

November 16, 2021

VIA E-FILE

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
Aida.Camacho@bpu.nj.gov

**RE: I/M/O Petition of the Atlantic City Sewerage Company to Decrease the Level
of Its Purchased Sewerage Treatment Adjustment Clause
BPU Docket No. WR21091128**

Dear Secretary Camacho-Welch:

Enclosed please find the Stipulation of Settlement, with reference to the above matter for the Board's review and approval. We respectfully request that this be placed on the agenda for the December 1, 2021 BPU Meeting.

Thank you for your attention to this matter.

Respectfully submitted,



Courtney L. Schultz

CLS/JC

cc: Per Attached Service List

I/M/O THE PETITION OF THE ATLANTIC CITY SEWERAGE COMPANY TO DECREASE
THE LEVEL OF ITS PURCHASED SEWERAGE TREATMENT ADJUSTMENT CLAUSE
BPU Docket No. WR21091128

SERVICE LIST

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I/M/O THE PETITION OF THE ATLANTIC CITY SEWERAGE COMPANY TO DECREASE
THE LEVEL OF ITS PURCHASED SEWERAGE TREATMENT ADJUSTMENT CLAUSE
BPU Docket No. WR21091128

SERVICE LIST

Atlantic City Sewerage Company

1200 Atlantic Avenue, Suite 300

Atlantic City, NJ 08401

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wstewart@acsewerage.com

Saul Ewing Arnstein & Lehr, LLP

1500 Market Street

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Philadelphia, PA 19102

Counsel for Petitioner

Courtney L. Schultz, Esq.

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

IN THE MATTER OF THE PETITION OF THE	:	STIPULATION OF SETTLEMENT
ATLANTIC CITY SEWERAGE COMPANY TO	:	
DECREASE THE LEVEL OF ITS	:	BPU DOCKET NO. WR21091128
PURCHASED SEWERAGE TREATMENT	:	
ADJUSTMENT CLAUSE	:	

APPEARANCES:

Courtney L. Schultz, Esq., Saul Ewing Arnstein & Lehr LLP, on behalf of the Petitioner,
Atlantic City Sewerage Company

Brian O. Lipman, Director, and Susan E. McClure, Assistant Deputy Rate Counsel, on
behalf of the Division of Rate Counsel

Meliha Arnautovic, Deputy Attorney General, (Andrew Bruck, Acting 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 Atlantic City Sewerage Company (“ACSC”, “Company,” or “Petitioner”), the Division of Rate Counsel (“Rate Counsel”), and the Staff of the Board of Public Utilities (“Staff”) (collectively, “Parties”). There were no intervenors in this proceeding. As a result of an analysis of ACSC’s Petition and exhibits, discovery conducted by Rate Counsel and Staff, conferences, and negotiations, the Parties to this proceeding have come to the within Stipulation of Settlement (“Stipulation”). The Parties hereto agree and stipulate as follows:

1. Petitioner is a public utility corporation of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities (the “Board”). ACSC operates a sewage collection and transmission system within its defined service territory, consisting of Atlantic City, New

Jersey. Within its service territory, ACSC serves approximately 7,600 customers. ACSC's principal office is located at 1200 Atlantic Avenue, Atlantic City, New Jersey 08404.

2. ACSC does not treat any sewage. Rather, ACSC purchases its sewage treatment from the Atlantic County Utilities Authority ("ACUA"). Further, the Company does not meter sewage flows. Instead, customer bills are based upon the volume of water entering the customers' premises, using data provided to ACSC by the Atlantic City Municipal Utilities Authority, Atlantic City's water purveyor. Each year, ACSC bills customers (other than certain large volume customers) based on water consumption from the prior year.

3. On September 9, 2021, pursuant to N.J.A.C. 14:9-7.1 to 7.7, ACSC filed the above-captioned Petition with the Board, which was later assigned BPU Docket No. WR21091128, for approval of a decrease in the level of its purchased wastewater treatment adjustment clause ("PSTAC") as required by N.J.A.C. 14:9-7.1(d) and 14:9-7.7.

