



Agenda Date: 4/26/23  
Agenda Item: 5A

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</sup> Floor  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

WATER

IN THE MATTER OF THE PETITION OF NEW ) ORDER APPROVING  
JERSEY-AMERICAN WATER COMPANY, INC. FOR ) STIPULATION OF SETTLEMENT  
AUTHORIZATION TO CHANGE THE LEVEL OF ITS )  
PURCHASED WATER ADJUSTMENT CLAUSE )  
AND PURCHASED WASTEWATER TREATMENT )  
ADJUSTMENT CLAUSE ) DOCKET NO. WR22110693

Parties of Record:

**Brian O. Lipman, Esq., Director**, New Jersey Division of Rate Counsel  
**Christopher M. Arfaa, Esq., Director, Corporate Counsel**, New Jersey-American Water Company, Inc.  
**Jay L. Kooper**, Vice President, General Counsel & Secretary, Middlesex Water Company  
**Anthony R. Francioso, Esq., Fornaro Francioso LLC** on behalf of Mount Laurel Township Municipal Utilities Authority

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

On November 15, 2022, 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, New Jersey-American Water Company, Inc. (“Petitioner,” “New Jersey-American” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) seeking authorization to change the level of its Purchased Water Adjustment Clause (“PWAC”) and Purchased Wastewater Treatment Adjustment Clause (“PWTAC”). The requested increase was \$7,922,067 or 0.95% above total Company revenues of approximately \$848,173,565. By this Order, the Board considers a Stipulation of Settlement (“Stipulation”) executed by the Company, Board Staff (“Staff”), and the New Jersey Division of Rate Counsel (“Rate Counsel”) (collectively, “Signatory Parties”) intended to resolve the Company’s requests in this docket.

**BACKGROUND/PROCEDURAL HISTORY**

As of December 31, 2021, New Jersey-American serves approximately 662,000 water and fire service customers and approximately 53,200 sewer service customers. New Jersey-American purchases water from Passaic Valley Water Commission, Morris County Municipal Utilities Authority, Montclair Water Bureau, New Jersey Water Supply Authority; City of Newark, and the Borough of Florham Park. The Company also purchases wastewater from Cape May County

---

<sup>1</sup> Dr. Zenon Christodoulou recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

Municipal Utilities Authority for the Company's Ocean City Sewer tariff group, Ocean County Utilities Authority for the Company's Lakewood Sewer tariff group, and Howell Township for the Company's Adelphia Sewer tariff group.

According to the petition, as applicable, all purchased water and wastewater treatment costs are recovered through the PWAC and PSTAC. The Company does not include any PWAC or PSTAC pass-through charges to the customers in its base rate cases.

New Jersey-American proposed an increase in its PWAC Rate from \$0.4606 per thousand gallons of water to \$0.5406 per thousand gallons of water for Non-Exempt customers. The Company also proposed to modify its PWAC Rate for Exempt customers from \$0.3978 per thousand gallons of water to \$0.4669 per thousand gallons.

The Petitioner also sought to modify its PSTAC charges as follows:

- For customers in Ocean City, Cape May County, the rate per thousand gallons for the summer quarter (July, August, and September meter readings), would change from \$32.6814 per thousand gallons to \$33.6195 per thousand gallons.
- For Lakewood Township, Ocean County, the rate per thousand gallons for the winter quarter (January, February, and March meter readings), would change from \$4.6793 per thousand gallons to \$4.6241 per thousand gallons.
- For the Adelphia section of Howell Township, Monmouth County, the rate per thousand gallons of water, would change from \$6.5695 per thousand gallons to \$6.8909 per thousand gallons.

According to the Company, the increase in the PWAC and PSTAC are justified because the Company is being charged more to purchase water and wastewater treatment respectively.

A virtual public hearing took place on February 23, 2023, at 4:30 p.m. and 5:30 p.m., via zoom, following publication of an appropriate public notice. No members of the public attended the hearing and no written comments were received.

Middlesex Water Company ("Middlesex") filed a motion to intervene. The Board also received a motion to intervene from the Mount Laurel Municipal Utilities Authority ("Mount Laurel MUA"). Neither motion was opposed by any party. By Order dated April 12, 2023, the Board granted the Middlesex and Mount Laurel MUA motions to intervene.

### **STIPULATION**

As a result of an analysis of the petition, pre-filed testimony and exhibits, numerous conferences, negotiations, responses to information requests and follow-up requests, the Signatory Parties executed the Stipulation, in which the terms are summarized below.<sup>2</sup>

1. The PWAC and PSTAC rates were originally calculated with an effective date of April 1, 2023, for the PWAC and PSTAC year ending March 31, 2024.
2. The effective date of the proposed PWAC and PSTAC rate changes is now anticipated to be May 1, 2024 and the Signatory Parties agree that a compression factor should be applied to the proposed rates to avoid a large disparity in the PWAC and PSTAC for the

---

<sup>2</sup> Although summarized in this Order, the detailed terms of the Stipulation are controlling, subject to the findings and conclusions in this Order. Paragraphs are numbered to coincide with the Stipulation.

annual period ending March 31, 2024. In the event that the PWAC and PSTAC rates agreed to in the Stipulation are implemented on a date later than May 1, 2023, these PWAC and PSTAC rates will be further compressed to take into account their effectiveness on the later date as the Signatory Parties acknowledge that the rates shall become effective upon the date set forth in the Board Order approving the Stipulation.

3. The Signatory Parties recommend that the Board approve the Company's change to the PWAC rate on PWAC Rate Schedule O-1 from \$0.4606 per thousand gallons of water to \$0.5477 per thousand gallons for Non-Exempt customers, and from \$0.3978 per thousand gallons to \$0.4731 per thousand gallons for Exempt customers.

4. The Signatory Parties further recommend that the Board permit the PSTAC changes as follows:

For customers in Ocean City, Cape May County, the rate per thousand gallons of prior year's summer water quarter usage (July, August, September meter readings) as reflected upon PSTAC Rate Schedule 1-B, from \$32.6814 per thousand gallons to \$33.7033 per thousand gallons.

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 \$4.6793 per thousand gallons to \$4.6191 per thousand gallons.

For customers in the Adelphia section of Howell Township, Monmouth County, the rate per thousand gallons of water as reflected within upon PSTAC Rate Schedule 3-B, from \$6.5695 per thousand gallons to \$6.9196 per thousand gallons.

5. The effective PWAC rate change, reflecting the effects of the rate compression factor, would result in the annual bill of an average residential customer utilizing 5,520 gallons per month as follows:

	Present Per Month	Proposed Per Month	Amount Change	Percentag e Change
Statewide - GMS	\$65.31	\$65.79	\$0.48	0.73%
Statewide - SFR	\$65.31	\$65.79	\$0.48	0.73%
Rate Schedule A-15	\$62.76	\$63.24	\$0.48	0.76%
Rate Schedule A-16	\$41.46	\$41.94	\$0.48	1.16%

6. The PSTAC rate changes, reflecting the effects of the rate compression factor, will result in: an increase for an average sewer customer in Ocean City, Cape May County utilizing 16,560 gallons of water in the summer quarter and 66,240 gallons of water annually, of \$1.42 per month or 1.85%; a decrease for a typical sewer service customer in Lakewood Township, Ocean County utilizing 16,560 gallons of water in the winter and 66,240 gallons of water annually, of \$0.33 per month or -0.50%; and an increase for an average sewer service customer in the Adelphia section of Howell Township, Monmouth County utilizing 66,240 gallons of water annually, of \$1.94 per month or 2.51%.

7. New Jersey-American intends to file its next PWAC/PSTAC petition on or before November 15, 2023.

8. Within the Stipulation the Signatory Parties have agreed on the methodology used for calculating the amount of interest to be applied to over-recoveries within the PWAC. The method is as follows: The Company's calculation utilizes over/under-recovered for the current month plus the over/under-recovered of the prior month less the amortization of the current month's over/under-recovered of prior year's PWAC amount to determine the monthly cumulative true-up balance. Then, in accordance with the interest rules at N.J.A.C. 14:3-13(d), the average cost balance for the month is multiplied by the rate determined. The interest per month is then added together for the PWAC period to determine the total interest for the over/under-recovered amount. The Signatory Parties find the methodology appropriate and agree to adjust it as necessary in future PWAC proceedings.
9. The PWAC/PSTAC rates established in the Stipulation will increase annual revenues by \$6,994,958 or 0.84%. Thus, the Company will collect annual revenues of \$45,427,194 for PWAC and \$19,289,747 for PSTAC.

