



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

WATER

IN THE MATTER OF THE PETITION OF AQUA NEW )  
JERSEY, INC., MAXIM WASTEWATER DIVISION, FOR )  
APPROVAL OF A 2014 PURCHASED WASTEWATER )  
TREATMENT ADJUSTMENT CLAUSE TRUE-UP AND )  
OTHER REQUIRED APPROVALS )

ORDER ADOPTING INITIAL  
DECISION/STIPULATION

DOCKET NO. WR15080864  
OAL DOCKET NO. PUC 11922-2015N

**Parties of Record:**

**Colleen A. Foley, Esq., Saul Ewing, LLP**, on behalf of Aqua New Jersey, Inc.,  
Maxim Wastewater Division, Petitioner  
**Stefanie A. Brand, Esq. Director**, New Jersey Division of Rate Counsel

BY THE BOARD:<sup>1</sup>

On August 3, 2015, pursuant to N.J.A.C. 14:9-7.1 et seq., Aqua New Jersey, Inc., Maxim Wastewater Division ("Maxim", "Company" or "Petitioner") filed a petition with the Board of Public Utilities ("Board") for approval of a Purchased Sewerage Treatment Adjustment Clause ("PSTAC") true-up for calendar year 2014, and to set prospective rates for calendar year 2016 (as required by N.J.A.C. 14:9-7.7). The Company originally filed for an overall increase in PSTAC revenues totaling \$31,855.00 or approximately 3.887% above pro forma 2015 PSTAC revenues at present rates of approximately \$819,516.00.

Maxim is a wastewater utility engaged in the collection and transmission of sewage. Maxim serves approximately 2,572 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.

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<sup>1</sup> Commissioner Upendra J. Chivukula recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter. Commissioner Joseph L. Fiordaliso was not present at the December 16, 2015 agenda meeting.

By this Order, the Board considers the Initial Decision Settlement ("Initial Decision") which adopts 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 Petitioner's PSTAC revenues totaling \$26,199.00 or approximately 3.2% above pro forma 2015 PSTAC revenues at present rates of approximately \$819,516.00.

### **BACKGROUND/PROCEDURAL HISTORY**

The matter was transmitted to the Office of Administrative Law on August 7, 2015, and Administrative Law Judge ("ALJ") Irene Jones was assigned to the proceeding. ALJ Jones conducted a telephone pre-hearing conference among the Parties on October 6, 2015, and issued a Pre-hearing Order dated October 20, 2015. After proper notice was given, a public comment hearing was conducted on the evening of October 27, 2015 at the Municipal Building in Howell, New Jersey. No members of the public appeared to provide comments.

Petitioner's rates reflect the recovery of wastewater treatment charges imposed by the OCUA. The current PSTAC tariff was approved by the Board in an Order in Docket No. WR14070803, dated November 21, 2014, which examined PSTAC revenues and expenses applicable to the period ending December 31, 2013 and set prospective rates for calendar year 2015.

Rate Counsel and Staff served interrogatories on Petitioner, which were responded to in full. In this proceeding, the Parties have examined the Company's actual revenues and actual OCUA expenses for calendar year 2014, the Company's projected OCUA expenses for 2016, as well as the costs of this proceeding. The Parties participated in a settlement conference on October 27, 2015 and 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, provided for an overall increase in Maxim's PSTAC revenues totaling \$26,199.00 and is calculated based on the following components:

- a. an over-recovery of actual wastewater treatment charges of approximately \$34,806.00 for the calendar year ending December 31, 2014 (see Exhibit A of the Stipulation, pages 1 to 3), with the interest on this over-recovery calculated to be \$1,655.00 (see Exhibit A of the Stipulation, page 11);
- b. estimated OCUA charges for 2016 of \$877,332.00 based on OCUA rates effective for 2016 (see Exhibit A of the Stipulation, page 5);
- c. total rate case costs for this proceeding of \$9,688.00 (see Exhibit A of the Stipulation, page 4). These costs will be shared 50/50 between ratepayers and shareholders, resulting in a cost to customers of \$4,844.00 (see Exhibit A of the Stipulation, page 7); and
- d. the pro forma PSTAC revenues at current rates for 2015 are projected to be \$819,516.00 (see Exhibit A of the Stipulation, page 6).

