



STATE OF NEW JERSEY
Board of Public Utilities
44 S. Clinton Avenue, P.O. Box 350
Trenton, NJ 08625-0350
www.nj.gov/bpu/

IN THE MATTER OF THE PETITION OF AQUA) WATER
NEW JERSEY, INC., MAXIM WASTEWATER DIVISION,)
FOR APPROVAL OF A 2010 PURCHASED) ORDER ADOPTING
WASTEWATER TREATMENT ADJUSTMENT CLAUSE) INITIAL DECISION/STIPULATION
TRUE-UP AND OTHER REQUIRED APPROVALS)
BPU DOCKET NO. WR11080472
OAL DOCKET NO. PUC 10624-2011N

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

Stefanie Brand, Esq., Director on behalf of the Division of Rate Counsel

BY THE BOARD:

On August 8, 2011, Aqua New Jersey Inc., Maxim Wastewater Division ("Maxim" or "Petitioner"), a public utility of the State of New Jersey, pursuant to N.J.A.C. 14:9-7.1 et seq., filed a petition with the Board of Public Utilities ("Board") seeking approval of a Purchased Sewerage Treatment Adjustment Clause ("PSTAC") true-up for calendar year 2010, and to set prospective rates for calendar year 2012 (as required by N.J.A.C. 14:9-7.7).

By this Order, the Board considers the Initial Decision recommending adoption of the Stipulation of Settlement ("Stipulation") executed by the Petitioner, the Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively, the "Parties"), agreeing to an overall increase in Maxim's PSTAC revenues totaling \$63,414.

BACKGROUND/PROCEDURAL HISTORY

Maxim is a wastewater utility engaged in the collection and transmission of sewage. Maxim serves approximately 2,571 customers within a portion of Howell Township, Monmouth County, New Jersey. The Ocean County Utilities Authority ("OCUA") receives and treats all of the sewage transmitted by Maxim.

On August 18, 2011, this matter was transmitted to the Office of Administrative Law (“OAL”) and assigned to Administrative Law Judge (“ALJ”) Mumtaz Bari-Brown. On September 29, 2011, a telephone pre-hearing conference was conducted by ALJ Bari-Brown and a pre-hearing Order was subsequently issued by ALJ Bari-Brown on October 4, 2011. On November 1, 2011, a public hearing was held at the Howell Township Public Library. No members of the public were in attendance to provide comments on the proposed PSTAC proceeding. There were no Interveners in this matter.

In this proceeding, the Parties, examined the Petitioner’s revenues and OCUA expenses for calendar year 2010, Maxim’s projected 2012 OCUA expenses, as well as a review of the costs associated with the filing of this proceeding. Based on that review, and subsequent settlement negotiations, the Parties reached a settlement on all issues and entered into a Stipulation that, among other things, provides for an overall increase in Maxim’s PSTAC revenues totaling \$63,414, and is calculated based on the following components:

- a. An under-recovery of actual PSTAC charges of approximately \$78,553 for the calendar year ending December 31, 2010 (Exhibit A, pages 1 to 3);
- b. An estimated PSTAC revenue shortfall for 2012 of \$13,788 as a result of increased OCUA rates effective January 1, 2012 (Exhibit A, page 5); and
- c. Total rate case costs for this proceeding of \$18,947 (Exhibit A, page 4). These costs will be shared 50/50 between ratepayers and shareholders, resulting in a cost to customers of \$9,474 (Exhibit A, page 6).

As required in N.J.A.C. 14:9-7.7 and the Board’s Order in Docket No. WR10070464, the Petitioner has included in its filing an estimate of OCUA costs for calendar year 2012, which estimate has been used to determine the applicable PSTAC rate for 2012.

Based on the estimated rates for 2012, the under-recovery for 2010, and the rate case costs of this proceeding, the Parties have agreed that Petitioner’s current PSTAC rates on file with the Board should be revised pursuant to the rates indicated on Exhibit A, attached hereto. For the average residential customer, the annual flat PSTAC rate will increase from \$364.10 to \$388.06, an annual increase of \$23.96 or approximately 6.58%. With respect to the total annual rate for wastewater services, the total annual rate for the average residential customer will increase from \$668.10 to \$692.06, an increase of \$23.96 or approximately 3.59% annually.

On December 5, 2011, ALJ Bari-Brown issued her Initial Decision 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 was consistent with the law.

DISCUSSIONS AND FINDINGS

Having reviewed the record in this matter, including ALJ Bari-Brown's Initial Decision, as well as the Stipulation among the Parties to this proceeding, the Board HEREBY FINDS that the Stipulation is reasonable, in the public interest and is in accordance with the law.

