



March 1, 2024

Via Email

The Honorable Sherri L. Golden
Secretary to the Board
New Jersey Board of Public Utilities
44 South Clinton Avenue
Trenton, New Jersey 08625-0350

**Re: In the Matter of the Petition of New Jersey-American Water
Company, Inc. for Approval to Change the Levels of its Purchased
Water Adjustment Clause and Purchase Wastewater Treatment
Clause
BPU Docket No. WR23110791**

Dear Secretary Golden:

Enclosed herewith for the Board's consideration is a signed stipulation, representing the signatory parties' settlement of the above-captioned matter. Also enclosed is a letter of no objection to the stipulation of settlement submitted on behalf of Middlesex Water Company, with their permission.

Thank you for your attention to this matter. Please do not hesitate to contact me should you have any questions.

Respectfully submitted,

A handwritten signature in blue ink that reads "Christopher M. Arfaa". The signature is written in a cursive style and is positioned above a horizontal line.

Christopher M. Arfaa

CMA:dlc
Enc.

c: Service list (via email, w/enc.)

**I/M/O the Petition of New Jersey American Water Company, Inc. to
Change the Levels of its Purchased Water Adjustment Clause and
Purchased Wastewater Treatment Adjustment Clause
BPU Docket No. WR23110791**

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Change the Levels of its Purchased Water Adjustment Clause and
Purchased Wastewater Treatment Adjustment Clause
BPU Docket No. WR23110791**

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**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE PETITION OF : BPU Docket No. WR23110791
NEW JERSEY-AMERICAN WATER :
COMPANY, INC. FOR AUTHORIZATION : STIPULATION OF SETTLEMENT
TO CHANGE THE LEVEL OF ITS :
PURCHASED WATER ADJUSTMENT :
CLAUSE AND PURCHASED :
WASTEWATER TREATMENT :
ADJUSTMENT CLAUSE :

APPEARANCES:

Christopher M. Arfaa, Esq., on behalf of New Jersey-American Water Company, Inc.,
Petitioner;

Meliha Arnautovic, Deputy Attorney General, on behalf of the Staff of the Board of
Public Utilities (Matthew J. Platkin, Attorney General of New Jersey);

Susan McClure, Deputy Rate Counsel, and **Christine Juarez, Assistant Deputy Rate
Counsel**, on behalf of the Division of Rate Counsel (Brian O. Lipman, Director);
and

Jay L. Kooper, Esq., on behalf of Middlesex Water Company

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

On November 9, 2023, New Jersey-American Water Company, Inc. (“New Jersey-American Water” or “Company”), a public utility of the State of New Jersey, filed a petition with the New Jersey Board of Public Utilities (“Board”) pursuant to N.J.S.A. 48:2-21, N.J.A.C. 14:9-7.1 *et seq.*, and other relevant statutes and regulations, for approval to change the levels of its existing purchased water adjustment clause (“PWAC”) charge and purchased wastewater (sewerage) treatment adjustment clause (“PSTAC”) charges, to reflect changed purchased water expenses and changed purchased wastewater treatment expenses (“Petition”). The total amount originally requested in the Petition would have decreased annual total Company revenues of approximately \$842,625,054 by \$1,539,423, or -0.18%. After updating the request to reflect

suppliers' new rates, the updated request would decrease annual revenues by \$2,404,449, or - 0.29%. As a result of settlement discussions, the Company, the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff (collectively, "Signatory Parties") have agreed to the updated requested amount.

New Jersey-American Water purchases water on a routine basis from six (6) separate entities and purchases wastewater treatment services from three separate entities, each of which adjusts its rates for service, and, in the case of wastewater treatment service providers, issues wastewater deficit/credit adjustments, at different times throughout the year. The six (6) water purveyors are: Passaic Valley Water Commission ("PVWC"); Morris County Municipal Utilities Authority; Montclair Water Bureau; New Jersey Water Supply Authority ("NJWSA"); City of Newark; and Borough of Florham Park. The three (3) wastewater treatment purveyors are: Cape May County Municipal Utilities Authority ("CMCMUA") for the Company's Ocean City Sewer tariff group; Ocean County Utilities Authority ("OCUA") for the Company's Lakewood Sewer tariff group; and Howell Township for the Company's Adelpia Sewer tariff group.

As of December 31, 2023, New Jersey-American Water serves approximately 668,000 water and fire service customers and approximately 64,200 wastewater service customers.