4. The matter was retained by the Board for review and disposition. The Parties agreed that a public comment hearing was not required because the Petitioner had proposed a decrease in rates.

5. As required in N.J.A.C. 14:9-7.7, the Company has included in its filing an estimate of ACUA costs for calendar year 2022, which estimate has been used to determine the applicable PSTAC rate for 2022. As a result, the projected bill for 2022 from the ACUA is \$7,846,869. In addition, the following components have been included to arrive at the net amount for recovery from customers through the 2022 PSTAC of \$6,861,310:

- a. ACSC had a net under-recovery of \$116,757 for the 2021 PSTAC;
- b. ACUA credit to the Company of \$51,043 for 2020 billing;
- c. ACUA is projecting a credit to the Company of \$1,105,441 for 2021 billing; and

- d. \$3,125 in filing costs for this proceeding, which reflects 50% of the total anticipated costs of \$6,250 (pursuant to the Board's 50/50 sharing of such expenses as between ratepayers and investors).

6. Based on the estimated costs for 2022, the under-recovery from revenues for 2021, the 2020 credit and the estimated 2021 credit for treatment flows from the ACUA, and the costs of this proceeding, the Parties have agreed that Petitioner's current PSTAC rates on file with the Board should be decreased as indicated on Exhibit A, and as reflected on the tariff page attached hereto as Exhibit B. For the average residential customer, the PSTAC rate will decrease from \$26.125 per thousand cubic feet of metered water to \$20.406 per thousand cubic feet of metered water, a decrease of \$5.719 per thousand cubic feet of metered water, or approximately 21.89%. With respect to the total annual rate for wastewater services, for the average residential customer using approximately 9.3 Mcf, their bill will decrease from \$571.28 to \$518.09, a decrease of \$53.19, or approximately 9.31% annually.

7. 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 2022 ACUA costs with the estimated ACUA costs (as reflected in the rates identified on Exhibit A and Exhibit B) for the same period. Additionally, the Company will include in its filing an estimate of ACUA costs for calendar year 2023, which estimate will be used to determine the applicable PSTAC rate for 2023, as required in N.J.A.C. 14:9-7.1(d) and 14:9-7.7.

8. ACSA shall account for net cumulative over-recoveries and under-recoveries resulting from the PSTAC. These over-recoveries and under-recoveries will be charged or credited to the PSTAC in subsequent PSTAC proceedings. The net monthly cumulative over-recoveries and under-recoveries shall be calculated for each month, utilizing an average balance for each month. Interest on net cumulative monthly over-recoveries shall be credited to the PSTAC at an interest rate equal to the return on rate base of 6.90%. Similarly, interest on net

monthly under-recoveries shall be charged against the PSTAC. If the Company has another base rate case completed while this PSTAC is in effect, the return on rate base utilized in that base rate case shall become the interest rate on net monthly cumulative over-recoveries and under-recoveries, on a prospective basis. If, as of December 31, 2022, interest shall be due to the PSTAC, such interest shall in fact be credited to the PSTAC. If, as of December 31, 2022, interest shall be chargeable against the PSTAC, said interest shall be eliminated through appropriate accounting entries.

9. 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.

10. 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.

11. 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.

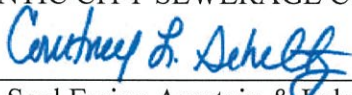
12. The Parties further agree that with respect to any policy or other issues which were compromised in the spirit of reaching an agreement, none of the Parties shall be prohibited from, or prejudiced in, arguing a different policy or position before the Board in any other proceeding, as such agreements 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.

13. 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.

