



Agenda Date: 03/29/19
Agenda Item: 5A

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 VILLAGE)	DECISION AND ORDER
UTILITY LLC FOR APPROVAL OF A MUNICIPAL)	APPROVING STIPULATION
CONSENT TO PROVIDE SEWERAGE SERVICE TO A)	OF SETTLEMENT
PORTION OF THE TOWNSHIP OF SPARTA, FOR)	
APPROVAL OF IMPLEMENTATION OF AN INITIAL)	
TARIFF FOR WASTEWATER SERVICE WITHIN THE)	
TOWNSHIP OF SPARTA, AND FOR OTHER)	
REQUIRED APPROVALS)	DOCKET NO. WE18080926

Parties of Record:

Courtney L. Schultz, Esq., Saul Ewing Arnstein & Lehr, LLP
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD :

On August 21, 2018, Village Utility, LLC, ("Petitioner" or "Village Utility") a public utility of the State of New Jersey, filed a petition with the New Jersey Board of Public Utilities ("Board"), pursuant to N.J.S.A. 48:2-14, N.J.S.A. 48:2-21, N.J.A.C. 14:1-5.5 and N.J.A.C. 14:1-5.11, seeking approval of the following: (1) a municipal consent, Ordinance No. 18-07¹ ("Ordinance"), adopted August 14, 2018, by the Township of Sparta ("Township"), to allow Petitioner to provide wastewater service to the franchise area in the Township; and (2) the implementation of an initial tariff for wastewater service within the Township, County of Sussex, New Jersey. By this Decision and Order, the Board considers a stipulation of settlement ("Stipulation") executed by Village Utility, the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively, "Signatory Parties") which addresses the issues in the petition.

BACKGROUND

Village Utility was formed in order to own and operate a wastewater collection and wastewater treatment facility to serve the needs of the North Village at Sparta ("North Village"), a new mixed-use development in the Township.

¹ The Ordinance incorrectly referred to the proposed service area as Block 16001, Lots 4, 8 and 9. By letter dated February 22, 2019, the Township indicated that it had corrected the first page of the Ordinance to replace Lots 8 and 9 with Lots 89 and 91. The Petitioner provided a copy of the corrected Ordinance on February 25, 2019.

North Village is being developed by North Village at Sparta JV, LLC ("NVS"), the parent of Village Utility. North Village is anchored by a 102,000 square foot Shop Rite Supermarket/Liquor Store. There is also an additional approximately 25,000 feet, comprised of eight buildings for commercial use, including retail and restaurants. The residential area of North Village is comprised of 92 single family homes, 58 townhouses, a 60 unit apartment complex and a 76 bed assisted living facility, located on properties designated as Tax Block 16001, Lots 4, 89 and 91 and parcels created therefrom in the Township.

On August 14, 2018, the Township adopted Ordinance No.18-07, which grants Petitioner a franchise to construct, operate, maintain and manage wastewater conveyance and treatment systems and provide sewer service to the franchise area in the Township.

The municipal consent granted by the Township also authorizes the Petitioner to install, lay, construct, maintain, repair, replace and operate wastewater facilities and to provide wastewater services to all persons and organizations, public and private, located within the franchise area.

There is no public sewer service in the franchise area. Elsewhere in the Township, sewer service is provided by the municipality. The Petitioner represents that the Township does not have the resources to provide public sewer service to the proposed franchise area. In order to develop North Village it was necessary to determine how sewer service would be provided to future residential and commercial customers in the franchise area. NVS was unable to find a willing public utility to provide the necessary sewer service to the franchise area. Therefore, Village Utility was formed to provide sewer service.

Village Utility will own and operate the wastewater collection ("Wastewater Collection System") and treatment facility ("Wastewater Treatment Plant"), which is currently under construction, to serve the needs of the North Village.

The Wastewater Treatment Plant will utilize a biological nutrient removal treatment system and discharge treated wastewater to four subsurface disposal beds totaling an area of 40,152 square feet, and is designed to treat an influent flow volume of 120,000 gallons per day of domestic wastewater. Village Utility represents that this is sufficient to meet the needs of the future customers of North Village. Sewage will be conveyed to the Wastewater Treatment Plant by a new sewer conveyance system comprised of gravity sewers, a pumping station, and force main sewers. The estimated number of customers to be served is 165. The Petitioner indicates that the cost of the Wastewater Collection System and Wastewater Treatment Plant is \$3,742,991.

Village Utility included in its filing an expense related to the maintenance of a default security bond required by the Township, pursuant to Section 11.13 of the franchise agreement between the Township and Village Utility ("Franchise Agreement"). In the Franchise Agreement, it is mandated by the Township that Village Utility post bond in the amount of \$200,000, which is required to continue until such time as certain conditions are met. The Ordinance provides that it shall be null and void in the event Village Utility refuses to sign the Franchise Agreement.

Village Utility entered into an agreement with De Block Environmental Services, Inc. ("De Block"), on June 25, 2017. De Block is a licensed operator that provides contract wastewater and water operations and utility management services throughout New Jersey, Staten Island and Westchester County, New York, to operate the Wastewater Treatment System. Accordingly, Village Utility represents that qualified individuals will ensure the Wastewater Treatment System is operating properly.

Village Utility states it has obtained all necessary permits. On November 24, 2014, the New Jersey Department of Environmental Protection ("NJ DEP") issued a permit for the diversion of ground water, and on February 26, 2016, the NJ DEP issued a Treatment Works Approval for the building, installation and modification of the proposed wastewater facilities for North Village. Further, on December 12, 2018, the Delaware River Basin Commission approved the Wastewater Treatment Plant and proposed discharge, as required since the Wastewater Treatment Plant is located within and will discharge to groundwater within the Delaware River Basin.

The Township has a population of approximately 20,000 people. The municipal consent and franchise area granted by the Township encompasses the development being constructed, referred to as the North Village, consisting of up to 165 new wastewater customers. The Petitioner states the proposed initial tariff will remain in effect unless and until modified in the course of a future base rate proceeding.

The proposed tariff, attached as Exhibit A to the petition, includes a fixed service charge per quarter (per customer) of \$425.00 or \$1,700 per year. The Petitioner anticipates that future North Village customers will use a total of 82,125 gallons of water per year. There are 383 dwelling units at North Village. The Petitioner is requesting a revenue requirement of \$675,651.

Village Utility claims the proposed tariff is expected to generate approximately \$264,600 in annual revenues the first year (2019), approximately \$562,716 the second year (2020) and approximately \$675,651 in year three (2021). Operating expenses for Village Utility are projected to be approximately \$283,361 for the first year (2019), approximately \$376,171 the second year (2020) and approximately \$420,247 the third year (2021). This will result in a projected operating income of approximately (\$18,761) for the first year, approximately \$186,545 for the second year (2020) and approximately \$255,404 the third year (2021). (See Exhibit 1, Schedule 1 attached to the petition).

THE MUNICIPAL CONSENT

Village Utility intends to own and operate the Wastewater Collection System and Wastewater Treatment Plant pursuant to the existing municipal consent granted by the Ordinance. The municipal consent, adopted on August 14, 2018 by the Township, will allow the Petitioner to lay, maintain and relay its wastewater pipes, mains, connections and to provide wastewater service to the franchise area.

On February 12, 2019, a duly noticed municipal consent hearing with regard to the petition was held at the Board's offices in Trenton, New Jersey. Megan Lupo, Esq., presided over the hearing at which representatives of Village Utility, Rate Counsel and Staff appeared. No members of the public appeared at the hearing or filed written comments.

STIPULATION²:

Following a review of discovery and subsequent settlement discussions, the Signatory Parties reached an agreement on the petition, and on February 25, 2019 executed the Stipulation. The key terms of the Stipulation are as follows:

² Although summarized in this Order, the detailed terms of the Stipulation are controlling, subject to the findings and conclusions of this Order.

