



Agenda Date: 03/27/20
Agenda Item: 5B

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

WATER

IN THE MATTER OF THE PETITION OF NEW)	DECISION AND ORDER
JERSEY-AMERICAN WATER COMPANY, INC. FOR)	APPROVING INITIAL DECISION
AUTHORIZATION TO CHANGE THE LEVEL OF ITS)	AND STIPULATION
PURCHASED WATER ADJUSTMENT CLAUSE AND)	
PURCHASED WASTEWATER (SEWERAGE))	BPU DOCKET NO. WR19111465
TREATMENT ADJUSTMENT CLAUSE)	OAL DOCKET NO. PUC 16898-2019S

Parties of Record:

Christine Soares, Esq., New Jersey-American Water Company, Inc.
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Jay L. Kooper, Esq., Vice President, General Counsel and Secretary, Middlesex Water Company

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities (“Board”) considers an Initial Decision executed by the Administrative Law Judge (“ALJ”) Jacob S. Gertsman and Stipulation of Settlement (“Stipulation”) executed by New Jersey-American Water Company, Inc. (“Petitioner” or “Company”), the New Jersey Division of Rate Counsel (“Rate Counsel”) and Board Staff (“Staff”) (collectively, “Signatory Parties”) intended to resolve the Company’s requests related to the above docketed matter.

BACKGROUND/PROCEDURAL HISTORY

By Order dated April 2, 2007 in I/M/O New Jersey American Water Company, Elizabethtown Water Company, and Mount Holly Water Company, Docket No. WR06030257 (April 2, 2007), the Board required that all purchased water costs and purchased wastewater treatment costs be removed from base rates and recovered through the Purchase Water Adjustment Clause (“PWAC”) and Purchase Wastewater (sewer) Treatment Adjustment Clause as applicable. On November 15, 2018, a public utility of the State of New Jersey, filed a petition with the Board pursuant to N.J.S.A. 48:2-21, N.J.A.C. 14:9-7.1 et seq., and N.J.A.C. 14:9-8.1 et seq., for authorization to change the levels of its existing PWAC charge and PSTAC charges, with respect to increased purchased water expense and increased purchased wastewater treatment expense. On November 15, 2019, the Company filed their petition. The total amount requested in the

amended petition was an increase of annual revenues by \$4,444,232 or 0.66% above estimated total Company revenues of \$682,200,000.

The Petitioner services approximately 652,000 general metered water customers and approximately 45,000 sewer customers in all or part of 188 municipalities in 18 of the State's 21 counties.

The Company purchases water on a routine basis from six separate entities and purchases wastewater treatment services from three separate entities, each of which adjusts its rates for service, and, in the case of wastewater treatment service providers, issues sewerage deficit/credit adjustments, at different times throughout the year. The six water purveyors are: Passaic Valley Water Commission ("PVWC"); Morris County Municipal Utilities Authority; Montclair Water Bureau; New Jersey Water Supply Authority ("NJWSA"); City of Newark; and Marlboro Township Municipal Utilities Authority ("MTMUA"). The three wastewater treatment purveyors are: Cape May County Municipal Utilities Authority ("CMCMUA") for the Company's Ocean City Sewer tariff group; Ocean County Utilities Authority ("OCUA") for the Company's Lakewood Sewer tariff group; and Howell Township for the Company's Adelpia Sewer tariff group.

In the petition, New Jersey-American Water proposed to increase its PWAC rate upon PWAC Rate Schedule O-1 from \$0.5145 per thousand gallons of water to \$0.5553 per thousand gallons of water for Non-Exempt customers. The Company proposed to increase its PWAC rate from \$0.4453 per thousand gallons of water to \$0.4806 per thousand gallons for Exempt customers. It also proposed to address its PSTAC charges as follows:

For Lakewood Township, Ocean County, the rate per thousand gallons of prior year's winter quarter usage (January, February and March meter readings), as reflected upon PSTAC Rate Schedule 2-B, would change from \$4.6587 per thousand gallons to \$4.7362 per thousand gallons.

For customers in Ocean City, Cape May County, the rate per thousand gallons of prior year's summer water quarter usage (July, August and September meter readings), as reflected upon PSTAC Rate Schedule 1-B, would change from \$23.8574 per thousand gallons to \$26.9490 per thousand gallons.

For customers in the Adelpia section of Howell Township, Monmouth County, the rate per thousand gallons of water, as reflected upon PSTAC Rate Schedule 3-B, would change from \$6.8309 per thousand gallons to \$7.3727 per thousand gallons.

The Board transmitted this matter to the Office of Administrative Law ("OAL") for hearing as a contested case on December 2, 2019. A telephonic prehearing conference was held on January 16, 2020, with the Honorable Jacob S. Gertsman, Administrative Law Judge ("ALJ Gertsman").

On November 26, 2019, Middlesex Water Company ("Middlesex") filed a motion to intervene, which was not opposed by any party. Public hearings were held at 4:30 p.m. and 5:30 p.m. on February 18, 2020, February 19, 2020 and February 20, 2020 in Ocean City, Howell Township and Hillsborough Township, respectively. Members of the public attended the hearings, but did not provide any comments. No written comments were received by the Board.

STIPULATION¹

As a result of settlement discussions, the Signatory Parties agreed to the amount requested in this petition and executed the Stipulation on March 10, 2020. Based upon and subject to the terms and conditions set forth in the Stipulation, the Signatory Parties stipulate and agree as follows:

The Signatory Parties recommend that the Board approve a change to the Company's PWAC rate on PWAC Rate Schedule O-1 from \$0.5145 per thousand gallons of water for Non-Exempt customers to \$0.5113 per thousand gallons of water for Non-Exempt customers and from \$0.4453 per thousand gallons of water for Exempt customers to \$0.4425 per thousand gallons of water for Exempt customers.

The Signatory Parties further recommend that the Board permit the Company to change its effective PSTAC charges as follows:

- For Lakewood Township, Ocean County, the rate per thousand gallons of prior year's winter quarter as reflected within PSTAC Rate Schedule 2-B from \$4.6587 per thousand gallons to \$4.6563 per thousand gallons.
- For customers in Ocean City, Cape May County, the rate per thousand gallons of prior year's summer water quarter usage (July, August and September meter readings) as reflected upon PSTAC Rate Schedule 1-B, from \$23.8574 per thousand gallons to \$26.6334 per thousand gallons.
- For customers in the Adelphia section of Howell Township, Monmouth County, the rate per thousand gallons of water as reflected upon PSTAC Rate Schedule 3-B, from \$6.8309 per thousand gallons to \$7.1722 per thousand gallons.

The effective PWAC rate change would result in a decrease in the annual bill of an average residential customer utilizing 6,000 gallons per month as follows:

	Present Per Month	Proposed Per Month	Amount Decrease	Percentage Decrease
Statewide - GMS	\$56.54	\$56.52	\$(0.02)	-0.04%
Statewide - SFR	\$56.24	\$56.22	\$(0.02)	-0.04%
SA1-B, SA1-C	\$51.74	\$51.72	\$(0.02)	-0.04%
SA-1E	\$50.66	\$50.64	\$(0.02)	-0.04%

The PSTAC rate changes will result in a decrease for a typical residential sewer service customer in Lakewood Township, Ocean County utilizing 18,000 gallons of water in the winter quarter, of -\$0.01 per month or -0.02%; an increase to an average sewer service customer in Ocean City, Cape May County utilizing 20,000

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

gallons in the summer quarter and 44,000 gallons of water annually, of \$4.63 per month or 7.07%; and an increase to an average sewer service customer in the Adelpia section of Howell Township, Monmouth County utilizing 48,000 gallons of water annually, of \$1.37 per month or 2.54%.

These PWAC and PSTAC rates are calculated with an effective date of April 1, 2020.

NJAWC plans to file its next PWAC/PSTAC petition on or before November 15, 2020.