[Signatures to follow]

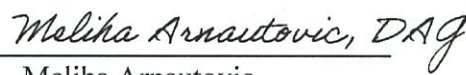
IN WITNESS WHEREOF, the Parties, each expressly intending to be legally bound, and each acknowledging that he, she or it has given full and careful consideration to all aspects of this Stipulation, have duly authorized and caused this Stipulation to be executed and to become effective as of the dates affixed hereto:

November 9, 2021
Date

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


ANDREW BRUCK
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the
New Jersey Board of Public Utilities

11-16-2021
Date

By: 
Meliha Arnautovic
Deputy Attorney General

BRIAN O. LIPMAN, ESQ.
DIRECTOR – RATE COUNSEL

11/16/21
Date

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

The Atlantic City Sewerage Company

CALCULATION OF 2022 TREATMENT RATE:

			REFERENCE	
1	Net 2021 (Over) / Under Collection	\$ 167,800	ACSC-3	Estimate
2	Adjustment for Actual 2020 Treatment Credit	(51,043)	ACSC-5	Actual
3		0		
4	Other: Interest on net Overrecovery	0	ACSC-3, col 12	
5	Net (Over) / Under Collected Position from 2021	116,757		
6	Projected 2022 Treatment Cost	7,846,869	ACSC-4	Estimate
7	Projected 2022 Charge/ (Credit) for 2021 Treatment Flows	(1,105,441)	ACSC-4	Estimate
8	Net Projected Treatment Cost	6,741,428	ACSC-4	
9	Projected Filing Costs (shared 50/50)	3,125	ACSC-7	Estimate
10	Total 2022 Treatment Cost Recovery	\$ 6,861,310		
11	<u>Calculation of New Treatment Rate:</u>			
12	Total 2022 Treatment Cost Recovery	\$ 6,861,310	line 10	
13	Projected 2022 Mcf (divided by)	336,237	ACSC-2	Estimate
14	2022 Volumetric Treatment Rate	\$ 20.406		
15	Current Rate - compressed rate	\$ 26.125	-21.89%	
16	New Rate	\$ 20.406		
17	difference in rate	\$ (5.719)		
18	Volume projection	336,237		
19	Revenue Impact	\$ (1,922,941)		

The Atlantic City Sewerage Company
2022 PROJECTED BILLING FLOWS (in Mcf)

	BILLING MONTH	Mcf Billed in 2021 (a)	Adjustments to Billed in 2021 (b)	PROJECTED 2022 Mcf	
1	January	94,685.4	(100.0)	94,585.4	Estimate
2	February	17,609.6		17,609.6	Estimate
3	March	46,702.7		46,702.7	Estimate
4	April	47,488.9		47,488.9	Estimate
5	May	20,663.4		20,663.4	Estimate
6	June	42,651.4		42,651.4	Estimate
7	July	23,710.8		23,710.8	Estimate
8	August	42,825.1		42,825.1	Estimate
9					
10	Total	336,337.3	(100.0)	336,237.3	
11				to ACSC-1, line 13	

12 **NOTE: Based on 2021 "estimated" billings unless otherwise indicated.**

13 (a) **2021 Flows from schedule ACSC-3, column 4.**

14 (b) **Adjustment based on reduced volumes associated with anticipated closure of Colosseo.**