1. The Signatory Parties acknowledge that Village Utility is a public utility authorized to do business in this State and is subject to the Board's jurisdiction pursuant to N.J.S.A. 48:2-13 et seq. The Signatory Parties further acknowledge that Petitioner has included information in its filing sufficient to meet the statutory standard articulated in N.J.S.A. 48:2-14, which findings are set forth in Paragraph 2 of the Stipulation. Based on this information, the Signatory Parties agree to recommend to the Board that the municipal consent and initial tariff rates be approved consistent with the terms set forth in the Stipulation.
2. Petitioner has included information in its filing warranting administrative review. When considering a transaction pursuant to N.J.S.A. 48:2-14, the Board is required to evaluate whether the privilege or franchise is necessary and proper for the public convenience and properly conserves the public interests. These findings are set out below:
 - (a) There is currently no public sewer service available in the franchise area. Elsewhere in Sparta Township, sewer service is provided by the municipality, Sussex County Municipal Utilities Authority, the Township Board of Education and several other private entities. With no public utility willing to provide the necessary sewer service to the franchise area, Village Utility will provide such service. The Wastewater Treatment Plant capacity will be sufficient to serve the needs of the North Village customers, with the ability to treat an influent flow volume of 120,000 gallons per day.
 - (b) The Signatory Parties agree that, for purposes of this settlement, rate base is established at \$3,367,353; the overall rate of return is 7.25%; with a return on equity of 9.60%; utility operating income is \$244,004; and the revenue requirement at initial rates is \$658,325.
 - (c) As to depreciation, the Signatory Parties have agreed that Village Utility's depreciation rates will be 1.530% for Collecting Systems (Acct. Nos. 320 to 325), 4.125% for Pumping Systems (Acct. Nos. 330 to 333) and Wastewater Treatment and Disposal Systems (Acct. Nos. 340 to 353), and 1.910% for General Plant (Acct. Nos. 390 to 398) until such time as new depreciation rates are approved by the Board in a subsequent proceeding.
 - (d) The Signatory Parties have negotiated an initial tariff rate for wastewater service which will set rates as follows: \$1,700 per Equivalent Dwelling Unit ("EDU") annually, billed on a quarterly basis (or \$425 per EDU, per quarter). The per EDU rate having been established based upon an agreed upon revenue requirement of \$658,325, with 398 EDUs billed annually, where one EDU is equal to 225 gallons per day or 82,125 gallons per year. This proposed rate will remain in effect until such time as the Board approves new rates in Village Utility's next filed base rate proceeding, which shall be filed on or before December 31, 2021. The Signatory Parties further agree that the revised tariff should be adopted by the Board in its entirety. See attached Exhibit A, Tariff, and Exhibit B, Proof of Revenues.

- (e) Petitioner has entered into an agreement with De Block, a licensed operator providing contract wastewater and water operations and utility management services throughout New Jersey, and also in Staten Island and Westchester County, New York, to operate the Wastewater Treatment System. Accordingly, qualified individuals will ensure the Wastewater Treatment System is operating properly.
 - (f) Village Utility has obtained all necessary permits. On November 24, 2014, the NJ DEP issued a permit for the diversion of ground water, and on February 26, 2016, the NJ DEP issued a Treatment Works Approval for the building, installation and modification of the proposed wastewater facilities for North Village. Further, on December 12, 2018, the Delaware River Basin Commission approved the Wastewater Treatment Plant and proposed discharge, as required since the Wastewater Treatment Plant is located within and will discharge to groundwater within the Delaware River Basin.
 - (g) The proposed franchise is necessary and proper for the public convenience and properly conserves the public interests.
3. Approval of this Stipulation does not constitute Board approval of any expenses or rate base associated with this transaction.
 4. The Signatory Parties recommend that any Board Order approving the Company's Petition contain language which recognizes that the Order issued in this matter shall not affect or in any way limit the exercise of the authority of the Board or the State in any future petition or in any proceedings with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or in any other matter affecting the Petitioner.
 5. The Signatory Parties recommend that the Board approve Petitioner's initial tariff rates for wastewater service as set out in Exhibit A, and that these initial tariff rates remain in effect until such time as the Board approves new rates in Village Utility's next filed base rate proceeding, which shall be filed on or before December 31, 2021. New rates could also be set by the Board in the event of a sale of Village Utility or its assets.
 6. The Signatory Parties further agree to recommend that Ordinance No. 18-07, granting Village Utility the franchise to construct, operate, maintain and manage wastewater conveyance and treatment systems and to provide wastewater service to portions of Sparta Township (specifically, Block 16001: Lots 4, 89 and 91, and parcels created therefrom), should be approved by the Board.

DISCUSSIONS AND FINDINGS

Pursuant to N.J.S.A. 48:2-14, "No privilege or franchise . . . shall be valid until approved by the board." The statute is clear that the Board must determine "that the privilege or franchise is necessary and proper for the public convenience and properly conserves the public interests." Ibid. Importantly, the Board is authorized to "impose such conditions as to construction, equipment, maintenance, service or operation as the public convenience and interests may reasonably require" in granting its approval of a franchise. Ibid.

When an agreement between a municipality and a public utility has a "decided impact upon various sections of the public" the Board's expertise "is required in supervising and regulating this process." Deptford v. Woodbury Terrace Sewage Corp., 54 N.J. 418, 427 (1969). While the Township has the authority to impose conditions upon the consent for the grant of a franchise, the law is clear that such conditions remain inoperative until approved by the Board. Id. at 424; Marlboro v. Village Water Co., 72 N.J. 99, 107-08 (1976); N.J.S.A. 48:2-14. It is well-settled that within the context of N.J.S.A. 42:2-14, the Board also has the authority to approve only part of a franchise and may impose certain conditions as to maintenance and construction that may be required for public convenience. Deptford, id. at 424-25; Marlboro, id. at 108. "[T]he Board has a veto power over conditions . . . which may inhibit the Board's regulatory control over public utilities." This is part of the Board's power and duty to assure that public utilities furnish safe, adequate and proper service pursuant to N.J.S.A. 48:2-23. See Marlboro, id. at 108.

The Board notes that the requirement contained in the Franchise Agreement that the Petitioner maintain a security bond in the amount of \$200,000 essentially places a condition upon the franchise to serve and construct the wastewater facilities granted by the Ordinance. The Board is not convinced that the \$200,000 bond payment is related to any services provided by the Township with regard to the maintenance and/or construction of the Wastewater Collection System and Wastewater Treatment Plant, or is necessary for same, or is in the public interest, and therefore **FINDS** that this payment is burdensome and detrimental to the ratepayers of Village Utility. Accordingly, the Board **FURTHER FINDS** that Village Utility shall not be obligated to post the bond set forth in the Section 11.13 of the Franchise Agreement.

Based on the foregoing and a thorough review of the record in this proceeding, including the attached Stipulation, the Board **FINDS** the Stipulation to be reasonable and in the public interest. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein and **HEREBY APPROVES** the Municipal Consent, Ordinance No. 18-07 dated August 14, 2018 and corrected on February 22, 2019, granted to Village Utility by the Township, with the exception that Village Utility be required to post a \$200,000 bond required by the Franchise Agreement. The Board **FURTHER APPROVES** the rates set forth above and included in the proposed initial wastewater tariff, Rate Schedule 1, to be just and reasonable and necessary for Village Utility to provide safe, adequate and proper wastewater service to the residents of North Village at Sparta.

The Board **HEREBY APPROVES** the proposed initial wastewater tariff to provide wastewater service to the new customers of North Village at Sparta, subject to the following conditions:

1. This Order is based upon the specific and particular facts of the petition and shall not have precedential value in future transactions that may come before the Board and shall not be relied on as such.
2. This Order shall not affect or in any way limit the exercise of the authority of the Board, or of the State, in any future petition, or in any proceeding with respect to rates, franchises, service, financing, accounting, capitalization, depreciation or in any matters affecting the Company.
3. This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever any value of any tangible or intangible assets or liabilities now owned or hereafter to be owned by Village Utility.

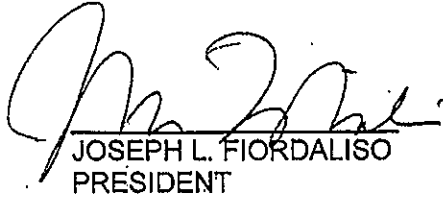
4. The Petitioner shall not depreciate any portion of the wastewater sewer system expansion that is funded by Contributions in Aid of Construction ("CIAC").
5. The Petitioner shall not defer or capitalize any transaction costs related to effectuating this transaction.
6. As required by N.J.S.A. 48:3-15, the municipal consent for the use of streets is limited to a term of 50 years from the effective date of this Order.
7. Approval of this municipal consent does not constitute approval by the Board of any costs or expenses associated with this petition. Any determination as to the appropriateness or reasonableness of the costs and expenses related to the franchise, including, but not limited to, cost of construction, contributions in aid of construction, depreciation of contributed plant, the cost of connection or any related capital improvements, and the allocation of such costs and expenses, shall be made in an appropriate subsequent proceeding.
8. Approval of this municipal consent does not constitute approval of any specific main extension or plan for service. In extending service, Village Utility must comply with all applicable laws.
9. Within 30 days of the date of the closing, the Petitioner shall file with the Board proof of the closing, net transaction costs, and final journal entries along with a detailed calculation of all expenses related to the proposed Agreement.
10. Within 10 days of the date of the closing, Village Utility shall submit an initial wastewater tariff.
11. Board Staff is authorized to approve, subject to comments filed by Rate Counsel, any written request by the Petitioner for additional time to comply with items nine and 10 above.
12. Pursuant to N.J.S.A. 48:2-16(2)(b) and N.J.A.C. 14:3-6.3 and, N.J.S.A. 48:2-62, the Petitioner shall file an annual report and a statement of gross intrastate revenues from operations (form AR3-1) as of December 31 of each year, which is due on or before March 31 and June 1 of the following year, respectively. If Petitioner does not receive the Board's annual report package from the Division of Audits on or before February 1 of each year, it is Petitioner's responsibility to obtain them from the Board. It is also Petitioner's responsibility to ensure timely filing of these reports. Pursuant to N.J.S.A. 48:2-16.3, if Petitioner fails to file an annual report by the due date, Petitioner shall be subject to a penalty of \$5.00 for each day thereafter until such report is filed;


In accordance with N.J.S.A. 48:2-59 and 48:2-60 and N.J.S.A. 52:27EE-52, Petitioner is subject to an annual assessment by both the Board and Rate Counsel, respectively. Both provisions require a minimum assessment of \$500.00.

The effective date of this Order is March 29, 2019 with rates to become effective on April 1, 2019.

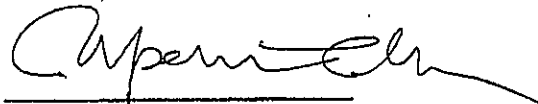
DATED: 3/29/19

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 VILLAGE UTILITY LLC FOR APPROVAL OF
A MUNICIPAL CONSENT TO PROVIDE SEWERAGE SERVICE TO A PORTION OF THE
TOWNSHIP OF SPARTA, FOR APPROVAL OF IMPLEMENTATION OF AN INITIAL TARIFF
FOR WASTEWATER SERVICE WITHIN THE TOWNSHIP OF SPARTA, AND FOR OTHER
REQUIRED APPROVALS

BPU DOCKET NO. WE18080926

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February 22, 2018

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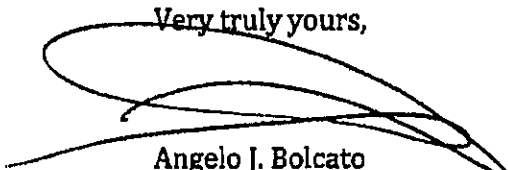
RE: CC Holdings LLC Developer's Agreement with the Township of Sparta
Our File: 100-83

Dear Ms. Nicholson:

I am writing in response to your email from February 4, 2019 regarding the typographical error in the lot number in Sparta Township Ordinance No. 18-07. In order to correct the Ordinance, we've corrected the first page as reflected in the attached document, which is being included in the Township's records.

Should you have any questions or wish to discuss the foregoing, do not hesitate to contact me.

Very truly yours,


Angelo J. Bolcato

AJB/lal
Enclosure

cc: Township of Sparta

LAL
N:\USERS\lcrfaw\100-83 Developers Agreement\Marsh Village (CC Holdings-ShopRite)\CORRESPONDENCE\ADVERSARY\2019.02.22 Nicholson Jwd Corrected Ordinance.docx
2/22/19

ORDINANCE #2018-07
(CORRECTED*)
TOWNSHIP OF SPARTA

AN ORDINANCE APPROVING AN AGREEMENT BETWEEN THE TOWNSHIP OF SPARTA AND VILLAGE UTILITY LLC, GRANTING TO VILLAGE UTILITY LLC A FRANCHISE TO SERVE AND MUNICIPAL CONSENT AND PERMISSION TO CONSTRUCT, OPERATE AND MAINTAIN WASTEWATER FACILITIES IN THE TOWNSHIP ROADS AND RIGHTS OF WAY.

WHEREAS, Village Utility LLC, proposes to provide wastewater services within the development being constructed by CC Holdings LLC ("the Developer") referred to as "North Village at Sparta" on the properties designated as Tax Block 16001, Lots 4, 89 and 91, (the "Project") pursuant to rates and tariffs approved by the New Jersey Board of Public Utilities; and

WHEREAS, the Sparta Township Council has determined that the provision of such services would best be accomplished by a method which does not involve public funds and does not impose any financial or other liability and/or responsibility on the Township of Sparta; and

WHEREAS, Village Utility LLC will retain a licensed operator having significant experience as the operator of wastewater utilities that holds all of the required licenses and permits and has been approved by the New Jersey Board of Public Utilities, and

WHEREAS, the Sparta Township Council based on the representations and information supplied by Village Utility LLC is in agreement that Village Utility LLC shall provide wastewater services to the Project; and

WHEREAS, the Sparta Township Council has the authority to authorize the Agreement Between the Township of Sparta and Village Utility LLC, Granting the Franchise to Serve and Municipal Consent and Permission to Construct, Operate and Maintain Wastewater Facilities in

*Correction is to address typographical error in the first Recital to replace Lot # 8 & 9 with the correct Lot #89 and 91.

AN ORDINANCE APPROVING AN AGREEMENT BETWEEN THE TOWNSHIP OF SPARTA AND VILLAGE UTILITY LLC, GRANTING TO VILLAGE UTILITY LLC A FRANCHISE TO SERVE AND MUNICIPAL CONSENT AND PERMISSION TO CONSTRUCT, OPERATE AND MAINTAIN WASTEWATER FACILITIES IN THE TOWNSHIP ROADS AND RIGHTS OF WAY.

WHEREAS, Village Utility LLC, proposes to provide wastewater services within the development being constructed by CC Holdings LLC ("the Developer") referred to as "North Village at Sparta" on the properties designated as Tax Block 16001, Lots 4, 8 and 9, (the "Project") pursuant to rates and tariffs approved by the New Jersey Board of Public Utilities; and

WHEREAS, the Sparta Township Council has determined that the provision of such services would best be accomplished by a method which does not involve public funds and does not impose any financial or other liability and/or responsibility on the Township of Sparta; and

WHEREAS, Village Utility LLC will retain a licensed operator having significant experience as the operator of wastewater utilities that holds all of the required licenses and permits and has been approved by the New Jersey Board of Public Utilities, and

WHEREAS, the Sparta Township Council based on the representations and information supplied by Village Utility LLC is in agreement that Village Utility LLC shall provide wastewater services to the Project; and

WHEREAS, the Sparta Township Council has the authority to authorize the Agreement Between the Township of Sparta and Village Utility LLC, Granting the Franchise to Serve and Municipal Consent and Permission to Construct, Operate and Maintain Wastewater Facilities in the Township Roads and Rights of Way ("Franchise Agreement"); (note that the roads in question are not currently owned by the Township of Sparta and will not be owned by the Township of Sparta unless and until the acceptance of the roads by the Township of Sparta, as provided for within Developer's Agreement and Amendment between the Township of Sparta and CC Holdings LLC.

NOW, THEREFORE, BE IT ORDAINED by the Sparta Township Council as follows:

1. That the Franchise Agreement is hereby approved and the Mayor and Township Clerk of the Township of Sparta are hereby authorized to execute the Franchise Agreement between the Township of Sparta and Village Utility LLC.
2. That any other Township officials and professionals are hereby authorized and directed to take all actions that are necessary in order to effectuate the intentions of this Ordinance.
3. That all other Ordinances or parts of Ordinances inconsistent herewith are hereby repealed to the extent of such inconsistencies.
4. That this Ordinance shall take effect upon final passage and publication in accordance with the law. However, this Ordinance shall be void and of no effect in the event that Village Utility, LLC fails or refuses to sign the Franchise Agreement.

Severability. If any provision of this ordinance or the application of this ordinance to any person or circumstances is held invalid, the remainder of this ordinance shall not be affected and shall remain in full force and effect.

Repealer. All ordinances or parts of ordinances or resolutions inconsistent or in opposition to the provisions of this Ordinance are hereby repealed in their entirety.

Effective Date. This ordinance shall take effect after publication and passage according to law.

Notice

NOTICE is hereby given that the above ordinance was introduced and passed upon first reading at a meeting of the Mayor and Council of the Township of Sparta, in the County of Sussex, New Jersey, held on June 26, 2018. It will be further considered for final passage after public hearing at a meeting of the Mayor and Council to be held in the Municipal Building, 65 Main Street, in the Township of Sparta, on July 10, 2018, at 7:30 P.M., and during the preceding week copies of the ordinance will be made available at the Clerk's office in the Municipal Building to members of the general public.

BY ORDER OF THE TOWNSHIP COUNCIL OF THE TOWNSHIP OF SPARTA



KATHLEEN CHAMBERS, RMC
TOWNSHIP CLERK

NOTICE

NOTICE is hereby given that the above entitled ordinance was introduced and passed at a meeting of the Township Council of the Township of Sparta, held at the Municipal Building, 65 Main Street, Sparta, NJ on June 26, 2018. The same came up for final passage and adoption at a meeting of the Township Council of the Township of Sparta, held on August 14, 2018 at 7:30 p.m. at the Municipal Building, 65 Main Street, Sparta, NJ and after all persons present were given an opportunity to be heard concerning the same, it was finally passed and adopted and will be in full force in the Township according to law. The above entitled ordinance had been previously tabled at the July 10 & 24, 2018 meetings.



KATHLEEN CHAMBERS, RMC
MUNICIPAL CLERK

**SAUL EWING
ARNSTEIN
& LEHR^{LLP}**

Courtney L. Schultz
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RECEIVED
MAIL ROOM

MAR 07 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

March 6, 2019

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RECEIVED
CASE MANAGEMENT

MAR 07 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

Via Federal Express

Honorable Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, Suite 314
P.O. Box 350
Trenton, NJ 08625-0350

**Re: IN THE MATTER OF THE PETITION OF VILLAGE UTILITY LLC FOR
APPROVAL OF A MUNICIPAL CONSENT TO PROVIDE SEWERAGE
SERVICE TO A PORTION OF THE TOWNSHIP OF SPARTA, FOR
APPROVAL OF IMPLEMENTATION OF AN INITIAL TARRIF FOR
WASTEWATER SERVICE WITHIN THE TOWNSHIP OF SPARTA, AND
FOR OTHER REQUIRED APPROVALS
Docket No. WE18080926**

Dear Secretary Camacho-Welch,

Enclosed for filing please find an original of the Stipulation of Settlement in connection with the above-referenced matter. At the suggestion of Mike Kammer, I am writing to request that we receive expedited treatment of the anticipated Board Order with respect to the Stipulation at the regularly scheduled meeting on March 29, 2019. This is to ensure that rates may be effective as of April 1, 2019. Additionally, I have enclosed an extra copy of this filing. Kindly stamp this copy "filed" and return it to me in the enclosed self-addressed, stamped envelope.

Please contact me if you have any questions regarding this proceeding. Thank you for your attention to this matter.

CMS
J. Kammer, Esq.

Respectfully submitted,

Courtney L. Schultz
Courtney L. Schultz

Enclosures

Cc: Per attached Certificate of Service

SERVICE LIST

In the Matter of the Petition of Village Utility LLC for Approval of a
Municipal Consent to Provide Sewerage Service to a Portion of the
Township of Sparta, for Approval of Implementation of an Initial
Tariff for Wastewater Service Within The Township of Sparta,
And For Other Required Approvals

BPU Docket Number WE18080926

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**Hard copies will be provided.

RECEIVED
CASE MANAGEMENT

MAR 07 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

RECEIVED
MAIL ROOM

MAR 07 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

IN THE MATTER OF THE PETITION OF
VILLAGE UTILITY LLC FOR
APPROVAL OF A MUNICIPAL CONSENT TO
PROVIDE SEWERAGE SERVICE TO A PORTION
OF THE TOWNSHIP OF SPARTA, FOR
APPROVAL OF IMPLEMENTATION OF AN
INITIAL TARIFF FOR WASTEWATER SERVICE
WITHIN THE TOWNSHIP OF SPARTA, AND FOR
OTHER REQUIRED APPROVALS

:
:
: STIPULATION OF SETTLEMENT
:
: DOCKET NO. WE18080926
:
:
:
:
:

APPEARANCES:

Courtney L. Schultz, Esq., Saul Ewing Arnstein & Lehr LLP, on behalf of Village Utility LLC, Petitioner

Renee Greenberg, Deputy Attorney General (Gurbir S. Grewal, Attorney General of New Jersey), on behalf of the Staff of the New Jersey Board of Public Utilities

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

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

This Stipulation of Settlement (“Stipulation”) fully resolves all issues raised in this proceeding in which Village Utility LLC (“Village Utility,” the “Company” or “Petitioner”) is seeking approval by the New Jersey Board of Public Utilities (“Board”) of a municipal consent to provide wastewater service to a portion of Sparta Township, as well as approval of its initial tariff.

As a result of an analysis of the Company’s filed petition with exhibits, conferences, negotiations, responses to data requests, and a duly noticed municipal consent hearing, the Petitioner, the New Jersey Division of Rate Counsel (“Rate Counsel”) and Board Staff (“Staff”)

(collectively, the “Signatory Parties”) have come to an agreement on all of the issues in this matter.

The Signatory Parties agree that the procedural history of this matter is as follows:

On August 21, 2018, Petitioner filed a petition consistent with N.J.S.A. 48:2-14 and N.J.S.A. 48:2-21, and with N.J.A.C. 14:1-5.5 and N.J.A.C. 14:1-5.11, seeking Board approval of: (1) a municipal consent to provide wastewater service to a portion of Sparta Township where no public sewer service is currently available; and (2) of an initial tariff rate for an annual charge for wastewater service to customers of \$1,764 per Equivalent Dwelling Unit (“EDU”).

By way of background, Village Utility was formed in order that it may own and operate the wastewater collection (“Wastewater Collection System”) and treatment facility (“Wastewater Treatment Plant”), which is currently under construction, to serve the needs of the North Village at Sparta (“North Village”), a new mixed-use development under construction in the Township of Sparta in Sussex County, New Jersey. North Village is anchored by a 102,000 square foot ShopRite Supermarket/liquor store, which is currently under construction. There will also be an additional approximately 25,000 square feet, comprised of eight buildings for commercial uses, including retail and restaurants. The residential component of North Village will be comprised of: 92 single family homes, 58 townhouses, a 60 unit apartment complex, and a 76-bed assisted living facility.

The Wastewater Treatment Plant, which will utilize a biological nutrient removal treatment system and discharge treated wastewater to four subsurface disposal beds totaling an area of 40,152 square feet, is designed to treat an influent flow volume of 120,000 gallons per day of domestic wastewater, sufficient to meet the needs of the future customers of North Village. Sewage will be conveyed to the Wastewater Treatment Plant by a new sewer

conveyance system comprised of gravity sewers, a pumping station, and force main sewers. The estimated number of customers to be served is 165. The cost of the Wastewater Collection System and Wastewater Treatment Plant is \$3,742,991.

On August 14, 2018, Sparta Township enacted Ordinance No. 18-07, which grants to the Company a franchise to construct, operate, maintain, and manage wastewater conveyance and treatment systems, and provide sewer service to the franchise area located in Sparta Township. Village Utility accepted the franchise grant on August 16, 2018.

The petition was retained by the Board for consideration, and the parties engaged in detailed discovery.

On January 9, 2019, a municipal consent hearing notice was published stating that Petitioner had filed a petition seeking Board approval of a municipal consent to provide wastewater service to a portion of Sparta Township. The notice further stated that the Company also seeks authority to implement quarterly billing for utility service. A municipal consent hearing was held on February 14, 2019 at the Board's office in Trenton, New Jersey, where Megan Lupo, Esq., the Board's duly appointed hearing officer, presided over the hearing. No members of the public appeared at this hearing and no written comments were received.

Settlement discussions were held by the Signatory Parties and those efforts resulted in the following stipulations:

1. The Signatory Parties acknowledge that Village Utility is a public utility authorized to do business in this State and is subject to the Board's jurisdiction pursuant to N.J.S.A. 48:2-13 *et seq.* The Signatory Parties further acknowledge that Petitioner has included information in its filing sufficient to meet the statutory standard articulated in N.J.S.A. 48:2-14, which findings are set forth in Paragraph

2 below. Based on this information, the Signatory Parties agree to recommend to the Board that the municipal consent and initial tariff rates be approved consistent with the terms set forth herein.

2. Petitioner has included information in its filing warranting administrative review. When considering a transaction pursuant to N.J.S.A. 48:2-14, the Board is required to evaluate whether the privilege or franchise is necessary and proper for the public convenience and properly conserves the public interests. These findings are set out below:

- (a) There is currently no public sewer service available in the franchise area. Elsewhere in Sparta Township, sewer service is provided by the municipality, Sussex County Municipal Utilities Authority, the Township Board of Education and several other private entities. With no public utility willing to provide the necessary sewer service to the franchise area, Village Utility will provide such service. The Wastewater Treatment Plant capacity will be sufficient to serve the needs of the North Village customers, with the ability to treat an influent flow volume of 120,000 gallons per day.
- (b) The Signatory Parties agree that, for purposes of this settlement, rate base is established at \$3,367,353; the overall rate of return is 7.25%, with a return on equity of 9.60%; utility operating income is \$244,004; and the revenue requirement at initial rates is \$658,325.
- (c) As to depreciation, the Signatory Parties have agreed that Village Utility's depreciation rates will be 1.530% for Collecting Systems (Acct. Nos. 320

to 325), 4.125% for Pumping Systems (Acct. Nos. 330 to 333) and Wastewater Treatment and Disposal Systems (Acct. Nos. 340 to 353), and 1.910% for General Plant (Acct. Nos. 390 to 398) until such time as new depreciation rates are approved by the Board in a subsequent proceeding.

- (d) The Signatory Parties have negotiated an initial tariff rate for wastewater service which will set rates as follows: \$1,700 per EDU annually, billed on a quarterly basis (or \$425 per EDU, per quarter). The per EDU rate having been established based upon an agreed upon revenue requirement of \$658,325, with 398 EDUs billed annually, where one EDU is equal to 225 gallons per day or 82,125 gallons per year. This proposed rate will remain in effect until such time as the Board approves new rates in Village Utility's next filed base rate proceeding, which shall be filed on or before December 31, 2021. The Signatory Parties further agree that the revised tariff should be adopted by the Board in its entirety. See attached Exhibit A, Tariff, and Exhibit B, Proof of Revenues.
- (e) Petitioner has entered into an agreement with De Block Environmental Services, Inc., a licensed operator providing contract wastewater and water operations and utility management services throughout New Jersey, and also in Staten Island and Westchester County, New York, to operate the Wastewater Treatment System. Accordingly, qualified individuals will ensure the Wastewater Treatment System is operating properly.
- (f) Village Utility has obtained all necessary permits. On November 24, 2014, the New Jersey Department of Environmental Protection ("NJ

DEP”) issued a permit for the diversion of ground water, and on February 26, 2016, the NJ DEP issued a Treatment Works Approval for the building, installation and modification of the proposed wastewater facilities for North Village. Further, on December 12, 2018, the Delaware River Basin Commission approved the Wastewater Treatment Plant and proposed discharge, as required since the Wastewater Treatment Plant is located within and will discharge to groundwater within the Delaware River Basin.

- (g) The proposed franchise is necessary and proper for the public convenience and properly conserves the public interests.
3. Approval of this Stipulation does not constitute Board approval of any expenses or rate base associated with this transaction.
 4. The Signatory Parties recommend that any Board Order approving the Company’s Petition contain language which recognizes that the Order issued in this matter shall not affect or in any way limit the exercise of the authority of the Board or the State in any future petition or in any proceedings with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or in any other matter affecting the Petitioner.
 5. The Signatory Parties recommend that the Board approve Petitioner’s initial tariff rates for wastewater service as set out in Exhibit A, and that these initial tariff rates remain in effect until such time as the Board approves new rates in Village Utility’s next filed base rate proceeding, which shall be filed on or before

December 31, 2021. New rates could also be set by the Board in the event of a sale of Village Utility or its assets.

6. The Signatory Parties further agree to recommend that Ordinance No. 18-07, granting Village Utility the franchise to construct, operate, maintain and manage wastewater conveyance and treatment systems and to provide wastewater service to portions of Sparta Township (specifically, Block 16001: Lots 4, 89 and 91, and parcels created therefrom), should be approved by the Board.
7. This Stipulation shall be binding on the Signatory Parties upon approval by the Board. This Stipulation shall bind the Signatory Parties in this matter only and shall have no precedential value. This Stipulation contains terms, each of which is interdependent with the others and essential in its own right to the signing of this Stipulation. Each term is vital to the agreement as a whole, since the Signatory Parties expressly and jointly state that they would not have signed the Stipulation had any term been modified in any way. Since the Signatory Parties have compromised in numerous areas, each is entitled to certain procedures in the event that any modifications whatsoever are made to the Stipulation. If, upon consideration of this Stipulation, the Board were to modify any of the terms described above, each Signatory Party must be given the right to be placed in the position it was in before this Stipulation was entered into. It is essential that each Signatory Party be afforded the option, prior to the implementation of any new rate resulting from any modification of this Stipulation, either to modify its own position to accept the proposed change(s) or to resume the proceeding as if no agreement had been reached. This proceeding, under such circumstances, would

resume at the point where it was terminated. The Signatory Parties agree that these procedures are fair to all concerned, and therefore, they are made an integral and essential element of this Stipulation. None of the Signatory 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.

8. This Stipulation represents the full scope of the agreement between the parties. This Stipulation may only be modified by a further written agreement executed by all the parties to this Stipulation.
9. This Stipulation may be executed in as many counterparts as there are parties of this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

[Remainder of page left intentionally blank. Signature page follows]

VILLAGE UTILITY LLC
Attorney for Petitioner

Dated: February 14th, 2019

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

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

Dated: February , 2019

By: _____
Renee Greenberg, Esq.
Deputy Attorney General

STEFANIE A. BRAND, ESQ.
DIRECTOR, DIVISION OF RATE COUNSEL

Dated: February , 2019

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

VILLAGE UTILITY LLC
Attorney for Petitioner

Dated: February 14th, 2019

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

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

Dated: February 25, 2019

By: Renee Greenberg
Renee Greenberg, Esq.
Deputy Attorney General

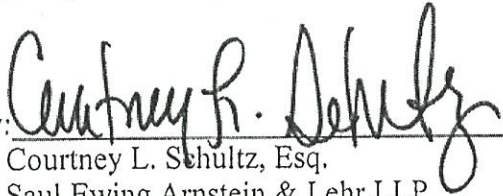
STEFANIE A. BRAND, ESQ.
DIRECTOR, DIVISION OF RATE COUNSEL

Dated: February , 2019

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

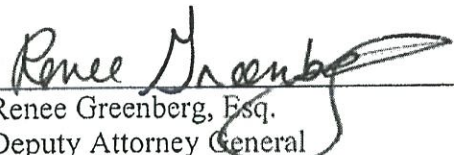
VILLAGE UTILITY LLC
Attorney for Petitioner

Dated: February 17th, 2019

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

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

Dated: February 25, 2019

By: 
Renee Greenberg, Esq.
Deputy Attorney General

STEFANIE A. BRAND, ESQ.
DIRECTOR, DIVISION OF RATE COUNSEL

Dated: February 25, 2019


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

EXHIBIT A

BPU No. 1 - SEWER

VILLAGE UTILITY LLC
TARIFF
FOR SEWER SERVICE
APPLICABLE IN
SPARTA TOWNSHIP – SUSSEX COUNTY
NEW JERSEY

AN INTRODUCTION TO CUSTOMERS

The approved tariff located in the Company's office is available for your review. The Company is responsible to maintain its tariff with any changes approved by the Board of Public Utilities and must, by State law and regulations, maintain it in exactly the same format as the Company's tariff on file at the Board of Public Utilities, 44 South Clinton Ave., 3rd Floor, Suite 314, Trenton, New Jersey 08625.

If, after you review this tariff and discuss it with appropriate Company employees, you still have questions regarding clarification or interpretations, please contact the Board of Public Utilities, Division of Water and Wastewater, Bureau of Rates and Tariff Design, at (609-341-9188 or the Board's Division of Customer Relations at 1-800-624-0241.

You have the right to review this tariff at the Company's offices or at the Board's office in Trenton. Your inquiries will be handled by the Board's staff in an expeditious manner in order to protect your rights as well as those of the Sewer Company. Please feel free to exercise this right by telephone or by visiting the Board's offices at any time between the hours of 9:00 a.m. to 5:00 p.m., Monday through Friday, or by writing a letter. The letter should contain the writer's name, address, and telephone number, including the area code. If the writer is a customer of record, the account number should be included.

The Company also has available in its office a leaflet entitled "An Overview of Common Customer Complaints and Customer Rights". This is a summary of the most frequent customer complaints and rights. It does not include all customer rights or utility obligations.

The Board of Public Utilities is responsible for the final interpretation and enforcement of a utility's tariff provisions and rates. The utility is bound by New Jersey Statutes and the Board's regulations. If a conflict should exist in the tariff that is detrimental to the customer, the Board's regulations supersede the tariff provision absent specific approval to the contrary by the NJ Board of Public Utilities. A utility company may provide for more liberal treatment than that provided for in the Board's regulations.

AN OVERVIEW OF COMMON CUSTOMER COMPLAINTS AND CUSTOMER RIGHTS

- (1) No public utility shall refuse to furnish or supply service to a qualified application. (Board Order CX86602155).
- (2) The utility shall not place the name of a second individual on the account of a residential customer unless specifically requested by the second individual (N.J.A.C. 14:3-3.2).
- (3) Each utility shall, upon request, furnish its customers with such information as is reasonable in order that the customers may obtain safe, adequate, and proper service (N.J.A.C. 14:3-3.3(a)). Each utility shall inform its customers, where peculiar or unusual circumstances prevail, as to the conditions under which sufficient and satisfactory service may be secured from its system. (N.J.A.C. 14:3-3.3(b)). Each utility shall supply its customers with information on the

furnishing and performance of service in a manner that tends to conserve energy resources and preserve the quality of the environment (N.J.A.C. 14:3-3.3(d)).

(4) A utility must maintain records of customers' accounts for such billing period occurring within a six (6) year period. Such records shall contain all information necessary to permit computation of the bill. (N.J.A.C. 14:3-6.1(b)).

(5) Bills rendered must contain the following information (a) the number and kind of units measured; (d) identification of applicable rate schedule or a statement that the applicable rate schedule will be furnished on request; (b) the amount of the bill; and (c) the gross receipts and franchise tax statement. (N.J.A.C. 14:3-7.2).

DEPOSITS

(6) If after notice of the methods of establishing credit and being afforded an opportunity, a customer has not established satisfactory credit, the utility may require a deposit. Deposits shall be calculated in accordance with the Board's regulations. (N.J.A.C. 14:3-3.4(b)).

(7) The utility must furnish a receipt to any customer posting a deposit. The deposit will be returned with simple interest at a rate established annually by the Board of Public Utilities. Once the customer has established satisfactory credit with the utility the deposit shall be returned to the customer with interest due. The customer has the option of receiving the deposit refund either by a check or a credit on the account. If a residential customer's deposit is not returned, the utility shall credit the customer's account with the accrued interest once every twelve months. (N.J.A.C. 14:3-3.4 and 3.5)

DEFERRED PAYMENT AGREEMENTS

(8) A residential customer is entitled to at least one deferred payment plan in one year. In the case of a residential customer who receives more than one utility service from the same utility (ex: water and sewer, gas and electric) and the amount which is in arrears is a combination of those services, the utility shall offer a separate deferred payment agreement for each service based on the outstanding balance for that service. The Company shall renegotiate the deferred payment agreement should the customer's financial situation change significantly. The Company must also issue a new discontinuance notice each time it intends to shut off service, including defaults on the terms of the agreement. In the case of a residential customer who receives more than one utility service from the same utility and has subsequently entered into an agreement for each separate service, default on one such payment agreement shall constitute grounds for discontinuance of only that service. (N.J.A.C. 14:3-7.7).

DISCONTINUANCE OF SERVICE

(9) A sewer utility shall not discontinue service because of nonpayment of bills in cases where a charge is in dispute provided the disputed charges are paid and a request is made to the Board within five (5) days for investigation of the disputed charge. The Company must advise the customer of their right to appeal to the Board of Public Utilities. (N.J.A.C. 14:3-7.6).

(10) A customer has twenty-five (25) days from the date of the postmark on the envelope in which the bill was transmitted, or the date the Bill was transmitted if transmitted electronically, to pay a bill. Sewerage service may be discontinued by the Company for non-payment, upon due notice given, where a residential customer's arrearage is (i) more than \$100.00, or (ii) more than three (3) months in arrears. (N.J.A.C. 14:3-3A.2(a)). Where payment is not received within twenty-five (25) days, the Company shall provide the Customer with at least ten (10) days' notice prior to discontinuance of service. The utility shall make a good faith effort to determine which of its residential customers are over 65 years of age, and shall make good faith efforts to notify such customers of discontinuance of service by telephone in addition to notice by regular mail. This effort may consist of an appropriate inquiry set forth on the notice informing customers that they may designate a third party to receive notice of discontinuance. Utilities shall annually notify all residential customers that, upon request, notice of discontinuance of service will be sent to a designated third party as well as to the customer of record. (N.J.A.C. 14:3-3A.3 – 14:3-3A.5).

(11) Public utilities shall not discontinue residential service except between the hours of 8:00 a.m. and 4:00 p.m., Monday through Thursday, unless there is a safety related emergency. There shall be no involuntary termination of service on Fridays, Saturdays, or Sundays, or on the day before a New Jersey State holiday or on a New Jersey State holiday absent such emergency.

(12) Where a landlord-tenant relationship is known to exist, a tenant of a single or two family dwelling shall be notified of a pending service discontinuance at least fifteen (15) days prior to the service being discontinued. (N.J.A.C. 14:3-3A.6).

(13) A customer has the right to have any complaint against the utility handled promptly by that utility. Board Order, (Docket Number C08602155).

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TERRITORY SERVED

County of Sussex

Block 16001: Lots 4, 89 and 91 (and parcels created therefrom), also known as the North Village at Sparta, in the Township of Sparta.

STANDARD TERMS AND CONDITIONS

Village Utility LLC (or the "Company") hereby adopts the regulations for Sewer Utilities promulgated by the Board of Public Utilities of the State of New Jersey ("BPU" or "Board"), which regulations are incorporated herein by reference thereto.

The Company shall own and maintain all house lateral connections from its mains to the curb box enclosing a "cleanout tee" installed by the Company near the sidewalk for each house lateral connection. The customer shall maintain the house lateral connection from the curb box into and on the premises of the customer.

Property owners wishing to connect their premises with the sewer line of the Company shall make application at the office of the Company and must agree to the terms, conditions and rates as set forth in this and subsequent tariffs of the Company.

