

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

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CASE MANAGEMENT

NOV 18 2019

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

*Javel CMS  
11/20/19*

Courtney L. Schultz  
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November 15, 2019

Via Email and Federal Express

Honorable Jacob Gertsman, ALJ  
NJ Office of Administrative Law  
P.O. Box 049  
Trenton, NJ 07102  
[nancy.demling@oal.nj.gov](mailto:nancy.demling@oal.nj.gov)

RECEIVED  
MAIL ROOM

NOV 18 2019

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

**RE: OAL No. PUC 11846-2019 Aqua NJ Inc. Maxim Wastewater Division  
BPU Docket No. WR19080925**

Dear Judge Gertsman:

Enclosed please find an original and two (2) copies, plus one additional copy, of a Stipulation of Settlement ("Stipulation"), which has been executed on behalf of the Petitioner, Aqua New Jersey, Inc. Maxim Wastewater Division, the Staff of the Board of Public Utilities ("Staff"), and the Division of Rate Counsel in connection with the above-referenced matter. This Stipulation fully resolves all matters at issue in this proceeding.

I have been advised by Staff that in order for this to be approved by the BPU at its final Agenda meeting of the year (on December 20, 2019) that Staff must have the agenda package (including the Initial Decision) prepared by Thursday, December 5, 2019. The parties would greatly appreciate if you could prioritize the review of the Stipulation and preparation of the Initial Decision so that we can make the December BPU Agenda.

Thank you in advance for your prompt attention to this matter.

Kindly stamp the additional copy of the Stipulation "filed" and return it to me in the enclosed self-addressed, stamped envelope.

*Case mgmt*  
*S. Petrucci, Esq.*

cc: Attached Service List (via email)

Respectfully submitted,

*Courtney L. Schultz*  
Courtney L. Schultz

Centre Square West ♦ 1500 Market Street, 38<sup>th</sup> Floor ♦ Philadelphia, PA 19102-2186  
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DELAWARE FLORIDA ILLINOIS MARYLAND MASSACHUSETTS MINNESOTA NEW JERSEY NEW YORK PENNSYLVANIA WASHINGTON, DC

A DELAWARE LIMITED LIABILITY PARTNERSHIP



*State of New Jersey*  
OFFICE OF ADMINISTRATIVE LAW  
P.O. Box 049  
Trenton, NJ 08625-0049

SERVICE LIST  
OAL DOCKET NO. PUC 11846-2019 S

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**SERVICE LIST**

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

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\*\* Hard copy will be provided

NOV 18 2019

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

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

STIPULATION OF SETTLEMENT

BPU DOCKET NO. WR19080925  
OAL DOCKET NO. PUC11846-2019S

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NOV 18 2019

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

**APPEARANCES:**

Courtney L. Schultz, Esq., Saul Ewing Arnstein & Lehr LLP, and Kimberly A. Joyce, Esq., Aqua America, Inc., on behalf of the Petitioner, Aqua New Jersey, Inc., Maxim Wastewater Division

Debra F. Robinson, Deputy Rate Counsel, and Susan E. McClure, Esq., Assistant Deputy Rate Counsel, on behalf of the Division of Rate Counsel

Paul Youchak, Deputy Attorney General (Gurbir S. Grewal, Attorney General of New Jersey), on behalf of the Staff of the New Jersey Board of Public Utilities

**TO THE HONORABLE NEW JERSEY BOARD OF PUBLIC UTILITIES:**

The Parties that have participated in this proceeding are Aqua New Jersey, Inc., the Maxim Wastewater Division (“Aqua,” “Company,” or “Petitioner”), the Division of Rate Counsel (“Rate Counsel”), and the Staff of the Board of Public Utilities (“Staff”) (collectively, the “Parties”). There were no intervenors in this proceeding. As a result of an analysis of Aqua’s Petition and exhibits, discovery conducted by Rate Counsel and Staff, conferences and negotiations, the Parties to this proceeding have come to the within agreement. The Parties hereto agree and stipulate as follows:

1. Petitioner operates a sewage collection and transmission system within a portion of the Township of Howell, New Jersey. Petitioner serves approximately 2,585 customers within

its service territory. Aqua New Jersey, Inc. is a public utility corporation of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities (the "Board"). Aqua's principal business office is located at 10 Black Forest Road, Hamilton, New Jersey 08691.