Within the Stipulation, the Signatory Parties have agreed on a methodology for calculating the amount of interest to be applied to over-recoveries within the PWAC. This method is described as follows: Total PWAC True-up Balance (Over)/Under-recovered of the current month (which is the adjusted total purchased water expense minus total PWAC revenues net of cost recoveries for the current month), plus the total PWAC Cumulative True-Up Balance (Over)/Under-recovery) of the prior month, minus the amortization of the PWAC True-Up from the previous PWAC year of the current month. The Signatory Parties agree to review this methodology and adjust it as necessary and appropriate in future PWAC proceedings.

By the Stipulation, the Signatory Parties have agreed to a methodology for calculating the amount of interest to be applied to over-recoveries within the PWAC. This method is described as follows: Total PWAC True-up Balance (Over)/Under-recovered of the current month (which is the adjusted total purchased water expense minus total PWAC revenues net of cost recoveries for the current month), plus the total PWAC Cumulative True-Up Balance (Over)/Under-recovery) of the prior month, minus the amortization of the PWAC True-Up from the previous PWAC year of the current month. The Signatory Parties agree to review this methodology and adjust it as necessary and appropriate in future PWAC proceedings.

The PWAC/PSTAC rates established in the Stipulation will increase annual revenues by \$686,836 or .10%. Thus, the Company will collect annual revenues of \$41,134,958 for PWAC and \$16,262,513 for PSTAC.

On March 11, 2020, Middlesex Water submitted a letter indicating it did not object to the settlement. On March 12, 2020, ALJ Gertsman issued his Initial Decision/Settlement recommending adoption of the Stipulation executed by the Signatory 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. In addition, by letter dated March 17, 2020, the Company requested an expedited Board Order to with an effective date of April 1, 2020, to allow the subject rates to become effective to avoid any compression of the resulting rates.

DISCUSSIONS AND FINDINGS

Having reviewed the record in this matter, including the Initial Decision and the Stipulation, the Board **HEREBY FINDS** that the Signatory Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law.

The Board **FURTHER FINDS** the Initial Decision, which adopts the Stipulation, to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board **HEREBY ADOPTS** the Initial Decision and the Stipulation, attached hereto, including all attachments and schedules, as its own, incorporating by reference the terms and conditions of the Stipulation, as if they were fully set forth at length herein, subject to the following:

In accordance with the provisions of N.J.A.C. 14:9-7.3(c) and 14:9-8.3(c), the Petitioner shall file with the Board, no later than 45 days after the adjustment clause has been in effect for one year, a PWAC true-up schedule in connection with this proceeding. Copies of the true-up schedule shall be served upon all parties to the present proceeding.

The Board **HEREBY DIRECTS** the Company to file tariff pages conforming to the terms and conditions of the Initial Decision, which adopts the Stipulation, and this Order within 10 days from the effective date of this Order.

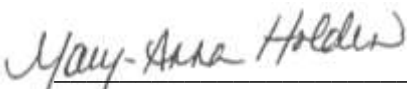
The effective date of this Order is March 27, 2020 with rates to become effective on April 1, 2020.

DATED: March 27, 2020

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER

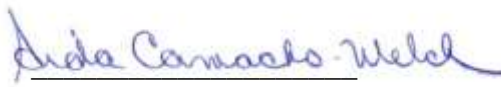


UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF THE PETITION OF NEW JERSEY-AMERICAN WATER COMPANY, INC.
FOR AUTHORIZATION TO CHANGE THE LEVEL OF ITS PURCHASED WATER
ADJUSTMENT CLAUSE AND PURCHASED WASTEWATER (SEWERAGE) TREATMENT
ADJUSTMENT CLAUSE

BPU DOCKET NO. WR19111465
OAL DOCKET NO. PUC 16898-2019S

SERVICE LIST

Christine Soares, Esq., Corporate Counsel
New Jersey-American Water Company, Inc.
1 Water Street
Camden, New Jersey 08030
christine.soares@amwater.com

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

Jay L. Kooper, Esq., Vice President,
General Counsel & Secretary
Middlesex Water Company, Inc.
1500 Ronson Road
Iselin, New Jersey 08830-3020
jkooper@middlesexwater.com

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

Mike Kammer, Director
Division of Water
Board of Public Utilities
Post Office Box 350
Trenton, NJ 08625
Mike.Kammer@bpu.nj.gov



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION SETTLEMENT

OAL DKT. NO. PUC 16898-19

AGENCY DKT. NO. WR19111465

**IN THE MATTER OF THE PETITION OF
NEW JERSEY AMERICAN WATER COMPANY, INC.,
FOR APPROVAL TO CHANGE THE LEVELS OF
ITS PURCHASED WATER ADJUSTMENT CLAUSE
AND PURCHASE WASTEWATER TREATMENT.**

Christine Soares, Esq., for petitioner, New Jersey American Water Company, Inc.

Meliha Arnautovic and **Alex Moreau**, Deputy Attorneys General, for Staff of the Board
of Public Utilities (Gurbir S. Grewal, Attorney General of New Jersey, attorney)

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

Jay L. Kooper, Vice President, General Counsel and Secretary, for intervenor, Middlesex
Water Company

Richard D. Fornaro, Esq., for intervenor, Mount Laurel Municipal Utilities Authority
(Fornaro Francioso LLC, attorneys)

Record Closed: March 11, 2020

Decided: March 12, 2020

BEFORE JACOB S. GERTSMAN, ALJ:

This proceeding involves a petition filed on November 15, 2019, by New Jersey American Water (Company), pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:9-7.1 et seq., seeking approval to change the levels of its existing Purchase Water Adjustment Clause (PWAC) and Purchased Wastewater (Sewerage) Treatment Adjustment Clause (PSTAC) charges.

The petition was transmitted to the Office of Administrative Law (OAL) on December 3, 2019, for determination as a contested case, and assigned to the undersigned, who conducted the initial case management conference on January 16, 2020. Duly-noticed public hearings were held in Ocean City, New Jersey, on February 18, 2020, Howell, New Jersey, on February 29, 2020 and Hillsborough, New Jersey, on February 20, 2020.. No members of the public appeared at the hearings to provide comments and no written comments were received.

A motion to intervene was filed by Middlesex Water Company (Middlesex) on November 26, 2019. Middlesex was granted intervention by order dated January 21, 2020. A motion to intervene was filed by Mount Laurel Municipal Utilities Authority (Mount. Laurel) on March 3, 2020. Mount Laurel was granted intervention by order dated March 11, 2020.

The parties filed on March 11, 2020, a Stipulation of Settlement (J-1) which resolves all issues in this proceeding. Said Stipulation of Settlement has been signed by petitioner, Staff of the Board of Public Utilities and Division of Rate Counsel. It 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.

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.

March 12, 2020 _____

DATE



JACOB S. GERTSMAN, ALJ t/a

Date Received at Agency:

3/12/2020

Date Mailed to Parties:

3/12/2020

JSG/nd

APPENDIX

EXHIBITS

Jointly Submitted

J-1 Stipulation of Settlement

J-1 RECEIVED
 2020 MAR 11 A 11:17
 STATE OF NEW JERSEY
 OFFICE OF ADMIN. LAW

**STATE OF NEW JERSEY
 BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE PETITION OF : OAL Docket No. 16898-2019S
 NEW JERSEY-AMERICAN WATER : BPU Docket No. WR19111465
 COMPANY, INC. FOR AUTHORIZATION :
 TO CHANGE THE LEVEL OF ITS : STIPULATION OF SETTLEMENT
 PURCHASED WATER ADJUSTMENT :
 CLAUSE AND PURCHASED :
 WASTEWATER TREATMENT :
 ADJUSTMENT CLAUSE :

APPEARANCES:

Christine Soares, Esq., on behalf of New Jersey-American Water Company, Inc.,
 Petitioner;

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

Susan McClure, Assistant Deputy Rate Counsel, on behalf of the Division of the Rate
 Counsel; and

Jay Kooper, Esq., on behalf of Middlesex Water Company.

