



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu

WATER

IN THE MATTER OF THE PETITION OF THE)	ORDER ADOPTING
ATLANTIC CITY SEWERAGE COMPANY TO)	INITIAL DECISION/STIPULATION
CHANGE THE LEVEL OF ITS PURCHASED)	
SEWERAGE TREATMENT ADJUSTMENT)	BPU DOCKET NO. WR09030201
CLAUSE)	OAL DOCKET NO. PUC02660-2009S

(SERVICE LIST ATTACHED)

BY THE BOARD:

On March 10, 2009, the Atlantic City Sewerage Company ("ACSC" or "Company"), a public utility of the State of New Jersey, subject to the jurisdiction of the Board of Public Utilities ("Board") filed a petition pursuant to N.J.A.C. 14:9-8.1 et seq., proposing to change the level of its Purchased Sewerage Treatment Adjustment Clause ("PSTAC").

By this Order, the Board considers the Initial Decision recommending adoption of the Stipulation of Settlement ("Stipulation") executed by the Company, the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively, the "Parties"), agreeing to an overall recovery of \$9,192,927 and a projected 2009 flow of 437,758.4 Mcf. There were no interveners in this case.

BACKGROUND/PROCEDURAL HISTORY

ACSC operates a sewage collection and transmission system within its defined service territory, consisting of the City of Atlantic City, ("Atlantic City") New Jersey serving approximately 7,500 customers. ACSC does not treat any of the sewage it collects. Instead, all of the sewage collected by the ACSC is transmitted to and then treated by the Atlantic County Utilities Authority ("ACUA").

ACSC does not meter sewerage flows. ACSC bills its customers on the basis of water entering a customer's premise. ACSC is furnished data regarding water entering a customer's premises by the Atlantic City Municipal Utilities Authority ("ACMUA"), the entity providing water within Atlantic City. Each year, ACSC bills its customers (other than certain large volume customers) based on water consumption during the prior year.

The Company's PSTAC rate is implemented through the use of its Volumetric Treatment Charge. In this petition, the Company sought to increase its Volumetric Treatment Charge from its current level of \$19.546 per thousand cubic feet ("Mcf") of metered water, to a rate of \$21.000 per Mcf of metered water, prior to compression, or an increase of \$1.454 per Mcf.

This matter was transmitted to the Office of Administrative Law ("OAL") on April 9, 2009, as a contested case, and was assigned to Administrative Law Judge ("ALJ") W. Todd Miller. A pre-hearing conference was held on May 27, 2009, and Pre-hearing Order issued on May 28, 2009. A public hearing was held on June 23, 2009, presided over by ALJ Miller, within the Petitioner's service territory of Atlantic City, New Jersey.¹ No members of the public appeared at the hearing.

Subsequent to the public hearing the Parties engaged in settlement negotiations. As a result of the settlement negotiations, the Parties reached a settlement on all issues pertaining to the PSTAC and entered into a Stipulation. The 2009 PSTAC charge is proposed to be set at \$21.000 per Mcf, before compression. As of the date of this Order, the rate, after compression, will be \$23.215 Mcf, an increase of \$3.868 per Mcf.² Effective January 1, 2010, the PSTAC charge will be \$21.000 per Mcf, resulting in a decrease of \$2.215 per Mcf. This charge will be incorporated into a compliance filing by the company on January 1, 2010.

ALJ Miller issued his Initial Decision on July 20, 2009, recommending adoption of the Stipulation executed by the Parties, finding that the Parties had voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues and is consistent with the law. No exceptions were received by the Board.

DISCUSSIONS AND FINDINGS

As more fully discussed in the attached stipulation, a residential customers with a 5/8" meter using 77,000 gallons of water per year will see a wastewater bill increase from \$453.29 per year to \$468.26 per year, an increase of \$15.56 per year (\$7.78 semi-annually), which is an average increase of 3.43% as a result of the PSTAC. The actual impact on customers will depend on upon the meter size and the level of water consumed by the customers.

Having reviewed ALJ Miller's Initial Decision and the Stipulation, the Board HEREBY FINDS that the Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. The Board FINDS the Initial Decision, which adopts the Stipulation to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board HEREBY ADOPTS the Initial Decision and the Stipulation attached hereto, including all attachments and schedules, as its own, incorporating by reference the terms and conditions of the Stipulation, as if they were fully set forth at length herein, subject to the following:

¹In this case, after oral arguments, ALJ Miller ordered that the public hearing be held at 1.00 p.m. See ALJ Miller's May 28, 2009 Order. While this ruling was not raised to the Board in exceptions and the Board has determined not to disturb this Order, the Board notes that pursuant to R. 1:14-9.2(b) "Unless a statute requires otherwise or the judge directs otherwise for good cause shown, public hearings shall be conducted during the evening after regular business hours or at some other time which would be convenient to those persons interested in the subject matter of the public hearing." (emphasis added). Any future deviation from this rule shall be accompanied by the appropriate showing of good cause.

²The \$21.000 per Mcf rate assumes an implementation date of January 1, 2009. The 2009 PSTAC rate increase will be recovered over 156 days rather than 365 days, resulting in a compressed 2009 rate of \$23.215 per Mcf.

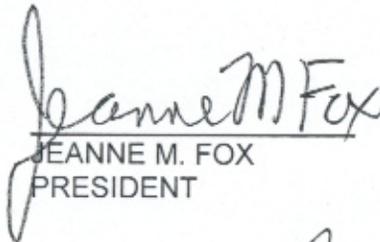
In accordance with the provisions of N.J.A.C. 14:9-7.4 and this Order, the Petitioner shall file with the Board, no later than 45 days after the adjustment clause has been in effect for one year, a PSTAC true-up schedule in connection with this proceeding. Copies of the true-up schedules shall be served upon all parties to the present proceeding.

The Board HEREBY ACCEPTS the tariff page attached to the Stipulation as filed with the Board to be effective as of the date of this Order.

The effective date of this Order is as dated below.

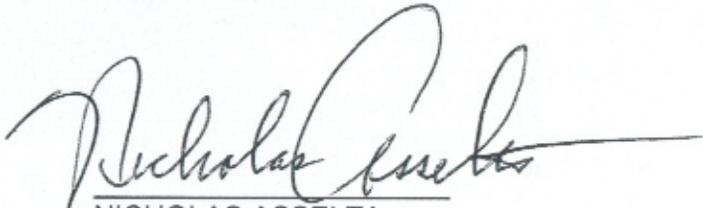
DATED: 7/29/09

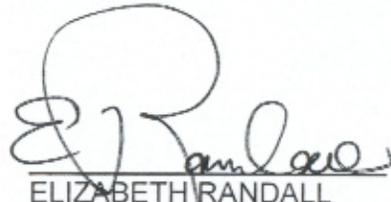
BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

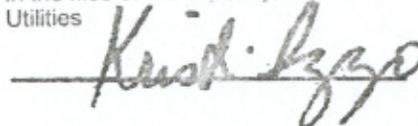

NICHOLAS ASSELTA
COMMISSIONER


ELIZABETH RANDALL
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



IN THE MATTER OF THE PETITION OF THE ATLANTIC CITY SEWERAGE COMPANY
TO CHANGE THE LEVEL OF ITS PURCHASED SEWERAGE TREATMENT
ADJUSTMENT CLAUSE

BPU DOCKET NO. WR09030201
OAL DOCKET NO. PUC02660-2009S

SERVICE LIST

Ira Megdal, Esq.
Stacey Mitchell, Esq.
Cozen O'Connor
LibertyView, Suite 300
457 Haddonfield Road
Cherry Hill, NJ 08002

Deborah F. Robinson, Esq.
Christine M. Juarez, Esq.
Division of Rate Counsel
31 Clinton Street, 11th floor
P. O. Box 46005
Newark, NJ 07101

Cynthia L. Holland, Esq.
Department of Law and Public Safety
Division of Law
124 Halsey Street
P. O. Box 45029
Newark, NJ 07102

Louis Walters, President
Wendy Stewart
Atlantic City Sewerage Company
1200 Atlantic Avenue
P.O. Box 1830
Atlantic City, NJ 08404

Robert Henkes
Henkes Consulting
7 Sunset Road
Old Greenwich, CT 06870



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 2660-09

AGENCY REF. NO. WR09030201

**IN THE MATTER OF THE PETITION
OF THE ATLANTIC CITY SEWERAGE
AUTHORITY TO CHANGE THE LEVEL
OF ITS PURCHASED SEWERAGE
TREATMENT ADJUSTMENT CLAUSE**

Ira G. Megdal, Esq. and **Stacy A. Mitchell**, Esq., for petitioner, Atlantic City Sewerage Company (Cozen O'Connor, attorneys)

Christine J. Juarez, Assistant Deputy Public Advocate (Stefanie A. Brand, Director, Department of the Public Advocate, Division of Rate Counsel)

Cynthia L.M. Holland, Deputy Attorney General, behalf of the Staff Public Utilities (Anne M. Milgram, Attorney General of New Jersey, attorney)

Record Closed: July 20, 2009

Decided: July 20, 2009

BEFORE **W. TODD MILLER**, ALJ:

This matter was transmitted to the Office of Administrative Law on April 17, 2009, for determination as a contested case, pursuant to N.J.S.A. 52:14B-1 to -15 and N.J.S.A. 52:14F-1 to -13.

have reviewed the record and the terms of settlement and I **FIND**:

1. The parties have voluntarily agreed to the settlement as evidenced by their signatures or their representatives' signatures.
2. The settlement fully disposes of all issues in controversy and is consistent with the law.

I **CONCLUDE** that this agreement meets the requirements of N.J.A.C. 1:1-19.1 and that the settlement should be approved. I approve the settlement and therefore **ORDER** that the parties comply with the settlement terms and that these proceedings be concluded.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

July 20, 2009

DATE



W. TODD MILLER, ALJ

Date Received at Agency:

Date Mailed to Parties:

/sd

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES
OFFICE OF ADMINISTRATIVE LAW

IN THE MATTER OF THE PETITION : BPU DOCKET NO. WR09030201
OF THE ATLANTIC CITY SEWERAGE :
COMPANY TO CHANGE THE LEVEL OF : OAL DOCKET NO. 02660-2009S
ITS PURCHASED SEWERAGE TREATMENT :
ADJUSTMENT CLAUSE : STIPULATION

APPEARANCES:

Ira G. Megdal, Esquire and Stacy A. Mitchell, Esquire, (Cozen O'Connor, attorneys) for
The Atlantic City Sewerage Company, Petitioner

Christine M. Juarez, Assistant Deputy Public Advocate, on behalf of the Division of Rate
Counsel (Stefanie A. Brand, Director)

Cynthia L. M. Holland, Deputy Attorney General, (Ann Milgram, Attorney General of
New Jersey), on behalf of the Staff of the Board of Public Utilities

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

1. The Atlantic City Sewerage Company ("ACSC", "Company" or "Petitioner"), a
public utility company of the State of New Jersey, operates a sewerage collection and
transmission system within its defined service territory, consisting of the City of Atlantic City,
New Jersey. Within its service territory, Petitioner serves approximately 7,500 customers.
Petitioner purchases its sewage treatment from the Atlantic County Utilities Authority
("ACUA").

2. On or about March 10, 2009, the Company filed a Petition to Change the Level of
its Purchased Sewerage Treatment Adjustment Clause ("PSTAC"), pursuant to the provisions of
N.J.A.C. 14:9-8.1, *et seq.* The matter was transmitted to the Office of Administrative Law
("OAL") on April 9, 2009 for hearing as a contested case. The proceeding was assigned Docket
No. WR09030201 by the Board of Public Utilities ("BPU" or the "Board") and Docket No.

02660-2009S by the OAL. Administrative Law Judge ("ALJ") W. Todd Miller was assigned to the case.

3. The Parties to this proceeding include the Staff of the Board of Public Utilities ("Staff") and the Division of Rate Counsel ("Rate Counsel"). There were no Interveners to this proceeding. Discovery was propounded by the Staff and Rate Counsel and answered in full by the Company.

4. In its Petition, ACSC proposed to raise its Volumetric Treatment Charge, effective January 1, 2009.

5. After appropriate public notice, a public hearing was held in Atlantic City, New Jersey on June 23, 2009, presided over by the Honorable W. Todd Miller, A.L.J. No members of the public appeared at the public hearing.