Therefore, the Board HEREBY ADOPTS ALJ Bari-Brown's Initial Decision adopting the Stipulation of the Parties attached hereto, including all attachments and schedules, as its own, incorporating the terms and conditions as if fully set forth at length herein subject to the following:

- a. In accordance with the provisions of N.J.A.C. 14:9-7.1 and 14:9-7.7, the Petitioner shall file with the Board, no later than 45 days after the adjustment clause has been in effect for one year, or by February 28, 2012, whichever is earlier, a PSTAC true-up filing in connection with this proceeding. This filing shall include an estimate of the OCUA costs for calendar year 2013. Copies of the true-up filing shall be served upon all parties to the present proceeding.
- b. Petitioner shall increase its PSTAC rates at the stipulated level as shown on Exhibit A (Rate Design), attached to the Stipulation.

The Board HEREBY DIRECTS the Company to file tariff pages conforming to the terms and conditions of the Stipulation and this Order within ten (10) days from the effective date of this Order.

This Order shall be effective on December 24, 2011

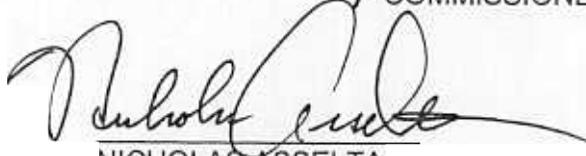
DATED: 12/15/11

BOARD OF PUBLIC UTILITIES
BY:


LEE A. SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER

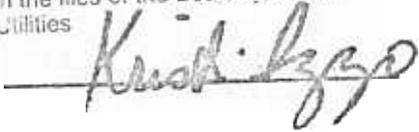

JOSEPH L. FIORDALISO
COMMISSIONER


NICHOLAS ASSELTA
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 AQUA
NEW JERSEY, INC., MAXIM WASTEWATER DIVISION,
FOR APPROVAL OF A 2010 PURCHASED WASTEWATER
TREATMENT ADJUSTMENT CLAUSE TRUE-UP AND
OTHER REQUIRED APPROVALS

BPU DOCKET NO. WR11080472
OAL DOCKET NO. PUC 10624-2011N

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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 10624-1

AGENCY DKT. NO. WR110080472

**I/M/O THE PETITION OF AQUA NEW
JERSEY INC., MAXIM WASTEWATER
DIVISION, FOR APPROVAL OF A 2010
PURCHASED WATSEWATER ADJUSTMENT
CLAUSE TRUE-UP AND OTHER REQUIRED
APPROVALS.**

Colleen A. Foley, Esq., for petitioner (Saul Ewing, LLP, attorneys)

Susan E. McClure, Esq., for the Division of Rate Counsel (Stefanie A. Brand,
Director)

Alex Moreau, Deputy Attorney General, for the staff of the New Jersey Board of
Public Utilities (Paula T. Dow, Attorney General of the State of New
Jersey, attorney)

Record Closed: November 30, 2011

Decided: December 5, 2011

BEFORE **MUMTAZ BARI-BROWN**, ALJ

This matter was filed by the Petitioner, Aqua New Jersey, Inc. (and its Maxim Wastewater Division), on August 8, 2011. On August 26, 2011, the matter was transmitted to the Office of Administrative Law as a contested case. A prehearing conference (via telephone) was convened by the undersigned on September 29, 2011. After proper notice, a public hearing in the service territory was held in Howell, New Jersey on the evening of November 1, 2011. No members of the public appeared or sought to be heard on the Company's request.

The Company provided responses to discovery requests and updates to its original filing. Thereafter, settlement discussions were held among the parties, and the parties reached an agreement on the issues in this matter. On November 30, 2011, the OAL received the fully executed Stipulation indicating the terms of the settlement. A copy of the Stipulation of Settlement is attached and is made a part hereof.

After reviewing the record and the Stipulation of Settlement, I **FIND**:

- 1 The parties have voluntarily agreed to the settlement as evidenced by the signatures of the parties or the signatures of their representatives.
2. The settlement fully disposes of the issues in controversy and is consistent with the law and is in the public interest.
3. The Stipulation of Settlement has been signed by all parties.

Therefore, I **CONCLUDE** that this agreement meets the requirements of N.J.A.C. 1:1-19.1 and should be approved. It is further **ORDERED** that the parties comply with the settlement terms and the proceedings be **CONCLUDED**.

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