

**SAUL EWING  
ARNSTEIN  
& LEHR <sup>LLP</sup>**

Courtney L. Schultz  
Phone: (215) 972-7717  
Fax: (215) 972-1839  
Courtney.Schultz@saul.com  
www.saul.com

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CASE MANAGEMENT

2019 AUG 15 A 10:45

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

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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AUG 15 2019

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

Re: In the Matter of the Petition of Aqua New Jersey, Inc.,  
Wallkill Wastewater Division, for Approval of a 2018 Purchased  
Wastewater Treatment Adjustment Clause True-Up  
and Other Required Approvals  
BPU Docket No. WR19080920

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. Kammer  
M. Lupo  
WATER (5)

Respectfully submitted,

  
Courtney L. Schultz

Enclosures

cc: Service List (as indicated)

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

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AUG 15 2019

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

RECEIVED  
CASE MANAGEMENT

2019 AUG 15 A 10:15  
 IN THE MATTER OF THE PETITION :  
 OF AQUA NEW JERSEY, INC. :  
 WALLKILL SEWER DIVISION, FOR : BPU DOCKET NO. WR19\_\_\_\_  
 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 true-up of purchased wastewater treatment adjustment clause (“PSTAC”) costs and revenues 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 Wallkill Sewer Division (“Wallkill”), formerly the Wallkill Sewer Company, provides wastewater service to approximately 409 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 December<sup>1</sup> 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.<sup>2</sup> 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 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 Wallkill was authorized to collect in 2018 were set by the Board by its Order in BPU Docket No. WR17080872 (dated November 21, 2017), attached as Exhibit A. Specifically, the Board authorized the Company to set 2018 rates to recover costs of approximately \$133,409 (consisting of the following components: estimated 2016 SCMUA treatment costs of \$155,463, actual costs of \$2,950 related to (half of) the cost of the proceeding, less \$23,913 for the actual PSTAC over-recovery for 2016 and \$1,091 for interest on that over-recovery).

5. On January 7, 2019 the Company received from the SCMUA a letter which explained that the 2018 Annual Charge for wastewater treatment was based on SCMUA's **estimated** annual charge of \$149,685 whereas, the **actual** annual charge for 2018 was \$151,711, which is comprised of a General Charge of \$34,672 and an Operating Charge of \$117,039. The

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<sup>1</sup> Please note that the fiscal year used by SCMUA ends on November 30.

<sup>2</sup> Bills are rendered by SCMUA and paid by Wallkill four times during the year (February, May, August and November).

difference between the estimated and actual charges created a balance due to SCMUA of \$2,026, reconciliation of which was included on the February 2019 bill. The SCMUA letter is attached hereto as Exhibit B. The Company's prospective authorized revenue in 2018 was \$133,409 and the Company's actual revenue for 2018 was \$140,923, resulting in an over-recovery of \$7,514.

### **2019 SCMUA RATE**

6. The January 7, 2019 letter from SCMUA (see Exhibit B) also included an estimate of the quarterly sewage treatment and disposal service costs for Fiscal Year 2019 in the amount of \$148,586.

### **2020 SCMUA Costs & 2020 PSTAC Rate**

7. Wallkill's 2019 PSTAC tariff was approved by Order of the Board in Docket No. WR18080881 (dated November 19, 2018), which is attached as Exhibit C. Attached hereto as Exhibit D is Wallkill'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 E 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. Petitioner has performed a reconciliation of the actual revenues and expenses of the 2018 PSTAC and determined that there was an over-recovery for 2018 of \$11,266. See Exhibit E (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 2019, and estimated 2020 SCMUA treatment costs to be \$148,586. See Exhibit E (page 5). Additionally, as summarized on Exhibit

E (page 4), the Company has estimated the cost of this proceeding to be \$8,250 and has included half of that amount, \$4,125 in its request in this proceeding. As indicated on Exhibit E (page 7), the Company has estimated that its total PSTAC revenue requirement for 2020 is \$141,337 (which includes \$148,586 of estimated 2020 treatment costs, plus \$4,125 for the costs of this proceeding, plus a \$11,266 credit reflecting the 2018 PSTAC over-recovery reconciliation, and a credit for interest on the over-recovery of \$107).

10. As shown on Exhibit E (page 6), 2019 PSTAC rates were authorized in BPU Docket No. WR18080881 and 2019 PSTAC revenues are estimated to be approximately \$132,431. When the 2020 PSTAC revenue requirement is compared to the level of PSTAC revenues estimated for 2019, there is a revenue shortfall of \$8,907 (calculated on Exhibit E, page 7). As summarized on Exhibit E (page 9), the Company has developed a 2020 PSTAC rate to recover a total of \$141,337 in 2020 PSTAC revenues. As illustrated on Exhibit E (page 8), the increase in the 2020 revenue requirement of \$8,907 (when compared to current rates) results in an across-the-board **increase** in the present PSTAC rate of approximately 6.73% or approximately \$0.34 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:

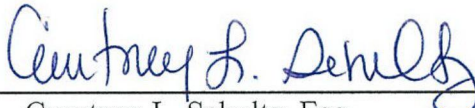
Courtney L. Schultz, Esq.  
Saul Ewing Arnstein & Lehr LLP  
Centre Square West, 38th Floor  
1500 Market Street  
Philadelphia, PA 19102

William C. Packer  
Aqua Pennsylvania, Inc.  
762 W. Lancaster Ave.  
Bryn Mawr, PA 19010

WHEREFORE, Petitioner respectfully requests that the Board approve the PSTAC true-up for 2018 set forth herein, and set prospective PSTAC rates for 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 Arnstein & Lehr LLP  
*Counsel for Aqua New Jersey, Inc.*

**VERIFICATION**

COMMONWEALTH OF PENNSYLVANIA      )  
  )  
COUNTY OF MONTGOMERY    )

WILLIAM C. PACKER, of full age, being duly sworn, upon his oath deposes and says:

1. I am Vice President and Controller for Aqua Pennsylvania, Inc., and in that capacity I am authorized to make this Verification on behalf of the Petitioner, Aqua New Jersey, Inc., in this matter.

2. I have reviewed the within Petition and Exhibits thereto, and the same are true and correct to the best of my knowledge, information and belief.

3. I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

*William C. Packer*  
\_\_\_\_\_   
William C. Packer

Sworn to and subscribed before me  
this 14 day of August, 2019

*Jacqueline Peyreferry*  
\_\_\_\_\_  
Notary Public

COMMONWEALTH OF PENNSYLVANIA  
NOTARIAL SEAL  
Jacqueline Peyreferry, Notary Public  
Lower Merion Twp., Montgomery County  
My Commission Expires Aug. 27, 2020  
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES