



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF AQUA NEW JERSEY, INC.)
FOR APPROVAL OF AN INCREASE IN RATES) ORDER ADOPTING INITIAL
FOR WASTEWATER SERVICE AND OTHER) DECISION SETTLEMENT
TARIFF CHANGES)
)
) BPU DOCKET NO. WR20010056
) OAL DOCKET NO. PUC 01318-2020S

Parties of Record

Colleen A. Foley, Esq., Saul Ewing Arnstein and Lehr LLP, on behalf of Aqua New Jersey, Inc.
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND/PROCEDURAL HISTORY

On January 21, 2020, Aqua New Jersey, Inc. ("Aqua," "Company," or "Petitioner"), a public utility of the State of New Jersey, filed with the Board of Public Utilities ("Board"), pursuant to N.J.S.A. 48:2-18, N.J.S.A. 48:2-21, N.J.A.C. 14:1-5.7, and N.J.A.C. 14:1-5.12, a petition seeking to increase rates for wastewater service in the amount of \$1,089,968 or 22.2% above the annual level of revenues for the test year ending April 30, 2020.

Petitioner provides wastewater service¹ through the operation of several wastewater systems located throughout the State of New Jersey. The Company has generally organized its water² and wastewater business by the following division: the Northern Division (based in Phillipsburg), the Central Division (Based in Hamilton), the Eastern Division (based in Berkeley), and the Southern Division (based in Blackwood). The Company's wastewater facilities are located in its Northern, Central and Southern Divisions.

According to the petition, the rate increase is required to enable the Petitioner to recover its increases in its operating expenses; to change its depreciation rates for certain categories of Company property; to authorize acquisition adjustments and the recovery of certain costs

¹The Petitioner serves approximately 6,281 wastewater customers.

²The Petitioner serves approximately 174,000 water customers; however, its water operations and rates are not the subject of this proceeding.

associated with the Company's acquisition of individual wastewater systems; to implement a system-wide Purchased Sewerage Treatment Adjustment Clause ("PSTAC"); and to make certain identified tariff changes to continue to provide safe, adequate and proper wastewater service to its customers and to comply with state and federal regulations.

On January 21, 2020, the Board transmitted this matter to the Office of Administrative Law ("OAL") for hearings as a contested case. The increase in rates was proposed to become effective on February 21, 2020. By Order dated February 19, 2020, the Board suspended the proposed rate increase until June 21, 2020. By a second suspension order, dated June 20, 2020, the proposed rate increase was further suspended until October 21, 2020.

This matter was assigned to Administrative Law Judge ("ALJ") Jacob S. Gertsman. ALJ Gertsman conducted multiple telephonic pre-Hearing conferences and a procedural schedule was agreed to by the Parties³ and submitted to ALJ Gertsman. After proper notice, two virtual public comment hearings⁴ were conducted by ALJ Gertsman: one on the afternoon of August 6, 2020 and one on the evening of September 24, 2020. A total of five members of the public spoke, in opposition to the magnitude of the Company's proposed rate increase, at both virtual public hearings. The virtual public hearings were transcribed and made a part of the record in this proceeding. The Board also received correspondence from the Township of Fredon regarding the performance of the wastewater system in Bear Brook and complaints from residents regarding the odor emanating from the treatment facility.

Extensive discovery was conducted, and numerous settlement discussions were held. As a result of these discussions, the Parties reached a Stipulation of Settlement ("Stipulation")⁵ that resolved all issues in this proceeding as follows:

STIPULATED MATTERS

1. The Company's total rate base is agreed to be approximately \$10,400,00 with a test year ending April 30, 2020, adjusted for certain known and measurable changes.
2. The Company's overall rate of return is agreed to be 7.11%, which is based on the Company's capital structure, at the end of the April 30, 2020 test year, and is calculated as follows:

	Percentage	Rate	Weighed Cost
Debt	47%	4.29%	2.02%
Equity	53%	9.6%	5.09%
Total			7.11%

3. The Parties stipulate and agree that a revenue increase for the Company of \$500,000 is a just and reasonable resolution for this matter.
4. The Parties agree that the \$500,000 rate increase shall become effective on January 1, 2021.

³ The Parties to this matter are Aqua, the Division of Rate Counsel ("Rate Counsel"), and the Staff of the Board of Public Utilities ("Staff"). No motion for intervention or participation was filed.

⁴ The public hearings were conducted virtually due to the on-going COVID-19 pandemic.

⁵ 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 of this Order.

5. The Parties agree and recommend that the tariff pages attached as Exhibit D to the Stipulation should be adopted by the Board. Aqua will submit final tariff pages implementing the rates set forth in Exhibit D to the Stipulation upon approval of the tariff by the Board. The Parties agree to the Proof of Revenues attached as Exhibit C to the Stipulation. Based upon the rate design set forth in Exhibit C, the monthly rate change for the bill for a typical General Sewer Service residential customer for each of the following systems will be:
 - a. Woolwich system (including operations located in North Hanover Township and the Borough of Wrightstown) is an increase of \$2.16 or 4%;
 - b. Bear Brook system is a decrease of \$11.44 or 15%;
 - c. Maxim system an increase of \$6.40 or 11%;
 - d. Oakwood Village system is a decrease of \$5.19 or 8.0%;
 - e. Stanton Ridge system a decrease of \$18.11 or 22%; and
 - f. Walkkill System is \$9.41 or 28%.
6. The Parties agree and recommend that the Board approve the ratemaking and accounting treatment of the acquisition adjustments associated with Aqua's purchase of the following wastewater systems: Bear Brook Village, California Village, Oakwood Village, Spartan Village, Stanton Ridge and Walkkill. The Bear Book Village, Oakwood Village, Spartan Village and Stanton Ridge systems were acquired at purchase price amounts less than depreciated original cost. Since closing, the Company has been amortizing these negative acquisition adjustments consistent with Board policy and accounting rules. The Parties agree that the California Village and Walkkill systems were troubled sewer systems at the time of closing of these acquisitions and, as a result, the Parties agree that the positive acquisition adjustments associated with these two acquisitions should be included in rate base and amortized as set forth in the Schedule attached to the Stipulation as Exhibit A.
7. The Parties recommend that the Board approve the depreciation rates that are set forth in the schedule of depreciation rates that is attached to the Stipulation as Exhibit B.
8. The Parties agree that Aqua's purchased wastewater treatment costs are in excess of 10% of its total operating and maintenance costs as required pursuant to N.J.A.C. 14:9-7.3(a)(1). The Parties further agree that the Company's baseline wastewater treatment expenses are \$2,196,000. The Parties further agree that the Company shall be permitted to implement a uniform fixed monthly PSTAC for all wastewater customers pursuant to N.J.A.C. 14:9-7.1 et seq. The Parties also agree that the PSTAC rate contained in Exhibit C to the Stipulation shall become effective for all wastewater customers on January 1, 2021. To the extent that the Parties are in agreement that this Stipulation is inconsistent with the requirements of N.J.A.C. 14:9-7.1(d) and N.J.A.C. 14:9-7.4, the Parties request that the Board grant a waiver of those regulations for the purpose of implementing the terms of the Stipulation.
9. The Company agrees to file a certification stating that the following post-test year capital projects have been placed into service: the SCADA projects and the Spartan Village project. The Company will file its certification no later than December 1, 2020 with Staff

and Rate Counsel. The Parties will confer in the event the Company is unable to meet the requirements of this paragraph.

10. The Company agrees that it will not file a request to increase base rates for wastewater service before March 31, 2024. However, the Parties agree that the Company may file a request to increase base rates for wastewater service before March 31, 2024 if any one of the following events have occurred: (i) Aqua acquires a wastewater system requiring capital investment of \$500,000 or more, exclusive of the acquisition price and to be placed in service prior to March 31, 2024; (ii) Aqua experiences a system failure requiring capital investment of \$350,000 or more in excess of the Company's currently planned capital investments⁶ for 2021, 2022, or 2023; or (iii) Aqua experiences an event of non-compliance with applicable laws or regulations requiring significant capital investment and/or government response. For the purposes of this provision, the terms "significant capital investment" shall mean investment in the aggregate of \$350,000 or more in excess of the currently planned capital investments to address this event of non-compliance. Should the Company determine circumstances warrant the filing of a request to increase base rates for wastewater service before March 31, 2024, the Petitioner agrees to advise Staff and Rate Counsel at least 15 days prior to making that filing.

On November 12, 2020, ALJ Gertsman issued his Initial Decision Settlement ("Initial Decision") in this matter recommending adoption of the Stipulation executed by the Stipulating Parties finding that they voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues and is consistent with the law.

DISCUSSION AND FINDINGS

The Board is mindful of the impact any rate increase has on a public utility's customers. However, having reviewed the record in this matter, including ALJ Gertsman's Initial Decision and the Stipulation, the Board **FINDS** that the Stipulating Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issues and is consistent with the law. In reaching this decision, the Board must balance the needs of the ratepayer to receive safe, adequate and proper service at reasonable rates, while allowing the utility the opportunity to earn a fair rate of return. See FPC v. Hope Natural Gas, 320 U.S. 591 (1944); See also, N.J.S.A. 48:2-21 and N.J.S.A. 48:3-1. Therefore, the Board **FINDS** the Initial Decision, which adopts the Stipulation, to be reasonable, in the public interest, and in accordance with the law. Accordingly, 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 the length herein, subject to the following:

- a. The tariff sheets attached to the Stipulation containing rates and charges conforming to the Stipulation and designed to produce the additional revenues to which the Parties have stipulated to are **HEREBY ACCEPTED**; and
- b. The stipulated increase and the tariff design allocations for each customer classification are **HEREBY ACCEPTED**.