2. On August 15, 2019 pursuant to N.J.A.C. 14:9-7.1 to -7.7, Aqua filed the above-captioned Petition with the Board, which was later assigned BPU Docket No. WR19080925, for approval of a purchased sewerage treatment adjustment clause ("PSTAC") true-up for calendar year 2018, and to set prospective rates for calendar year 2020 as required by N.J.A.C. 14:9-7.1(d) and 14:9-7.7. Aqua will true-up 2019 PSTAC revenues and rates in its 2020 PSTAC filing, and commits that it will make this filing on a timely basis.

3. On August 20, 2019, the matter was transmitted to the Office of Administrative Law ("OAL") and was later assigned to the Honorable Administrative Law Judge ("ALJ") Jacob Gertsman for review and disposition.

4. On September 20, 2019, a telephonic prehearing conference was held before ALJ Gertsman.

5. A public comment hearing was scheduled for November 6, 2019, and all requisite notices were given, including notice by publication in the Asbury Park Press on September 30, 2019.

6. On November 6, 2019, the public hearing was held at the Howell Township Municipal Building, at 5:30 p.m., over which ALJ Gertsman presided. No members of the public appeared.

7. Petitioner's rates reflect the recovery of wastewater treatment charges imposed by the Ocean County Utilities Authority ("OCUA"). The current PSTAC tariff was approved by the Board in an Order in Docket No. WR18080882, dated December 18, 2018, which examined

PSTAC revenues and expenses applicable to the period ending December 31, 2017 and set prospective rates for calendar year 2019.

8. In this proceeding, the Parties have examined the Company's actual revenues and actual OCUA expenses for calendar year 2018, the Company's projected OCUA expenses for 2020, as well as the costs of this proceeding. Based on the foregoing, the Parties have determined that the current PSTAC rate should be increased to recover an additional \$161,828 in revenues. The \$161,828 PSTAC increase was calculated based on the following components:

a) an under-recovery of actual wastewater treatment charges of approximately \$104,902 for the calendar year ending December 31, 2018 (See Exhibit A, attached hereto, pages 1 to 3);

b) projected OCUA charges for 2020 of \$911,064 based on OCUA rates effective for 2019 (See Exhibit A, page 5);

c) the total costs of this proceeding are deemed to be \$5,000 (See Exhibit A, page 4). These costs will be shared 50/50 between ratepayers and shareholders, resulting in a cost to customers of \$2,500 (See Exhibit A, page 7); and

d) the pro forma PSTAC revenues at current rates are projected to be \$856,638 (See Exhibit A, page 6).

9. As required in N.J.A.C. 14:9-7.7, the Company has included in its filing an estimate of OCUA costs for calendar year 2020, which estimate has been used to determine the applicable PSTAC rate for 2020.

10. Based on the estimated costs for 2020, the under-recovery for 2018, and the costs of this proceeding, the Parties have agreed that Petitioner's current PSTAC rates on file with the Board should be increased as indicated on Exhibit A. For the average residential customer, the

total annual flat PSTAC rate will increase from \$321.24 to \$381.93, or approximately 18.891% (See Exhibit A, page 8). With respect to the total annual rate for wastewater services, the total annual rate for the average residential customer will increase from \$625.24 to \$685.93, or approximately 9.71%.

11. Consistent with the provisions of N.J.A.C. 14:9-7.1 to -7.7, the Parties agree that the Company will file with the Board a PSTAC petition to reconcile calendar year 2019 actual OCUA costs with the estimated OCUA costs (as reflected in the rates identified on Exhibit A) for the same period. Additionally, the Company will include in its filing an estimate of OCUA costs for calendar year 2021, which estimate will be used to determine the applicable PSTAC rate for 2021, as required in N.J.A.C. 14:9-7.1(d) and 14:9-7.7.

12. The Parties have engaged in full discovery. The Parties agree that the within Stipulation reflects a mutual balancing of various issues and positions, and that it is being entered into in the spirit of compromise and to avoid protracted and costly litigation.