6. ACSC does not treat any sewage. Rather, ACSC is solely engaged in the collection and transmission of sewage within the City of Atlantic City. All of the sewage collected and transmitted by ACSC is treated by the ACUA.

7. ACSC does not meter sewage flows, but bills its customers on the basis of water entering its customers' premises. ACSC is furnished data regarding water entering its customers' premises by the Atlantic City Municipal Utilities Authority ("ACMUA"), the entity purveying water within the City of Atlantic City. Each year, ACSC bills its customers (other than certain large volume customers) based on water consumption during the prior year.

8. The Petition filed herein was based upon projected consumption by customers for the billing cycles of January 1, 2009 through December 31, 2009, based upon actual 2008 consumption.

9. Petitioner's PSTAC rate is implemented through the use of its Volumetric Treatment Charge. In its initial filing, Petitioner sought to increase its Volumetric Treatment Charge from its current level of \$19.546 per Mcf of metered water, to a rate of \$21.00 per Mcf of metered water, prior to compression. The initial filing was based on estimates, preliminary in nature, and was updated as the case progressed.

10. After adjusting the ACUA 2009 budget amount of \$8,728,732 by a decrease of \$133,725 to reflect the credit from the ACUA for the year 2008, the amount to be recovered through the PSTAC is \$8,595,007. This amount has been further adjusted by the projected costs (after true-up for the costs of last year's proceeding) of \$8,000; as well as a \$589,920 under-collection adjustment in 2008 to reflect a total amount to be recovered through the PSTAC of \$9,192,927. This is the amount to be recovered in 2009 through the Volumetric Treatment Charge, which is the rate through which the PSTAC is affected. When this amount is divided by the projected 2009 flows of 437,758.4 Mcf, the resulting PSTAC rate, prior to compression, is \$21.00 per Mcf. This represents an increase of \$15.56 or 3.35% on the average residential customer's annual sewerage bill.

11. The Volumetric Treatment Charge of \$21.00 assumes an implementation date of January 1, 2009. If a Board Order is effective as of July 29, 2009, it means that the 2009 PSTAC will only be recovered over 156 days, rather than 365 days. As a result, the PSTAC charge for 2009 will be compressed to a charge of \$23.215 per Mcf from the current PSTAC charge of \$19.347 per Mcf as portrayed in Exhibit "A". This represents an increase of \$3.868 per Mcf. If the Board should act on this matter after July 29, 2009, the charge may, if deemed necessary by the Parties, be further compressed in order to recover the appropriate amount.

12. Beginning January 1, 2010, the uncompressed PSTAC charge of \$21.00 per Mcf shall become effective resulting in a decrease of \$2.215 per Mcf from the compressed charge. The Company shall make a compliance filing with the Board effective January 1, 2010 incorporating this rate change.

13. ACSC shall account for net cumulative over-recoveries and under-recoveries resulting from the PSTAC. These over-recoveries or 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 8.0225%, established in ACSC's last base rate proceeding, BPU Docket No. WR07110866, pursuant to N.J.A.C. 14:9-8.3(c) and N.J.A.C. 14:3-13.3. Similarly, interest on net monthly under-recoveries shall be charged against the PSTAC. If Petitioner 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 or under-recoveries, on a prospective basis. If, as of December 31, 2009, interest shall be due the PSTAC, such interest shall in fact be credited to the PSTAC. If, as of December 31, 2009, interest shall be chargeable against the PSTAC, said interest shall be eliminated through appropriate accounting entries.

14. All customers will be notified, through a billing insert, of the increase to Volumetric Treatment Charge brought about by the PSTAC. ACSC will issue a bill insert that reflects the difference between the annual amount due based upon the old rate and the annual amount due at the new rate. The Notice to Customers shall be subject to approval by Staff and Rate Counsel.

15. Attached hereto as Exhibit "B" are tariff sheets, giving effect to the Volumetric Treatment Charge stipulated in this Stipulation. The Parties hereto agree that said tariff sheets are just and reasonable, and should be accepted by the Board, effective July 29, 2009, or as soon thereafter as the Board may issue an order accepting same.

16. This Stipulation shall be binding on the Parties on approval of the Board. This Stipulation shall bind the Parties in this matter only and shall have no precedential value.

