



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 AQUA	)	ORDER ADOPTING STIPUTION
NEW JERSEY, INC., MAXIM WASTEWATER	)	OF SETTLEMENT
DIVISION FOR APPROVAL OF A 2006	)	
PURCHASED WASTEWATER ADJUSTMENT	)	BPU DKT NO. WR07080632
CLAUSE TRUE-UP	)	OAL DKT NO.PUCRS 08544-2007S

(SERVICE LIST ATTACHED)

BY THE BOARD:

On August 21, 2007, the Maxim Wastewater Division of Aqua New Jersey, Inc., (Company or Maxim), a public utility of the State of New Jersey, filed a petition pursuant to N.J.A.C. 14:9-7.1 et seq. with the Board of Public Utilities (Board) seeking approval of a purchased sewage treatment adjustment clause (PSTAC) true-up for calendar year 2006. Maxim's principal office is located in Hamilton, New Jersey.

Maxim is a wastewater utility engaged in the collection and transmission of sewerage and serves approximately 2,570 customers in the Township of Howell, Monmouth County. The Ocean County Utilities Authority (OCUA) collects and treats all of the sewerage transmitted by Maxim. The Company's PSTAC proposal would have resulted in total Company PSTAC net over-recoveries in the amount of (\$15,034) or a 1.78% reduction in current rates. After settlement discussions, a net over-recovery in the amount of (\$19,339) in PSTAC revenues or a 2.28% reduction in current PSTAC revenues was agreed to by the Parties.

PROCEDURAL HISTORY

On October 9, 2007, this matter was transmitted to the Office of Administrative Law (OAL) and assigned to Administrative Law Judge (ALJ) Douglas H. Hurd. A public hearing was held on January 7, 2008, at 7:00 p.m. in Howell Township. No members of the public appeared to provide comments on the proposed PSTAC.

The parties to this proceeding are the Company, the Division of Rate Counsel (DRC) and Board Staff (Staff). There were no interveners in this case.

Subsequent to the public hearing, the Parties engaged in settlement negotiations. As a result of these settlement negotiations, the Parties reached a settlement on all issues and entered into a Stipulation (Stipulation or Settlement).

ALJ Hurd issued his Initial Decision on January 29, 2008, recommending adoption of the Stipulation executed by the Parties, finding that the Parties had voluntarily agreed to the Settlement and that the Settlement fully disposed of all issues and was consistent with the law.

STIPULATION

As more fully set forth in the attached Stipulation of Settlement¹, the Parties agreed that:

1. Maxim's rates reflect the recovery of sewage treatment charges by the Ocean County Utilities Authority (OCUA). The current PSTAC tariff was approved by the Board in Docket No. WR06030146, dated December 11, 2006, which trued-up all PSTAC revenues and expenses effective for and applicable to the period ending December 31, 2005. (Settlement paragraph 4).
2. The Parties had determined that a net over-recovery of sewage treatment charges of approximately \$23,484.11 existed for the calendar year ending December 31, 2006. The Parties have agreed that the costs of this proceeding are \$11,390. These costs will be shared 50/50 between ratepayers and shareholders. The Parties have also agreed that the interest calculation on the over-recovery is \$1,550. The total net over-recovery for 2006, including a sharing of costs related to this proceeding is \$19,339.11 (Settlement paragraph 5).
3. Maxim will return the amount of \$19,339.11 to its customers by decreasing its PSTAC rates as shown on the attached Exhibit A, and made an integral part of this Stipulation of Settlement (Settlement Paragraph 6).
4. Maxim's current PSTAC rates on file with the Board will be revised pursuant to the rates indicated on Exhibit A, attached hereto. For the average residential customer, the annual flat PSTAC rate will decrease from \$327.32 to \$319.84, an annual decrease of \$7.48 or approximately 2.29%. With respect to the total annual rate for wastewater services, the average residential customer rate will decrease from \$631.32 to \$623.84, a decrease of \$7.48 or approximately 1.2% annually (Settlement Paragraph 7).

DISCUSSIONS AND FINDINGS

The Board, having reviewed ALJ Hurd's Initial Decision and the Stipulation of Settlement among the Parties to this proceeding, FINDS that the Parties have voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues in the proceeding and is consistent with law. The Board FINDS the Stipulation to be reasonable, in the public interest, and in accordance with the law. The Board FINDS the Initial Decision, which adopts the Stipulation to be reasonable and in the public interest.

¹Cited paragraphs referenced are in the settlement documents. This is only a summary; the full settlement document controls, subject to the Board's findings and conclusions contained herein.