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

On November 15, 2019, New Jersey-American Water Company, Inc. (“New Jersey-
 American Water” or “Company”), a public utility of the State of New Jersey, filed a petition with
 the Board of Public Utilities (“Board”) pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:9-7.1 *et seq.*
 and other relevant statutes and regulations, for approval to change the levels of its existing
 purchased water adjustment clause (“PWAC”) charge and purchased wastewater (sewerage)
 treatment adjustment clause (“PSTAC”) charges, with respect to increased purchased water
 expenses and increased purchased wastewater treatment expenses. The total amount requested in
 the petition was an increase of annual revenues by \$4,444,232 or 0.66% above total Company
 revenues of approximately \$682,200,000. The parties to this proceeding are the Company, the

New Jersey Division of Rate Counsel (“Rate Counsel”) and Staff of the Board (“Board Staff”) (collectively, “Signatory Parties”).

New Jersey-American Water purchases water on a routine basis from six separate entities¹ and purchases wastewater treatment services from three separate entities, each of which adjusts its rates for service, and, in the case of wastewater treatment service providers, issues sewerage deficit/credit adjustments, at different times throughout the year. The six water purveyors are: Passaic Valley Water Commission (“PVWC”); Morris County Municipal Utilities Authority; Montclair Water Bureau; New Jersey Water Supply Authority (“NJWSA”); City of Newark; and Marlboro Township Municipal Utilities Authority (“MTMUA”). The three wastewater treatment purveyors are: Cape May County Municipal Utilities Authority (“CMCMUA”) for the Company’s Ocean City Sewer tariff group; Ocean County Utilities Authority (“OCUA”) for the Company’s Lakewood Sewer tariff group; and Howell Township for the Company’s Adelphia Sewer tariff group.

New Jersey-American Water serves approximately 652,000 general-metered water customers and approximately 45,000 sewer customers.

On April 2, 2007, the Board ordered that all purchased water costs and purchased wastewater treatment costs be removed from base rates and recovered through the PWAC and PSTAC as applicable. *In the Matter of the Joint Petition of New Jersey American Water Company, Inc., Elizabethtown Water Company, and the Mount Holly Water Company for Approval of Increased Tariff Rates and Charges for Water and Sewer Services and other Tariff Revisions*, BPU Docket No. WR06030257 (April 2, 2007). The Board last adjusted the Company’s base rates

¹ NJAWC’s contract with the City of Wildwood expired on May 31, 2019 and was not renewed. Purchased water expenses through that date were included in the PWAC calculation for purposes of this filing.

effective October 29, 2018. *In the Matter of New Jersey American Water Company for Approval of Increased Tariff Rates and Charges for Water and Sewer Service, Change in Depreciation Rates and Other Tariff Modifications, Order Adopting Initial Decision/Stipulation*, BPU Docket No. WR17090985 (October 29, 2018). The Company's base rates do not include PWAC or PSTAC pass-through charges to customers.

In the petition, New Jersey-American Water proposed to increase its PWAC rate upon PWAC Rate Schedule O-1 from \$0.5145 per thousand gallons of water to \$0.5553 per thousand gallons of water for Non-Exempt customers. The Company proposed to increase its PWAC rate from \$0.4453 per thousand gallons of water to \$0.4806 per thousand gallons for Exempt customers. It also proposed to address its PSTAC charges as follows:

For Lakewood Township, Ocean County, the rate per thousand gallons of prior year's winter quarter usage (January, February and March meter readings), as reflected upon PSTAC Rate Schedule 2-B, would change from \$4.6587 per thousand gallons to \$4.7362 per thousand gallons.

For customers in Ocean City, Cape May County, the rate per thousand gallons of prior year's summer water quarter usage (July, August and September meter readings), as reflected upon PSTAC Rate Schedule 1-B, would change from \$23.8574 per thousand gallons to \$26.9490 per thousand gallons.

For customers in the Adelpia section of Howell Township, Monmouth County, the rate per thousand gallons of water, as reflected upon PSTAC Rate Schedule 3-B, would change from \$6.8309 per thousand gallons to \$7.3727 per thousand gallons.

The Board transmitted this matter to the Office of Administrative Law ("OAL") for hearing as a contested case on December 2, 2019. A telephonic prehearing conference was held on January 16, 2020, with the Honorable Jacob S. Gertsman, Administrative Law Judge. On November 26,

2019, Middlesex Water Company (“Middlesex”) filed a motion to intervene, which was not opposed by any party. Middlesex has been included on the service list, received all discovery, and participated in all conferences and meetings. After publication of notice in newspapers of general circulation in the Company’s service territory public hearings were held on February 18, 2020 in Ocean City at 4:30 p.m. and 5:30 p.m.; on February 19, 2020 in Howell Township at 4:30 p.m. and 5:30 p.m.; and on February 20, 2020 in Hillsborough Township at 4:30 p.m. and 5:30 p.m. Members of the public attended the hearings, but did not provide any oral comments. No written comments were received.

Rate Counsel and Board Staff served interrogatories on New Jersey-American Water, which were responded to in full by the Company. During the proceeding, the Company updated its schedules with actuals through January 2020 and with information from the various water and wastewater service purveyors whose costs comprise the Company’s requested relief. This information was provided to all parties on a timely basis. The Company, Board Staff, Rate Counsel and Middlesex participated in a discovery/settlement conference on February 27, 2020. As a result of the Company’s petition, discovery responses and negotiations, the Signatory Parties have reached a stipulation of settlement (“Stipulation”), the provisions of which are set forth below.

STIPULATION

1. The Signatory Parties recommend that the Board approve a change to the Company’s PWAC rate on PWAC Rate Schedule O-1 from \$0.5145 per thousand gallons of water for Non-Exempt customers to \$0.5113 per thousand gallons of water for Non-Exempt customers and from \$0.4453 per thousand gallons of water for Exempt customers to \$0.4425 per thousand gallons of water for Exempt customers.

2. The Signatory Parties further recommend that the Board permit the Company to change its effective PSTAC charges as follows:

- For Lakewood Township, Ocean County, the rate per thousand gallons of prior year’s winter quarter as reflected within PSTAC Rate Schedule 2-B from \$4.6587 per thousand gallons to \$4.6563 per thousand gallons.
- For customers in Ocean City, Cape May County, the rate per thousand gallons of prior year’s summer water quarter usage (July, August and September meter readings) as reflected upon PSTAC Rate Schedule 1-B, from \$23.8574 per thousand gallons to \$26.6334 per thousand gallons.
- For customers in the Adelpia section of Howell Township, Monmouth County, the rate per thousand gallons of water as reflected upon PSTAC Rate Schedule 3-B, from \$6.8309 per thousand gallons to \$7.1722 per thousand gallons.

3. The effective PWAC rate change would result in a decrease in the annual bill of an average residential customer utilizing 6,000 gallons per month as follows:

	<u>Present Per Month</u>	<u>Proposed Per Month</u>	<u>Amount Decrease</u>	<u>Percentage Decrease</u>
Statewide - GMS	\$56.54	\$56.52	\$(0.02)	-0.04%
Statewide - SFR	\$56.24	\$56.22	\$(0.02)	-0.04%
SA1-B, SA1-C	\$51.74	\$51.72	\$(0.02)	-0.04%
SA-1E	\$50.66	\$50.64	\$(0.02)	-0.04%

4. The PSTAC rate changes will result in: a decrease for a typical residential sewer service customer in Lakewood Township, Ocean County utilizing 18,000 gallons of water in the winter quarter, of -\$0.01 per month or -0.02%; an increase to an average sewer service customer in Ocean City, Cape May County utilizing 20,000 gallons in the summer quarter and 44,000 gallons of water annually, of \$4.63 per month or 7.07%; and an increase to an average sewer service customer in the Adelpia section of Howell Township, Monmouth County utilizing 48,000 gallons of water annually, of \$1.37 per month or 2.54%.

5. These PWAC and PSTAC rates are calculated with an effective date of April 1, 2020.

6. NJAWC plans to file its next PWAC/PSTAC petition on or before November 15, 2020.

7. Within this Stipulation, the Signatory Parties have agreed on a methodology for calculating the amount of interest to be applied to over-recoveries within the PWAC. This method is described as follows: Total PWAC True-up Balance (Over)/Under-recovered of the current month (which is the adjusted total purchased water expense minus total PWAC revenues net of cost recoveries for the current month), plus the total PWAC Cumulative True-Up Balance (Over)/Under-recovery) of the prior month, minus the amortization of the PWAC True-Up from the previous PWAC year of the current month. The Signatory Parties agree to review this methodology and adjust it as necessary and appropriate in future PWAC proceedings.

8. The PWAC/PSTAC rates established herein will increase annual revenues by \$686,836 or .10%. Thus, the Company will collect annual revenues of \$41,134,958 for PWAC and \$16,262,513 for PSTAC:

9. In accordance with the provisions of N.J.A.C. 14:9-7.3(c) and 14:9-8.3(c), the Company shall file with the Board, not later than 45 days after the adjustment clauses have been in effect for one year, PWAC and PSTAC true-up schedules in connection with this proceeding. Copies of the true-up schedules will be served upon Board Staff and Rate Counsel.

10. This Stipulation shall be binding on the Signatory Parties to this proceeding upon approval hereof by the Board. This Stipulation shall bind the Signatory Parties in this matter only and shall not be considered precedential in any other proceeding involving the Signatory Parties hereto.

11. 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 individually and jointly state that they would not have signed the Stipulation had any term been modified in any way. In the event that any modifications

whatsoever are made to this Stipulation, each of the Signatory Parties hereto is entitled to certain procedures in the event of such occurrence.

12. If any modification is made to the terms of this Stipulation, the Signatory Parties must be given the right to be placed in the position in which each Signatory Party was before this Stipulation was executed. It is essential that each Signatory Party be given the option to modify its own position, to accept the proposed change(s), or to resume the proceeding as if no agreement had been reached.

13. The Signatory Parties believe that these procedures are fair to all concerned and, therefore, they are made an integral and essential element of this Stipulation.

14. This Stipulation may be executed in as many counterparts as there are signatories to this Stipulation, each of which counterpart shall be an original, but all of which shall constitute one and the same instrument.

15. The Signatory Parties understand that Middlesex will file a letter with the OAL indicating that it does not object to the terms of the Stipulation.

[SPACE INTENTIONALLY LEFT BLANK]

STEFANIE A. BRAND, DIRECTOR
DIVISION OF RATE COUNSEL

By: _____
Susan McClure
Assistant Deputy Rate Counsel

Dated:

NEW JERSEY-AMERICAN WATER
COMPANY, INC.

By: Christine Soares
Christine Soares
Corporate Counsel

Dated: 3/5/20

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

By: _____
Meliha Arnautovic
Deputy Attorney General

Dated:

STEFANIE A. BRAND, DIRECTOR
DIVISION OF RATE COUNSEL

By: _____
Susan McClure
Assistant Deputy Rate Counsel


Dated:

NEW JERSEY-AMERICAN WATER
COMPANY, INC.

By: _____
Christine Soares
Corporate Counsel

Dated:


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

By: 

Meliha Arnautovic
Deputy Attorney General

Dated: *percele 6 2020*

STEFANIE A. BRAND, DIRECTOR
DIVISION OF RATE COUNSEL

By: 
Susan McClure
Assistant Deputy Rate Counsel


Dated: 3/10/20

NEW JERSEY-AMERICAN WATER
COMPANY, INC.

By: _____
Christine Soares
Corporate Counsel

Dated:

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

By: 
Meliha Arnautovic
Deputy Attorney General

Dated: March 6 2020