The Atlantic City Sewerage Company
2021 OVER (UNDER) RECOVERY
As of August 2021

	Actual (1)	Actual (2)	Actual (3)	Estimate (4)	Estimate (5)	Actual (6)	Estimate (7)	Estimate (8)	Estimate (9)	Estimate (10)	Actual (11)	Estimate (12)	Actual (13)
BILLING	PSTAC Approved	2021 TREATMENT	APPROVED TREATMENT REVENUES	BILLED	2021 BILLED TREATMENT REVENUES	2021 PSTAC Supplemental Billing	MONTHLY OVER (UNDER) COLLECTION	PRIOR YEAR ADJ (Mcf) TO ACTUAL (4)-(11)-ACSC6- ACSC8	PRIOR YEAR TREATMENT \$'s	NET MONTHLY CUMLATIVE OVER (UNDER)	BILLED READINGS 2020 Mcf [from prior	Interest Calculation - Due to (From)	Approved
MONTH	Mcf	RATE	(1) x (2)	2021 Mcf	(4) x Applicable Rate		(5)+(6) - (3)		(8) x PY 22.889	(7)+(9)+prior mo's	[year col (4)]	(10) x (13)/12	ROR
1 January	91,776.2	25.850	2,372,415	94,685.4	2,167,254	280,426	75,265	(18,815.5)	(430,668)	(355,403)	96,583.1	(2,044)	6.90%
2 February	15,866.6	25.850	410,152	17,609.6	460,051	0	49,899	424.6	9,719	(295,786)	16,701.7	(1,701)	6.90%
3 March	45,063.4	25.850	1,164,889	46,702.7	1,220,108	11,764	66,983	(16,623.6)	(380,498)	(609,300)	47,435.2	(3,503)	6.90%
4 April	44,229.8	25.850	1,143,340	47,488.9	1,240,648	24,350	121,658	(1,203.5)	(27,547)	(515,190)	46,557.7	(2,962)	6.90%
5 May	19,807.1	25.850	512,014	20,663.4	539,831	16,462	44,279	(2,207.2)	(50,521)	(521,431)	20,849.6	(2,998)	6.90%
6 June	37,793.2	25.850	976,954	42,651.4	1,114,268	42,302	179,616	(2,276.6)	(52,109)	(393,924)	39,782.3	(2,265)	6.90%
7 July	21,809.2	25.850	563,768	23,710.8	619,445	30,547	86,224	511.8	11,715	(295,986)	22,957.0	(1,702)	6.90%
8 August	39,145.2	25.850	1,011,903	42,825.1	1,118,806	65,754	172,657	(1,942.9)	(44,471)	(167,800)	41,218.0	(965)	6.90%
9 September	0.0		0	0.0	0	0	0	0.0	0	(167,800)	0.0	(965)	6.90%
10 October	0.0		0	0.0	0	0	0	0.0	0	(167,800)	0.0	(965)	6.90%
11 November	0.0		0	0.0	0	0	0	0.0	0	(167,800)	0.0	(965)	6.90%
12 December	0.0		0	0.0	0	0	0	0.0	0	(167,800)	0.0	(965)	6.90%
13													
14 Rounding			0				0			(167,800)			
15			(z)		(X)	(Y)							
16 Totals	315,490.7		\$ 8,155,435	336,337.3	\$ 8,480,411	\$ 471,604	\$ 796,580	(42,132.9)	\$ (964,380)		332,084.6	\$ (22,000)	
17					6.61%								
18													
19 Total Approved Treatment Recovery Amount					\$ 8,155,435	(z)							
20 Over/(under) recovery on actual 2021 customer billings					796,580	(x)+(y)-(z)							
21													
22 Over/(under) recovery on 2020 adjust to actual usage					(964,380)	col (9)							
23													
24 Over/(Under) Balance Expected 12/31/2021					\$ (167,800)								

The Atlantic City Sewerage Company
2022 PROJECTED TREATMENT COST
ANNUAL BILLING

	(1)	(2)	(3)	(4)
			<i>Estimated (a)</i>	
	2021	2022	March	2022
TREATMENT		2.00% (c)	2022	TREATMENT COST
COST		<i>Est. Increase</i>	<i>(CREDIT)/CHARGE</i>	<i>(1)+(2)+(3)</i>
	\$ 7,693,009	\$ 153,860	\$ (1,105,441) (b)	\$ 6,741,428

(a) Actual 2021 treatment costs (column 1) will be available late December, while the final credit amount (column 3) will not be available until mid-January 2022. This credit will be applied against the Company's March Treatment Invoice.

(b) Based on ACUA's current projection of ACSC's 2021 flows to the ACUA treatment plant of 29.87%, which is lower than the total flows of 34.73% originally budgeted.

(c) Based on ACUA's current projection of ACUA's possible budget increase for 2022 after conversation with ACUA VP of Finance. Final numbers will be available late December 2021.

