



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE PETITION OF AQUA NEW JERSEY, INC., MAXIM WASTEWATER DIVISION; FOR APPROVAL OF A 2017 PURCHASED WASTEWATER ADJUSTMENT CLAUSE TRUE-UP AND OTHER REQUIRED APPROVALS)	DECISION AND ORDER ADOPTING DECISION/SETTLEMENT
)	BPU DOCKET NO. WR18080882
)	OAL DOCKET NO. PUC12145-2018S

Parties of Record:

Courtney L. Schultz, Esq., Saul Ewing Arnstein & Lehr LLP, on behalf of Aqua New Jersey, Inc., Walkill Sewer Division
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On August 10, 2018, Aqua New Jersey, Inc., Maxim Wastewater Division ("Maxim," "Company," or "Petitioner"), a public utility of the State of New Jersey, filed a verified petition with the Board of Public Utilities ("Board") pursuant to N.J.A.C. 14:9-7.1 to 7.7 for approval of a Purchased Wastewater (Sewerage) Treatment Adjustment Clause ("PSTAC") true-up for calendar year 2017, and to set prospective rates for calendar year 2019 as required by N.J.A.C. 14:9-7.7.1(d) and 7.7. The Company originally filed for an overall increase in PSTAC revenues totaling \$47,997 or approximately 5.92% above current PSTAC revenues of \$810,361.

Maxim is a wastewater utility engaged in the collection and transmission of sewage. Maxim serves approximately 2,586 customers within a portion of Howell Township, Monmouth County, New Jersey. The Ocean County Municipal Utilities Authority ("OCMUA") receives and treats all of the sewage transmitted by Maxim.

By this Order, the Board considers a Stipulation of Settlement ("Stipulation") executed by the Petitioner, the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively, "Parties"), agreeing to an overall increase in Petitioner's PSTAC revenues totaling \$44,647 or approximately 5.49% above current PSTAC revenues of \$813,711.

BACKGROUND/PROCEDURAL HISTORY

Petitioner's rates reflect the recovery of wastewater treatment charges imposed by OCMUA. The current PSTAC tariff was approved by the Board by Order dated November 21, 2017, in Docket No. WR17080871, which examined PSTAC revenues and expenses applicable to the period ending December 31, 2016 and set prospective rates for calendar year 2018.

On August 17, 2018, this matter was transmitted to the Office of Administrative Law ("OAL") as a contested case and was subsequently assigned to Administrative Law Judge ("ALJ") Tricia M. Caliguire. On September 13, 2018, a telephonic prehearing conference was conducted by ALJ Caliguire. After publication of notice in newspapers of general circulation in the Company's service territory, a public hearing was held on November 27, 2018,¹ in Howell, New Jersey. No members of the public attended the hearing or filed written comments with the Board.

STIPULATION²

Following discovery and settlement discussion, the Parties entered into the Stipulation that, among other things, provides for an overall increase in Maxim's PSTAC revenues totaling \$44,647, and are calculated based on the following components:

- a) An over-recovery of actual wastewater treatment charges of approximately \$21,106 for the calendar year ending December 31, 2017, with interest on this over-recovery calculated to be \$976, as set forth in Exhibit A of the Stipulation on pages 1-3 and 10, respectively;
- b) Projected OCMUA charges for 2019 of \$877,540 based on OCMUA rates effective for 2017 as set forth in Exhibit A of the Stipulation on, page 5;
- c) The total costs of this proceeding are deemed to be \$5,800 as set forth in Exhibit A of the Stipulation on page 4. These costs will be shared 50/50 between ratepayers and shareholders, resulting in a cost to customers of \$2,900 as set forth in Exhibit A of the Stipulation on page 7; and

¹ The public comment hearing was originally scheduled for October 30, 2018, but to ensure all required notices were effectuated in a timely manner, the public hearing was re-noticed and rescheduled on November 27, 2018.

² 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.

- d) The pro forma PSTAC present rate revenues are projected to be \$813,711 as set forth in Exhibit A of the Stipulation on page 6.

As required by N.J.A.C. 14:9-7.7, the Petitioner has included in its filing an estimate of OCMUA costs for calendar year 2019, which estimate has been used to determine the applicable PSTAC rate for 2019.

DISCUSSIONS AND FINDING

Based on the estimated costs for 2019, discovery responses, the over-recovery for 2017 with interest, and the costs of this proceeding, there is a total overall increase in PSTAC revenues of \$44,647. The Parties have agreed that Petitioner's current PSTAC volumetric rate on file with the Board should be revised to reflect an increase from \$304.53 per thousand gallons to \$321.24 per thousand gallons or an increase of approximately 5.49%, pursuant to the rates indicated on page 8 of Exhibit A and the proposed tariff attached to the Stipulation. This reflects an increase in the PSTAC volumetric rate of \$16.71 or approximately 5.49%.

