

September 15, 2022

VIA ELECTRONIC MAIL

Honorable Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 South Clinton Ave., Suite 314
P.O. Box 350
Trenton, NJ 08625
board.secretary@bpu.nj.gov

RE: Petition of Aqua New Jersey, Inc. for Deferral of its Annual Purchased Sewerage Treatment Adjustment Clause (“PSTAC”) True-Up Filing to 2023 and for Approval to Continue Current Rates BPU Dkt. No. WR2209

Dear Secretary Camacho-Welch:

On behalf of Aqua New Jersey, Inc. (“Aqua”) please accept this letter as a formal request for permission to defer Aqua’s annual PSTAC filing, pursuant to N.J.A.C. 14:9-7.1 to 7.7, until 2023. Specifically, Aqua is requesting that the New Jersey Board of Public Utilities (“Board”): (1) approve the continuation of the PSTAC rates set forth in Aqua’s Wastewater Tariff, Rate Schedule No. 2,¹ until a new rate is approved in Aqua’s next PSTAC filing (which will be filed in 2023); (2) to agree to waive, to the extent necessary, the requirement in N.J.A.C. 14:9-7.1(d)(2), that Aqua file a petition for an adjusted PSTAC for the upcoming year;² and (3) to allow Aqua to defer the true-up of 2021 PSTAC costs to its 2023 PSTAC filing.

¹ A copy of Rate Schedule No. 2 is attached hereto as Exhibit A. As noted in the Board’s Order approving the Stipulation of Settlement in *I/M/O the Petition of Aqua New Jersey, Inc. For Approval Of A 2022 Purchased Water Treatment Adjustment Clause Rate and Other Required Approvals*, BPU Dkt. No. WR21081067, at 3, the PSTAC rate effective January 1, 2021 was to remain in effect for 2022.

² Aqua believes it would be entirely appropriate for the Board to treat this letter as an informal petition that satisfies the requirement of the regulation.

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Based on Aqua's calculations, when taking into consideration the true-up of PSTAC costs for the year ended December 31, 2021 and the proposed costs for the year ending December 31, 2022, the anticipated increase in revenues needed to cover 2023 PSTAC costs is \$33,134.³ This equates to an approximately \$0.34 increase in the monthly PSTAC rate for residential customers (or an increase from \$25.21 to \$25.57 per month).⁴

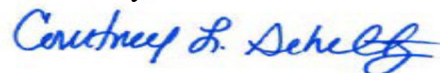
Following discussions with the Division of Rate Counsel and Board Staff, both Staff and Rate Counsel concur with and support Aqua's request to keep the PSTAC rates currently in place for 2023 and to defer the true-up of the 2021 PSTAC costs to the 2023 filing, which filing would then true-up costs from 2021 and 2022. The deferral of the true-up until Aqua's next PSTAC filing is in the best interests of all parties as it reduces expenses/customer costs and preserves administrative resources.

Accordingly, Aqua, with the consent of Rate Counsel and Staff, respectfully requests that the Board:

1. Approve the continuation of the currently effective PSTAC rates, as approved by the Board in its Order in BPU Dkt. No. WR21081067, and as set forth in Rate Schedule No. 2 of Aqua's B.P.U. NO. 18 – SEWER Tariff (see Exhibit A);
2. Permit Aqua to defer its true-up of 2021 PSTAC costs to its 2023 PSTAC filing, which filing will true-up 2021 and 2022 PSTAC costs and seek to establish a new PSTAC rate to be effective January 1, 2024; and
3. Agree to waive any filing requirements in N.J.A.C. 14:9-7.1 to 7.7, to the extent necessary, related to the true-up of PSTAC costs for 2021 and to establishing a new rate for 2023; and
4. Such other an further relief as the Board deems necessary and proper.

Should you have any questions, please contact me.

Sincerely,



Courtney L. Schultz

Cc: Susan McClure, Esq.
Brian O. Lipman, Esq.
Mike Kammer

³ Attached as Exhibit B are the schedules that show the 2021 true up of costs, as well as the proposed revenue required for the year 2023, which meet the requirements of N.J.A.C. 14:9-7.1(d)(1) and 14:9-7.4.