The Atlantic City Sewerage Company

1	2021 TREATMENT BILLINGS ADJUSTMENT		
2	(Including the ACUA Credit/Surcharge for Prior Year)		
3			
4		<u>AMOUNT</u>	
6			
7	2021 Actual Treatment Billing	\$ 7,693,009	
8			
9	Less: Actual Credit for 2020 Flows	<u>\$ (1,039,086)</u>	
10			
11	Net Actual Cost for 2020		\$ 6,653,923
12			
13			
14			
15	LESS:		
16			
17	2021 Estimated Treatment Billing	\$ 7,693,009	
18			
19	Less: Estimated Credit for 2020 Flows		
20	included in approved filing	<u>\$ (988,043)</u>	
21			
22	Net Estimated Cost for 2021		<u>\$ 6,704,966</u>
23			
24			
25	Treatment Cost Adjustment (Due To) Due From Ratepayers	<u>\$ (51,043)</u>	To ACSC-1

The Atlantic City Sewerage Company

1 2021 NEW ACCOUNTS BILLED* Thru August 2021
2

3		Mcf	Assumptions
4	<u>MONTH</u>	<u>AMOUNT</u>	<u>and Notations:</u>
5			
6	January	14.8	
7	February	28.3	
8	March	6.3	
9	April	24.5	
10	May	0.0	
11	June	36.2	
12	July	24.9	
13	August	5.0	
14			
15	Total	<u>140.0</u>	
16			

17 * These accounts are billed in advance with no adjustment for prior year usage required.
18
19
20
21

The Atlantic City Sewerage Company

1		
2	<u>2022 PSTAC - PROJECTED EXPENSES</u>	
3		
4		<u>AMOUNT</u>
5		
6	Legal Fees for 2022 PSTAC	\$ 6,000
7	Postage, Publication & Copying	\$ 250
8	Other:	\$ -
9		
10	Projected 2022 PSTAC Costs	<u>\$ 6,250</u>
11		
12		
13	Total Projected Expenses (shared 50/50)	<u>\$ 3,125 To ACSC-1</u>

ATLANTIC CITY SEWERAGE COMPANY
CREDITS DUE MAJOR CUSTOMERS DUE TO COVID-19 CLOSURES / RESTRICTIONS

Top commercial customers hand billed to give actual credit for 2020, but adjust current year MCF for Collection and Treatment charges. The chart below shows the actual credit given for 2020. The amount actual billed is included in column (4) on Schedule ACSC 3

Billing Month	(1) 2020 Billed MCF	(2) 2020 Actual MCF	(3) Variance Billed vs. Actual
January	67,993.1	51,090.1	(16,903.0)
February	1,139.8	684.8	(455.0)
March	39,039.1	23,154.3	(15,884.8)
April	21,400.1	19,289.9	(2,110.2)
May	3,492.1	1,471.1	(2,021.0)
June	20,015.6	14,906.1	(5,109.5)
July	459.2	242.1	(217.1)
August	13,922.7	10,377.7	(3,545.0)
Total	167,461.7	121,216.1	(46,245.6)

SCHEDULE OF RATES

Annual Rates

Fixed Charge

All customers shall pay the following annual fixed charge, based on the size of the water meter used in rendering of water service:

Size of Meter	Total Annual Fixed Charge
5/8"	\$ 254
3/4	441
1	1,298
1-1/2	3,200
2	6,344
3	15,455
4	32,505
6	105,079
8	154,523
10 or larger	248,329

Volumetric Collection Charge

In addition to the annual fixed charge, all customers shall pay \$7.991 for each 1,000 cubic feet of metered water, measured to the nearest one-tenth.

Purchased Sewerage Treatment Adjustment Clause (PSTAC) Charge

In addition to the annual fixed charge and the volumetric collection charge, all customers shall pay \$20.406 for each 1,000 cubic feet of metered water, measured to the nearest one-tenth, for sewerage treatment costs assessed to the Company by the relevant treating wastewater facility.

Date of Issue: December __, 2021
Issued by: WENDY E. STEWART, President & General Manager
1200 Atlantic Avenue

Effective for Service
rendered on and after
January 1, 2022

Filed pursuant to decision and Order of Board of Public Utilities in Docket No. WR21091128, dated
_____.