In New Jersey-American Water's base rate case at BPU Docket No. WR06030257, the Board ordered that all purchased water costs and purchased wastewater treatment costs be removed from the Company's base rates and recovered through the PWAC and PSTAC as applicable.¹ The

¹ In re the Joint Petition of New Jersey American Water Company, Inc., Elizabethtown Water Company, and the Mount Holly Water Company for Approval of Increased Tariff Rates and Charges for Water and Sewer Services and other Tariff Revisions, BPU Docket No. WR06030257, Order dated April 2, 2007.

Board last adjusted the Company's base rates effective September 1, 2022.² The Company's base rates do not include PWAC or PSTAC pass-through charges to customers.

New Jersey-American Water proposed to decrease its PWAC rate within its PWAC Rate Schedule O-1 from \$0.5477 per thousand gallons of water to \$0.5242 per thousand gallons of water for Non-Exempt customers. The Company proposed to decrease its PWAC rate from \$0.4731 per thousand gallons of water to \$0.4528 per thousand gallons for Exempt customers. It also proposes to address its PSTAC charges as follows:

For customers in Ocean City, Cape May County, the rate per thousand gallons of prior year's summer water quarter usage (July, August and September meter readings), as reflected upon PSTAC Rate Schedule 1-B, would change from \$33.7033 per thousand gallons to \$34.9441 per thousand gallons.

For Lakewood Township, Ocean County, the rate per thousand gallons of prior year's winter quarter usage (January, February and March meter readings), as reflected upon PSTAC Rate Schedule 2-B, would change from \$4.6191 per thousand gallons to \$4.2610 per thousand gallons.

For customers in the Adelphia section of Howell Township, Monmouth County, the rate per thousand gallons of water, as reflected upon PSTAC Rate Schedule 3-B, would change from \$6.9196 per thousand gallons to \$6.9398 per thousand gallons.

On November 20, 2023, Middlesex Water Company ("Middlesex") filed a motion to intervene, which was not opposed by any party. Middlesex has been included on the service list,

² In re the Petition of New Jersey American Water Company for Approval of Increased Tariff Rates and Charges for Water and Sewer Service and Other Tariff Modifications, Order Adopting Initial Decision/Stipulation, BPU Docket No. WR22010019, Order dated August 17, 2022.

received all discovery, and was invited to participate in all settlement conferences and meetings. On January 31, 2024, the Board granted Middlesex's motion to intervene.

On February 28, 2024, after publication of proper notice to the general public in newspapers of general circulation, posting of notice on the Company's website, and service of notice upon affected municipalities and counties within the Company's service area, two virtual public hearings were held, at 4:30 p.m. and 5:30 p.m., presided over by a hearing officer of the Board. One member of the public attended the 4:30 p.m. meeting but did not offer any comments. No members of the public attended the 5:30 p.m. meeting, nor were any written comments received.

Rate Counsel and Board Staff have served interrogatories on New Jersey-American Water, which were responded to in full by the Company.

The parties engaged in settlement negotiations during February 2024. As a result of the Petition, discovery responses, and negotiations, the Signatory Parties have reached a stipulation of settlement ("Stipulation"), the provisions of which are set forth below.

STIPULATION OF SETTLEMENT

1. The Signatory Parties recommend that the Board approve a change to the Company's PWAC rate on PWAC Rate Schedule O-1 from \$0.5477 per thousand gallons of water for Non-Exempt customers to \$0.5289 per thousand gallons of water for Non-Exempt customers and from \$0.4731 per thousand gallons of water for Exempt customers to \$0.4568 per thousand gallons of water for Exempt customers.

2. The Signatory Parties further recommend that the Board permit the Company to change its effective PSTAC charges as follows:

For customers in Ocean City, Cape May County, the rate per thousand gallons of prior year's summer water quarter usage (July, August and September meter

readings) as reflected upon PSTAC Rate Schedule 1-B, from \$33.7033 per thousand gallons to \$31.1310 per thousand gallons.

For Lakewood Township, Ocean County, the rate per thousand gallons of prior year’s winter quarter as reflected within PSTAC Rate Schedule 2-B from \$4.6191 per thousand gallons to \$4.2215 per thousand gallons.

For customers in the Adelpia section of Howell Township, Monmouth County, the rate per thousand gallons of water as reflected upon PSTAC Rate Schedule 3-B, from \$6.9196 per thousand gallons to \$6.9696 per thousand gallons.