Based upon the Stipulation, the average residential customer will see an annual increase in a wastewater bill from \$608.53 to \$625.77, which equates to an overall increase in the total wastewater bill of \$17.24 or approximately 2.83%.

ALJ Caliguire issued her 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. Having reviewed the Initial Decision, as well as the Stipulation, the Board **HEREBY FINDS** that the Stipulation is reasonable, in the public interest, and in accordance with the law.

Therefore, the Board **HEREBY ADOPTS** the Initial Decision and the Stipulation, 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:

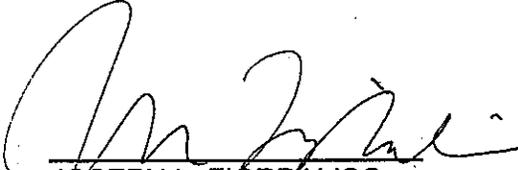
In accordance with the provisions of N.J.A.C. 14:9-7.3(c), the Petitioner shall file with the Board, no later than 45 days after the adjustment clause has been in effect for one year, or by February 28, 2020, whichever is earlier, a PSTAC true-up filing in connection with this proceeding. This filing shall include estimates of the OCMUA costs for calendar year 2020. Copies of the true-up filing shall be served upon all Parties to the present proceeding.

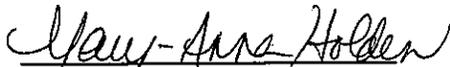
The Board **HEREBY DIRECTS** the Company to file tariff pages conforming to the terms and conditions of the Stipulation and this Order within 5 days from the effective date of this Order.

The effective date of this Order is December 28, 2018 with rates to become effective January 1, 2019.

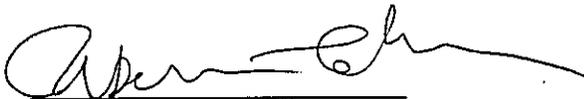
DATED: 12/18/18

BOARD OF PUBLIC UTILITIES
BY:

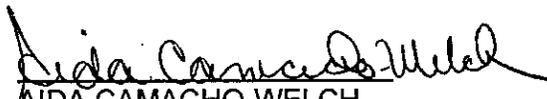

JOSEPH L. FIORDALISO
PRESIDENT


MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER


ROBERT M. GORDON
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
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 2017 Purchased Wastewater Treatment Adjustment Clause True-Up
and Other Required Approvals
BPU Docket No. WR18080882
OAL Docket No. PUC12145-2018S**

SERVICE LIST

Courtney L Schultz, Esq.
Saul Ewing, Arnstein & Lehr, LLP
Centre Square West
1500 Market Street, 38th Floor
Philadelphia, PA 19102-2186
courtney.schultz@saul.com

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
Post Office Box 003
Trenton, NJ 08625-0003
sbrand@rpa.nj.gov

Aida Camacho-Welch
Secretary of the Board
Board of Public Utilities
Post Office Box 350
Trenton, NJ 08625-0350
board.secretary@bpu.nj.gov

Maria L. Moran, Director
Division of Water
Board of Public Utilities
Post Office Box 350
Trenton, NJ 08625-0350
maria.moran@bpu.nj.gov

Alex Moreau
Deputy Attorney General
Department of Law & Public Safety
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029
alex.moreau@law.njoag.gov



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 12145-18

AGENCY DKT. NO. WR18080882

**IN THE MATTER OF THE PETITION
OF AQUA NEW JERSEY, INC., MAXIM
WASTEWATER DIVISION, FOR APPROVAL
OF A 2017 PURCHASED WASTEWATER
TREATMENT ADJUSTMENT CLAUSE TRUE-UP
AND OTHER REQUIRED APPROVALS.**

Courtney L. Schultz, Esq., for petitioner, Aqua New Jersey, Inc., Maxim Wastewater
Division (Saul Ewing Arnstein & Lehr, attorneys)

Renee Greenberg and Peter Van Brunt, Deputy Attorneys General, for Staff of
the Board of Public Utilities (Gurbir S. Grewal, Attorney General of New
Jersey, attorney)

Susan E. McClure and Debra Robinson, Assistant Deputies Rate Counsel, for Division
of Rate Counsel (Stefanie A. Brand, Director)

Record Closed: December 3, 2018

Decided: December 6, 2018

OAL DKT. NO. PUC 12145-18

BEFORE TRICIA M. CALIGUIRE, ALJ:

On August 10, 2018, Aqua New Jersey, Inc., Maxim Wastewater Division (Aqua), filed a petition with the New Jersey Board of Public Utilities (Board) for approval of a purchased wastewater treatment adjustment clause (PSTAC) true-up for calendar year 2017, and to set prospective rates for calendar year 2019, pursuant to N.J.A.C. 14:9-7.1 et seq. The petition was transmitted to the Office of Administrative Law on August 23, 2018, for determination as a contested case. A telephone prehearing conference was held on September 13, 2018, and a prehearing order issued on September 18, 2018.