Grease interceptors shall be provided by the customer, at customer's expense when, in the opinion of the Company, they are necessary for the proper handling of liquid wastes containing grease or other ingredients harmful to the sewer system or sewage treatment plant or processes.

The size and type of each interceptor shall be determined according to maximum volume and rate of discharge, and each interceptor shall be approved by the Company. No wastes other than those requiring separation shall be discharged into any interceptor.

A grease interceptor or interceptors for major installations shall be mechanical devices which are not solely dependent upon employees, for maintenance and operation.

All interceptors shall be installed upon the lines of the customers in such a manner and location that they are accessible for inspection by the employees of the Company.

No fixture or fixtures shall be installed in the premises of a customer in a basement or at any other point, unless the trap of the fixture is at least 6 inches above the level of the manhole cover of the Company's main which is nearest to the connection to said customer's premises. This provision does not apply where adequate pumping facilities are installed on the premises. The Company may require the removal of any fixture which violates this provision and failure to remove such fixture within the time specified shall be cause for the Company to discontinue service and refuse further services until the offending fixture or fixtures are removed.

Water discharged from a garbage disposal unit shall be prohibited.

STANDARD TERMS AND CONDITIONS
(Continued)

The Company shall not be liable, whatever the cause, for any damage, resulting from a backing up of sewerage through open traps in fixtures located in basements or otherwise or from open joints in sewer lines located in basements or elsewhere, where such traps or lines are less than 6 inches above the level of the manhole cover of the Company's main which is nearest to the connection to the premises of the customer.

In accordance with the National Standard Plumbing Code adopted by the Uniform Construction Code of the State of New Jersey, no storm drainage system of a building shall be connected directly or indirectly to the sanitary drainage system. The Company adopts the above provision and prohibits the drainage of storm water into its collecting system.

All persons, whose premises are connected with the Company's sewerage system or otherwise discharging sewage wastes, water or other liquids either directly or indirectly into the sewerage system, shall be charged for such service according to the approved rates filed with the Board.

Sewerage service may be discontinued by the Company, upon reasonable notice, to the extent reasonably possible, for the following reasons (N.J.A.C. 14:3-3A.1(a):

1. In order to make permanent or temporary repairs, changes or improvements in any part of the Company's system;
2. For compliance in good faith with any governmental order or directive, regardless of whether such order or directive subsequently may be held to be invalid; or
3. For any of the following acts or omissions on the part of the Customer:
 - Refusal of reasonable access to the Customer's premises;
 - Tampering with any facility of the Company;
 - Fraudulent representation in relation to use of service;
 - Providing the Company's service to others without approval of the Company;
 - Refusal to contract for service where such contract is required;
 - Connecting and operating in such a manner as to interfere with the service of the Company or other Customers;
 - Failure to comply with any reasonable standard terms and conditions contained in the Company's tariff;
 - Where the condition of the Customer's installation presents a hazard to life or property; or
 - Failure to repair any faulty facility of the Customer.

STANDARD TERMS AND CONDITIONS
(Continued)

Sewerage service may be discontinued by the Company for non-payment, upon due notice given, where a residential customer's arrearage is (i) more than \$100.00, or (ii) more than three (3) months in arrears. (N.J.A.C. 14:3-3A.2(a)). Where payment is not received within twenty-five (25) days, the Company shall provide the Customer with at least ten (10) days' notice prior to discontinuance of service.

Tenant-Customers shall not be required to pay for charges associated with a Diversion of service where, after investigation, the Company has determined a Diversion of service has occurred. (N.J.A.C. 14:3-7.8(b)).

In cases where service has been discontinued at the Company's direction, as set forth herein, a charge for reconnection will be made as specified below, except where such discontinuance has been made by the Company in order to effectuate repairs, changes or improvements in any part of the Company's system.

When a customer's service is discontinued for any of the above reasons, prior to reconnection the customer will be required to correct the conditions under which service was disconnected, to pay any delinquent amounts (or to enter into a deferred payment arrangement, if appropriate), and to pay the greater of (i) a reconnection charge in the amount of \$75.00, or (ii) the actual costs associated with the discontinuance and restoration of service.

For any payment returned by the Bank for insufficient funds, the customer will be charged an insufficient funds fee of \$35.00, in addition to the amount due

All notices herein of discontinuance shall be delivered to the owner by mail, addressed to the last address of the owner listed in the records of the Company or by telephone. On all notices of discontinuance to residential customers, there shall be included:

1. A statement that the utility is subject to the jurisdiction of the New Jersey Board of Public utilities and the address and phone number of the Board. The telephone numbers of the Board to be indicated on such statement are (609) 341-9188 and (800) 624-0241 (toll free).
2. A statement that in the event the customer is either unable to make payment of a bill or wishes to contest a bill the customer should contact the utility. The notice shall contain information sufficient for the customer to make appropriate inquiry.
3. A statement that if the customer is presently unable to pay an outstanding bill, the customer may contact the utility to discuss the possibility of entering into a reasonable deferred payment agreement. In the case of a residential customer receiving more than one different service from the same utility, the statement shall state that deferred payment agreements are available separately for each utility service.

STANDARD TERMS AND CONDITIONS
(Continued)

The utility shall make every reasonable attempt to determine when a landlord-tenant relationship exists at a residential premises being served. If such a relationship is known to exist, discontinuance of residential service is prohibited unless the utility has posted notice of discontinuance in the common areas of multiple family premises and has given the individual notice to occupants of single and two family dwellings and has offered the tenants continued service to be billed to the tenants, unless the utility demonstrates that such billing is not feasible. The continuation of service to a tenant shall not be discontinued upon payment by the tenant of any outstanding bills due upon the account of any other person.

The utility shall not be held to the requirements of this provision if the existence of a landlord-tenant relationship could not be reasonably ascertained.

The Company reserves the right subject to approval of the Board, to change, take from, or add to the foregoing rules, regulations, terms and conditions.

GENERAL PROVISIONS

Definition of Terms

The Company shall mean Village Utility LLC

The Company's lines shall mean its laterals, mains, manholes, and appurtenances.

Buildings shall include structures of all types which are directly or indirectly connected to the Company's lines.

Nature and Extent of Service

Sanitary sewerage service for all dwellings will be furnished to all customers at rates set forth in this Tariff.

Sanitary sewerage service for business, commercial and industrial buildings will be furnished at rates set forth in this Tariff, but only to the extent that the demand therefore will not interfere with the maintenance of adequate sanitary sewerage service to other customers of the Company.

Quarterly Charge for Sewerage Service

The quarterly charge for any residence, firm, public entity, or corporation situated within the service territory of the Company, having any connection with the Company's sewerage system, shall be a fixed charge based on the number of Equivalent Dwelling Units (EDU) billed in accordance with Rate Schedule No. 1 contained in this Tariff.

Billing

Quarterly bills for sewerage service will be billed in advance in accordance with the billing cycle.

Whenever service is established or is discontinued, all applicable quarterly charges shall be prorated to the date of establishment or discontinuance of service.

Payment for Sewerage Service

Bills for service furnished under this schedule will be rendered quarterly in advance and are due twenty five (25) days from the date of the postmark on the envelope in which the bill was transmitted or the date the Bill was transmitted if transmitted electronically. Accounts will be considered delinquent when payment for the full amount is not received within twenty five (25) days of the postmark date or the date the Bill was transmitted if transmitted electronically.

Requests for Discontinuance of Service

Customers wishing to discontinue service must give notice to the Company to that effect. Where such notice is not received by the Company, the customer shall remain liable for quarterly charges until such notice is received.

Customers who properly notify the Company during a billing cycle will be given a prorated credit or rebate based on the number of days remaining in the billing cycle after the desired discontinuance date.

Customer Deposits

1. The Company reserves the right to require a deposit. The amount of said deposit shall be calculated in accordance with N.J.A.C. 14:3-3.4(b).

2. (a) Upon customer closing of an account the balance of any deposit remaining after the closing bill for service has been settled shall be returned promptly to the depositor with interest due.