As required in N.J.A.C. 14:9-7.7 and the Board's Order in Docket No. WR14070803, the Petitioner has included in its filing an estimate of OCUA costs for calendar year 2016, which estimate has been used to determine the applicable PSTAC rate for 2016.

## **DISCUSSIONS AND FINDINGS**<sup>2</sup>

Based on the estimated costs for 2016, the over-recovery for 2014 (including interest), and the costs of this proceeding, there is a total overall increase in PSTAC revenues of \$26,199.00. 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 to the Stipulation (and the attached proposed tariff(s)). For the average residential customer, the annual flat PSTAC rate will increase from \$309.21 to \$319.09.00 an annual increase of \$9.88 or approximately 3.2%. With respect to the total annual rate for wastewater services, including base sewer charges, the overall total annual rate for the average residential customer will increase from \$613.21 to \$623.09, an increase of \$9.88 or approximately 1.6% annually.

Having reviewed the Initial Decision and the Stipulation of Settlement, the Board **HEREBY FINDS** that the Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all the issues in this proceeding and is consistent with the law. The Board **FURTHER 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 fully set forth at length herein, subject to the following:

In accordance with the provisions of N.J.A.C. 14:9-7.3(c), 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, 2017, whichever is earlier, a PSTAC true-up filing in connection with this proceeding. This filing shall include estimates of the OCUA costs for calendar year 2016. Copies of the true-up filing shall be served upon all Parties to the present proceeding.

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.

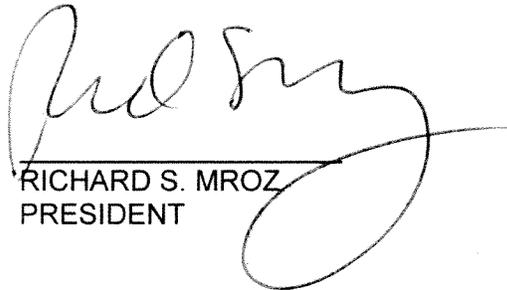
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<sup>2</sup> Although described in this Order at some length, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions in this Order.

The effective date of this Order is December 26, 2015 with rates to become effective January 1, 2016.

DATED: 12/16/15

BOARD OF PUBLIC UTILITIES  
BY:



RICHARD S. MROZ  
PRESIDENT



MARY-ANNA HOLDEN  
COMMISSIONER



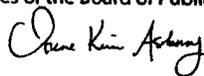
DIANNE SOLOMON  
COMMISSIONER

ATTEST:



IRENE KIM ASBURY  
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 Aqua New Jersey, Inc., Maxim Wastewater Division,  
For Approval of a 2014 Purchased Wastewater Treatment Adjustment Clause True-Up  
and Other Required Approvals**

**BPU Docket No. WR15080864  
OAL Docket No. PUC 11922-2015N**

**SERVICE LIST**

Colleen A. Foley, Esq.  
Saul Ewing, LLP  
One Riverfront Plaza, Suite 1520  
Newark, NJ 07102  
[cfoley@saul.com](mailto:cfoley@saul.com)

Stefanie A. Brand, Esq., Director  
New Jersey Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003  
[sbrand@rpa.state.nj.us](mailto:sbrand@rpa.state.nj.us)

11/15  
water/koczur



State of New Jersey  
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

**SETTLEMENT**

OAL DKT. NO. PUC 11922-15

AGENCY DKT. NO. WR15080864

**I/M/O THE PETITION OF AQUA NEW JERSEY,  
INC., MAXIM WASTEWATER DIVISION, 2014  
PURCHASED SEWER ADJUSTMENT CLAUSE  
TRUE-UP AND OTHER REQUIRED APPROVALS**

**Colleen A. Foley, Esq., (Saul Ewing, LLP) and Kimberly A. Joyce, Esq., (Aqua America Inc.)** for petitioner, Aqua New Jersey, Inc., Maxim Wastewater Division, attorneys)

CMS  
J. Kane  
J. Gertson  
Bestow  
DAB

**Debra F. Robinson, Managing Attorney, and Susan E. McClure, Esq., Assistant Deputy Rate Counsel for the Division of Rate Counsel (John J. Hoffman, Acting Attorney General of New Jersey, attorney)**