On November 27, 2018, a duly-noticed public hearing¹ was held in the Company's service territory, at Howell Township Municipal Building, 4567 Route 9 North, Second Floor, Howell, New Jersey. No members of the public appeared at the hearing; no members of the public submitted written comments on the petition.

On December 3, 2018, the parties filed a Stipulation of Settlement which resolves all issues in this proceeding. (J-3.) Said Stipulation of Settlement has been signed by petitioner, Staff of the Board, and the New Jersey Division of Rate Counsel.

The Stipulation of Settlement indicates the terms of settlement, and is attached and fully incorporated herein.

I have reviewed 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 on the attached document.
2. The settlement fully disposes of all issues in controversy between the parties and is consistent with the law.

¹ In the attached Stipulation of Settlement, the parties state that the undersigned presided at the public hearing, but the Honorable Mary Ann Bogan, ALJ, presided at the hearing.

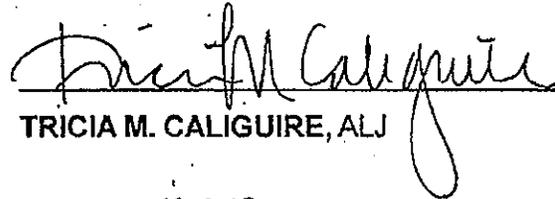
OAL DKT. NO. PUC 12145-18

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.

December 6, 2018

DATE


TRICIA M. CALIGUIRE, ALJ

Date Received at Agency:

12-7-18

Date Mailed to Parties:

nd

OAL DKT. NO. PUC 12145-18

APPENDIX

EXHIBITS

Jointly Submitted:

J-1 Stipulation of Settlement

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

RECEIVED

2018 DEC -3 P 1:16

IN THE MATTER OF THE PETITION
OF AQUA NEW JERSEY, INC.,
MAXIM WASTEWATER DIVISION,
FOR APPROVAL OF A 2017
PURCHASED WASTEWATER
TREATMENT ADJUSTMENT CLAUSE
TRUE-UP AND OTHER REQUIRED
APPROVALS

STIPULATION OF SETTLEMENT
BPU DOCKET NO. WR18080882
OAL DOCKET NO. PUC12145-2018S

APPEARANCES:

Courtney L. Schultz, Esq., Saul Ewing Arnstein & Lehr 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

Renee Greenberg, Deputy Attorney General, and Peter Van Brunt, Deputy Attorney General (Gurbir S. Grewal, 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 Aqua New Jersey, Inc., the Maxim Wastewater Division ("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 Staff, conferences and negotiations, the Parties to this proceeding have come to the within agreement. The Parties hereto agree and stipulate as follows:

1. Petitioner operates a sewage collection and transmission system within a portion of the Township of Howell, New Jersey. Petitioner serves approximately 2,586 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 10, 2018 pursuant to N.J.A.C. 14:9-7.1 to -7.7, Aqua filed the above-captioned Petition with the Board, which was later assigned BPU Docket No. WR18080882, for approval of a purchased sewerage treatment adjustment clause ("PSTAC") true-up for calendar year 2017, and to set prospective rates for calendar year 2019 as required by N.J.A.C. 14:9-7.1(d) and 14:9-7.7. Aqua will true-up 2018 PSTAC revenues and rates in its 2019 PSTAC filing, and commits that it will make this filing on a timely basis.

3. On August 17, 2018, the matter was transmitted to the Office of Administrative Law ("OAL") and was later assigned to the Honorable Administrative Law Judge ("ALJ") Tricia Caliguire for review and disposition.

4. On September 13, 2018, a telephonic prehearing conference was held before ALJ Caliguire, after which a Prehearing Order was issued by ALJ Caliguire on September 18, 2018.

5. A public comment hearing was scheduled for November 27, 2018, and all requisite notices were given, including notice by publication in the Asbury Park Press on October 30, 2018.¹

6. On November 5, 2018, a second telephonic prehearing conference was held before ALJ Caliguire.

¹ The public hearing was originally scheduled for October 30, 2018, but in order to ensure all requisite notices could be timely given, the hearing was rescheduled.

7. On November 27, 2018 a public hearing was held at the Howell Township Municipal Building, at 5:30 p.m., over which ALJ Caliguire presided. No members of the public appeared.

8. 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. WR17080871, dated November 21, 2017, which examined PSTAC revenues and expenses applicable to the period ending December 31, 2016 and set prospective rates for calendar year 2018.