The Board HEREBY ADOPTS the ALJ's Initial Decision and the Stipulation of Settlement attached hereto, as its own, incorporating by reference the terms and conditions as if fully set forth herein, subject to the following:

- a. The net over-recovery of sewage treatment charges shall be \$23,484.11, as of the calendar year ending December 31, 2006. The costs of this proceeding shall be \$11,390. These costs shall be shared 50/50 between ratepayers and shareholders. The interest calculation on the over-recovery shall be \$1,550. The total net over-recovery for 2006, including a sharing of costs related to this proceeding shall be \$19,339.11.
- b. Maxim shall return the amount of \$19,339.11 to its customers by decreasing its PSTAC rates as shown on the attached Exhibit A, and made an integral part of this Order.
- c. Maxim's current PSTAC rates on file with the Board shall be revised pursuant to the rates indicated on Exhibit A, attached hereto. The average residential customer, under a flat PSTAC rate shall decrease from \$327.32 to \$319.84, an annual decrease of \$7.48 or approximately 2.29%. The total annual rate for wastewater services, for the average residential customer shall decrease from \$631.32 to \$623.84, a decrease of \$7.48 or approximately 1.2% annually.

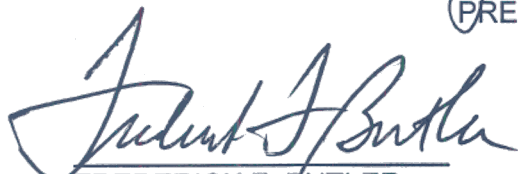
The Board ACCEPTS the tariff pages attached to the Stipulation, as consistent with the terms of the Stipulation, and effective for service rendered on and after the date of this Order.

The effective date of this Order is as dated below.

DATED: 3/4/08

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT

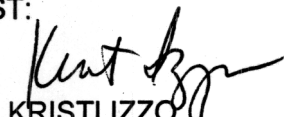

FREDERICK F. BUTLER
COMMISSIONER

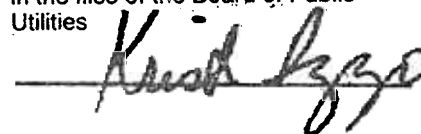

JOSEPH L. FIORDALISO
COMMISSIONER


CHRISTINE V. BATOR
COMMISSIONER

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

ATTEST:


KRISTI IZZO
SECRETARY



IN THE MATTER OF THE PETITION OF AQUA NEW JERSEY INC.,
MAXIM WASTEWATER DIVISION FOR APPROVAL OF A
PURCHASED SEWERAGE TRETMENT ADJUSTMENT
CLAUSE TRUE-UP FOR 2006

BPU DOCKET NO. WR07080632
OAL DOCKET NO. PUCRS 08544-2007S

SERVICE LIST

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Division of Law
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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

9 Quakerbridge Plaza
P.O. Box 049
Trenton, New Jersey 08625-0049
(609) 588-6584

A copy of the administrative law judge's
decision is enclosed.

This decision was mailed to the
parties on JAN 29 2008



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 8544-07

AGENCY DKT. NO. WR07080632

**IN THE MATTER OF THE PETITION OF
AQUA NEW JERSEY, INC.'S MAXIM
WASTEWATER DIVISION FOR
APPROVAL OF A 2006 PURCHASED
WASTEWATER TREATMENT
ADJUSTMENT CLAUSE TRUE-UP.**

Colleen A. Foley, Esq., on behalf of petitioner, Aqua New Jersey, Inc. (Saul Ewing, attorneys)

Debra F. Robinson, Deputy Public Advocate, on behalf of the Division of Rate Counsel (Ronald K. Chen, Public Advocate of New Jersey, attorney)

Arlene E. Pasko, Deputy Attorney General, on behalf of the Staff of the New Jersey Board of Public Utilities (Anne Milgram, Attorney General of New Jersey, attorney)

Record Closed: January 18, 2008

Decided: January 23, 2008

BEFORE, DOUGLAS H. HURD, ALJ:

This matter was transmitted to the Office of Administrative Law on October 19, 2007, 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.

The parties have agreed to a settlement and have prepared a Stipulation of Settlement indicating the terms thereof, which is attached and fully incorporated herein.

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.

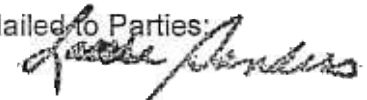
I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

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.