C. Vachner  
M. Moran  
M. Kammer  
M. Musser

**T. David Wand and Veronica Beke, Deputy Attorney Generals for respondent Board of Public Utilities (John Jay Hoffman, Acting Attorney General of New Jersey, attorney)**

V. Hayes  
D. Thomas  
WATER

Record Closed: November 16, 2015

Decided: November 17, 2015

BEFORE IRENE JONES, ALJ:

On August 3, 2015 petitioner, Aqua New Jersey, Inc., Maxim Wastewater Division or ("Company") filed a petition with the Board of Public Utilities (BPU) seeking an increase in its Purchased Sewer Adjustment Clause True-Up (PSTAC).

On August 11, 2014, the matter was transmitted to the Office of Administrative Law for determination as a contested case pursuant to N.J.S.A. 52:14F-1 to 13. A telephone prehearing conference was held on October 6, 2015. On October 27, 2015 a public hearing was held in Howell, New Jersey. An evidentiary hearing was scheduled for December 3, 2015, but adjourned because the parties agreed to settle the matter. A Stipulation of Settlement indicating the terms of settlement was filed with the undersigned on November 16, 2015.

I have reviewed the record and terms of the Stipulation of Settlement and **FIND:**

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

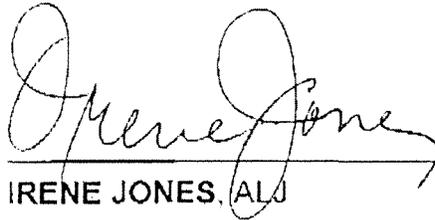
Therefore, it is **ORDERED** that the parties comply with the settlement terms and that these proceedings be and is hereby concluded.

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.

November 17, 2015

\_\_\_\_\_  
DATE

  
\_\_\_\_\_  
IRENE JONES, ALJ

Date Received at Agency: \_\_\_\_\_

Date Mailed to Parties: \_\_\_\_\_

sej

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

RECEIVED

2015 NOV 16 AM 11:57

IN THE MATTER OF THE PETITION OF :  
AQUA NEW JERSEY, INC., MAXIM : STIPULATION OF SETTLEMENT  
WASTEWATER DIVISION, FOR APPROVAL :  
OF A 2014 PURCHASED WASTEWATER : BPU DOCKET NO. WR15080864  
TREATMENT ADJUSTMENT CLAUSE : OAL DOCKET NO. PUC11922-2015N  
TRUE-UP AND OTHER REQUIRED :  
APPROVALS :

**APPEARANCES:**

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

Debra F. Robinson, Managing Attorney, and Susan E. McClure, Esq., Assistant Deputy Rate Counsel, on behalf of the Division of Rate Counsel

T. David Wand, Deputy Attorney General, and Veronica Beke, Deputy Attorney General (John J. Hoffman, 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 as follows: the Maxim Wastewater Division of Aqua New Jersey, Inc. ("Aqua," "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's Petition and exhibits, discovery conducted by Rate Counsel and the Staff, a public comment hearing, conferences and negotiations, the Parties to this proceeding have come to the within agreement. The Parties hereto agree and stipulate as follows:

1. Petitioner, the Maxim Wastewater Division of Aqua New Jersey, Inc., operates a sewage collection and transmission system within a portion of the Township of Howell, New

Jersey. Petitioner serves approximately 2,572 customers within its service territory. Aqua New Jersey, Inc. is a public utility corporation of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities (the "Board"). Aqua's principal business office is located at 10 Black Forest Road, Hamilton, New Jersey 08691.

2. On August 3, 2015, pursuant to N.J.A.C. 14:9-7.1 et seq., Aqua filed the above-captioned Petition with the Board, which was later assigned Docket No. WR15080864, for approval of a purchased sewerage treatment adjustment clause ("PSTAC") true-up for calendar year 2014, and to set prospective rates for calendar year 2016 (as required by N.J.A.C. 14:9-7.7).

3. The matter was transmitted to the Office of Administrative Law, and Administrative Law Judge Irene Jones was assigned to the proceeding. ALJ Jones conducted a telephone pre-hearing conference among the parties on October 6, 2015, and issued a Pre-hearing Order dated October 20, 2015.