9. In this proceeding, the Parties have examined the Company's actual revenues and actual OCUA expenses for calendar year 2017, the Company's projected OCUA expenses for 2019, 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 an additional \$44,647 in revenues. The \$44,647 PSTAC increase was calculated based on the following components:

a) an over-recovery of actual wastewater treatment charges of approximately \$21,106 for the calendar year ending December 31, 2017 (See Exhibit A, attached hereto, pages 1 to 3), with the interest on this over-recovery calculated to be \$976 (See Exhibit A, page 11);

b) projected OCUA charges for 2019 of \$877,540 based on OCUA rates effective for 2018 (See Exhibit A, page 5);

c) the total costs of this proceeding are deemed to be \$5,800 (See Exhibit A, page 4). These costs will be shared 50/50 between ratepayers and shareholders, resulting in a cost to customers of \$2,900 (See Exhibit A, page 7); and

d) the pro forma PSTAC revenues at current rates are projected to be \$813,711 (See Exhibit A, page 6).

10. 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 2019, which estimate has been used to determine the applicable PSTAC rate for 2019.

11. Based on the estimated costs for 2019, the over-recovery for 2017 (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 increased as indicated on Exhibit A. For the average residential customer, the total annual flat PSTAC rate will increase from \$304.53 to \$321.24, or approximately 5.49% (See Exhibit A, page 8). With respect to the total annual rate for wastewater services, the total annual rate for the average residential customer will increase from \$608.53 to \$625.77, or approximately 2.83% (See Exhibit A, page 10).

12. Consistent with the provisions of N.J.A.C. 14:9-7.1 to -7.7, the Parties agree that the Company will file with the Board a PSTAC petition to reconcile calendar year 2018 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 2020, which estimate will be used to determine the applicable PSTAC rate for 2020, as required in N.J.A.C. 14:9-7.1(d) and 14:9-7.7.

13. 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.

14. 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.

15. 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.

16. 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.

17. 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.

AQUA NEW JERSEY, INC.
MAXIM WASTEWATER DIVISION

11/20/18
Date

By: Courtney L. Schultz
Saul Ewing Arnstein & Lehr LLP
Courtney L. Schultz, Esq.
Attorney for Petitioner

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the
New Jersey Board of Public Utilities

Date

By: _____
Rence Greenberg
Deputy Attorney General

STEFANIE A. BRAND, ESQ.
DIRECTOR – RATE COUNSEL

Date

By: _____
Susan McClure, Esq.
Assistant Deputy Rate Counsel

17. 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.

AQUA NEW JERSEY, INC.
MAXIM WASTEWATER DIVISION

11/28/18
Date

By: Courtney L. Schultz
Saul Ewing Arnstein & Lehr LLP
Courtney L. Schultz, Esq.
Attorney for Petitioner

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the
New Jersey Board of Public Utilities

11/28/2018
Date

By: Renee Greenberg
Renee Greenberg
Deputy Attorney General

STEFANIE A. BRAND, ESQ.
DIRECTOR - RATE COUNSEL

Date

By: _____
Susan McClure, Esq.
Assistant Deputy Rate Counsel

17. 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.

AQUA NEW JERSEY, INC.
MAXIM WASTEWATER DIVISION

11/28/18
Date

By: Courtney L. Schultz
Saul Ewing Arnstein & Lehr LLP
Courtney L. Schultz, Esq.
Attorney for Petitioner

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the
New Jersey Board of Public Utilities

Date

By: _____
Renee Greenberg
Deputy Attorney General

STEFANIE A. BRAND, ESQ.
DIRECTOR - RATE COUNSEL

11/28/18
Date

By: [Signature]
Susan McClure, Esq.
Assistant Deputy Rate Counsel

EXHIBIT A

EXHIBIT A

**Aqua New Jersey, Inc.
Maxim PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2017**

A.) 2017 Treatment Expenses Paid to OCUA:

<u>Quarter</u>	<u>Gallons Billed</u>	<u>Amount</u>	<u>Invoice #</u>	<u>Reference</u>
Q1	60.00	\$228,068	1800019460	
Q2	60.00	\$228,068	1800019627	
Q3	60.00	\$228,068	1800019891	
Q4	60.00	\$228,068	1800020146	
Credit		(\$59,395)		
Total 2017 Actual Treatment Expense	240.00	\$852,877		Exhibit B

Exhibit F
2 of 10
(Revised as of 10/11/18)

Aqua New Jersey, Inc.
Maxim PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2017

B.1 2017 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	2,540		\$810,489	\$319.09	95.45%	
Commercial Industrial, School, Business, & Religious	25	3/4"	\$7,977	\$319.09	0.94%	95
Commercial Industrial, School, Business, & Religious	1	1"	\$532	\$532.18	0.05%	159
Commercial Industrial, School, Business, & Religious	-	1 1/2"	\$0	\$1,095.43	0.00%	327
Commercial Industrial, School, Business, & Religious	8	2"	\$13,687	\$1,698.36	1.60%	507
Commercial Industrial, School, Business, & Religious	-	3"	\$0	\$3,287.37	0.00%	981
Commercial Industrial, School, Business & Religious	1	4"	\$5,314	\$5,314.20	0.63%	1,585
Subtotal:	2,575		\$837,899		98.68%	