3. The effective PWAC rate change would result in a change in the monthly bill of an average residential customer utilizing 5,520 gallons per month as follows:

	Present Per Month	Proposed Per Month	Amount Change	Percentage Change
Statewide - GMS	\$65.79	\$65.69	(\$0.10)	-0.15%
Statewide - SFR	\$65.79	\$65.69	(\$0.10)	-0.15%
Rate Schedule A-15	\$63.24	\$63.14	(\$0.10)	-0.16%
Rate Schedule A-16	\$41.94	\$41.83	(\$0.11)	-0.26%

4. The PSTAC rate changes will result in: a decrease for an average sewer service customer in Ocean City, Cape May County utilizing 16,560 gallons of water in the summer quarter and 66,240 gallons of water annually, of \$3.55 per month or -4.55%; a decrease for a typical residential sewer service customer in Lakewood Township, Ocean County utilizing 5,520 gallons per month, of \$2.20 per month or -3.36%; and an increase for an average sewer service customer in the Adelpia section of Howell Township, Monmouth County utilizing 5,520 gallons of water monthly, of \$0.27 per month or 0.34%.

5. NJAWC plans to file its next PWAC/PSTAC petition on or before November 15, 2024.

6. Within this Stipulation, the Signatory Parties have agreed on a methodology for calculating the amount of interest to be applied to over-recoveries within the PWAC. This method

is described as follows: The Company's calculation utilizes over/under-recovered for the current month plus the over/under-recovered of the prior month less the amortization of the current month's over/under-recovered of prior year's PWAC amount to determine the monthly cumulative true-up balance. Then, in accordance with the interest rules at N.J.A.C. 14:3-13(d), the average cost balance for the month is multiplied by the rate determined. The interest per month is then added together for the PWAC period to determine the total interest for the over/under-recovered amount. The Signatory Parties agree to review this methodology and adjust it as necessary and appropriate in future PWAC proceedings.

7. The PWAC/PSTAC rates established herein will decrease total annual revenues by \$2,404,449, or -0.29%. Thus, the Company will collect annual PWAC revenues of \$44,852,411 and annual PSTAC revenues of \$17,729,086, for an aggregate total of \$62,581,497.

8. The Company will comply with the provisions of N.J.A.C. 14:9-7.4 regarding PWAC and PSTAC true-up schedules in connection with this proceeding. Copies of the true-up schedules will be served upon Board Staff and Rate Counsel.

9. This Stipulation shall be binding on the Signatory Parties upon approval hereof by the Board. This Stipulation shall bind the Signatory Parties in this matter only and shall not be considered precedential in any other proceeding involving the Signatory Parties hereto.

10. This Stipulation contains terms, each of which is interdependent with the others and essential to the signing of this Stipulation. Each term is vital to the agreement, since the Signatory Parties individually and jointly state that they would not have signed the Stipulation had any term been modified in any way. In the event that any modifications whatsoever are made to this Stipulation, each of the Signatory Parties hereto is entitled to certain procedures in the event of such occurrence.

11. If any modification is made to the terms of this Stipulation, the Signatory Parties must be given the right to be placed in the position in which each Signatory Party was before this Stipulation was executed. It is essential that each Signatory Party be given the option to modify its own position, to accept the proposed change(s), or to resume the proceeding as if no agreement had been reached.

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

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

14. The Signatory Parties understand that Middlesex will file a letter with the Board indicating that they do not object to the terms of the Stipulation.


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BRIAN O. LIPMAN, DIRECTOR
DIVISION OF RATE COUNSEL

By: Susan E. McClure /s CMJ
Susan McClure
Deputy Rate Counsel

Dated:

NEW JERSEY-AMERICAN WATER
COMPANY, INC.

By: 
Christopher M. Arfaa
Corporate Counsel

Dated: February 29, 2024

MATTHEW J. PLATKIN
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

By: /s Meliha Arnautovic
Meliha Arnautovic
Deputy Attorney General

Dated:



March 1, 2024

Via Electronic Mail

The Honorable Sherri Golden
Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Trenton, NJ 08625

Re: In the Matter of the Petition of New Jersey American Water Company for Approval To Change The Levels of Its Purchased Water Adjustment Clause and Purchased Wastewater (Sewer) Adjustment Clause Pursuant to N.J.A.C. 14:9-7.1, et seq.
BPU Docket No. WR23110791

Dear Secretary Golden:

Middlesex Water Company (“Middlesex”), an Intervenor in the above-referenced matter, has reviewed the proposed Stipulation of Settlement (“Stipulation”) that has been executed by the signatory parties and forwarded to Your Honor. Please be advised that Middlesex does not object to the Stipulation.

Respectfully submitted,

A handwritten signature in black ink that reads 'Jay Kooper'.

Jay L. Kooper
Vice President, General Counsel & Secretary

cc: Service List (via electronic mail)