4. A public comment hearing was conducted on the evening of October 27, 2015 at the Municipal Building in Howell, New Jersey. No members of the public appeared to provide comments.

5. Petitioner's rates reflect the recovery of wastewater treatment charges imposed by the Ocean County Utilities Authority ("OCUA"). The current PSTAC tariff was approved by the Board in an Order in Docket No. WR14070803, dated November 21, 2014, which examined PSTAC revenues and expenses applicable to the period ending December 31, 2013 and set prospective rates for calendar year 2015.

6. In this proceeding, the Parties have examined the Company's actual revenues and actual OCUA expenses for calendar year 2014, the Company's projected OCUA expenses for 2016, as well as the costs of this proceeding. Based on the foregoing, the Parties have

determined that the current PSTAC rate should be increased to recover \$26,199 in additional revenues. The \$26,199 PSTAC increase was calculated based on the following components:

- a. an over-recovery of actual wastewater treatment charges of approximately \$34,806 for the calendar year ending December 31, 2014 (See Exhibit A, attached hereto, pages 1 to 3), with the interest on this over-recovery calculated to be \$1,655 (See Exhibit A, page 11);
- b. estimated OCUA charges for 2016 of \$877,332 based on OCUA rates effective for 2016 (See Exhibit A, page 5); and
- c. the total costs of this proceeding are deemed to be \$9,688 (See Exhibit A, page 4). These costs will be shared 50/50 between ratepayers and shareholders, resulting in a cost to customers of \$4,844 (See Exhibit A, page 7); and
- d. the pro forma PSTAC 2015 revenues at current rates are projected to be \$819,516 (See Exhibit A, page 6).

7. As required in N.J.A.C. 14:9-7.7, the Company has included in its filing an estimate of OCUA costs for calendar year 2016, which estimate has been used to determine the applicable PSTAC rate for 2016.

8. Based on the estimated costs for 2016, the over-recovery for 2014 (including interest), and the 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. For the average residential customer, the annual flat PSTAC rate will increase from \$309.21 to \$319.09, an annual increase of \$9.88 or approximately 3.2%. With respect to the total annual rate for wastewater services, the total annual rate for the average residential customer will increase from \$613.21 to \$623.09, an increase of \$9.88 or approximately 1.6% annually.

9. Consistent with the provisions of N.J.A.C. 14:9-7.1 et seq., the Parties agree that the Company will file with the Board a PSTAC petition to reconcile calendar year 2015 actual OCUA costs with the estimated OCUA costs (as reflected in the rates identified on Exhibit A) for the same period. Additionally, the Company will include in its filing an estimate of OCUA costs for calendar year 2017, which estimate will be used to determine the applicable PSTAC rate for 2017, as required in N.J.A.C. 14:9-7.7.

10. 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.

11. 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.

12. 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.

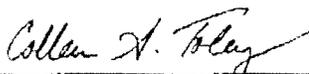
13. The Parties further agree that with respect to any policy or other issues which were compromised in the spirit of reaching an agreement, none of the Parties shall be prohibited from, or prejudiced in, arguing a different policy or position before the Board in any other proceeding, as such agreements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

14. 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.

MAXIM WASTEWATER DIVISION OF  
AQUA NEW JERSEY, INC.

November 12, 2015  
Date

By:



Saul Ewing LLP  
Colleen A. Foley, Esq.  
Attorney for Petitioner

JOHN J. HOFFMAN  
ACTING ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the  
New Jersey Board of Public Utilities

November 13, 2015  
Date

By:



T. David Wand  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
DIRECTOR – RATE COUNSEL

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Date

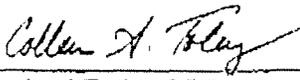
By:

\_\_\_\_\_  
Susan McClure, Esq.  
Assistant Deputy Rate Counsel

14. 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.

MAXIM WASTEWATER DIVISION OF  
AQUA NEW JERSEY, INC.