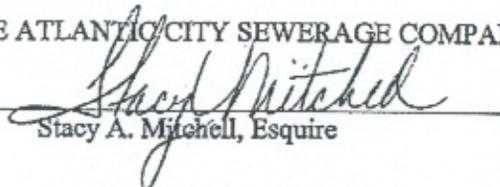
17. This Stipulation contains terms, each of which is interdependent with the others and essential in its own right to the signing of this Stipulation. Each term is vital to the agreement as a whole, since the Parties expressly and jointly state that they would not have signed the agreement has any term been modified in any way. Since the Parties have compromised in numerous areas, each is entitled to certain procedures in the event that any modifications whatsoever are made to this Stipulation.

18. If any modification is made to the terms of this Stipulation, the Signatory Parties each must be given the right to be placed in the position it was in before the Stipulation was entered into. It is essential that each Party be given the option, before the implementation of any new rate resulting from any modification of this Stipulation, either to modify its own position to accept the proposed changes, or to resume the proceeding as if no agreement had been reached. This proceeding would resume at the point where it was terminated which was after evidentiary hearings were completed.

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

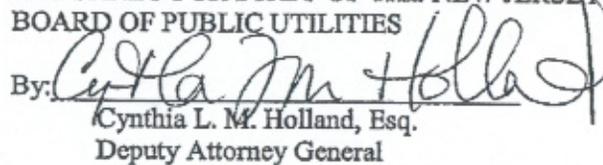
THE ATLANTIC CITY SEWERAGE COMPANY

By:


Stacy A. Mitchell, Esquire

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
ATTORNEY FOR STAFF OF THE NEW JERSEY
BOARD OF PUBLIC UTILITIES

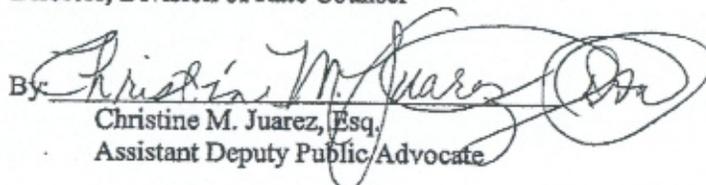
By:


Cynthia L. M. Holland, Esq.
Deputy Attorney General

RONALD K. CHEN
PUBLIC ADVOCATE

Stefanie A. Brand
Director, Division of Rate Counsel

By:


Christine M. Juarez, Esq.
Assistant Deputy Public Advocate

Dated:

THE ATLANTIC CITY SEWERAGE COMPANY
2009 PSTAC RATE CALCULATIONS

	<u>Amount</u>
2009 Annual PSTAC Rate	21.000
Current PSTAC Rate	<u>19.347</u>
Annual Rate Increase	<u>1.653</u>

COMPRESSED RATE CALCULATION

	<u>Amount</u>
Annual Rate Increase	1.653
times Number of Days	<u>365</u>
Weighted Rate Increase	<u>603.345</u>
Weighted Rate Increase	603.345
divided by Number of Days <i>(assume July 29, 2009 Approval)</i>	<u>156</u>
Compressed Rate Increase	<u>3.868</u>
Current PSTAC Rate	19.347
Compressed Rate Increase	<u>3.868</u>
NEW 2009 PSTAC RATE <i>(assume July 29, 2009 Approval)</i>	<u>23.215</u>

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 the rendering of water service:

<u>Size Of Meter</u>	<u>Total Annual Fixed Charge</u>
5/8"	\$187
3/4	325
1	903
1-1/2	2,170
2	4,290
3	10,570
4	21,130
6	52,560
8	105,220
10 or larger	167,990

Volumetric Collection Charge

In addition to the annual fixed charge, all customers shall pay \$6.322 for each 1,000 cubic feet of metered water, measured to the nearest one-tenth.

Volumetric Treatment Charge

In addition to the annual fixed charge and the volumetric collection charge, all customers shall pay \$21.000 for each 1,000 cubic feet of metered water, measured to the nearest one-tenth, for sewerage treatment costs assessed the Company by the Atlantic County Utilities Authority.

Date of Issue: March 9, 2009
Issued by: LOUIS M. WALTERS, President & General Manager
1200 Atlantic Avenue
Atlantic City, New Jersey

Effective for Service
rendered on and after
July 29, 2009