January 23, 2008
DATE


DOUGLAS H. HURD, ALJ

Date Received at Agency:

Mailed to Parties:

DIRECTOR AND
CHIEF ADMINISTRATIVE LAW JUDGE

JAN 29 2008
DATE

OFFICE OF ADMINISTRATIVE LAW

/cs

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

RECEIVED

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STATE OF NEW JERSEY
OFFICE OF ADMIN LAW

**IN THE MATTER OF THE PETITION OF
AQUA NEW JERSEY INC., MAXIM
WASTEWATER DIVISION FOR APPROVAL
OF A 2006 PURCHASED WASTEWATER
ADJUSTMENT CLAUSE TRUE-UP**

**STIPULATION OF
SETTLEMENT**

**BPU DOCKET NO. WR07080632
OAL DKT NO. PUCRS 08544-2007S**

APPEARANCES:

Colleen A. Foley, Esq., Saul Ewing LLP, on behalf of the Maxim Wastewater Division of Aqua New Jersey, Inc., Petitioner

Gina M. Hunt, Esq., Assistant Deputy Public Advocate, on behalf of the Department of the Public Advocate, Division of Rate Counsel

Arlene E. Pasko, Deputy Attorney General (Anne Milgram, 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 as follows: the Maxim Wastewater Division of Aqua New Jersey, Inc. ("Aqua-NJ," "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-NJ's Petition and exhibits, discovery conducted by Rate Counsel and the Staff, conferences, negotiations, and a public hearing held on January 7, 2008, in the Township of Howell, the Parties to this proceeding have come to the within agreement. The Parties hereto agree and stipulate as follows:

1. On August 21, 2007, pursuant to N.J.A.C. 14:9-7.1 et seq., the Maxim Wastewater Division of Aqua New Jersey, Inc., a public utility corporation of the State of New

Jersey, filed the above-captioned petition with the Board of Public Utilities ("BPU" or "Board"), which was later assigned Docket No. WR07080632, for approval of a purchased sewage treatment adjustment clause ("PSTAC") true-up for calendar year 2006. On October 9, 2007, the matter was transmitted to the Office of Administrative Law (Docket No. PUCRS 08544-2007S) and ultimately assigned to Administrative Law Judge ("ALJ") Douglas H. Hurd.

2. Petitioner operates a sewage collection and transmission system within its defined service territory consisting of a portion of the Township of Howell, New Jersey. Petitioner serves approximately 2,570 customers within its service territory.

3. On January 7, 2008, a public comment hearing was held in the service territory under the auspices of an ALJ. No members of the public appeared to provide comments on the proposed PSTAC.

4. Petitioner's rates reflect the recovery of sewage treatment charges by the Ocean County Utilities Authority ("OCUA"). Petitioner's current PSTAC tariff was approved by the Board in Docket No. WR06030146 dated December 11, 2006, which trued-up all PSTAC revenues and expenses effective for and applicable to the period ending December 31, 2005.

5. In Docket No. WR07080632, the Parties have determined that a net over-recovery of sewage treatment charges of approximately \$23,484.11 existed for the calendar year ending December 31, 2006. The Parties have agreed that the costs of this proceeding are \$11,390.00. These costs will be shared 50/50 between ratepayers and shareholders. The Parties have also agreed that the interest calculation on the over-recovery is \$1,550.00. The total net over-recovery for 2006, including a sharing of costs related to this proceeding, is \$19,339.11.

6. Petitioner will return the amount of \$19,339.11 to its customers by decreasing its PSTAC rates as shown on Exhibit A, attached hereto, and made an integral part of this Stipulation of Settlement.

7. Petitioner's current PSTAC rates on file with the Board will be revised pursuant to the rates indicated on Exhibit A, attached hereto. For the average residential customer, the annual flat PSTAC rate will decrease from \$327.32 to \$319.84, an annual decrease of \$7.48 or approximately 2.29%. With respect to the total annual rate for wastewater services, the total annual rate for the average residential customer will decrease from \$631.32 to \$623.84, a decrease of \$7.48 or approximately 1.2% annually.

8. 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.

9. 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.

10. 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.

11. 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.

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

MAXIM WASTEWATER DIVISION OF
AQUA NEW JERSEY, INC.

January 18, 2008
Date

By: Colleen A. Foley
Saul Ewing LLP
Colleen A. Foley, Esq.
Attorney for Petitioners

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

Date

By: _____
Arlene E. Pasko
Deputy Attorney General

RONALD K. CHEN
PUBLIC ADVOCATE OF NEW JERSEY

Date

By: _____
Gina M. Hunt, Esq.
Assistant Deputy Public Advocate

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

MAXIM WASTEWATER DIVISION OF
AQUA NEW JERSEY, INC.

January 18, 2008
Date

By: Colleen A. Foley
Saul Ewing LLP
Colleen A. Foley, Esq.
Attorney for Petitioners

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

January 18, 2008
Date

By: Arlene E. Pasko
Arlene E. Pasko
Deputy Attorney General

RONALD K. CHEN
PUBLIC ADVOCATE OF NEW JERSEY

Date

By: _____
Gina M. Hunt, Esq.
Assistant Deputy Public Advocate

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

MAXIM WASTEWATER DIVISION OF
AQUA NEW JERSEY, INC.