November 12, 2015  
Date

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

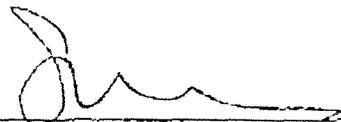
JOHN J. HOFFMAN  
ACTING ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the  
New Jersey Board of Public Utilities

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
T. David Wand  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
DIRECTOR - RATE COUNSEL

11/13/15  
Date

By:   
Susan McClure, Esq.  
Assistant Deputy Rate Counsel

**BPU DOCKET NO. WR15080864**

**EXHIBIT A**

Acqua New Jersey, Inc.  
Maxim PSTAC Reconciliation True-Up  
For Calendar year ending December 31, 2014

A.) 2014 Treatment Expenses Paid to QCUA:

<u>Quarter</u>	<u>Galons Billed</u>	<u>Amount</u>
Q1	62.50	\$237,773
Q2	62.50	\$237,773
Q3	62.50	\$237,773
Q4	62.50	\$237,773
Credit		(\$59,006)
<u>Total 2014 Actual Treatment Expense</u>	<u>250.00</u>	<u>\$892,064</u>

Aqua New Jersey, Inc.  
 Maxim PSTAC Reconciliation/True-Up  
 For Calendar year ending December 31, 2014

B.) 2014 Revenues Billed to Maxim Customers:

<u>Class</u>	<u>Customers</u>	<u>Meter Size</u>	<u>Amount</u>	<u>Rate</u>	<u>% of Revenue</u>
Residential - Single Family	2,537		\$317,954	\$322.41	95.72%
Commercial, Industrial, School, Business, & Religious	25	3/4"	\$8,060	\$322.41	0.94%
Commercial, Industrial, School, Business, & Religious	1	1"	\$538	\$537.70	0.06%
Commercial, Industrial, School, Business, & Religious	-	1 1/2"	\$0	\$1,106.80	0.00%
Commercial, Industrial, School, Business, & Religious	8	2"	\$13,728	\$1,715.99	1.61%
Commercial, Industrial, School, Business, & Religious	-	3"	\$0	\$3,321.48	0.00%
Commercial, Industrial, School, Business, & Religious	1	4"	\$5,369	\$5,369.36	0.63%
<b>Subtotal:</b>	<b>2,572</b>		<b>\$845,649</b>		<b>98.96%</b>

<u>Customer #</u>	<u>Meter Size</u>	<u>Min. Bill</u>	<u>In Kgals</u>		<u>Gallons Billed</u>	<u>% of Revenue</u>
			<u>Over Minimum</u>	<u>Min. Gallons</u>		
991861	3/4"	\$626	17	97	114	
991662	3/4"	\$626	39	97	136	
991679	2"	\$3,340	1,963	518	2,501	
991683	2"	\$3,340	380	518	898	
991685	2"	\$3,340	49	518	567	
2073299	3/4"	\$626	33	97	130	
2111109	3/4"	\$626	113	97	210	
<b>Subtotal Gallons:</b>			2,614			
<b>Rate / 1,000 gallons</b>			\$3.387			
<b>Subtotal Commercial Revenues over Minimum</b>			<b>\$8,852</b>			<b>1.04%</b>
<b>Total Revenues Billed 2014:</b>			<b>\$854,502</b>			

Aqua New Jersey, Inc.  
 Maxim PSTAC Reconciliation/True-Up  
 For Calendar year ending December 31, 2014

C.1 2014 Reconciliation - Over/(Under) Recovery:

C.1)	Actual Revenue 2014	\$554,502
	Prospective Revenue Authorized 2014	<u>\$552,304</u>
	Over/(Under) Recovery 2014	<u>\$2,198</u>
C.2)	Actual Expense 2014	\$892,094
	Projected Expense 2014	<u>\$924,692</u>
	Over/(Under) Recovery 2014	<u>\$32,608</u>
	Total Over/(Under) Recovery 2014	\$34,806

Aqua New Jersey, Inc.  
Main PSTAC Reconciliation True-Up  
For Calendar Year ending December 31, 2014

D.) Cost of Filing Application:

Legal  
Notification & Other  
Case Preparation & Discovery  
Transcripts  
Total

Amount  
\$9,254  
\$131  
\$0  
\$323  
\$9,688

Aqua New Jersey, Inc.  
Maxim PSTAC Reconciliation/True-Up  
For Calendar year ending December 31, 2014

E.) Prospective 2016 Rate Adjustment

- 1.) Projected 2016 Sewage Volume (in millions)
- 2.) Proposed 2016 OCUA Bulk Rate
- 3.) Projected Calendar Year 2016 Billings by OCUA
- 4.) Projected 2015 OCUA Billings
- 5.) Prospective Adj. for Rates Effective 1/1/2016