⁶ The Company represents that its currently planned wastewater capital investments will average \$350,000 per year for 2021, 2022 and 2023. Should a system failure require the investment of \$350,000 or more in currently unplanned improvements, this provision will take effect.

In paragraph no. 8 of the Stipulation, and as indicated in paragraph no. 8 above, the Parties request a waiver of N.J.A.C. 14:9-7(d) and N.J.A.C. 14:9-7.4, in order to provide a uniform PSTAC for two of the named service areas within Aqua's service territory. N.J.A.C. 14:9-7.1(d) requires a utility with an approved PWAC or PSTAC to submit to the Board at the end of each year "a year-end true up schedule to reconcile the previous year's actual and estimated costs of purchased water or purchased wastewater treatment" and "a petition for an adjusted PWAC or PSTAC for the upcoming year."

As to N.J.A.C. 14:9-7.4, to summarize, once a purchased water adjustment clause has been in effect for one year, a utility shall submit a true up schedule to the Board; the utility shall file the true up schedule within 45 days after the end of the year covered by the PWAC or PSTAC, regardless of whether the utility files a petition for approval of an adjustment of the PWAC or PSTAC for the following year.

N.J.A.C. 14:1-1.2(a) allows for the liberal construction of the rules "to permit the Board to effectively carry out its statutory functions and to secure just and expeditious determination of issues properly presented to the Board." N.J.A.C. 14:1-1.2(b) permits the Board to waive its rules "[i]n special cases and for good cause shown," provided the "full compliance with the rule(s) would adversely affect the ratepayers of a utility or other regulated entity..."

Having reviewed the issues in this matter, the Board **FINDS** the following facts:

1. Aqua obtains wastewater treatment services from three separate entities and passes those charges through to its customers.⁷
2. As referenced in paragraph no. 8 of the Stipulation, The Parties have agreed to Aqua's proposal to establish a uniform PSTAC to include all of its purchased wastewater treatment costs, which is to be charged to all wastewater customers.
3. As referenced in paragraph no. 8 of the Stipulation, the Parties have demonstrated that ratepayers will suffer harm if the rules are not waived and requested that the Board waive the requirements of N.J.A.C. 14:9.7.1(d) and N.J.A.C. 14:9-7.4 to the extent that the Parties' agreement in this Stipulation is inconsistent with those regulations.

Based on the record presented and pursuant to N.J.A.C. 14:1-1.2, the Board **FURTHER FINDS** that Aqua has shown good cause to establish a uniform PSTAC to include all of its purchased wastewater treatment costs and to be charged to all wastewater customers. Moreover, eliminating Aqua Maxim's and Aqua Walkkill's current PSTACs and removing treatment expenses from the Logan system's fixed service charge and transitioning those expenses into a single uniform PSTAC warrant a waiver of N.J.A.C. 14:9-7.1(d) and N.J.A.C. 14:9-7.4. Accordingly, the Board

⁷ Charges incurred from the Logan Township Municipal Utilities Authority are currently included in the fixed monthly service charge to customers served by the Woolwich, California Village, Hanover Village and Spartan Village systems. Customers of those systems currently are not charged a separate PSTC. Aqua currently recovers treatment and disposal expenses charged by the Ocean County Utilities Authority through the flat PSTAC charged to customers of the Maxim system. Aqua Maxim's current PSTAC was approved by Board Order dated December 20, 2019 in Docket No. WR19080925 and became effective on January 1, 2020. Aqua currently recovers treatment and disposal expenses charged by the Sussex County Municipal Utilities Authority through the volumetric PSTAC charged to customers of the Walkkill System. Aqua Walkkill's current PSTAC was approved by Board Order dated December 20, 2020 in Docket No. WR19080920 and became effective on January 1, 2020.

APPROVES a waiver of N.J.A.C. 14:9-7.1(d) and N.J.A.C. 14:9-7.4, as referenced in paragraph no. 8 of the Stipulation and agreed to by the Parties in this proceeding.

Based upon the foregoing, the Board **HEREBY APPROVES** an overall increase in wastewater revenues in the amount of \$500,000.

The Board **HEREBY ORDERS** the Company to submit complete revised tariffs conforming to the terms and conditions of this Order within 10 days from the date of this Order..

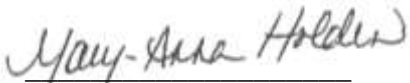
This Order shall be effective on December 12, 2020.

DATED: December 2, 2020

BOARD OF PUBLIC UTILITIES
BY:



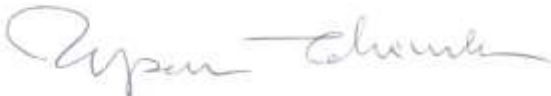
JOSEPH L. FIORDALISO
PRESIDENT



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 AQUA NEW JERSEY, INC. FOR APPROVAL OF AN
INCREASE IN RATES FOR WASTEWATER SERVICE AND OTHER TARIFF CHANGES**

BPU DOCKET NO. WR20010056 and OAL DOCKET NO. PUC 01318-2020S

SERVICE LIST

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November 6, 2020

VIA FEDERAL EXPRESS

Honorable Jacob S. Gertsman, ALJ
Office of Administrative Law
3444 Quakerbridge Road
Quakerbridge Plaza, Building 9
Mercerville, NJ 08619

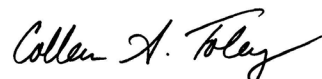
Re: In the Matter of the Petition of Aqua New Jersey, Inc. for Approval
of an Increase in Rates for Wastewater Service and Other Tariff Changes
OAL Docket No. PUC 01318-2020 S
BPU Docket No. WR20010056

Dear Judge Gertsman:

This firm represents Aqua New Jersey, Inc., Petitioner in the above-referenced matter. Enclosed please find an original and one copy of a fully executed Stipulation of Settlement resolving all matters at issue in this proceeding. Kindly stamp the additional copy “filed” and return it in the self-addressed, stamped envelope.

Should Your Honor have any questions regarding the attached materials, please do not hesitate to contact me.

Respectfully submitted,



Colleen A. Foley

CAF/jg

Enclosures

cc: Nancy Demling, Judicial Assistant (w/encls., via email only)
OAL Service List (w/encls., via email only)
Service List (w/encls., via email only)

Stephen B. Genzer - Newark Managing Partner

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DELAWARE FLORIDA ILLINOIS MARYLAND MASSACHUSETTS MINNESOTA NEW JERSEY NEW YORK PENNSYLVANIA WASHINGTON, DC

A DELAWARE LIMITED LIABILITY PARTNERSHIP



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OAL DOCKET NO. PUC 01318-2020 S

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

PETITION OF AQUA NEW JERSEY, INC.
FOR APPROVAL OF AN INCREASE IN
RATES FOR WASTEWATER SERVICE
AND OTHER TARIFF CHANGES

:
: **STIPULATION OF SETTLEMENT**
: OAL DOCKET NO. PUC 01318-2020 S
: BPU DOCKET NO. WR20010056
:
:

APPEARANCES:

Colleen A. Foley, Esq., and Courtney L. Schultz, Esq., Saul Ewing Arnstein & Lehr LLP,
on behalf of Aqua New Jersey, Inc., Petitioner,

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

Brian O. Lipman, Esq., Litigation Manager, Susan E. McClure, Esq., Assistant Deputy
Rate Counsel, and Christine M. Juarez, Esq., Assistant Deputy Rate Counsel, on behalf of
the Division of Rate Counsel (Stefanie A. Brand, Director)

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

The Parties to this proceeding are as follows: Aqua New Jersey, Inc. (the
“Company,” “Aqua” or “Petitioner”), the Division of Rate Counsel (“Rate Counsel”), and the
Staff of the Board of Public Utilities (“Board Staff” or “Staff”). As a result of an analysis of
Petitioner’s pre-filed testimony and exhibits, extensive discovery, and two public comment
hearings held virtually on August 6, 2020 and September 24, 2020, the Company, Board Staff
and Rate Counsel (collectively, the “Parties”) have come to an agreement on the issues in dispute
in this matter. The Parties hereto agree and stipulate as follows:

Procedural History

On January 21, 2020, Petitioner, a public utility corporation of the State of New
Jersey, pursuant to N.J.S.A. 48:2-21, N.J.S.A. 48:2-18, N.J.A.C. 14:1-5.7, and N.J.A.C. 14:1-
5.12, filed a petition seeking to increase rates for wastewater service, to change depreciation

rates for certain categories of Company property, to implement a system-wide Purchased Wastewater Treatment Adjustment Clause (“PSTAC”) charge, to recognize costs related to certain prior sewer system purchases, and to make various tariff language changes.

Specifically, the Company requested the following relief: to increase rates by approximately \$1,089,968, or approximately 22.2%, above the adjusted annual level of revenues for the test year ending April 30, 2020; to implement a uniform fixed monthly PSTAC charge for all wastewater customers; to authorize acquisition adjustments associated with the Company’s purchase of the wastewater systems at Bear Brook, California Village, Maxim, Oakwood Village, Spartan Village, Stanton Ridge and Wallkill; to change the depreciation rates for certain categories of utility property; and to revise the Company’s tariff to reflect certain administrative corrections and clarifications and to include a service restoration charge and a bad check charge.

On January 24, 2020, the Board transmitted the Company’s base rate request to the Office of Administrative Law (“OAL”), and Administrative Law Judge (“ALJ”) Jacob S. Gertsman was assigned to hear the case. By an Order dated February 19, 2020, the Board suspended until June 21, 2020, the implementation of changes the Company sought to make to its tariffs. Multiple telephone Pre-Hearing Conferences were convened by ALJ Gertsman, and a procedural schedule was agreed to by the Parties and submitted to ALJ Gertsman. On June 10, 2020, the Board entered an Order further suspending until October 21, 2021, the implementation of changes the Company sought to make to its tariffs.

Extensive discovery was conducted by the Parties with the Company providing responses to hundreds of data requests. After proper notice, two virtual public comment hearings were held: one on the afternoon of August 6, 2020, and a second on the evening of September 24, 2020. One member of the public spoke at the virtual public hearing on August 6th, and four members of the public spoke at the virtual public comment hearing on September 24th. All

members of the public provided comments opposing the magnitude of the Company's proposed rate increase. The virtual public comment hearings were transcribed and made a part of the record of this proceeding.

Numerous settlement discussions were held, and the agreements reached during those discussions have resulted in the following Stipulation of Settlement ("Stipulation") agreed to by the Parties:

1. For the purposes of this proceeding only, the Company's total rate base is agreed to be approximately \$10,400,000 with a test year ending April 30, 2020, adjusted for certain known and measurable changes. The Parties further agree that this rate base amount does not reflect any particular ratemaking adjustment proposed by any Party for incorporation into the overall revenue requirement calculation. Attached as **Exhibit E** is a schedule itemizing the Company's net utility plant in service as of April 30, 2020.

2. The Parties agree that, for the purposes of resolving this proceeding only, the Company shall have an authorized overall rate of return of 7.11%, which is based on the Company's capital structure at the end of the test year (April 30, 2020) consisting of 47% long term debt with a cost rate of 4.29%, and 53% common equity with a cost rate of 9.60%.

3. The Parties stipulate that a revenue increase for the Company of \$500,000 is an appropriate resolution of this matter and is just and reasonable. The Parties have also agreed to delay until January 1, 2021 the implementation of the rates set in this proceeding (set out in **Exhibit C** Proof of Revenues) for wastewater service.

4. The Parties agree and recommend that this Stipulation shall be presented to the Board for approval at an October public agenda meeting. Each Party understands that a Board order adopting this Stipulation will become effective upon the service of said Board order, or

upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

5. The Parties agree and recommend that the attached tariff pages, included as **Exhibit D**, implementing the terms of this Stipulation and effective January 1, 2021, should be adopted by the Board in their entirety. Attached as **Exhibit C** is a Proof of Revenues for the Company. Final tariff pages implementing these rates will be submitted upon Board approval of this Stipulation. Based on the rate design in **Exhibit C**, the monthly impact of this rate change on the total bill for a typical General Sewer Service residential customer served by the following systems is:

- a. Woolwich system (including operations located in North Hanover Township and the Borough of Wrightstown) an increase of \$2.16 or 4%;
- b. Bear Brook system a decrease of \$11.44 or 15%;
- c. Maxim system an increase of \$6.40 or 11%;
- d. Oakwood Village system a decrease of \$5.19 or 8%;
- e. Stanton Ridge system a decrease of \$18.11 or 22%; and
- f. Wallkill system an increase of \$9.41 or 28%.

6. As set out in **Exhibit A**, the Parties recommend that the Board approve the accounting and ratemaking treatment of the acquisition adjustments associated with the Company's purchase of the following wastewater systems: Bear Brook, California Village, Oakwood Village, Spartan Village, Stanton Ridge and Wallkill. The Bear Brook, Oakwood Village, Spartan Village and Stanton Ridge wastewater systems were acquired at purchase price amounts less than depreciated original cost. Since closing, the Company has been amortizing these negative acquisition adjustments consistent with Board policy and accounting rules. The Parties agree that the California Village and Wallkill systems were troubled sewer systems at the

time of closing of these acquisitions and, as a result, the Parties agree that the positive acquisition adjustments associated with these two acquisitions should be included in rate base and amortized according to the schedule contained in **Exhibit A**.

7. The Parties recommend that the Board approve the schedule of depreciation rates included in **Exhibit B**.

8. The Parties agree that the Company's purchased wastewater treatment costs are in excess of 10% of its total operating and maintenance costs as required pursuant to N.J.A.C. 14:9-7.3(a)(1). The Parties agree that the Company's baseline wastewater treatment expenses are \$2,196,000.¹ The Parties also agree the Company shall be permitted to implement a uniform fixed monthly PSTAC charge for all wastewater customers pursuant to N.J.A.C. 14:9-7.1 et seq. The Parties further agree that the PSTAC rate contained in **Exhibit C** shall become effective for all wastewater customers on January 1, 2021.² To the extent that the Parties' agreement in this Stipulation is inconsistent with the requirements of N.J.A.C. 14:9-7.1(d) and N.J.A.C. 14:9-7.4, the Parties request that the Board grant a waiver of those regulations for the purpose of implementing the terms of this Stipulation.

9. The Company agrees that it will file a certification stating that the following post-year capital projects have been placed into service: the SCADA projects, and the Spartan Village Projects. The Company will file its certification no later than December 1, 2020 with Board Staff and Rate Counsel. The Parties will confer in the event the Company is unable to meet the requirements of this paragraph.

¹ This figure includes a portion of the estimated net under-recovery of actual PSTAC costs for 2019 and 2020.

² The PSTAC rate set for service rendered in 2022 will not include any further recognition of under or over recoveries from 2019 or 2020.

10. The Company agrees it will not file a request to increase base rates for wastewater service before March 31, 2024.³ However, the Parties agree that the Company may file a request to increase base rates for wastewater service before March 31, 2024 if any one of the following events have occurred: (i) Aqua acquires a wastewater system requiring capital investment of \$500,000 or more, exclusive of the acquisition price and to be placed in service prior to March 31, 2024; (ii) Aqua experiences a system failure requiring capital investment of \$350,000 or more in excess of the Company's currently planned capital investments⁴ for 2021, 2022 or 2023; or (iii) Aqua experiences an event of non-compliance with applicable laws or regulations requiring significant capital investment and/or government response. For the purposes of this provision, the term "significant capital investment" shall mean investment in the aggregate of \$350,000 or more in excess of currently planned capital investments to address the event of non-compliance. Should Aqua determine the circumstances warrant the filing of a request to increase base rates for wastewater service before March 31, 2024, the Company agrees to so advise Staff and Rate Counsel at least 15 days prior to making that filing.

11. This Stipulation is the product of extensive negotiations by the Parties, and it is an express condition of the settlement embodied by this Stipulation that it be presented to the Board in its entirety without modification or condition. It is also the intent of the Parties to this Stipulation that this settlement, once accepted and approved by the Board, shall govern all issues specified and agreed to herein. The Parties to this Stipulation specifically agree that if adopted in its entirety by the Board, no appeal shall be taken by them from the order adopting same as to those issues upon which the Parties have stipulated herein. The Parties agree that the within

³ The Parties acknowledge that the Company will be required to file annual PSTAC reconciliation filings beginning in 2021, and that the "stay out" provision in this Paragraph 10 does not apply to those annual PSTAC filings.

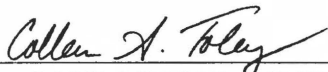
⁴ The Company has represented that its currently planned wastewater capital investments will average \$350,000 per year for 2021, 2022 and 2023. Should a system failure require the investment of \$350,000 or more in currently unplanned improvements, this provision will take effect.

Stipulation reflects a mutual balancing of various issues and positions and is intended to be accepted and approved in its entirety. Each term is vital to this Stipulation as a whole, since the Parties hereto expressly and jointly state that they would not have signed this Stipulation had any terms been modified in any way. In the event any particular aspect of this Stipulation is not accepted and approved by the Board, then any Party hereto materially affected thereby shall not be bound to proceed under this Stipulation. The Parties further agree that the purpose of this Stipulation is to reach fair and reasonable rates, with any compromises being made in the spirit of reaching an agreement. None of the Parties shall be prohibited from or prejudiced in arguing a different policy or position before the Board in any other proceeding, as such agreements pertain only to this matter and to no other matter.

12. 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.

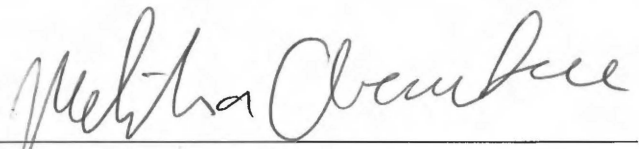
AQUA NEW JERSEY, INC.

Date: November 5, 2020


By: SAUL EWING ARNSTEIN & LEHR LLP
Colleen A. Foley, Esq.
Attorney for Petitioner

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

Date: November 5, 2020


By: Meliha Arnautovic, Deputy Attorney General
Alex Moreau, Deputy Attorney General

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

Date: November 5, 2020



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

Exhibit A Acquisition Adjustments

SETTLEMENT EXHIBIT A

AQUA NEW JERSEY, INC.
SEWER RATE CASE
UNAMORTIZED UTILITY PLANT ACQUISITION ADJUSTMENTS

System	Total Acq. Adj.	Amorti- zation Months	Monthly Amorti- zations	Accum. Amort. of UPAA at 4/30/2020	Net UPAA at 4/30/2020	Net UPAA at 4/30/20	PF Amort Months	PF Amort Epns / Mon
Bear Brook	\$ (1,263,829)	286	\$ (4,425)	\$ 812,510	\$ (451,319)	\$ (451,319)	180	\$ (2,507)
Calif. Village	47,736		-	-	47,736	47,736	180	265
Oakwood Village	(20,571)	180	(114)	3,543	(17,028)	(17,028)	180	(95)
Spartan Village	(50,645)	180	(281)	17,163	(33,482)	(33,482)	180	(186)
Stanton Ridge	(660,976)	345	(1,917)	265,131	(395,844)	(395,844)	180	(2,199)
Wallkill	25,409		-	-	25,409	25,409	180	141
Total	\$ (1,922,876)		\$ (6,737)	\$ 1,098,347	\$ (824,529)	\$ (824,529)		\$ (4,581)

Exhibit B Depreciation Rates

SETTLEMENT EXHIBIT B

AQUA NEW JERSEY, INC.
SEWER RATE CASE
SCHEDULE OF DEPRECIATION RATES

Accnt #	Description	Depr. Rate
Intangible Plant		
351.1	Organization	0.00%
352.1	Franchise	0.00%
Collection Plant		
353.2	Land & Rights	0.00%
354.2	Structures	1.45%
360.2	Force Mains	1.30%
361.2	Collection Mains - Gravity	1.31%
362.2	Special Collection Structures	2.55%
363.2	Services	1.25%
364.2	Flow Measuring Devices	4.23%
System Pumping Plant		
353.3	Land & Rights	0.00%
354.3	Structures	1.52%
355.3	Power Generation Equip Pumping	4.07%
371.3	Pumping Equip	3.07%
Treatment & Disposal Plant		
353.4	Land & Rights	0.00%
354.4	Structures	1.93%
355.4	Power Generation Equip TD	4.07%
380.4	Treatment & Disposal Equip	2.35%
General Plant		
354.7	Structures	1.67%
393.7	Tool Shop & Garage	5.78%
397.7	Misc Eqpt	3.56%
<hr/>		
Contributions in Aid of Construction & Customer Advances		
361.2	Customer Advances (CAC)	1.31%
360.2	CIAC	1.29%
361.2	CIAC	1.31%
363.2	CIAC	1.12%

Exhibit C Proof of Revenues

AQUA NEW JERSEY, INC.
SEWER RATE CASE
OPERATING REVENUES UNDER PROPOSED RATES
BASED UPON THE BASE YEAR ENDED MAR 31, 2020
AND THE TEST YEAR ENDED APRIL 30, 2020

Class->	Meter Size	Sttlmnt 12 + 0			Total Units	Prposed Rate	Res Rev	Com Rev	Pub Rev	PF Rev at Prpsd Rates	Proposed Base Rt	Proposed PSTAC Rt
		Res Units	Com Units	Pub Units								
Bills & Base Revenue												
Other than Walkkill												
Res, Sngl Fmly		69,593	-	-	69,593	\$ 63.56	\$4,423,331	\$ -	\$ -	\$ 4,423,331	\$ 38.35	\$ 25.21
5/8"		-	36	-	36	63.56	-	2,288	-	2,288	38.35	25.21
3/4"		-	300	-	300	76.27	-	22,881	-	22,881	46.02	30.25
1"		-	132	-	132	152.54	-	20,135	-	20,135	92.04	60.50
1.5"		-	12	-	12	317.80	-	3,814	-	3,814	191.75	126.05
2"		-	264	-	264	470.34	-	124,170	-	124,170	283.79	186.55
3"		-	-	-	-	953.40	-	-	-	-	575.25	378.15
4"		-	24	-	24	1,271.20	-	30,509	-	30,509	767.00	504.20
6"		-	-	-	-	3,178.00	-	-	-	-	1,917.50	1,260.50
8"		-	12	-	12	5,084.80	-	61,018	-	61,018	3,068.00	2,016.80
Aprtmnt OkwdV		-	12	-	12	38,898.72	-	466,785	-	466,785	23,470.20	15,428.52
Club BrBrk		-	12	-	12	1,423.74	-	17,085	-	17,085	859.04	564.70
Club StnRg		-	12	-	12	362.30	-	4,348	-	4,348	218.60	143.70
Lndry Mxm		-	12	-	12	1,550.86	-	18,610	-	18,610	935.74	615.12
Walkkill												
Res, Sngl Fmly		4,460	-	-	4,460	42.44	189,282	-	-	189,282	17.23	25.21
5/8"		-	156	-	156	42.44	-	6,621	-	6,621	17.23	25.21
3/4"		-	48	-	48	50.93	-	2,445	-	2,445	20.68	30.25
1"		-	252	-	252	101.85	-	25,666	-	25,666	41.35	60.50
2"		-	12	-	12	314.05	-	3,769	-	3,769	127.50	186.55
Total Bills		74,053	1,296	-	75,349		4,612,613	810,142	-	\$ 5,422,755		
EDUs		74,053	13,048	-	87,101							
Usage kGals & Revenue												
Allowance		-	-	-	-		\$ -	\$ -	\$ -	-		
Charged		-	-	-	-		-	-	-	-		
Total Usage		-	-	-	-		-	-	-	\$ 0		
Total Sales Rev							\$4,612,613	\$810,142	\$ 0	\$ 5,422,755		
Miscellaneous										5,000		
Total Oper. Rev										\$ 5,427,755		
Target Pro Formas Revenue Requirement										5,427,897		
Rounding Difference and Percent of Target										(141)	-0.003%	

Exhibit D Tariff

**AQUA NEW JERSEY, INC.
TARIFF
FOR
SEWER SERVICE
APPLICABLE IN
PORTIONS OF
BURLINGTON, GLOUCESTER,
HUNTERDON, MONMOUTH, MORRIS
AND SUSSEX COUNTIES,
NEW JERSEY**

Issued:
By: Lawrence R. Carson, President
10 Black Forest Road
Hamilton, NJ 08691

Effective Date: January 1, 2021

Filed pursuant to decision and order of the Board of Public Utilities dated _____, in Docket No. WR20010056.

TABLE OF CONTENTS

Territory Served			Sheet No. 2
Standard Terms and Conditions			Sheet Nos. 3-3L
Rate Schedule as listed below:			
<u>Applicable To</u>	<u>For</u>	<u>Schedule</u>	<u>Sheet No.</u>
All Customers	General Sewer Service	1	4
All Customers	Purchased Sewerage Adjustment Clause	2	5 & 5A

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TERRITORY SERVED

The territory served is comprised of portions of:

Burlington County
North Hanover Township
Borough of Wrightstown

Gloucester County
Woolwich Township

Hunterdon County
Readington Township

Monmouth County
Howell Township

Morris County
Mount Olive Township

Sussex County
Fredon Township
Hardyston Township

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TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS:

The following words and phrases, when used in this tariff, shall have the meanings assigned below unless the context clearly indicates otherwise:

- 1.1 **Applicant:** A person, association, partnership, corporation, municipality, authority, state or federal governmental agency or other entity who applies to become a customer of the Company.
- 1.2 **Aqua or Company:** Aqua New Jersey, Inc., the party rendering water service.
- 1.3 **Biochemical Oxygen Demand (“B.O.D.”):** The quantity of oxygen utilized (demanded) in the biochemical oxidation of organic matter under standard laboratory procedure in five (5) days when incubated at twenty (20) degrees Centigrade. The standard laboratory procedure shall be that found in the latest approved edition of “Standard Methods for the Examination of Water and Sewage” published by the American Public Health Association, the American Water Works Association, and/or the Water Pollution Control Federation.
- 1.4 **BPU or Board:** The New Jersey Board of Public Utilities.
- 1.5 **Building Drain:** That part of the lowest horizontal piping of a drainage system which receives the discharge from drainage pipes inside the walls of the building terminating five (5) feet outside the face of the building wall from whence it becomes known as the building sewer.
- 1.6 **Building Sewer:** The extension from the building drain to service line and/or other point of connection to the Company’s system. This is the privately-owned part of the lateral and is the customer’s responsibility.
- 1.7 **Combined Sewer:** A sewage collection system which conveys both sanitary sewage and storm water flow.
- 1.8 **Company Service Line:** Company owned wastewater service line from the sewer main of the Company which connects to the Customer Service Line at the edge of the right-of-way or actual property line.
- 1.9 **Customer:** A person or entity who is an owner, occupant or who contracts with the Company for or who takes or receives wastewater collection, treatment and/or disposal service.

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TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS (CONTINUED):

- 1.10 **Diversion:** An unauthorized connection to pipes by which utility service registers on the Tenant-Customer's meter although such service is being used by other than the Tenant-Customer of record without his or her knowledge or cooperation. The unauthorized connection must not be apparent from the premises. (N.J.A.C. 14:3-7.8).
- 1.11 **Domestic Wastewater:** The liquid waste or liquid borne waste: (1) resulting from the non-commercial preparation, cooking and handling of food; (2) consisting of human excrement; or (3) consisting of wastewater, non-commercial laundering water, domestic housekeeping wastewater, and similar types of wastes from sanitary uses, whether generated in residences or sanitary facilities in commercial or industrial facilities, but does not include any storm water or ground water introduced from facilities such as roof leaders, sump pumps, floor drains or industrial wastewater.
- 1.12 **Deferred Payment Agreement ("DPA"):** A payment agreement which may be offered by the Company to a Customer upon request, as appropriate and in accordance with the Board's regulations.
- 1.13 **Garbage:** Solid wastes from domestic and commercial preparation, cooking, dispensing or marketing of food or food products and from the handling, storage and sale of produce.
- 1.14 **Garbage Properly Shredded:** The term "Properly Shredded Garbage", as used herein, shall mean the wastes from the preparation, cooking, and dispensing of food that have been shredded to such degree that all particles will be carried freely under the flow conditions normally prevailing in public sewers, with no particle greater than one-half inch in dimension.

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TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS (CONTINUED):

- 1.15 **Grinder pump:** Any mechanical or powered device, owned by the Customer, used to grind, macerate or fluidize garbage so that it can be discharged into the Sanitary Sewer.
- 1.16 **Industrial/Commercial Wastes:** Any liquid, gaseous or water borne wastes from industrial processes or commercial establishments, as distinct from domestic wastewater.
- 1.17 **Industrial/Commercial Waste Permit:** A wastewater permit issued as required by the Company to an Industrial/Commercial user which discharges Industrial/Commercial Waste.
- 1.18 **Industrial/Commercial Waste Pretreatment Program:** A program established by the Company that requires industrial and commercial dischargers to monitor, test, treat and control as necessary pollutants in their wastewater prior to discharge into the Sanitary or Combined Sewer.
- 1.19 **Line extension (for line extension purposes):** An addition to the Company's main line which is necessary to serve the premises of a Customer.
- 1.20 **Main:** The Company's pipe, excluding service connections, located in a public highway, street, alley or private right-of-way which pipe is used in transporting wastewater.
- 1.21 **Meter:** Any device supplied by the Company or other for the purpose of measuring water consumption or wastewater discharge.
- 1.22 **NJ DEP:** The New Jersey Department of Environmental Protection.
- 1.23 **Nonresidential Service:** Wastewater service supplied to a commercial or industrial building, including a hotel or motel, or to a master-metered trailer park or multi-tenant apartment building, or to any customer who purchases wastewater service from the Company for the purpose of resale.

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TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS (CONTINUED):

- 1.24 **pH:** The logarithm to the base ten of the reciprocal of the weight of hydrogen ions in moles per liter of solution.
- 1.25 **Pretreatment:** The application of physical, chemical and/or biological processes to reduce the amount pollutants in, or alter the nature of the polluting properties of, an industrial/commercial process wastewater prior to discharging such wastewater into the Sanitary or Combined Sewer.
- 1.26 **Residential Applicant:** A natural person at least 18 years of age not currently receiving service who applies for residential service provided by the Company or any adult occupant whose name appears on the mortgage, deed or lease of the property for which the residential utility service is requested. A Residential Applicant does not include a person who, within 30 days after service termination or discontinuance of service, seeks to have another service reconnected at the same location or transferred to another location within the Company’s service territory.
- 1.27 **Residential Customer:** A natural person at least 18 years of age in whose name a residential service account is listed and who is primarily responsible for payment of bills rendered for the service or any adult occupant whose name appears on the mortgage, deed or lease of the property for which the residential utility service is requested. A Residential Customer includes a person who, within 30 days after service termination or discontinuance of service, seeks to have service reconnected at the same location or transferred to another location within the Company’s service territory.
- 1.28 **Residential Service:** Wastewater service supplied to an individual single-family residential dwelling unit.
- 1.29 **Regulatory Agency:** Agencies, including but not limited to the BPU, the NJDEP, and the U.S. Environmental Protection Agency (“EPA”), which have authority over the operations of and/or discharges into and/or from the Company’s treatment facilities
- 1.30 **Sanitary Sewer:** A sewer which primarily carries sanitary wastewater, together with such storm, surface and ground water as may be present.

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TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS (CONTINUED):

- 1.31 **Storm Sewer:** A sewer which carries surface, ground water, or storm water from the buildings, ground, streets, or other areas.
- 1.32 **Storm Water Flow:** Any flow occurring during or following any form of natural precipitation, and resulting from such precipitation, including snowmelt.
- 1.33 **Suspended Solids:** Solids that either float on the surface of, or are in suspension in water, wastewater, or other liquids, and which are largely removable by filtration.
- 1.34 **Slug:** The discharge of water, sewerage, or industrial waste which in concentration of any constituent or in quantity of flow exceeds for any period of duration longer than fifteen (15) minutes more than five (5) times the average twenty-four hour flow or concentration under normal operating conditions.
- 1.35 **Tariff:** All of the service rates, rules and regulations issued by the Company, together with any supplements or revisions thereto, officially approved by the Commission and contained in this document.
- 1.36 **Tenant-Customer:** A Residential Customer of record at the time of the complaint who rents a dwelling unit in a multifamily building or owns a condominium. (N.J.A.C. 14:3-7.8).
- 1.37 **Toxic Substances:** Any substances where gaseous, liquid or solid waste which, when discharged to a public sewer in sufficient quantities, will be detrimental to any biological wastewater treatment process, constitute a hazard to human beings or animals, inhibit aquatic life, or create a hazard to recreation in receiving waters of the effluent from a wastewater treatment plant, or as defined pursuant to PL 92500 (Federal Water Pollution Control Act Amendments of 1972) or its amendments.
- 1.38 **Unauthorized Use of Service:** Unreasonable interference or diversion of service, including meter tampering (any act which affects the proper registration of service through a meter), by-passing unmetered service that flows through a device connected between a main or service line and customer-owned facilities, unauthorized service restoration, unauthorized stormwater/groundwater connection to Sanitary or Combined Sewer, or the otherwise taking or receiving of wastewater service without the knowledge or approval of the Company.

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TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS (CONTINUED):

- 1.39 **Wastes:** Any liquid, gaseous, or solid substances or combination thereof which are discarded, leached, or spilled substances or combination thereof including sanitary wastewater but excluding storm-water.
- 1.40 **Wastewater:** The liquid and water-carried wastes from dwellings, commercial facilities, industrial facilities and institutions, together with any groundwater, surface water, and storm water that may be present, whether treated or untreated, in the Company's sewer system.

2. GENERAL INFORMATION:

- 2.1 Aqua is regulated by the Board. The Company's provision of service is governed by New Jersey statutes and the pertinent rules and regulations promulgated by the Board, which statutes and rules and regulations are hereby adopted and incorporated by reference, as well as the terms of this tariff. If there is an inconsistency between the Company's tariff and the Board's regulations, the Board's regulations supersede the tariff provision absent specific approval to the contrary by the Board. However, if the tariff provides for more favorable treatment of a customer than the Board's regulations, the tariff shall control. (N.J.A.C. 14:3-1.3(i)).
- 2.2 The current Board-approved "Customer Bill of Rights" can be found on the Board's website at <http://www.bpu.state.nj.us/bpu/assistance/rights/>.
- 2.3 A copy of this Board-approved tariff can be found on the Company's website, www.aquaamerica.com, and is also available for public inspection both at the Company's offices and at the Board, 44 S. Clinton Avenue, Trenton, New Jersey 08625. (N.J.A.C. 14:3-1.3(h)). If after you review this tariff and discuss it with appropriate Company employees, you still have questions regarding this tariff or your service, you may contact the Board's Division of Customer Assistance in-person, by phone, toll free, at (800) 624-0241, or by mail. If you choose to write to the Board, please be sure to include your name, address and phone number (including the area code), and, if you are a Customer, please also include your account number.

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TERMS AND CONDITIONS OF SERVICE

3. BILLING, FEES AND CHARGES:

- 3.1 The Company will not place the name of a second individual on the account of a Residential Customer unless specifically requested by said second individual. (N.J.A.C. 14:3-3.2(b)).
- 3.2 The Company shall not assess a late payment charge on a Residential Customer, or on a State, county or municipal government entity. Any late payment charges, as appropriate, will not be applied before 25 days have elapsed from the date the bill is rendered. (N.J.A.C. 14:3-7.1(e)).
- 3.3 Tenant-Customers shall not be required to pay for charges associated with a Diversion where, after investigation, Aqua has determined a Diversion of service has occurred. (N.J.A.C. 14:3-7.8(b)).
- 3.4 Bad Checks Charge. Where the Customer submits a negotiable instrument to the Company in payment of a bill, charge, or deposit due and such instrument is subsequently dishonored or uncollectible for any reason, the Customer may be required to pay a Bad Check Charge equal to the costs incurred by the Company from the financial institution.
- 3.5 Restoration Charge. Prior to restoration of service following discontinuance of service at the Company's direction, including but not limited to discontinuance for non-payment, a Customer may be required to pay a Restoration Charge in the amount of \$100.00.

4. DEPOSITS:

- 4.1 While the Company does not typically request a deposit from a Customer upon initiation of new service, it reserves the right to do so consistent with the Board's regulations.
- 4.2 The Company may require that a Customer pay a deposit if the Customer fails to pay a bill within fifteen (15) days after the due date, or after service has been discontinued for non-payment. (N.J.A.C. 14:3-3.4).
- 4.3 Deposits shall be calculated in accordance with the Board's regulations. (N.J.A.C. 14:3-3.4(b)).

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TERMS AND CONDITIONS OF SERVICE

5. DISCONTINUANCE OF SERVICE:

5.1 **Customer Request:** Within 48 hours of notice to the Company by the Customer of a request to discontinue service, the Company shall discontinue service or obtain a meter reading for purposes of calculating the final bill. Where such notice is not provided by the Customer to the Company, the Customer shall be liable for service until the final meter reading is taken. A notice to discontinue service provided by the Customer shall not relieve the Customer from any minimum or guaranteed payment under any contract or rate. (N.J.A.C. 14:3-3A.1(b)).

5.2 **At the Company's Direction (For Reasons Other Than Nonpayment):** The Company may curtail, suspend or discontinue service, upon reasonable notice, to the extent reasonably possible, for the following reasons (N.J.A.C. 14:3-3A.1(a)):

5.2.1 In order to make permanent or temporary repairs, changes or improvements in any part of the Company's system;

5.2.2 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

5.2.3 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.

Issued:

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Hamilton, NJ 08691

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TERMS AND CONDITIONS OF SERVICE

5. DISCONTINUANCE OF SERVICE (CONTINUED):

5.3 **At the Company's Direction (For Nonpayment):** The Company has the right to curtail, suspend or discontinue service for nonpayment of sewer charges or for nonpayment of a deposit, upon due notice given, where the 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)).

5.3.1 Customers shall be provided with at least fifteen (15) days from the postmark date of the outstanding bill to pay the sewer bill, or any deposit amount requested by the Company. (N.J.A.C. 14:3-3A.3).

5.3.2 Where payment is not received within fifteen (15) days, the Company shall provide the Residential Customer with at least ten (10) days' notice prior to discontinuance of service.

5.3.3 The Company shall make good faith efforts to contact all Residential Customers by phone prior to discontinuance of service, in addition to notice by first class mail.

5.3.4 The Company shall send the notice of discontinuance of service to the Residential Customer and also to any third party previously designated by the Residential Customer upon request to the Company. (N.J.A.C. 14:3-3A.4).

5.3.5 The Company shall not discontinue service to any Residential Customer for up to 60 days if a medical emergency exists within the residential premises, which would be aggravated by a discontinuance of service, provided that the Residential Customer has: (i) provided reasonable proof of inability to pay; and (ii) submitted the requisite Medical Certificate to the Company, as well as any requisite re-certification after 30 days have elapsed. At the end of such period of emergency, the Residential Customer shall remain liable for payment of all services rendered. (N.J.A.C. 14:3-3A.2(i)). The Medical Certificate can be found on the Company's website at <https://www.aquaamerica.com/customer-service-center/forms.aspx>.

Issued:
By: Lawrence R. Carson, President
10 Black Forest Road
Hamilton, NJ 08691

Effective Date: January 1, 2021

Filed pursuant to decision and order of the Board of Public Utilities dated _____, in Docket No. WR20010056.

TERMS AND CONDITIONS OF SERVICE

5. DISCONTINUANCE OF SERVICE (CONTINUED):

- 5.3.6 A Customer is responsible for payment of all undisputed charges. If a Customer disputes a charge, and after notice to the Company the dispute is unable to be resolved, the Customer has the right to make a request to the Board for an investigation of the disputed charge within five (5) business days after notice to the Company of the dispute. If such a request is not made within five (5) business days, the Customer's service may be discontinued for nonpayment in accordance with the Board's regulations. (N.J.A.C. 14:3-7.6).
- 5.4 The Company shall not discontinue service to Residential Customers involuntarily 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, and Sundays or on the day before a New Jersey State holiday or on a New Jersey state holiday absent such emergency. (N.J.A.C. 14:3-3A.1(c))
- 5.5 The Company shall make every reasonable effort to determine if a landlord/tenant situation exists at the residential premises being served and to provide notice to tenants prior to discontinuance of service. Where feasible, the Company shall offer affected tenants continued service to be billed in the tenant's name. (N.J.A.C. 14:3-3A.6).

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TERMS AND CONDITIONS OF SERVICE

6. DEFERRED PAYMENT AGREEMENTS:

- 6.1 Aqua will use good faith efforts to offer any Customer who is unable to pay an outstanding bill and/or deposit an opportunity to enter into at least one DPA per year. Customers who enter into a DPA for past due charges, however, are not relieved of the obligation to pay current bills on time. In the event that a Customer defaults on the terms of the DPA, Aqua may discontinue service upon due notice. (N.J.A.C. 14:3-7.7)
- 6.2 **Residential Customers.** Where a Residential Customer receives more than one service from Aqua (for example, water and sewer) and is in arrears as to both of those services, a separate DPA shall be offered for each service. In such situations, the Residential Customer may elect to enter into a DPA for one service and to discontinue the other service until satisfactory payment arrangements can be made so as not to add to the arrearage balance. The Company will renegotiate or amend the terms of an existing DPA upon satisfactory evidence provided by the Residential Customer that his or her financial circumstances have changed significantly due to factors beyond his or her control. Where a Residential Customer has DPAs for two services, default on one such DPA constitutes grounds for discontinuance of only that service. (N.J.A.C. 14:3-7.7).
- 6.3 **Non-Residential Customers.** DPAs will not be offered for a term of longer than three (3) months. (N.J.A.C. 14:3-7.7).

7. SPECIAL REQUIREMENTS RELATING TO SEWER SERVICE:

- 7.1 Separate and independent service lines shall be installed for each Customer. All building drains and building sewers shall be the responsibility of the Customer and shall be installed and maintained by the Customer.
- 7.2 No Customer shall discharge or cause to be discharged into the Company's system any storm water, surface water, ground water, roof runoff, sub-surface drainage, foundation or basement sump drainage, uncontaminated cooling water or unpolluted industrial process water.

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Hamilton, NJ 08691

Effective Date: January 1, 2021

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TERMS AND CONDITIONS OF SERVICE

7. SPECIAL REQUIREMENTS RELATING TO SEWER SERVICE (CONTINUED):

- 7.3 No Customer shall discharge or cause to be discharged into the Company's system the substances, materials, waters, or wastes described in Section 8.1 of this tariff without the prior written approval of the Company. Such wastes can harm either the sewerage system or treatment process and/or equipment, have an adverse effect upon the receiving stream for the treated sewage, or can otherwise endanger life, limb or property or create a nuisance. In forming the opinions as to whether or not to permit the discharge, the Company will consider the effect upon receiving sewers, as well as the conditions placed upon the Company by its service agreements with sewage treatment service providers including, but not limited to, the Logan Township Municipal Utilities Authority (LTMUA), the Ocean County Utilities Authority ("OCUA"), and the Sussex County Municipal Utilities Authority ("SCMUA").
- 7.4 The Customer shall be responsible for maintaining and repairing the "building drain" and "building sewer."

8. LIMITATIONS ON WASTEWATER DISCHARGES:

- 8.1 No Customer shall discharge the following wastes into the Company's system without the advance written approval of Aqua:
- 8.1.1 Any liquid or vapor having a temperature in excess of 150°F.
 - 8.1.2 Any waters or waste waters containing phenols.
 - 8.1.3 Any waters or wastes having a pH in excess of 9.5.
 - 8.1.4 Any water containing unusual concentrations of inert suspended solids, such as, but not limited to, diatomaceous earth, lime and lime slurries or of dissolved solids such as but not limited to sodium chloride or sodium sulfate.
 - 8.1.5 Any water or waste water containing excessive discoloration.
 - 8.1.6 Waste water having unusual "B.O.D." concentration, suspended solids concentration or high chlorine demand in such quantities as to constitute a significant load on the treatment plant.
 - 8.1.7 Unusual volume of flow or concentrations of wastes constituting Slugs.

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TERMS AND CONDITIONS OF SERVICE

8. LIMITATIONS ON WASTEWATER DISCHARGES (CONTINUED):

- 8.1.8 Water or wastes containing substances not amenable to biological treatment processes as provided by the Company's wastewater treatment service providers, including, but not limited to, LTMUA, OCUA and SCMUA.
- 8.2 The Company reserves the right upon review to:
 - 8.2.1 Reject the wastes.
 - 8.2.2 Require pretreatment to an acceptable condition for discharge.
 - 8.2.3 Require flow equalization.
- 8.3 In the event pretreatment facilities or flow equalization is required, the design and construction of such facilities shall be subject to approval of the Company and operation of said facilities shall be subject to inspection by the Company. Monitoring and/or sampling equipment shall be installed and operated by the Customer as deemed necessary by the Company to ascertain proper operation of the pretreatment facilities.
- 8.4 No Customer shall discharge or cause to be discharged any of the following described waters or wastes to the sewers:
 - 8.4.1 Any gasoline, benzene, naphtha, paints, lacquers, fuel oil or other flammable or explosive liquid, solid or gas which by reason of its nature or quality may cause fire or explosion or which, in any way, may be injurious to personnel or the sewer system.
 - 8.4.2 Any water or wastes containing toxic or poisonous solids, liquids, or gases in sufficient quantity either singly or by interaction with other wastes to injure or interfere with any sewage treatment process, constitute a hazard to humans or animals, create a public nuisance, or create any hazard in the receiving waters of the sewage treatment plant.
 - 8.4.3 Any waters or wastes having a pH of lower than 5.5 or having any other corrosive property capable of causing damage or hazard to the sewerage system and/or personnel of the Company.

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TERMS AND CONDITIONS OF SERVICE

8. LIMITATIONS ON WASTEWATER DISCHARGES (CONTINUED):

- 8.4.4 Plating mill waste water or other industrial process water containing spent pickle liquor concentrated plating solutions, chromium, zinc and similar toxic heavy metals, cyanides and cleaning solvents.
- 8.4.5 Any radioactive material.
- 8.4.6 Any water or wastes containing fats, wax, grease, tar, oils or any other substances, whether emulsified or not which may solidify or become viscous at temperatures between 32° and 150°F or which would impair, impede, affect, interfere with, or endanger personnel or the sewer system.
- 8.4.7 Any garbage not properly shredded.
- 8.4.8 Any solids of such size or characteristic capable of causing obstruction to the flow in sewers, such as, but not limited to, ashes, cinders, sand, mud, straw, metal shavings, glass, rags, feathers, tar, plastic, wood, paunch manure, hair fleshings, offal, entrails, etc.
- 8.5 Any industrial customer discharging industrial wastes shall provide and maintain a control manhole suitable to facilitate observation, sampling and measurement of the wastes. The Company (and its wastewater treatment service providers, including, but not limited to, LTMUA, OCUA and SCMUA) shall have the right to inspect, sample, measure and analyze waste water as they deem necessary.

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RATE SCHEDULE NO. 1
GENERAL SEWER SERVICE

APPLICABILITY:

Applicable to the use of wastewater service for all Customers served by the Company.

CHARACTER OF SERVICE:

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

RATE:

All wastewater service customers shall pay a fixed charge as indicated below.

FIXED MONTHLY CHARGE FOR ALL WASTEWATER CUSTOMERS

Customer Type	Wallkill	Other than Wallkill
Residential, Single Family	\$ 17.23	\$ 38.35
Non-Residential and Multi-Family		
Water Meter Size – 5/8"	17.23	38.35
Water Meter Size – 3/4"	20.68	46.02
Water Meter Size – 1"	41.35	92.04
Water Meter Size – 1.5"	86.15	191.75
Water Meter Size – 2"	127.50	283.79
Water Meter Size – 3"	258.45	575.25
Water Meter Size – 4"	344.60	767.00
Water Meter Size – 6"	861.50	1,917.50
Water Meter Size – 8"	1,378.40	3,068.00
Oakwood Village Apartment Complex	----	23,470.20
Bear Brook Clubhouse	----	859.04
Stanton Ridge Clubhouse	----	218.60
Maxim Laundromat	----	935.74

TERMS OF PAYMENT:

PAYMENT FOR ALL BILLS RENDERED IS DUE FIFTEEN (15) DAYS AFTER THE ORIGINAL POSTMARK DATE OF THE BILL. Bills for sewer service will be rendered at the close of each monthly billing period.

Issued:

Effective Date: January 1, 2021

By: Lawrence R. Carson, President
10 Black Forest Road
Hamilton, NJ 08691

Filed pursuant to decision and order of the Board of Public Utilities dated _____, in Docket No. WR20010056

RATE SCHEDULE NO. 2
PURCHASED SEWERAGE TREATMENT ADJUSTMENT CLAUSE

APPLICABILITY:

In addition to the General Sewer Service Charge set forth in Rate Schedule No. 1, the following Purchased Sewerage Treatment Adjustment Clause rates, in accordance with N.J.A.C. 14:9-8.1 et seq., are applicable to the use of sewer service for all Customers served by the Company.

RATE:

All wastewater service customers shall pay a fixed charge as indicated below.

FIXED MONTHLY CHARGE FOR ALL WASTEWATER CUSTOMERS

Customer Type	PSTAC Rate
Residential, Single Family	\$ 25.21
Non-Residential and Multi-Family	
Water Meter Size – 5/8"	25.21
Water Meter Size – 3/4"	30.25
Water Meter Size – 1"	60.50
Water Meter Size – 1.5"	126.05
Water Meter Size – 2"	186.55
Water Meter Size – 3"	378.15
Water Meter Size – 4"	504.20
Water Meter Size – 6"	1,260.50
Water Meter Size – 8"	2,016.80
Oakwood Village Apartment Complex	15,428.52
Bear Brook Clubhouse	564.70
Stanton Ridge Clubhouse	143.70
Maxim Laundromat	615.12

*The above charges are based upon the Board of Public Utilities' ("Board") estimate of Aqua New Jersey, Inc.'s 12-month average cost of purchased sewerage treatment from the Logan Township Municipal Utilities Authority, Ocean County Utilities Authority, and Sussex County Municipal Utilities Authority. The estimated 12-month average cost shall be periodically re-determined by the Board in accordance with true-up procedures set forth in N.J.A.C. 14:9-8.1 et seq.

TERMS OF PAYMENT:

PAYMENT FOR ALL BILLS RENDERED IS DUE FIFTEEN (15) DAYS AFTER THE ORIGINAL POSTMARK DATE OF THE BILL. Bills for sewer service will be rendered at the close of each monthly billing period.

Issued:

Effective Date: January 1, 2021

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RATE SCHEDULE NO. 2
PURCHASED SEWERAGE TREATMENT ADJUSTMENT CLAUSE

Continued,

SPECIAL PROVISIONS:

No additional charge shall be established for recirculating water or air-cooled air conditioning units.

Rates apply to normal sewerage as defined by the NJDEP and the Ocean County Utilities Authority (“OCUA”). Aqua reserves the right to require pretreatment prior to discharge into the sewer system if the sewerage contains harmful substances such as gasoline, P.C.B.s, oil, explosive liquids, grease, phenols, acids, alkalines, lint, excessive detergents or any other toxic or hazardous substances as defined by NJDEP and/or OCUA. This paragraph includes but is not limited to laundromats or dry cleaners where the owner will be required to provide a screen or filter to remove excessive lint before discharge into the sewer system.

As of January 1, 1997, OCUA has imposed these local limits for industrial and non-domestic waste water discharged to its northern plant: 300 ppm B.O.D.; 300 ppm T.T.S. Any charges imposed by OCUA for treating these or any other special substances shall be passed through to the specific customer.

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10 Black Forest Road
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Exhibit E Utility Plant in Service

AQUA NEW JERSEY, INC.
SEWER RATE CASE
SCHEDULE OF UTILITY PLANT IN SERVICE
SUMMARY
YEAR ENDED APR 30, 2020

Acct #	Description	Plant Balance 04/30/20
Intangible Plant		
351.1	Organization	\$ 310,946
352.1	Franchise	92,924
Collection Plant		
353.2	Land & Rights	-
354.2	Structures	22,125
360.2	Force Mains	1,013,611
361.2	Collection Mains - Gravity	17,609,234
362.2	Special Collection Structures	80,033
363.2	Services	798,964
364.2	Flow Measuring Devices	10,140
System Pumping Plant		
353.3	Land & Rights	-
354.3	Structures	468,114
355.3	Power Generation Equip Pumping	115,717
371.3	Pumping Equip	986,790
Treatment & Disposal Plant		
353.4	Land & Rights	189,491
354.4	Structures	638,728
355.4	Power Generation Equip TD	49,051
380.4	Treatment & Disposal Equip	4,586,153
General Plant		
354.7	Structures	263,591
393.7	Tool Shop & Garage	-
397.7	Misc Eqpt	-
Total Utility Plant in Service		<u>\$ 27,235,612</u>

Contributions in Aid of Construction & Customer Advances		
361.2	Customer Advances (CAC)	\$ (6,893,194)
360.2	CIAC	(2,399,891)
361.2	CIAC	(649,076)
363.2	CIAC	(23,506)
Subtotal CIAC		<u>\$ (3,072,473)</u>
Total CAC & CIAC		<u>\$ (9,965,667)</u>
Net Utility Plant		\$ 17,269,946

Inclusive of the following systems:

Bear Brook	1,553,610
Stanton Ridge	1,863,837
Maxim	3,941,555
Walkill	526,285
Oakwood	3,991,241
Woolwich/California Vill/No Hanover	<u>5,393,419</u>
	<u>17,269,946</u>



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION SETTLEMENT

**IN THE MATTER OF THE PETITION OF
AQUA NEW JERSEY, INC., FOR APPROVAL
OF AN INCREASE IN RATES FOR WASTE
SERVICE AND OTHER TARIFF CHANGES,
PURSUANT TO N.J.S.A. 48:2-21 AND 48:2-18,
N.J.A.C. 14:1-5.7, 14:1-5.2, AND 14:9-7.1 et seq.**

OAL DKT. NO. PUC 01318-20
AGENCY DKT. NO. WR20010056

Colleen A. Foley, Esq., for petitioner (Saul Ewing Arnstein & Lehr, LLP, attorneys)

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)

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

Record Closed: November 6, 2020

Decided: November 9, 2020

BEFORE **JACOB S. GERTSMAN**, ALJ:

This proceeding involves a petition filed on January 21, 2020, by Aqua New Jersey, Inc. (Aqua or Company) pursuant to N.J.S.A. 48:2-21, N.J.A.C. 14:1-5.7, N.J.A.C. 14:1-5.12 and N.J.A.C. 14:9-7.1 et seq., and other relevant statutes and regulations, seeking an approval for an increase in Aqua's charges for wastewater service.

The petition was transmitted to the Office of Administrative Law (OAL) on January 28, 2020, for determination as a contested case, and assigned to the undersigned, who conducted the initial case management conference on February 24, 2020. Duly-noticed public hearings

conducted by Zoom Video Communications on August 6, 2020 and September 24, 2020. Members of the public appeared at the both hearings and expressed general opposition to the Company's proposed increase. No written comments were received.

Prior to the commencement of the evidentiary hearings, the parties filed on November 6, 2020, a Stipulation of Final Rates (J-1), resolving all issues in this proceeding. Said Stipulation 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 settlements and I **FIND**:

1. The parties have voluntarily agreed to the settlements as evidenced by their signatures or their representatives' signatures on the attached document.
2. The settlements fully dispose 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.

November 9, 2020

DATE



JACOB S. GERTSMAN, ALJ t/a

Date Received at Agency:

11/12/2020

Date Mailed to Parties:

11/12/2020

JSG/nd

APPENDIX

EXHIBITS

Jointly Submitted

J-1 Stipulation of Settlement

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

PETITION OF AQUA NEW JERSEY, INC.
FOR APPROVAL OF AN INCREASE IN
RATES FOR WASTEWATER SERVICE
AND OTHER TARIFF CHANGES

: **STIPULATION OF SETTLEMENT**
: OAL DOCKET NO. PUC 01318-2020 S
: BPU DOCKET NO. WR20010056
:
:

APPEARANCES:

Colleen A. Foley, Esq., and Courtney L. Schultz, Esq., Saul Ewing Arnstein & Lehr LLP, on behalf of Aqua New Jersey, Inc., Petitioner,

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

Brian O. Lipman, Esq., Litigation Manager, Susan E. McClure, Esq., Assistant Deputy Rate Counsel, and Christine M. Juarez, Esq., Assistant Deputy Rate Counsel, on behalf of the Division of Rate Counsel (Stefanie A. Brand, Director)

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

The Parties to this proceeding are as follows: Aqua New Jersey, Inc. (the “Company,” “Aqua” or “Petitioner”), the Division of Rate Counsel (“Rate Counsel”), and the Staff of the Board of Public Utilities (“Board Staff” or “Staff”). As a result of an analysis of Petitioner’s pre-filed testimony and exhibits, extensive discovery, and two public comment hearings held virtually on August 6, 2020 and September 24, 2020, the Company, Board Staff and Rate Counsel (collectively, the “Parties”) have come to an agreement on the issues in dispute in this matter. The Parties hereto agree and stipulate as follows:

Procedural History

On January 21, 2020, Petitioner, a public utility corporation of the State of New Jersey, pursuant to N.J.S.A. 48:2-21, N.J.S.A. 48:2-18, N.J.A.C. 14:1-5.7, and N.J.A.C. 14:1-5.12, filed a petition seeking to increase rates for wastewater service, to change depreciation

rates for certain categories of Company property, to implement a system-wide Purchased Wastewater Treatment Adjustment Clause (“PSTAC”) charge, to recognize costs related to certain prior sewer system purchases, and to make various tariff language changes.

Specifically, the Company requested the following relief: to increase rates by approximately \$1,089,968, or approximately 22.2%, above the adjusted annual level of revenues for the test year ending April 30, 2020; to implement a uniform fixed monthly PSTAC charge for all wastewater customers; to authorize acquisition adjustments associated with the Company’s purchase of the wastewater systems at Bear Brook, California Village, Maxim, Oakwood Village, Spartan Village, Stanton Ridge and Wallkill; to change the depreciation rates for certain categories of utility property; and to revise the Company’s tariff to reflect certain administrative corrections and clarifications and to include a service restoration charge and a bad check charge.

On January 24, 2020, the Board transmitted the Company’s base rate request to the Office of Administrative Law (“OAL”), and Administrative Law Judge (“ALJ”) Jacob S. Gertsman was assigned to hear the case. By an Order dated February 19, 2020, the Board suspended until June 21, 2020, the implementation of changes the Company sought to make to its tariffs. Multiple telephone Pre-Hearing Conferences were convened by ALJ Gertsman, and a procedural schedule was agreed to by the Parties and submitted to ALJ Gertsman. On June 10, 2020, the Board entered an Order further suspending until October 21, 2021, the implementation of changes the Company sought to make to its tariffs.

Extensive discovery was conducted by the Parties with the Company providing responses to hundreds of data requests. After proper notice, two virtual public comment hearings were held: one on the afternoon of August 6, 2020, and a second on the evening of September 24, 2020. One member of the public spoke at the virtual public hearing on August 6th, and four members of the public spoke at the virtual public comment hearing on September 24th. All

members of the public provided comments opposing the magnitude of the Company's proposed rate increase. The virtual public comment hearings were transcribed and made a part of the record of this proceeding.

Numerous settlement discussions were held, and the agreements reached during those discussions have resulted in the following Stipulation of Settlement ("Stipulation") agreed to by the Parties:

1. For the purposes of this proceeding only, the Company's total rate base is agreed to be approximately \$10,400,000 with a test year ending April 30, 2020, adjusted for certain known and measurable changes. The Parties further agree that this rate base amount does not reflect any particular ratemaking adjustment proposed by any Party for incorporation into the overall revenue requirement calculation. Attached as **Exhibit E** is a schedule itemizing the Company's net utility plant in service as of April 30, 2020.

2. The Parties agree that, for the purposes of resolving this proceeding only, the Company shall have an authorized overall rate of return of 7.11%, which is based on the Company's capital structure at the end of the test year (April 30, 2020) consisting of 47% long term debt with a cost rate of 4.29%, and 53% common equity with a cost rate of 9.60%.

3. The Parties stipulate that a revenue increase for the Company of \$500,000 is an appropriate resolution of this matter and is just and reasonable. The Parties have also agreed to delay until January 1, 2021 the implementation of the rates set in this proceeding (set out in **Exhibit C** Proof of Revenues) for wastewater service.

4. The Parties agree and recommend that this Stipulation shall be presented to the Board for approval at an October public agenda meeting. Each Party understands that a Board order adopting this Stipulation will become effective upon the service of said Board order, or

upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

5. The Parties agree and recommend that the attached tariff pages, included as **Exhibit D**, implementing the terms of this Stipulation and effective January 1, 2021, should be adopted by the Board in their entirety. Attached as **Exhibit C** is a Proof of Revenues for the Company. Final tariff pages implementing these rates will be submitted upon Board approval of this Stipulation. Based on the rate design in **Exhibit C**, the monthly impact of this rate change on the total bill for a typical General Sewer Service residential customer served by the following systems is:

- a. Woolwich system (including operations located in North Hanover Township and the Borough of Wrightstown) an increase of \$2.16 or 4%;
- b. Bear Brook system a decrease of \$11.44 or 15%;
- c. Maxim system an increase of \$6.40 or 11%;
- d. Oakwood Village system a decrease of \$5.19 or 8%;
- e. Stanton Ridge system a decrease of \$18.11 or 22%; and
- f. Wallkill system an increase of \$9.41 or 28%.

6. As set out in **Exhibit A**, the Parties recommend that the Board approve the accounting and ratemaking treatment of the acquisition adjustments associated with the Company's purchase of the following wastewater systems: Bear Brook, California Village, Oakwood Village, Spartan Village, Stanton Ridge and Wallkill. The Bear Brook, Oakwood Village, Spartan Village and Stanton Ridge wastewater systems were acquired at purchase price amounts less than depreciated original cost. Since closing, the Company has been amortizing these negative acquisition adjustments consistent with Board policy and accounting rules. The Parties agree that the California Village and Wallkill systems were troubled sewer systems at the

time of closing of these acquisitions and, as a result, the Parties agree that the positive acquisition adjustments associated with these two acquisitions should be included in rate base and amortized according to the schedule contained in **Exhibit A**.

7. The Parties recommend that the Board approve the schedule of depreciation rates included in **Exhibit B**.

8. The Parties agree that the Company's purchased wastewater treatment costs are in excess of 10% of its total operating and maintenance costs as required pursuant to N.J.A.C. 14:9-7.3(a)(1). The Parties agree that the Company's baseline wastewater treatment expenses are \$2,196,000.¹ The Parties also agree the Company shall be permitted to implement a uniform fixed monthly PSTAC charge for all wastewater customers pursuant to N.J.A.C. 14:9-7.1 et seq. The Parties further agree that the PSTAC rate contained in **Exhibit C** shall become effective for all wastewater customers on January 1, 2021.² To the extent that the Parties' agreement in this Stipulation is inconsistent with the requirements of N.J.A.C. 14:9-7.1(d) and N.J.A.C. 14:9-7.4, the Parties request that the Board grant a waiver of those regulations for the purpose of implementing the terms of this Stipulation.

9. The Company agrees that it will file a certification stating that the following post-test year capital projects have been placed into service: the SCADA projects, and the Spartan Village Projects. The Company will file its certification no later than December 1, 2020 with Board Staff and Rate Counsel. The Parties will confer in the event the Company is unable to meet the requirements of this paragraph.

¹ This figure includes a portion of the estimated net under-recovery of actual PSTAC costs for 2019 and 2020.

² The PSTAC rate set for service rendered in 2022 will not include any further recognition of under or over recoveries from 2019 or 2020.

10. The Company agrees it will not file a request to increase base rates for wastewater service before March 31, 2024.³ However, the Parties agree that the Company may file a request to increase base rates for wastewater service before March 31, 2024 if any one of the following events have occurred: (i) Aqua acquires a wastewater system requiring capital investment of \$500,000 or more, exclusive of the acquisition price and to be placed in service prior to March 31, 2024; (ii) Aqua experiences a system failure requiring capital investment of \$350,000 or more in excess of the Company's currently planned capital investments⁴ for 2021, 2022 or 2023; or (iii) Aqua experiences an event of non-compliance with applicable laws or regulations requiring significant capital investment and/or government response. For the purposes of this provision, the term "significant capital investment" shall mean investment in the aggregate of \$350,000 or more in excess of currently planned capital investments to address the event of non-compliance. Should Aqua determine the circumstances warrant the filing of a request to increase base rates for wastewater service before March 31, 2024, the Company agrees to so advise Staff and Rate Counsel at least 15 days prior to making that filing.

11. This Stipulation is the product of extensive negotiations by the Parties, and it is an express condition of the settlement embodied by this Stipulation that it be presented to the Board in its entirety without modification or condition. It is also the intent of the Parties to this Stipulation that this settlement, once accepted and approved by the Board, shall govern all issues specified and agreed to herein. The Parties to this Stipulation specifically agree that if adopted in its entirety by the Board, no appeal shall be taken by them from the order adopting same as to those issues upon which the Parties have stipulated herein. The Parties agree that the within

³ The Parties acknowledge that the Company will be required to file annual PSTAC reconciliation filings beginning in 2021, and that the "stay out" provision in this Paragraph 10 does not apply to those annual PSTAC filings.

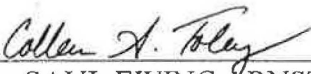
⁴ The Company has represented that its currently planned wastewater capital investments will average \$350,000 per year for 2021, 2022 and 2023. Should a system failure require the investment of \$350,000 or more in currently unplanned improvements, this provision will take effect.

Stipulation reflects a mutual balancing of various issues and positions and is intended to be accepted and approved in its entirety. Each term is vital to this Stipulation as a whole, since the Parties hereto expressly and jointly state that they would not have signed this Stipulation had any terms been modified in any way. In the event any particular aspect of this Stipulation is not accepted and approved by the Board, then any Party hereto materially affected thereby shall not be bound to proceed under this Stipulation. The Parties further agree that the purpose of this Stipulation is to reach fair and reasonable rates, with any compromises being made in the spirit of reaching an agreement. None of the Parties shall be prohibited from or prejudiced in arguing a different policy or position before the Board in any other proceeding, as such agreements pertain only to this matter and to no other matter.

12. 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.

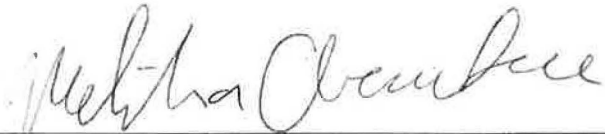
AQUA NEW JERSEY, INC.

Date: November 5, 2020


By: SAUL EWING ARNSTEIN & LEHR LLP
Colleen A. Foley, Esq.
Attorney for Petitioner

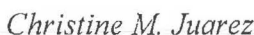
GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of
Public Utilities

Date: November 5, 2020


By: Meliha Arnautovic, Deputy Attorney General
Alex Moreau, Deputy Attorney General

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

Date: November 5, 2020


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