13. This Stipulation is the product of negotiations by the Parties, and it is an express condition of the settlement embodied by this Stipulation that it be presented to the Board in its entirety without modification or condition. It is also the intent of the Parties to this Stipulation that this settlement, once accepted and approved by the Board, shall govern all issues specified and agreed to herein. The Parties to this Stipulation specifically agree that if adopted in its entirety by the Board, no appeal shall be taken by them from the order adopting same as to those issues upon which the Parties have stipulated herein.

14. The Parties agree that each term within this Stipulation reflects a mutual balancing of various issues and positions and is intended to be accepted and approved in its entirety. Each term is vital to this Stipulation as a whole, since the Parties hereto expressly and



jointly state that they would not have signed this Stipulation had any terms been modified in any way. In the event any particular aspect of this Stipulation is not accepted and approved by the Board, then any Party hereto materially affected thereby shall not be bound to proceed under this Stipulation.

15. The Parties further agree that with respect to any policy or other issues which were compromised in the spirit of reaching an agreement, none of the Parties shall be prohibited from, or prejudiced in, arguing a different policy or position before the Board in any other proceeding, as such agreements pertain only to this matter and to no other matter. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, the Parties shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposedly underlying any agreement provided herein in total or by specific item. The Parties further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

16. This Stipulation may be executed in as many counterparts as there are Parties to this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

AQUA NEW JERSEY, INC.  
MAXIM WASTEWATER DIVISION

11/14/19  
Date

By: Courtney L. Schultz  
Saul Ewing Arnstein & Lehr LLP  
Courtney L. Schultz, Esq.  
Attorney for Petitioner

GURBIR S. GREWAL  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the  
New Jersey Board of Public Utilities

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Paul Youchak  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
DIRECTOR - RATE COUNSEL

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Susan E. McClure, Esq.  
Assistant Deputy Rate Counsel

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AQUA NEW JERSEY, INC.  
MAXIM WASTEWATER DIVISION

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Saul Ewing Arnstein & Lehr LLP  
Courtney L. Schultz, Esq.  
Attorney for Petitioner

GURBIR S. GREWAL  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the  
New Jersey Board of Public Utilities

Nov 8, 2019  
Date

By: \_\_\_\_\_  
Paul Youchak  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
DIRECTOR – RATE COUNSEL

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Susan McClure, Esq.  
Assistant Deputy Rate Counsel

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AQUA NEW JERSEY, INC.  
MAXIM WASTEWATER DIVISION

\_\_\_\_\_  
Date

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

Saul Ewing Arnstein & Lehr LLP  
Courtney L. Schultz, Esq.  
Attorney for Petitioner

GURBIR S. GREWAL  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the  
New Jersey Board of Public Utilities

\_\_\_\_\_  
Date


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

Paul Youchak  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
DIRECTOR – RATE COUNSEL

11/15/19  
\_\_\_\_\_  
Date

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

  
Susan E. McClure, Esq.  
Assistant Deputy Rate Counsel

# **EXHIBIT A**

Aqua New Jersey, Inc.  
Maxim PSTAC Reconciliation/True-Up  
For Calendar year ending December 31, 2018

A.J 2018 Treatment Expenses Paid to OCUA:

<u>Quarter</u>	<u>Gallons Billed</u>	<u>Amount</u>	<u>Invoice #</u>	<u>Reference</u>
Q1	62.00	\$232,650	1800020515	
Q2	62.00	\$232,650	1800020775	
Q3	62.00	\$232,650	1800021105	
Q4	62.00	\$232,650	1800021412	
Deficiency Due		\$52,668		
Total 2018 Actual Treatment Expense	<u>248.00</u>	<u>\$983,268</u>		Exhibit B

Aqua New Jersey, Inc.  
Maxim PSTAC Reconciliation/True-Up  
For Calendar year ending December 31, 2018

B.) 2018 Revenues Billed to Maxim Customers:

<u>Class</u>	<u>Customers</u>	<u>Meter Size</u>	<u>Amount</u>	<u>Rate</u>	<u>% of Revenue</u>	
Residential - Single Family	2,548	-	\$775,942	\$304.53	95.62%	
Commercial, Industrial, School, Business, & Religious	25	3/4"	\$7,613	\$304.53	0.94%	95
Commercial, Industrial, School, Business, & Religious	1	1"	\$508	\$507.90	0.06%	159
Commercial, Industrial, School, Business, & Religious	-	1 1/2"	\$0	\$1,045.46	0.00%	327
Commercial, Industrial, School, Business, & Religious	8	2"	\$12,967	\$1,620.88	1.60%	507
Commercial, Industrial, School, Business, & Religious	-	3"	\$0	\$3,137.40	0.00%	980
Commercial, Industrial, School, Business, & Religious	1	4"	\$5,072	\$5,071.77	0.63%	1,585
<b>Subtotal:</b>	<b>2,583</b>		<b>\$802,102</b>		<b>98.85%</b>	

<u>Customer #</u>	<u>Meter Size</u>	<u>Min. Bill</u>	<u>In Kgals</u>			<u>% of Revenue</u>
			<u>Over Minimum</u>	<u>Min. Gallons</u>	<u>Gallons Billed</u>	
991661	3/4"		24	95	119	
991662	3/4"		28	95	123	
991679	2"		2,083	507	2,590	
991683	2"		212	507	719	
991685	2"		93	507	599	
2061674	3/4"		48	95	143	
2111109	3/4"		439	95	535	
<b>Subtotal Gallons:</b>			<b>2,927</b>			
<b>Rate / 1,000 gallons</b>			<b>\$3,200</b>			
<b>Subtotal Commerical Revenues over Minimum</b>			<b>\$9,366</b>			<b>1.15%</b>
<b>Total Revenues Billed 2018:</b>			<b>\$811,468</b>			

Aqua New Jersey, Inc.  
Maxim PSTAC Reconciliation/True-Up  
For Calendar year ending December 31, 2018

C.) 2018 Reconciliation - Over/(Under) Recovery:

			<u>Reference</u>
C.1)	Actual Revenue 2018	\$811,468	B.)
	Prospective Revenue Authorized 2018	\$806,810	Exhibit A, Ex. A, Page 7
	Over/(Under) Recovery 2018	<u>\$4,658</u>	
C.2)	Actual Expense 2018	\$983,268	A.)
	Projected Expense 2018	\$673,708	Exhibit A Page 2 Sub B
	Over/(Under) Recovery 2018	<u>(\$109,560)</u>	
	Total Over/(Under) Recovery 2018	(\$104,902)	



*Aqua New Jersey, Inc.  
Maxim PSTAC Reconciliation/True-Up  
For Calendar year ending December 31, 2018*

*D.) Cost of Filing Application:*

	<u><i>Amount</i></u>
Legal	\$4,500
Notification- & Other	\$250
Transcripts	\$250
Total	<u>\$5,000</u>

Aqua New Jersey, Inc.  
Maxim PSTAC Reconciliation/True-Up  
For Calendar year ending December 31, 2018

E.) Prospective 2020 Rate Adjustment:

- 1.) Projected 2020 Sewage Volume (in millions)
- 2.) Proposed 2020 OCUA Bulk Rate
- 3.) Projected Calendar Year 2020 Billings by OCUA
- 4.) Projected 2019 OCUA Billings
- 5.) Prospective Adj. for Rates Effective 1/1/2020

<u>Calculation</u>	<u>Reference</u>
225.57	Footnote (a)
<u>\$4,039</u>	Exhibit C
\$911,064	Lines 1.) x 2.)
<u>\$877,540</u>	Ex. D, Page 2, Sub (b)
<u><u>\$33,524</u></u>	Lines 3.) - 4.)

Year	Volume
2016	208.7
2017	219.7
2018	248.3
<b>3 Yr Avg</b>	<b>225.6</b>

Aqua New Jersey, Inc.  
Maxim PSTAC Reconciliation/True-Up  
For Calendar year ending December 31, 2018