<u>Customer #</u>	<u>Meter Size</u>	<u>Min. Bill</u>	<u>In Kgals</u>			<u>% of Revenue</u>
			<u>Over Minimum</u>	<u>Min. Gallons</u>	<u>Gallons Billed</u>	
991661	3/4"		54	95	149	
991662	3/4"		37	95	133	
991679	2"		2,072	507	2,579	
991683	2"		413	507	919	
991685	2"		50	507	557	
2073299	3/4"		1	95	96	
2061674	3/4"		67	95	162	
2307454	3/4"		460	95	555	
2111109	3/4"		189	95	284	
Subtotal Gallons:			3,342			
Rate / 1,000 gallons			\$3.352			
Subtotal Commercial Revenues over Minimum			\$11,203			1.32%
Total Revenues Billed 2017:			\$849,102			

**Aqua New Jersey, Inc.
Maxim PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2017**

C.) 2017 Reconciliation - Over/(Under) Recovery:

		<u>Reference</u>
C.1)	Actual Revenue 2017	\$849,102
	Prospective Revenue Authorized 2017	<u>\$843,927</u>
	Over/(Under) Recovery 2017	<u>\$5,175</u>
C.2)	Actual Expense 2017	\$852,877
	Projected Expense 2017	<u>\$868,808</u>
	Over/(Under) Recovery 2017	<u>\$15,931</u>
	Total Over/(Under) Recovery 2017	\$21,105

B.)
Exhibit A

A.)
Exhibit A Page 2 Sub B

**Aqua New Jersey, Inc.
Maxim PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2017**

D.) Cost of Filing Application:

	<u>Amount</u>
Legal	\$5,800
Notification- & Other	\$0
Transcripts	\$0
Total	<u>\$5,800</u>

Aqua New Jersey, Inc.
Maxim PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2017

E.) Prospective 2019 Rate Adjustment:

- 1.) Projected 2019 Sewage Volume (in millions)
- 2.) Proposed 2019 OCUA Bulk Rate
- 3.) Projected Calendar Year 2019 Billings by OCUA
- 4.) Projected 2018 OCUA Billings
- 5.) Prospective Adj. for Rates Effective 1/1/2017

<u>Calculation</u>	<u>Reference</u>
217.27	Footnote (a)
<u>\$4,039</u>	Exhibit C
<u>\$877,540</u>	Lines 1.) x 2.)
<u>\$873,708</u>	
<u><u>\$3,832</u></u>	Lines 3.) - 4.)

Year	Volume
2015	223.4
2016	208.7
2017	219.7
3 Yr Avg	217.3

Aqua New Jersey, Inc.
Maxim PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2017

F.) Estimated PSTAC Revenue at Present Rates (2018):

<u>Class</u>	<u>Customers</u>	<u>Meter Size</u>	<u>2018 Current Rate</u>	<u>PSTAC Revenue at Present Rates</u>	<u>% of Revenue</u>
Residential - Single Family	2,551	-	\$304.53	\$776,856.03	95.47%
Commercial, Industrial, School, Business, & Religious	25	3/4"	\$304.53	\$7,613.25	0.94%
Commercial, Industrial, School, Business, & Religious	1	1"	\$507.90	\$507.90	0.06%
Commercial, Industrial, School, Business, & Religious	-	1 1/2"	\$1,045.46	\$0.00	0.00%
Commercial, Industrial, School, Business, & Religious	8	2"	\$1,620.88	\$12,967.04	1.59%
Commercial, Industrial, School, Business, & Religious	-	3"	\$3,137.40	\$0.00	0.00%
Commercial, Industrial, School, Business, & Religious	1	4"	\$5,071.77	\$5,071.77	0.62%
Total:					
Commercial Metered Service Rate / 1,000 gallons =	3,342		\$3.200	\$10,695.12	1.31%
Total PSTAC Revenue at Present Rates =>				\$813,711.11	

Aqua New Jersey, Inc.
Maxim PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2017

G.) PSTAC Calculation:

	<u>Amount</u>	<u>Reference</u>
1.) Projected 2019 Calendar Year Billings by OCUA	\$877,540	E.)
2.) Over Recovery 2017	(\$21,106)	C.)
3.) Interest on Over Recovery	(\$976)	Exhibit F Page 11
4.) Cost of Filing Application (\$5,800 x 50%)	\$2,900	D.)
5.) 2019 PSTAC Revenue Requirement	<u>\$858,358</u>	Sum Lines 1 thru 3
6.) PSTAC Revenue at Present (2018 Rates)	<u>\$813,711</u>	F.)
7.) Subtotal PSTAC Adjustment 2019	<u>\$44,647</u>	Line 4 minus Line 5

