

The petition was transmitted to the Office of Administrative Law ("OAL") on February 24, 2014, as a contested case, and was assigned to Administrative Law Judge ("ALJ") W. Todd Miller. A telephone prehearing conference was held on April 4, 2014, with ALJ Miller during which, among other things, ALJ Miller directed that a public hearing be held on this matter.

After appropriate notice, a public hearing was held at 5:30 pm on May 12, 2014 at the City Council Chambers, Atlantic City, NJ. No members of the public were in attendance at the public hearing. Subsequent to the public hearing, the Parties reached a Stipulation resolving all issues in this matter.

On June 2, 2014, ALJ Miller issued his Initial Decision recommending adoption of the Stipulation executed by the Parties, finding that they 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.

DISCUSSION AND FINDINGS¹

As more fully discussed in the attached Stipulation, the Parties agreed that the following increases are reasonable and appropriate to allow the Petitioner to recover increased purchased sewerage treatment expenses.

The amount to be recovered through the 2014 PSTAC is \$9,258,145. This reflects 2014 charges from the ACUA of \$9,108,220, consisting of \$9,082,480 in 2014 treatment charges and \$25,740 of 2014 charges relating to 2013 treatment volumes. The amount to be recovered through the PSTAC also includes an under-recovery for 2013 of \$140,925 and regulatory costs (after 50/50 sharing between ratepayers and shareholders) of \$9,000. The amount of \$9,258,145 is to be recovered in 2014 through the Volumetric Treatment Charge, which is the rate through which the PSTAC is affected. When this amount is divided by the projected 2014 flows of 396,532.2 Mcf, the resulting PSTAC rate, prior to compression, is \$23.348 per Mcf. This reflects an increase of \$1.34 or 0.06088%.

The Volumetric Treatment Charge of \$23.348 assumes an implementation date of January 1, 2014. If a Board Order is effective as of July 1, 2014, it means that the 2014 PSTAC will only be recovered over 184 days, rather than 365 days. As a result, the PSTAC charge for 2014 will be compressed to a charge of \$24.666 per Mcf from the current PSTAC charge of \$22.008 per Mcf. This represents an increase of \$2.658 per Mcf. Beginning January 1, 2015, the uncompressed PSTAC charge of \$23.348 per Mcf shall become effective resulting in a decrease of \$1.318 per Mcf from the compressed charge. The Petitioner is **HEREBY DIRECTED** to make a compliance filing with the Board effective January 1, 2015 incorporating this rate change.

The Petitioner 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 monthly cumulative over-recoveries shall be credited to the PSTAC at an interest rate equal to the Company's return on rate base of 7.09%, established in its last base

¹ Although described in this Order at some length, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions in this Order.

rate proceeding, BPU Docket No. WR11040247. Similarly, net monthly cumulative under-recoveries shall be charged against the PSTAC. If, as of December 31, 2014, interest shall be due the PSTAC, such interest shall in fact be credited to the PSTAC. If, as of December 31, 2014, interest shall be chargeable against the PSTAC, said interest shall be eliminated through appropriate accounting entries.

Having reviewed the record in this matter, including ALJ W. Todd 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 **HEREBY 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:

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 schedule shall be served upon all parties to the present proceeding.

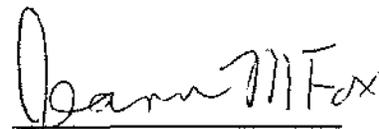
The Board **HEREBY APPROVES** the amount to be recovered through the 2014 PSTAC of \$9,258,145.

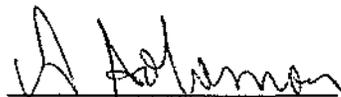
The Board **HEREBY ACCEPTS** the tariff pages attached to the Stipulation as filed with the Board, to be effective as of the effective date stated below.

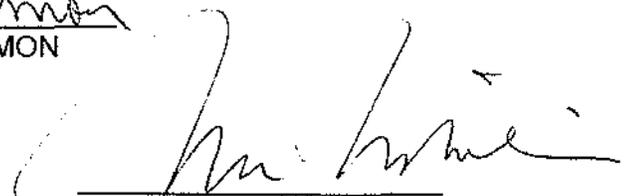
The effective date of this Order is July 1, 2014.

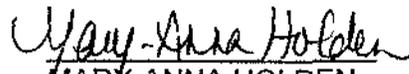
DATED: 6/18/14

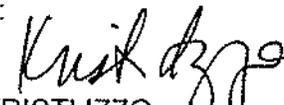
BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
COMMISSIONER

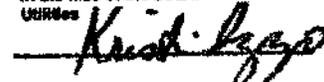

DIANNE SOLOMON
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
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. WR14020136
OAL Docket No. PUC 2283-14

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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 2283-14

AGENCY DKT. NO. WR14020136

**I/M/O THE PETITION OF ATLANTIC
CITY SEWERAGE COMPANY TO
CHANGE THE LEVEL OF ITS
PURCHASED SEWERAGE TREATMENT
ADJUSTMENT CLAUSE (PSTAC).**

Stacy A. Mitchell, Esq., for petitioner, Atlantic City Sewerage Company (Cozen
O'Connor)

Susan McClure, Assistant Deputy Rate Counsel, on behalf of the respondent,
Division of Rate Counsel (Stefanie A. Brand, Director)

Jennifer Hsia, Deputy Attorney General, on behalf of the respondent, Staff of
the Board of Public Utilities (John Hoffman, Acting Attorney General of
New Jersey, attorney)

Record Closed: May 30, 2014

Decided: June 2, 2014

BEFORE W. TODD MILLER, ALJ:

This matter was transmitted to the Office of Administrative Law on February 25, 2014, 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 Settlement Agreement indicating the terms thereof, which is attached and fully incorporated herein.

I 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.