By letters dated April 12, 2023 and April 13, 2023 respectively , the Mount Laurel MUA and Middlesex Water Company stated that they do not object to the Stipulation.

#### **DISCUSSION AND FINDINGS**

Having reviewed the record in this matter, including the Stipulation and letters of no objection, the Board **HEREBY FINDS** that the Signatory Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes all issues in this proceeding and is consistent with the law. The Board **FURTHER FINDS** the Stipulation, to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board **HEREBY ADOPTS** the Stipulation, attached hereto, including all attachments and schedules, as its own, incorporating by reference the terms and conditions of the Stipulation.

Based upon the foregoing, the Board **HEREBY APPROVES** an overall increase of \$6,994,958 or 0.84% above annual revenues of \$45,427,194 for PWAC and \$19,289,747 for PSTAC.

The Board **HEREBY ORDERS** the Company to submit complete revised tariffs conforming to the terms and conditions of the Stipulation by May 1, 2023.

The Company's rates remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

This Order is effective April 26, 2023.

DATED: April 26, 2023

BOARD OF PUBLIC UTILITIES  
BY:

  
\_\_\_\_\_  
JOSEPH L. FIORDALISO  
PRESIDENT

  
\_\_\_\_\_  
MARY-ANNA HOLDEN  
COMMISSIONER

  
\_\_\_\_\_  
DIANNE SOLOMON  
COMMISSIONER

ATTEST:   
\_\_\_\_\_  
SHERRIL L. GOLDEN  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public Utilities.

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

BPU DOCKET NO. WR22110693

SERVICE LIST

<p><b><u>New Jersey American Water Company, Inc.</u></b> Christopher M. Arfaa, Esq. Director, Corporate Counsel American Water Works Service Company, Inc. 1 Water Street Camden, NJ 08102 <a href="mailto:christopher.arfaa@amwater.com">christopher.arfaa@amwater.com</a></p> <p><b><u>New Jersey Division of Rate Counsel</u></b> New Jersey Division of Rate Counsel 140 East Front Street, 4<sup>th</sup> Floor P.O. Box 0003 Trenton, NJ 08625-0003</p> <p>Brian O. Lipman, Esq., Director <a href="mailto:blipman@rpa.nj.gov">blipman@rpa.nj.gov</a></p> <p>Susan McClure, Esq. <a href="mailto:smcclure@rpa.nj.gov">smcclure@rpa.nj.gov</a></p> <p>Emily Smithman, Esq. <a href="mailto:esmithman@rpa.nj.gov">esmithman@rpa.nj.gov</a></p> <p>Christine Juarez, Esq. <a href="mailto:cjuarez@rpa.nj.gov">cjuarez@rpa.nj.gov</a></p> <p><b><u>New Jersey Department of Law and Public Safety</u></b> Public Utilities Section Richard J. Hughes Justice Complex 25 Market Street P.O. Box 112 Trenton, NJ 08625-0112</p> <p>Daren Eppley, Section Chief, DAG <a href="mailto:daren.eppley@law.njoag.gov">daren.eppley@law.njoag.gov</a></p> <p>Pamela Owen, Assistant Section Chief, DAG <a href="mailto:pamela.owen@law.njoag.gov">pamela.owen@law.njoag.gov</a></p> <p>Brandon Simmons, DAG <a href="mailto:brandon.simmons@law.njoag.gov">brandon.simmons@law.njoag.gov</a></p> <p>Meliha Arnautovic, DAG <a href="mailto:meliha.arnautovic@law.njoag.gov">meliha.arnautovic@law.njoag.gov</a></p> <p>Steven Chaplar, DAG <a href="mailto:steven.chaplar@law.njoag.gov">steven.chaplar@law.njoag.gov</a></p> <p><b><u>Mount Laurel Township Municipal Utilities Authority</u></b> Anthony R. Francioso, Esq. Fornaro Francioso LLC 1540 Kuser Road, A-1 Hamilton, New Jersey 08619 <a href="mailto:afrancioso@fomarofrancioso.com">afrancioso@fomarofrancioso.com</a></p>	<p><b><u>New Jersey Board of Public Utilities</u></b> 44 South Clinton Avenue, 1<sup>st</sup> Floor Post Office Box 350 Trenton, NJ 08625-0350</p> <p>Sherri L. Golden, Secretary <a href="mailto:board.secretary@bpu.nj.gov">board.secretary@bpu.nj.gov</a></p> <p>Stacy Peterson, Deputy Executive Director <a href="mailto:stacy.peterson@bpu.nj.gov">stacy.peterson@bpu.nj.gov</a></p> <p><u>General Counsel's Office</u></p> <p>Michael Beck, General Counsel <a href="mailto:michael.beck@bpu.nj.gov">michael.beck@bpu.nj.gov</a></p> <p>Carol Artale, Deputy General Counsel <a href="mailto:carol.artale@bpu.nj.gov">carol.artale@bpu.nj.gov</a></p> <p>Michael Hunter, Regulatory Officer <a href="mailto:Michae.hunter@pu.nj.gov">Michae.hunter@pu.nj.gov</a></p> <p><u>Division of Water &amp; Energy</u></p> <p>Mike Kammer, Director <a href="mailto:mike.kammer@bpu.nj.gov">mike.kammer@bpu.nj.gov</a></p> <p><u>Malike.Cummings, Deputy Director</u> <a href="mailto:malike.cummings@bpu.nj.gov">malike.cummings@bpu.nj.gov</a></p> <p>Andrew Tuzzo <a href="mailto:andrew.tuzzo@bpu.nj.gov">andrew.tuzzo@bpu.nj.gov</a></p> <p><b><u>Middlesex Water Company</u></b> 485C Route One South, Suite 400 Iselin, New Jersey 08830</p> <p>Jay L. Kooper, Vice President, General Counsel &amp; Secretary <a href="mailto:jkooper@middlesexwater.com">jkooper@middlesexwater.com</a></p>
---	--



