting entries.

### III. MISCELLANEOUS

16. 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.

17. 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

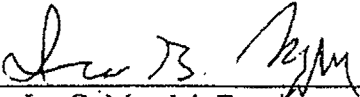
compromised in numerous areas, each is entitled to certain procedures in the event that any modifications whatsoever are made to this Stipulation.

18. 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.

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


20. 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:   
Ira G. Megdal, Esquire


Dated: November 29, 2018

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

By:   
Renee Greenberg  
Deputy Attorney General

Dated: November 29, 2018

STEFANIE A. BRAND  
DIRECTOR, DIVISION OF RATE  
COUNSEL

By:   
Susan McClure  
Assistant Deputy Rate Counsel

Dated: November 29, 2018

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

FOURTH REVISED SHEET NO. 1

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TARIFF  
FOR  
SEWERAGE SERVICE

Applicable In  
THE CITY OF ATLANTIC CITY  
NEW JERSEY

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Date of Issue:	September 28, 2018	Effective for Service
Issued by:	THOMAS S. KAVANAUGH, President & General Manager	rendered on and after
	1200 Atlantic Avenue	January 1, 2019.
	Atlantic City, New Jersey	

Filed Pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR18091077 dated December 18, 2018.



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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 \$24.610 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.

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