January 18, 2008
Date

By: Colleen A. Foley
Saul Ewing LLP
Colleen A. Foley, Esq.
Attorney for Petitioners

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

Date

By: _____
Arlene E. Pasko
Deputy Attorney General

RONALD K. CHEN
PUBLIC ADVOCATE OF NEW JERSEY

January 22, 2008
Date

By: Debra F. Robinson
Debra F. Robinson
Deputy Public Advocate

Aqua New Jersey, Inc.
Maxim Wastewater Division
Calendar Year 2006
(Over)/Under Recovery Calculation & New PSTAC Rate

Exhibit A

Residential:	# of Customers Average 2006	2006 PSTAC Rates	2006 PSTAC Revenues	% of Total	2007 PSTAC Rates	New PSTAC Rate	% change
Single Family	2,533	\$321.36	<u>\$814,004.88</u>	96.82%	\$327.32	\$319.84	-2.29%

Business, Commercial, Industrial, Religious and School Use:

3/4 Inch	28	\$321.36	8,837.40	1.05%	\$327.32	\$319.84	-2.29%
1 Inch	1	\$535.96	535.96	0.06%	\$545.90	\$533.41	-2.29%
1.5 Inch	0	\$1,103.18	0.00	0.00%	\$1,123.65	\$1,097.99	-2.28%
2 Inch	7	\$1,710.31	11,972.17	1.42%	\$1,742.05	\$1,702.33	-2.28%
3 Inch	0	\$3,310.63	0.00	0.00%	\$3,372.06	\$3,295.05	-2.28%
4 Inch	<u>1</u>	<u>\$5,352.01</u>	<u>5,352.01</u>	0.64%	<u>\$5,451.32</u>	<u>\$5,326.63</u>	-2.29%
			<u>26,697.54</u>				

TOTAL	<u>2,570</u>	<u>\$840,702.42</u>	<u>100.00%</u>
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Billing from Ocean County applicable to calendar year 2006

\$879,580.00

Less: 2006 Deficiency credit (refer to Exhibit E)

(\$51,563.69)

Subtotal - Actual 2006 Calendar year billings

\$828,016.31

(Over)/Under Recovery for Calendar year 2006

\$ (23,484.11)

Less: Interest Calculation on Overrecovery

\$ (1,550.00)

Add: Estimated Costs associated with PSTAC Filing

\$5,695.00

Total assessment for 2006 under recovery

\$ (19,339.11)

AQUA NEW JERSEY, INC.
B.P.U. NO. 7 - SEWER

Proposed

FIRST REVISED SHEET NO. 19
SUPERCEDING SIXTH REVISED SHEET NO. 19

PURCHASED SEWERAGE TREATMENT ADJUSTMENT CLAUSE

In addition to the Base Service Charge set forth in Rate Schedule No. 1, the Purchased Sewerage Treatment Adjustment Clause rates, in accordance with N.J.A.C. 14:9-8.1 et seq., shall be:

FLAT RATE SERVICE

<u>Type of Property</u>	<u>Purchased Sewerage Treatment Adjustment Clause</u>	
	<u>Annual</u>	<u>Monthly</u>
Single Family Dwelling	\$319.84	\$26.65
Two Family Dwelling	533.41	44.45
Apartment Dwelling (1 st Apt.)	319.84	26.65
Each Additional Apartment	319.84	26.65
Town House Dwelling Unit	319.84	26.65

Business, Commercial, Industrial, Religious and School Use

Minimum charges for sewer service shall be based on water service size as follows:

<u>Service Size (Inches)</u>	<u>Purchased Sewerage Treatment Adjustment Clause</u>	
	<u>Annual</u>	<u>Monthly</u>
$\frac{3}{4}$	\$319.84	\$26.65
1	533.41	44.45
1 $\frac{1}{2}$	1,097.99	91.50
2	1,702.33	141.86
3	3,295.05	274.59
4	5,326.63	443.89

METERED SERVICE

\$3.238 per thousand gallons

When water meter readings are available, the customers shall be billed at \$3.238 per thousand gallons, or the minimum PSTAC charge, whichever is greater. If the water is privately supplied, Aqua New Jersey, Inc. shall be permitted to install a meter at the source of supply.

The above charges are based upon the Board of Public Utilities' estimate of Aqua New Jersey, Inc.'s twelve (12) month average cost of purchased sewerage treatment. The estimated twelve (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.

Issued by: Aqua New Jersey, Inc.
10 Black Forest Road
Hamilton NJ 08691

Effective for service rendered
on and after January 1, 2007

Issue date:

Filed pursuant to Decision and Order of the Board of Public Utilities in Docket No. WR07080632 dated February 27, 2008.