<u>Calculation</u>	
	226.00
	<u>\$3,882</u>
	<u>\$977,332</u>
	<u>\$895,966</u>
	<u><u>(\$78,834)</u></u>

Year	Volume
2012	222.5
2013	225.6
2014	229.8
<b>3 Yr Avg</b>	<b>226.0</b>

Aqua New Jersey, Inc.  
 Maxon PSTAC Reconciliation/True-Up  
 For Calendar year ending December 31, 2014

F.) Estimated PSTAC Revenue at Present Rates (2015):

<u>Class</u>	<u>Customers</u>	<u>Meter Size</u>	<u>2015 Current Rate</u>	<u>PSTAC Revenue at Present Rates</u>	<u>% of Revenue</u>
Residential - Single Family	2,537	-	\$309.21	\$784,465.77	95.72%
Commercial, Industrial, School, Business, & Religious	25	3/4"	\$309.21	\$7,730.25	0.94%
Commercial, Industrial, School, Business, & Religious	1	1"	\$515.69	\$515.69	0.06%
Commercial, Industrial, School, Business, & Religious	-	1 1/2"	\$1,061.50	\$0.00	0.00%
Commercial, Industrial, School, Business, & Religious	6	2"	\$1,645.75	\$13,166.00	1.61%
Commercial, Industrial, School, Business, & Religious	-	3"	\$3,185.53	\$0.00	0.00%
Commercial, Industrial, School, Business, & Religious	1	4"	\$5,149.58	\$5,149.58	0.63%
Total:					
Commercial Metered Service Rate / 1,000 gallons =	2.614		\$3.248	\$3,468.97	1.04%
Total PSTAC Revenue at Present Rates =>				<u>\$819,516.26</u>	

Aqua New Jersey, Inc.  
Maximum PSTAC Reconciliation/True-Up  
For Calendar year ending December 31, 2014

G } PSTAC Calculation:

	<u>Amount</u>
1.) Projected 2016 Calendar Year Billings by OCUA	\$877,332
2.) Over Recovery 2014	(\$34,808)
3.) Interest on Over Recovery	(\$1,655)
4.) Cost of Filing Application (\$9,688 x 50%)	\$4,844
5.) 2016 PSTAC Revenue Requirement	<u>\$645,715</u>
6.) PSTAC Revenue at Present (2015 Rates)	<u>\$819,516</u>
7.) Subtotal PSTAC Adjustment 2016	<u>\$26,199</u>

Aqua New Jersey, Inc.  
 Maxim PSTAC Reconciliation/True-Up  
 For Calendar year ending December 31, 2014

h.) Rate Design:

Class	Customers	Meter Size	2015		2016		
			Current Rate	% of Revenue	Assessment	New Rate	% Change
Residential - Single Family	2,537	-	\$309.21	95.72%	\$25,078.22	\$319.09	3.197%
Commercial, Industrial, School, Business, & Religious	26	3/4"	\$309.21	0.84%	\$247.12	\$319.09	3.197%
Commercial, Industrial, School, Business, & Religious	1	1"	\$515.69	0.08%	\$16.49	\$532.18	3.197%
Commercial, Industrial, School, Business, & Religious	-	1 1/2"	\$1,061.50	0.00%	\$0.00	\$1,098.43	3.197%
Commercial, Industrial, School, Business, & Religious	8	2"	\$1,645.75	1.51%	\$420.90	\$1,698.36	3.197%
Commercial, Industrial, School, Business, & Religious	-	3"	\$3,185.63	0.00%	\$0.00	\$3,287.37	3.187%
Commercial, Industrial, School, Business, & Religious	1	4"	\$5,149.58	0.63%	\$164.62	\$5,314.20	3.197%
<b>Total:</b>					<u>\$25,927</u>		
Commercial Metered Service Rate / 1,000 gallons =			\$3.246	1.04%	\$271.38	\$3.352	3.197%
Total Revenue Assessed					<u>\$26,199</u>		

Aqua New Jersey, Inc.  
 Maxim PSTAC Reconciliation/True-Up  
 For Calendar year ending December 31, 2014