⁴ See Exhibit B, at p. 3.

EXHIBIT A

AQUA NEW JERSEY, INC.
TARIFF
FOR
SEWER SERVICE
APPLICABLE IN
PORTIONS OF
BURLINGTON, GLOUCESTER,
HUNTERDON, MONMOUTH, MORRIS
AND SUSSEX COUNTIES,
NEW JERSEY

Issued:
By: Lawrence R. Carson, President
10 Black Forest Road
Hamilton, NJ 08691

Effective Date: January 1, 2021

Filed pursuant to decision and order of the Board of Public Utilities dated December 2, 2020, in Docket No. WR20010056.

TABLE OF CONTENTS

Territory Served			Sheet No. 2
Standard Terms and Conditions			Sheet Nos. 3-3L
Rate Schedule as listed below:			
<u>Applicable To</u>	<u>For</u>	<u>Schedule</u>	<u>Sheet No.</u>
All Customers	General Sewer Service	1	4
All Customers	Purchased Sewerage Adjustment Clause	2	5 & 5A

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RATE SCHEDULE NO. 2
PURCHASED SEWERAGE TREATMENT ADJUSTMENT CLAUSE

APPLICABILITY:

In addition to the General Sewer Service Charge set forth in Rate Schedule No. 1, the following Purchased Sewerage Treatment Adjustment Clause rates, in accordance with N.J.A.C. 14:9-8.1 et seq., are applicable to the use of sewer service for all Customers served by the Company.

RATE:

All wastewater service customers shall pay a fixed charge as indicated below.

FIXED MONTHLY CHARGE FOR ALL WASTEWATER CUSTOMERS

Customer Type	PSTAC Rate
Residential, Single Family	\$ 25.21
Non-Residential and Multi-Family	
Water Meter Size – 5/8"	25.21
Water Meter Size – 3/4"	30.25
Water Meter Size – 1"	60.50
Water Meter Size – 1.5"	126.05
Water Meter Size – 2"	186.55
Water Meter Size – 3"	378.15
Water Meter Size – 4"	504.20
Water Meter Size – 6"	1,260.50
Water Meter Size – 8"	2,016.80
Oakwood Village Apartment Complex	15,428.52
Bear Brook Clubhouse	564.70
Stanton Ridge Clubhouse	143.70
Maxim Laundromat	615.12

*The above charges are based upon the Board of Public Utilities' ("Board") estimate of Aqua New Jersey, Inc.'s 12-month average cost of purchased sewerage treatment from the Logan Township Municipal Utilities Authority, Ocean County Utilities Authority, and Sussex County Municipal Utilities Authority. The estimated 12-month average cost shall be periodically re-determined by the Board in accordance with true-up procedures set forth in N.J.A.C. 14:9-8.1 et seq.

TERMS OF PAYMENT:

PAYMENT FOR ALL BILLS RENDERED IS DUE FIFTEEN (15) DAYS AFTER THE ORIGINAL POSTMARK DATE OF THE BILL. Bills for sewer service will be rendered at the close of each monthly billing period.

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RATE SCHEDULE NO. 2
PURCHASED SEWERAGE TREATMENT ADJUSTMENT CLAUSE

Continued,

SPECIAL PROVISIONS:

No additional charge shall be established for recirculating water or air-cooled air conditioning units.

Rates apply to normal sewerage as defined by the NJDEP and the Ocean County Utilities Authority (“OCUA”). Aqua reserves the right to require pretreatment prior to discharge into the sewer system if the sewerage contains harmful substances such as gasoline, P.C.B.s, oil, explosive liquids, grease, phenols, acids, alkalines, lint, excessive detergents or any other toxic or hazardous substances as defined by NJDEP and/or OCUA. This paragraph includes but is not limited to laundromats or dry cleaners where the owner will be required to provide a screen or filter to remove excessive lint before discharge into the sewer system.

As of January 1, 1997, OCUA has imposed these local limits for industrial and non-domestic waste water discharged to its northern plant: 300 ppm B.O.D.; 300 ppm T.T.S. Any charges imposed by OCUA for treating these or any other special substances shall be passed through to the specific customer.