**F.) Estimated PSTAC Revenue at Present (2019) Rates:**

<u>Class</u>	<u>Customers</u>	<u>Meter Size</u>	<u>2019 Current Rate</u>	<u>PSTAC Revenue at Present Rates</u>	<u>% of Revenue</u>
Residential - Single Family	2,550	-	\$321.24	\$819,162.00	95.63%
Commercial, Industrial, School, Business, & Religious	25	3/4"	\$321.24	\$8,031.00	0.94%
Commercial, Industrial, School, Business, & Religious	1	1"	\$535.77	\$535.77	0.06%
Commercial, Industrial, School, Business, & Religious	-	1 1/2"	\$1,102.82	\$0.00	0.00%
Commercial, Industrial, School, Business, & Religious	8	2"	\$1,709.82	\$13,678.56	1.60%
Commercial, Industrial, School, Business, & Religious	-	3"	\$3,309.54	\$0.00	0.00%
Commercial, Industrial, School, Business, & Religious	1	4"	\$5,350.05	\$5,350.05	0.62%
Total:					
Commercial Metered Service Rate / 1,000 gallons =	2,927		\$3.376	\$9,881.09	1.15%
<b>Total PSTAC Revenue at Present Rates =&gt;</b>				<b><u><u>\$856,638.47</u></u></b>	

*Aqua New Jersey, Inc.*  
*Maxim PSTAC Reconciliation/True-Up*  
*For Calendar year ending December 31, 2018*

G.) PSTAC Calculation:

	<u>Amount</u>	<u>Reference</u>
1.) Projected 2020 Calendar Year Billings by OCUA	\$911,064	E.)
2.) Under Recovery 2018	\$104,902	C.)
3.) Interest on Under Recovery	\$0	
4.) Cost of Filing Application (\$5,000 x 50%)	\$2,500	D.)
5.) 2020 PSTAC Revenue Requirement	<u>\$1,018,466</u>	Sum Lines 1 thru 3
6.) PSTAC Revenue at Present (2019) Rates	<u>\$856,638</u>	F.)
7.) Subtotal PSTAC Adjustment 2020	<u>\$161,828</u>	Line 4 minus Line 5

Aqua New Jersey, Inc.  
Maxim PSTAC Reconciliation/True-Up  
For Calendar year ending December 31, 2018

H.) Rate Design:

<u>Class</u>	<u>Customers</u>	<u>Meter Size</u>	<u>2019 Current Rate</u>	<u>% of Revenue</u>	<u>Assessment</u>	<u>2020 New Rate</u>	<u>% Change</u>
Residential - Single Family	2,550	-	\$321.24	95.63%	\$154,748.30	\$381.93	18.891%
Commercial, Industrial, School, Business, & Religious	25	3/4"	\$321.24	0.94%	\$1,517.14	\$381.93	18.891%
Commercial, Industrial, School, Business, & Religious	1	1"	\$535.77	0.06%	\$101.21	\$636.98	18.891%
Commercial, Industrial, School, Business, & Religious	-	1 1/2"	\$1,102.82	0.00%	\$0.00	\$1,311.15	18.891%
Commercial, Industrial, School, Business, & Religious	8	2"	\$1,709.82	1.60%	\$2,584.02	\$2,032.82	18.891%
Commercial, Industrial, School, Business, & Religious	-	3"	\$3,309.54	0.00%	\$0.00	\$3,934.75	18.891%
Commercial, Industrial, School, Business, & Religious	1	4"	\$5,350.05	0.62%	\$1,010.68	\$6,360.73	18.891%
Total:					<u>\$159,961</u>		
Commercial Metered Service Rate / 1,000 gallons =			\$3.376	1.15%	\$1,866.64	\$4.014	18.891%
Total Revenue Assessed					<u>\$161,828</u>		

Aqua New Jersey, Inc.  
Maxim PSTAC Reconciliation/True-Up  
For Calendar year ending December 31, 2018

I.J. Proof of Revenue:

Class	Customers/Gallons	Meter Size	New Rate	Prospective 2020 Revenue
Residential - Single Family	2,550	-	\$381.93	\$973,910.30
Commercial, Industrial, School, Business, & Religious	25	3/4"	\$381.93	\$9,548.14
Commercial, Industrial, School, Business, & Religious	1	1"	\$636.98	\$636.98
Commercial, Industrial, School, Business, & Religious	-	1 1/2"	\$1,311.15	\$0.00
Commercial, Industrial, School, Business, & Religious	8	2"	\$2,032.82	\$16,262.58
Commercial, Industrial, School, Business, & Religious	-	3"	\$3,934.75	\$0.00
Commercial, Industrial, School, Business, & Religious	1	4"	\$6,360.73	\$6,360.73
Commercial over Minimum Gallons	2,927	Kgals.	\$4,014	\$11,747.73
Total:				<u>\$1,018,466</u>