Aqua New Jersey, Inc.
Maxim PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2017

H.) Rate Design:

<u>Class</u>	<u>Customers</u>	<u>Meter Size</u>	<u>2018 Current Rate</u>	<u>% of Revenue</u>	<u>Assessment</u>	<u>2019 New Rate</u>	<u>% Change</u>
Residential - Single Family	2,551	-	\$304.53	95.47%	\$42,624.82	\$321.24	5.487%
Commercial, Industrial, School, Business, & Religious	25	3/4"	\$304.53	0.94%	\$417.73	\$321.24	5.487%
Commercial, Industrial, School, Business, & Religious	1	1"	\$507.90	0.06%	\$27.87	\$535.77	5.487%
Commercial, Industrial, School, Business, & Religious	-	1 1/2"	\$1,045.46	0.00%	\$0.00	\$1,102.82	5.487%
Commercial, Industrial, School, Business, & Religious	8	2"	\$1,620.88	1.59%	\$711.48	\$1,709.82	5.487%
Commercial, Industrial, School, Business, & Religious	-	3"	\$3,137.40	0.00%	\$0.00	\$3,309.54	5.487%
Commercial, Industrial, School, Business, & Religious	1	4"	\$5,071.77	0.62%	\$278.28	\$5,350.05	5.487%
Total:					<u>\$44,060</u>		
Commercial Metered Service Rate / 1,000 gallons =			\$3.200	1.31%	\$586.82	\$3,376	5.487%
Total Revenue Assessed					<u>\$44,647</u>		

Exhibit F
9 of 10

(Revised as of 10/11/18)

Aqua New Jersey, Inc.
Maxim PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2017

l.) Proof of Revenue:

<u>Class</u>	<u>Customers/Gallons</u>	<u>Meter Size</u>	<u>New Rate</u>	<u>Prospective 2019 Revenue</u>
Residential - Single Family	2,551	-	\$321.24	\$819,480.85
Commercial, Industrial, School, Business, & Religious	25	3/4"	\$321.24	\$8,030.98
Commercial, Industrial, School, Business, & Religious	1	1"	\$535.77	\$535.77
Commercial, Industrial, School, Business, & Religious	-	1 1/2"	\$1,102.82	\$0.00
Commercial, Industrial, School, Business, & Religious	8	2"	\$1,709.82	\$13,678.52
Commercial, Industrial, School, Business, & Religious	-	3"	\$3,309.54	\$0.00
Commercial, Industrial, School, Business, & Religious	1	4"	\$5,350.05	\$5,350.05
Commercial over Minimum Gallons	3,342	Kgals	\$3.376	\$11,281.94
Total:				<u>\$858,358</u>

Exhibit F
10 of 10

2017 Maxim PSTAC True Up

Interest Calculation (Rate = 30 Yr Treasury @ 12/31/17 => 2.74%, @ 7/24/18 = 3.08%)

Month	Year	Refund*	APR %	Month % Rate	Interest
January	2017	\$ 1,758.83	0.0274	0.00228	4.02
February	2017	3,521.68	0.0274	0.00228	8.04
March	2017	5,284.54	0.0274	0.00228	12.07
April	2017	7,047.40	0.0274	0.00228	16.09
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November	2018	21,748.98	0.0308	0.00257	55.82
December	2018	21,804.81	0.0308	0.00257	55.97

* 2017 Over-Recovery \$21,106 pro-rated

Total Interest to be Refunded to Customers

\$ 976

1. Petitioner operates a sewage collection and transmission system within a portion of the Township of Howell, New Jersey. Petitioner serves approximately 2,586 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 10, 2018 pursuant to N.J.A.C. 14:9-7.1 to -7.7, Aqua filed the above-captioned Petition with the Board, which was later assigned BPU Docket No. WR18080882. for approval of a purchased sewerage treatment adjustment clause ("PSTAC") true-up for calendar year 2017, and to set prospective rates for calendar year 2019 as required by N.J.A.C. 14:9-7.1(d) and 14:9-7.7. Aqua will true-up 2018 PSTAC revenues and rates in its 2019 PSTAC filing, and commits that it will make this filing on a timely basis.

3. On August 17, 2018, the matter was transmitted to the Office of Administrative Law ("OAL") and was later assigned to the Honorable Administrative Law Judge ("ALJ") Tricia Caliguire for review and disposition.

4. On September 13, 2018, a telephonic prehearing conference was held before ALJ Caliguire, after which a Prehearing Order was issued by ALJ Caliguire on September 18, 2018.