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EXHIBIT B

Aqua New Jersey, Inc.
PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2021

A.) 2023 Projected Treatment Expenses

<u>Quarter</u>	<u>Walkill - SCUMA</u>	<u>Maxim - OCUA</u>	<u>Logan</u>	<u>Total</u>	<u>Reference</u>
Q1	41,632.75	237,291.25	302,392.00		Exhibit B
Q2	41,632.75	237,291.25	306,382.00		Exhibit B
Q3	41,632.75	237,291.25	310,373.00		Exhibit B
Q4	41,632.75	237,291.25	314,363.00		Exhibit B
Total 2023 Projected Treatment Expense	166,531.00	949,165.00	1,233,510.00	2,349,206.00	Lines 8.) thru 11.) - 12.)
	(based on 2022 billings)	(based on 2022 billings)	(based on 2023 budget)		

B.) 2021 Actual Treatment Expenses

<u>Quarter</u>	<u>Walkill - SCUMA</u>	<u>Maxim - OCUA</u>	<u>Logan</u>	<u>Total</u>	<u>Reference</u>
Q1	36,222.75	237,291.25	280,208.72		Exhibit B
Q2	36,222.75	237,291.25	279,941.25		Exhibit B
Q3	36,222.75	237,291.25	282,644.33		Exhibit B
Q4	36,222.75	237,291.25	286,186.43		Exhibit B
True-Up Paid in 1Q22	48,400.00	(57,757.70)			Exhibit B
Total 2021 Actual Treatment Expense	193,291.00	891,407.30	1,128,980.73	2,213,679.03	Lines 8.) thru 11.) - 12.)

C.) Cost of Filing Application:

	<u>Amount</u>
Legal	\$ 7,500
Notification & Other	\$ 500
Transcripts	\$ -
Total	\$ 8,000

Aqua New Jersey, Inc.
PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2021

D.) PSTAC Revenue at Present Rates (2022):

<u>Class</u>	<u>Meter Size</u>	<u>Customers Budget 2023</u>	<u>2022 Current Rate</u>	<u>PSTAC Revenue at Present Rates</u>	<u>% of Revenue</u>
Residential - Single Family		6,521	\$25.21	\$1,972,732.92	84.45%
Commercial, Industrial, School, Business, & Religious	5/8"	16	\$25.21	\$4,840.32	0.21%
Commercial, Industrial, School, Business, & Religious	3/4"	31	\$30.25	\$11,253.00	0.48%
Commercial, Industrial, School, Business, & Religious	1"	32	\$60.50	\$23,232.00	0.99%
Commercial, Industrial, School, Business, & Religious	1.5"	1	\$126.05	\$1,512.60	0.06%
Commercial, Industrial, School, Business, & Religious	2"	36	\$186.55	\$80,589.60	3.45%
Commercial, Industrial, School, Business, & Religious	3"	1	\$378.15	\$4,537.80	0.19%
Commercial, Industrial, School, Business, & Religious	4"	2	\$504.20	\$12,100.80	0.52%
Commercial, Industrial, School, Business, & Religious	8"	1	\$2,016.80	\$24,201.60	1.04%
Oakwood Village Apartment Complex		1	\$15,428.52	\$185,142.24	7.93%
Bear Brook Clubhouse		1	\$564.70	\$6,776.40	0.29%
Stanton Ridge Clubhouse		1	\$143.70	\$1,724.40	0.07%
Maxim Laundromat		1	\$615.12	\$7,381.44	0.32%

Total:
Total PSTAC Revenue at Present Rates =>

\$2,336,025

E.) 2021 Reconciliation - Over/(Under) Recovery:

			<u>Reference</u>
E.1)	Actual Revenue 2021	\$2,197,725	Sewer Revenue
	Prospective Revenue Authorized 2021	<u>\$2,196,000</u>	Rate Order
	Over/(Under) Recovery 2021	<u>\$1,725</u>	
E.2)	Actual Expense 2021	\$2,213,679	B.)
	Projected Expense 2021	<u>\$2,196,000</u>	Rate Order
	Over/(Under) Recovery 2021	<u>(\$17,679)</u>	
	Total Over/(Under) Recovery 2021	(\$15,954)	