(b) The Company shall review a residential customer's account at least once every year and a non-residential customer's account at least once every two years and if such review indicates that the customer has established credit satisfactory to the Company, then the outstanding deposit shall be refunded to the customer. The Company shall afford its customers the option of having the deposit refund applied to the customer's account in the form of a credit or of having the deposit refunded by separate check in a period not to exceed one billing cycle. Good credit is established when the bills have been consistently paid within twenty five (25) days from the date of the postmark on the envelope in which the bill was transmitted or the date the Bill was transmitted if transmitted electronically.

(c) Simple interest at a rate equal to the average yields on new six month treasury bills for the 12-month period ending each September 30 shall be paid by the Company on all deposits held by it, provided the deposit has remained with the utility for at least three months. Said rate, which shall be rounded up or down to the nearest half percent, shall become effective on January 1 of the following year. The Board shall perform the annual calculation to determine the applicable interest rate and shall notify the affected public utilities of said rate.

- (i) The interest based upon the average yields on new six month treasury bills shall be applied to all deposits received by the public utility on and after January 1, 2019.
- (ii) Interest payments shall be made at least once during each 12 month period in which a deposit is held and shall take the form of credits on bills toward utility service rendered or to be rendered. The effect of this subsection shall be limited to those deposits, if any, held by the Company to secure residential accounts.

LIMITATIONS ON WASTEWATER DISCHARGES

No person shall discharge directly or indirectly into the system, any wastewater the characteristics of which do not conform to the concentration limits prescribed herein, or to discharge into the system any toxic substances or any other objectionable material or substances as specified in this schedule.

No person shall discharge or permit the discharge or infiltration into the system any of the following:

1. Any liquid having a temperature higher than 150 degrees (65 degrees C).
2. Any liquid containing fat, wax, grease or oils, whether emulsified or not, in excess of 100 mg/l or containing substances which may solidify or become viscous at temperatures between 32 degrees F and 150 degrees F (0 degrees and 65 degrees C).
3. Any water or wastes that contain hydrogen sulfide in sufficient quantity to cause damage or excessive odor within the wastewater treatment system.
4. Any residue from petroleum storage, refining or processing fuel or lubrication oil, gasoline, naphtha, benzene, or other explosive or inflammable liquids, solids, or gases in such concentrations which would cause or potentially cause an explosive, flammable, or other hazardous condition.
5. Any solid or viscous substance in quantities or of such size, capable of causing obstruction to the flow in sewers such as, but not limited to, mud, straw, metal, rags, non-woven fabrics, glass, tar, plastics, wood and shavings.
6. Wastes which will interfere with the proper operation of the treatment plant and/or the collection and conveyance system.
7. No rain water, ground water or storm drainage system of any building. No sump pump, pump or syphon for discharge of ground water or draining of a swimming pool may be connected directly or indirectly to the Company's sewer system. No water discharged from a garbage disposal.

8. Any pollutant that will cause corrosive damage or hazard to structures, equipment, or personnel of the wastewater facilities, but in no case discharges having a pH lower than 5.0 Standard Units or greater than 9.0 Standard Units.
9. Any waste containing noxious or malodorous solids, liquids or gases, which, either single or by interaction with any other wastes, are capable of creating a public nuisance or hazard to life, or are or may be sufficient to prevent entry into a sewer for its maintenance and repair.
10. Any water or waste containing toxins or pollutants in sufficient quantity and/or concentration to cause injury, damage or hazard to personnel, structures or equipment, or interference with the Wastewater Treatment System or any portion of the liquid or solids treatment or handling processes, or that will pass through the wastewater treatment system in such condition that it will not achieve state, federal or other existing requirements for the effluent or for the receiving waters.
11. Customers shall not allow discharge to the Company's sewer system from leaking pipes and/or toilets.

RATE SCHEDULE 1
GENERAL FIXED RATE SERVICE

APPLICABILITY:

Applicable for general flat rate residential, commercial, and industrial wastewater service to customers served by the Company.

CHARACTER OF SERVICE:

Continuous, except as limited by the "Standard Terms and Conditions."

RATE:

All wastewater service customers shall pay a fixed charge as indicated below, based on the number of Equivalent Dwelling Units (EDU) assigned to the customer.

FIXED CHARGE
GENERAL WASTEWATER CUSTOMERS

Quarterly (for each EDU)	\$425.00
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EQUIVALENT DWELLING UNITS (EDU)

An EDU represents the annual volume of wastewater contributed to the sewer system and is equivalent to approximately 82.125 thousand gallons per year.

Single family homes and townhomes = 1 EDU

The number of EDUs for all other customers will be calculated based on the estimated annual volume of wastewater contributed to the sewer system divided by 82.125 thousand gallons per year.

The Company may calculate the number of EDUs based on the actual annual water consumption of the previous year divided by 82.125 thousand gallons. The volume of wastewater used is assumed to equal water meter registration.

TERMS OF PAYMENT

Valid bills for wastewater service furnished under this schedule will be rendered quarterly in advance and are due twenty-five (25) days from the date of the postmark on the envelope in which the bill was transmitted, or the date the bill was transmitted if transmitted electronically.

Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

EXHIBIT B

Village Utility LLC
Initial Rates - Proof of Revenues

EXHIBIT B

Building	Use	Flow Rate (GPD/Unit)	Quantity	Units	Daily Flow (GPD)	Annual Flow (ThGal)	No. of EDU's	Billed EDU's	Billed Revenue
A	Supermarket	0.125	87,000	SqFt	10,875	3,969.375	48.333	48	\$ 81,600
B	Liquor Store/Bar	0.100	15,000	SqFt	1,500	547.500	6.667	7	\$ 11,900
B	Liquor Store/Bar	20.000	-	Seats	-	-	-	-	\$ -
C	Commercial	0.100	6,347	SqFt	635	231.666	2.821	3	\$ 5,100
D	Retail	0.100	7,500	SqFt	750	273.750	3.333	3	\$ 5,100
D	Restaurant	35.000	100	Seats	3,500	1,277.500	15.556	16	\$ 27,200
E	Retail	0.100	6,000	SqFt	600	219.000	2.667	3	\$ 5,100
E	Restaurant	35.000	75	Seats	2,625	958.125	11.667	12	\$ 20,400
F	Retail	0.100	1,800	SqFt	180	65.700	0.800	1	\$ 1,700
F	Restaurant	35.000	50	Seats	1,750	638.750	7.778	8	\$ 13,600
G	Restaurant	35.000	250	Seats	8,750	3,193.750	38.889	39	\$ 66,300
H	Bank	0.100	3,600	SqFt	360	131.400	1.600	2	\$ 3,400
I	Quick Service Restaurant	15.000	120	Seats	1,800	657.000	8.000	8	\$ 13,600
J	Pre School	10.000	150	Students	1,500	547.500	6.667	7	\$ 11,900
K	Assisted Living	100.000	76	Beds	7,600	2,774.000	33.778	34	\$ 57,800
N	Townshouses - 1 bed	150.000	-	Units	-	-	-	-	\$ -
N	Townshouses - 2 bed	225.000	-	Units	-	-	-	-	\$ -
N	Townshouses - 3 bed	300.000	58	Units	17,400	6,351.000	77.333	58	\$ 98,600
O	Apartments - 1 bed	150.000	13	Units	1,950	711.750	8.667		
O	Apartments - 2 bed	225.000	42	Units	9,450	3,449.250	42.000		
O	Apartments - 3 bed	300.000	5	Units	1,500	547.500	6.667		
O	Apartments (NV MF Holdings LLC)		60		12,900	4,708.500	57.334	57	\$ 96,900
P	Single Family - 3 bed	300.000	10	Units	3,000	1,095.000	13.333	10	\$ 17,000
P	Single Family - 4 bed	300.000	82	Units	24,600	8,979.000	109.333	82	\$ 139,400
Total					100,325	36,618.516	445.889	398	\$ 676,600
Residential Units Total					45,000	16,425.000	199.999	150	38%
Commercial Units Total					55,325	20,193.516	245.890	248	62%

	2021
Operating Revenue:	\$ 658,325
Total EDU's:	398
Revenue Per EDU/Year:	\$ 1,700.00
Revenue Per EDU/Quarter:	\$ 425.00