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AUG 19 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

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August 14, 2019

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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CASE MANAGEMENT

AUG 19 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

Re: In the Matter of the Petition of Aqua New Jersey, Inc.,
Maxim Wastewater Division, for Approval of a 2018 Purchased
Wastewater Treatment Adjustment Clause True-Up
and Other Required Approvals
BPU Docket No. WR19080925

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
DIAG
RPA
M. Krammer
M. Lupo
WATER
K. Welch

Respectfully submitted,


Courtney L. Schultz

Enclosures

cc: Service List (as indicated)

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES
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TRENTON, NJ

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TRENTON, NJ

IN THE MATTER OF THE PETITION :
OF AQUA NEW JERSEY, INC., :
MAXIM WASTEWATER DIVISION, : BPU DOCKET NO. WR19_____
FOR APPROVAL OF A 2018 :
PURCHASED WASTEWATER :
TREATMENT ADJUSTMENT CLAUSE :
TRUE-UP AND OTHER REQUIRED :
APPROVALS :
:

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 purchased wastewater treatment adjustment clause true-up (“PSTAC”) for calendar year 2018 and to set prospective rates for calendar year 2020 pursuant to N.J.A.C. 14:9-7.1 et seq.

2. Petitioner’s Maxim Wastewater Division (“Maxim”) provides wastewater service to approximately 2,583 customers in the Township of Howell, County of Monmouth, pursuant to a municipal consent and franchise, and an Order of the Board of Public Utilities (“Board”) approving the franchise and accepting Petitioner’s initial tariff for filing.

3. Maxim purchases wastewater treatment services from the Ocean County Utilities Authority (“OCUA”). The OCUA treats all of the wastewater collected by Maxim, which is a Bulk Rate customer of the OCUA. Bills are rendered by the OCUA and paid by Maxim on a quarterly basis during the year. In January of each year, the OCUA estimates the annual volume

of wastewater to be treated for Maxim and bills the Company quarterly based on that estimate. In 2018, the OCUA estimated Maxim's annual usage to be 235 million gallons. Also in January of each year, the OCUA reconciles the actual volumes treated for Maxim in the prior calendar year and provides a charge or a credit, depending on Maxim's actual usage, on Maxim's first quarter bill in the following year.

PSTAC RECONCILIATION FOR 2018

4. As noted above, the purpose of this proceeding is twofold: to true-up actual 2018 PSTAC costs and revenues with estimated costs and revenues for 2018; and to set prospective rates for 2020. The rates that Maxim was authorized to collect in 2018 were set by the Board in Docket No. WR17080871 (dated November 21, 2017), attached as Exhibit A. Specifically, the Board authorized the Company to set 2018 rates to recover costs of approximately \$806,810 (consisting of the following components: estimated 2018 OCUA treatment costs of \$873,708, a credit for the actual \$66,818 PSTAC over-recovery for 2016, a credit for interest of \$2,980 on that over-recovery, and actual costs of \$2,900 related to (half of) the cost of the proceeding).

5. On January 31, 2019 the Company received from the OCUA a letter which explained that the 2018 Annual Charge for wastewater treatment was based on Maxim's **estimated** sewage volume of 235 million gallons, whereas, the **actual** 2018 volume was 248.300 million gallons, or 13.300 million gallons more than the billed estimate. The increased volume resulted in a deficiency of \$52,688, which was added to the first installment of the 2019 Annual Charge. The OCUA letter and a schedule showing Maxim's actual 2018 metered flow data are attached as Exhibit B, hereto. Therefore, in 2018, Maxim's total actual PSTAC costs were \$983,268: this compares to the projected expense of \$873,708 authorized in BPU Docket No. WR17080871, thus resulting in a \$109,560 under-recovery. The Company's prospective

authorized revenues for 2018 were \$806,810. Maxim's actual revenues in 2018, however, were \$811,468, resulting in an over-recovery of \$4,658. Accordingly, the Company had a total under-recovery of \$104,902.

2020 OCUA RATES

6. On June 27, 2019, the OCUA issued a resolution, following notice and a public hearing, approving the implementation of the Bulk Rate of \$4,039 per million gallons for service rendered in 2020, evidencing no change from the currently effective Bulk Rate. The resolution is attached as Exhibit C.

2020 PSTAC RATES

7. Maxim's 2019 PSTAC tariff was approved by Order of the Board in Docket No. WR18080882 (dated December 18, 2018), which is attached as Exhibit D. Attached hereto as Exhibit E is Maxim's existing 2019 PSTAC tariff, and a proposed 2020 PSTAC tariff which incorporates the proposed 2018 PSTAC reconciliation as well as prospective rates for 2020.

8. Attached hereto as Exhibit F is a schedule which supports the proposed 2020 PSTAC tariff. As discussed above, the Company's 2020 PSTAC must address the reconciliation of actual 2018 PSTAC revenues and PSTAC expenses with estimated revenues and expenses, and set prospective rates for 2020 to address estimated treatment costs. As noted above, Petitioner has performed a reconciliation of the actual revenues and expenses of the 2018 PSTAC and determined that there was an under-recovery for 2018 of \$104,902. See Exhibit F (pages 1-3).

9. With respect to the setting of prospective rates for 2020, Petitioner has performed an analysis of the projected PSTAC costs for calendar year 2020, and estimated 2020 OCUA treatment costs to be \$911,064. See Exhibit F (page 5). Please note that this estimate is based on a three year average of actual total volumes treated (225.6 MG), rather than the higher volumes

(60 MG/quarter or 240 MG annually) the OCUA is using to bill the Company on a quarterly basis. Additionally, as summarized on Exhibit F (page 4), the Company has estimated the cost of this proceeding to be \$10,750 and has included half of that amount, \$5,375, in its request in this proceeding. As indicated on Exhibit F (page 7), the Company has estimated that its total PSTAC revenue requirement for 2020 is \$1,021,341 (which includes \$911,064 of estimated 2020 treatment costs, plus \$5,375 for the costs of this proceeding, plus \$104,902 for the 2018 PSTAC under-recovery reconciliation).

10. As shown on Exhibit F (page 6), 2019 PSTAC rates were authorized in BPU Docket No. WR18080882 and 2019 PSTAC revenues are estimated to be approximately \$812,077. When the 2020 PSTAC revenue requirement is compared to the level of PSTAC revenues estimated for 2019, there is a revenue deficiency of \$209,264 (calculated on Exhibit F, page 7). As summarized on Exhibit F (page 9), the Company has developed a 2020 PSTAC rate to recover a total of \$1,021,341 in 2020 PSTAC revenues. As illustrated on Exhibit F (page 8), the increase in the 2020 revenue requirement of \$1,021,341 (when compared to current rates) results in an across-the-board **increase** in the present PSTAC rate of approximately 25.769%.

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 LLP
Centre Square West, 38th Floor
1500 Market Street
Philadelphia, PA 19102

William C. Packer
Aqua Pennsylvania, Inc.
768 W. Lancaster Avenue
Bryn Mawr, PA 19010

WHEREFORE, Petitioner respectfully requests that the Board approve the 2018 PSTAC true up, authorize the Company to set prospective rates for the period beginning January 1, 2020, and grant such other relief as shall appear just and reasonable.

Respectfully submitted,

Dated: August 14, 2019

By: 
Courtney L. Schultz, Esq.
Saul Ewing LLP
Counsel for Aqua New Jersey, Inc.