Aqua New Jersey, Inc.
PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2021

F.) PSTAC Calculation:

	<u>Amount</u>	<u>Reference</u>
1.) Projected 2023 Billings	2,349,206	A.)
2.) (Over)/Under Recovery 2021	15,954	E.)
3.) Interest on Under Recovery	-	
4.) Cost of Filing Application (\$8,000 x 50%)	<u>\$4,000</u>	C.)
5.) 2023 PSTAC Revenue Requirement	<u>\$2,369,160</u>	Sum Lines 1 thru 3
6.) PSTAC Revenue at Present (2022) Rates	<u>\$2,336,025</u>	D.)
7.) Subtotal PSTAC Request - Annualized	<u>\$33,134</u>	Line 5 minus Line 6

G.) Rate Design:

<u>Class</u>	<u>Meter Size</u>	<u>Customers Budget 2023</u>	<u>2022 Current Rate</u>	<u>% of Revenue</u>	<u>Assessment</u>	<u>2023 New Rate</u>	<u>% Change</u>
Residential - Single Family		6,521	\$25.21	84.45%	2,332	\$25.57	1.42%
Commercial, Industrial, School, Business, & Religious	5/8"	16	\$25.21	0.21%	6	\$25.57	1.42%
Commercial, Industrial, School, Business, & Religious	3/4"	31	\$30.25	0.48%	13	\$30.68	1.42%
Commercial, Industrial, School, Business, & Religious	1"	32	\$60.50	0.99%	27	\$61.36	1.42%
Commercial, Industrial, School, Business, & Religious	1.5"	1	\$126.05	0.06%	2	\$127.84	1.42%
Commercial, Industrial, School, Business, & Religious	2"	36	\$186.55	3.45%	95	\$189.20	1.42%
Commercial, Industrial, School, Business, & Religious	3"	1	\$378.15	0.19%	5	\$383.51	1.42%
Commercial, Industrial, School, Business, & Religious	4"	2	\$504.20	0.52%	14	\$511.35	1.42%
Commercial, Industrial, School, Business, & Religious	8"	1	\$2,016.80	1.04%	29	\$2,045.41	1.42%
Oakwood Village Apartment Complex		1	\$15,428.52	7.93%	219	\$15,647.36	1.42%
Bear Brook Clubhouse		1	\$564.70	0.29%	8	\$572.71	1.42%
Stanton Ridge Clubhouse		1	\$143.70	0.07%	2	\$145.74	1.42%
Maxim Laundromat		1	\$615.12	0.32%	9	\$623.84	1.42%
					<u>2,761</u>	Monthly	

Aqua New Jersey, Inc.
PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2021

H.) Proof of Revenue:

<u>Class</u>	<u>Meter Size</u>	<u>Customers Budget 2023</u>	<u>New Rate</u>	<u>Prospective 2023 Revenue</u>
Residential - Single Family		6,521	\$25.57	\$2,000,714
Commercial, Industrial, School, Business, & Religious	5/8"	16	\$25.57	\$4,909
Commercial, Industrial, School, Business, & Religious	3/4"	31	\$30.68	\$11,413
Commercial, Industrial, School, Business, & Religious	1"	32	\$61.36	\$23,562
Commercial, Industrial, School, Business, & Religious	1.5"	1	\$127.84	\$1,534
Commercial, Industrial, School, Business, & Religious	2"	36	\$189.20	\$81,733
Commercial, Industrial, School, Business, & Religious	3"	1	\$383.51	\$4,602
Commercial, Industrial, School, Business, & Religious	4"	2	\$511.35	\$12,272
Commercial, Industrial, School, Business, & Religious	8"	1	\$2,045.41	\$24,545
Oakwood Village Apartment Complex		1	\$15,647.36	\$187,768
Bear Brook Clubhouse		1	\$572.71	\$6,873
Stanton Ridge Clubhouse		1	\$145.74	\$1,749
Maxim Laundromat		1	\$623.84	\$7,486
Total:				<u><u>\$2,369,160</u></u>