1) Proof of Revenues:

<u>Class</u>	<u>Customers/Gallons</u>	<u>Meter Size</u>	<u>New Rate</u>	<u>Prospective 2014 Revenue</u>
Residential - Single Family	2,537	-	\$319.09	\$809,543.99
Commercial, Industrial, School, Business, & Religious	25	3/4"	\$319.09	\$7,977.37
Commercial, Industrial, School, Business, & Religious	1	1"	\$532.18	\$532.18
Commercial, Industrial, School, Business, & Religious	-	1 1/2"	\$1,095.43	\$0.00
Commercial, Industrial, School, Business, & Religious	8	2"	\$1,698.36	\$13,586.90
Commercial, Industrial, School, Business, & Religious	-	3"	\$3,267.37	\$0.00
Commercial, Industrial, School, Business, & Religious	1	4"	\$5,314.20	\$5,314.20
Commercial over Minimum Gallons	2,614	Kysic	\$3.352	\$8,760.35
Total:				<u>\$845,715</u>

Aqua New Jersey, Inc.  
 Maxima PSTAC Reconciliation/True-Up  
 For Calendar year ending December 31, 2014

1) Customer Impact - Combined (Base Rate + PSTAC Rate)

<u>Class</u>	<u>Customers</u>	<u>Meter Size</u>	<u>2015 Old Rate</u>	<u>2015 New Rate</u>	<u>% Change</u>
Residential - Single Family	2,537	-	\$613.21	\$623.09	1.61%
Commercial, Industrial, School, Business, & Religious	25	3/4"	\$613.21	\$623.09	1.61%
Commercial, Industrial, School, Business, & Religious	1	1"	\$1,022.69	\$1,039.18	1.61%
Commercial, Industrial, School, Business, & Religious	-	1 1/2"	\$2,076.50	\$2,110.43	1.63%
Commercial, Industrial, School, Business, & Religious	6	2"	\$3,269.75	\$3,322.36	1.61%
Commercial, Industrial, School, Business, & Religious	-	3"	\$6,230.53	\$6,332.37	1.63%
Commercial, Industrial, School, Business, & Religious	1	4"	\$10,224.58	\$10,385.20	1.61%
Total:					
Commercial Metered Service Rate / 1,000 gallons =			\$5.296	\$5.402	1.65%

## 2014 Maxim PSTAC True Up

Interest Calculation (Rate = 30 Yr Treasury @ 12/31/14 =&gt; 2.75%, (@ 7/14/15 = 3.20%)

Month	Year	Refund*	APR %	Month % Rate	Interest
January	2014	\$ 2,900.50	0.0275	0.00229	5.65
February	2014	5,807.65	0.0275	0.00229	13.31
March	2014	8,714.81	0.0275	0.00229	19.97
April	2014	11,621.97	0.0275	0.00229	26.63
May	2014	14,529.13	0.0275	0.00229	33.30
June	2014	17,436.30	0.0275	0.00229	39.96
July	2014	20,343.46	0.0275	0.00229	46.62
August	2014	23,250.62	0.0275	0.00229	53.28
September	2014	26,157.78	0.0275	0.00229	59.94
October	2014	29,064.94	0.0275	0.00229	66.61
November	2014	31,972.11	0.0275	0.00229	73.27
December	2014	34,879.27	0.0275	0.00229	79.93
January	2015	34,959.20	0.0320	0.00267	93.22
February	2015	35,052.43	0.0320	0.00267	93.47
March	2015	35,145.90	0.0320	0.00267	93.72
April	2015	35,239.82	0.0320	0.00267	93.97
May	2015	35,333.59	0.0320	0.00267	94.22
June	2015	35,427.82	0.0320	0.00267	94.47
July	2015	35,522.29	0.0320	0.00267	94.73
August	2015	35,617.02	0.0320	0.00267	94.98
September	2015	35,712.00	0.0320	0.00267	95.23
October	2015	35,807.23	0.0320	0.00267	95.49
November	2015	35,902.71	0.0320	0.00267	95.74
December	2015	35,998.45	0.0320	0.00267	96.00

\* 2014 Over-Recovery \$34,806 pro-rated

Total Interest to be Refunded to Customers

\$ 1,655