5. A public comment hearing was scheduled for November 27, 2018, and all requisite notices were given, including notice by publication in the Asbury Park Press on October 30, 2018.¹

6. On November 5, 2018, a second telephonic prehearing conference was held before ALJ Caliguire.

¹ The public hearing was originally scheduled for October 30, 2018, but in order to ensure all requisite notices could be timely given, the hearing was rescheduled.

7. On November 27, 2018 a public hearing was held at the Howell Township Municipal Building, at 5:30 p.m., over which ALJ Caliguire presided. No members of the public appeared.

8. 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. WR17080871, dated November 21, 2017, which examined PSTAC revenues and expenses applicable to the period ending December 31, 2016 and set prospective rates for calendar year 2018.

9. In this proceeding, the Parties have examined the Company's actual revenues and actual OCUA expenses for calendar year 2017, the Company's projected OCUA expenses for 2019, 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 an additional \$44,647 in revenues. The \$44,647 PSTAC increase was calculated based on the following components:

a) an over-recovery of actual wastewater treatment charges of approximately \$21,106 for the calendar year ending December 31, 2017 (See Exhibit A, attached hereto, pages 1 to 3), with the interest on this over-recovery calculated to be \$976 (See Exhibit A, page 11);

b) projected OCUA charges for 2019 of \$877,540 based on OCUA rates effective for 2018 (See Exhibit A, page 5);

c) the total costs of this proceeding are deemed to be \$5,800 (See Exhibit A, page 4). These costs will be shared 50/50 between ratepayers and shareholders, resulting in a cost to customers of \$2,900 (See Exhibit A, page 7); and

d) the pro forma PSTAC revenues at current rates are projected to be \$813,711 (See Exhibit A, page 6).

10. 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 2019, which estimate has been used to determine the applicable PSTAC rate for 2019.

11. Based on the estimated costs for 2019, the over-recovery for 2017 (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 increased as indicated on Exhibit A. For the average residential customer, the total annual flat PSTAC rate will increase from \$304.53 to \$321.24, or approximately 5.49% (See Exhibit A, page 8). With respect to the total annual rate for wastewater services, the total annual rate for the average residential customer will increase from \$608.53 to \$625.77, or approximately 2.83% (See Exhibit A, page 10).

12. Consistent with the provisions of N.J.A.C. 14:9-7.1 to -7.7, the Parties agree that the Company will file with the Board a PSTAC petition to reconcile calendar year 2018 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 2020, which estimate will be used to determine the applicable PSTAC rate for 2020, as required in N.J.A.C. 14:9-7.1(d) and 14:9-7.7.

13. 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.

14. 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.

15. 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.

16. 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.

17. 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.

AQUA NEW JERSEY, INC.
MAXIM WASTEWATER DIVISION

11/28/18
Date

By: Courtney L. Schultz
Saul Ewing Arnstein & Lehr LLP
Courtney L. Schultz, Esq.
Attorney for Petitioner

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the
New Jersey Board of Public Utilities

Date

By: _____
Rence Greenberg
Deputy Attorney General

STEFANIE A. BRAND, ESQ.
DIRECTOR – RATE COUNSEL

Date

By: _____
Susan McClure, Esq.
Assistant Deputy Rate Counsel

17. 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.

AQUA NEW JERSEY, INC.
MAXIM WASTEWATER DIVISION

11/28/18
Date

By: Courtney L. Schultz
Saul Ewing Arnstein & Lehr LLP
Courtney L. Schultz, Esq.
Attorney for Petitioner

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the
New Jersey Board of Public Utilities

11/28/2018
Date

By: Renee Greenberg
Renee Greenberg
Deputy Attorney General

STEFANIE A. BRAND, ESQ.
DIRECTOR – RATE COUNSEL

Date

By: _____
Susan McClure, Esq.
Assistant Deputy Rate Counsel

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AQUA NEW JERSEY, INC.
MAXIM WASTEWATER DIVISION

11/28/18
Date

By: Courtney L. Schultz
Saul Ewing Arnstein & Lehr LLP
Courtney L. Schultz, Esq.
Attorney for Petitioner

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the
New Jersey Board of Public Utilities

Date

By: _____
Renee Greenberg
Deputy Attorney General

STEFANIE A. BRAND, ESQ.
DIRECTOR - RATE COUNSEL

11/28/18
Date

By: [Signature]
Susan McClure, Esq.
Assistant Deputy Rate Counsel

EXHIBIT A

Aqua New Jersey, Inc.
Maxim PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2017

A.) 2017 Treatment Expenses Paid to OCUA:

<u>Quarter</u>	<u>Gallons Billed</u>	<u>Amount</u>	<u>Invoice #</u>	<u>Reference</u>
Q1	60.00	\$228,068	1800019460	
Q2	60.00	\$228,068	1800019627	
Q3	60.00	\$228,068	1800019891	
Q4	60.00	\$228,068	1800020146	
Credit		(\$59,395)		
Total 2017 Actual Treatment Expense	240.00	\$852,877		Exhibit B

Aqua New Jersey, Inc.
Maxim PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2017

B.) 2017 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	2,540		\$810,489	\$319.09	95.45%	
Commercial, Industrial, School, Business, & Religious	25	3/4"	\$7,977	\$319.09	0.94%	95
Commercial, Industrial, School, Business, & Religious	1	1"	\$532	\$532.18	0.06%	159
Commercial, Industrial, School, Business, & Religious	-	1 1/2"	\$0	\$1,095.43	0.00%	327
Commercial, Industrial, School, Business, & Religious	8	2"	\$13,587	\$1,698.36	1.60%	507
Commercial, Industrial, School, Business, & Religious	-	3"	\$0	\$3,287.37	0.00%	981
Commercial, Industrial, School, Business, & Religious	1	4"	\$5,314	\$5,314.20	0.63%	1,585
Subtotal:	2,575		\$837,899		98.68%	

<u>Customer #</u>	<u>Meter Size</u>	<u>Min. Bill</u>	<u>In Kgals</u>			<u>% of Revenue</u>
			<u>Over Minimum</u>	<u>Min. Gallons</u>	<u>Gallons Billed</u>	
991661	3/4"		54	95	149	
991662	3/4"		37	95	133	
991679	2"		2,072	507	2,579	
991683	2"		413	507	919	
991685	2"		50	507	557	
2073299	3/4"		1	95	96	
2061674	3/4"		67	95	162	
2307454	3/4"		460	95	555	
2111109	3/4"		189	95	284	
Subtotal Gallons:			3,342			
Rate / 1,000 gallons			\$3.352			
Subtotal Commerical Revenues over Minimum			\$11,203			1.32%
Total Revenues Billed 2017:			\$849,102			

Aqua New Jersey, Inc.
Maxim PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2017

C.) 2017 Reconciliation - Over/(Under) Recovery:

			<u>Reference</u>
C.1)	Actual Revenue 2017	\$849,102	B.)
	Prospective Revenue Authorized 2017	\$843,927	Exhibit A
	Over/(Under) Recovery 2017	<u>\$5,175</u>	
C.2)	Actual Expense 2017	\$852,877	A.)
	Projected Expense 2017	\$868,808	Exhibit A Page 2 Sub B
	Over/(Under) Recovery 2017	<u>\$15,931</u>	
	Total Over/(Under) Recovery 2017	\$21,106	

Aqua New Jersey, Inc.
Maxim PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2017

D.) Cost of Filing Application:

	<u>Amount</u>
Legal	\$5,800
Notification- & Other	\$0
Transcripts	\$0
Total	<u>\$5,800</u>

Aqua New Jersey, Inc.
Maxim PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2017

E.) Prospective 2019 Rate Adjustment:

	<u>Calculation</u>	<u>Reference</u>
1.) Projected 2019 Sewage Volume (in millions)	217.27	Footnote (a)
2.) Proposed 2019 OCUA Bulk Rate	\$4,039	Exhibit C
3.) Projected Calendar Year 2019 Billings by OCUA	<u>\$877,540</u>	Lines 1.) x 2.)
4.) Projected 2018 OCUA Billings	\$873,708	
5.) Prospective Adj. for Rates Effective 1/1/2017	<u><u>\$3,832</u></u>	Lines 3.) - 4.)

Year	Volume
2015	223.4
2016	208.7
2017	219.7
3 Yr Avg	217.3

Aqua New Jersey, Inc.
Maxim PSTAC Reconciliation/True-Up
For Calendar year ending December 31, 2017

F.) Estimated PSTAC Revenue at Present Rates (2018):

<u>Class</u>	<u>Customers</u>	<u>Meter Size</u>	<u>2018 Current Rate</u>	<u>PSTAC Revenue at Present Rates</u>	<u>% of Revenue</u>
Residential - Single Family	2,551	-	\$304.53	\$776,856.03	95.47%
Commercial, Industrial, School, Business, & Religious	25	3/4"	\$304.53	\$7,613.25	0.94%
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Total:					
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Total PSTAC Revenue at Present Rates =>				<u><u>\$813,711.11</u></u>	

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G.) PSTAC Calculation:

	<u>Amount</u>	<u>Reference</u>
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6.) PSTAC Revenue at Present (2018 Rates)	<u>\$813,711</u>	F.)
7.) Subtotal PSTAC Adjustment 2019	<u>\$44,647</u>	Line 4 minus Line 5

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Commercial Metered Service Rate / 1,000 gallons =			\$3.200	1.31%	\$586.82	\$3.376	5.487%
Total Revenue Assessed					<u><u>\$44,647</u></u>		

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2017 Maxim PSTAC True Up

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* 2017 Over-Recovery \$21,106 pro-rated

Total Interest to be Refunded to Customers

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