April 13, 2023

**Via Email**

The Honorable Sherri Golden  
Secretary to the Board  
New Jersey Board of Public Utilities  
44 South Clinton Avenue  
Trenton, New Jersey 08625-0350

**Re: 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 Clause  
BPU Docket No. WR22110693**

Dear Secretary Golden:

Enclosed herewith is a signed stipulation, representing the signatory parties' settlement of the above-captioned matter. Also enclosed are letters of no objection to the stipulation of settlement submitted on behalf of Middlesex Water Company and the Mount Laurel Township Municipal Utilities Authority with their permission.

Additionally, we hereby respectfully request an expedited order in the above-captioned matter, with said order providing that the subject rates shall be effective May 1, 2023, to avoid further compression of the rates to be implemented as a result of the Board's anticipated order.

Petitioner will assume responsibility for serving a copy of the Order on all parties via email as permitted by the Board in Docket No. EO20030254.

Thank you for your attention to this matter. Please do not hesitate to contact me should you have any questions.

Respectfully submitted,

A handwritten signature in blue ink that reads "Christopher M. Arfaa".

Christopher M. Arfaa

CMA:dlc  
Enc.

c: Service list (via email, w/enc.)

**I/M/O the Petition of New Jersey American Water Company, Inc. to  
Change the Levels of its Purchased Water Adjustment Clause and  
Purchased Wastewater Treatment Adjustment Clause  
BPU Docket No. WR22110693**

**Service List**

Mike Kammer, Director  
Division of Water and Wastewater  
Board of Public Utilities  
44 South Clinton Avenue  
PO Box 350  
Trenton, NJ 08625

Pamela L. Owen, DAG  
Assistant Section Chief  
Division of Law  
R.J. Hughes Justice Complex, 7th Fl. West  
25 Market Street, P.O. Box 112  
Trenton, N.J. 08625

Dr. Ben Witherell, Chief Economist  
Board of Public Utilities  
44 South Clinton Avenue  
PO Box 350  
Trenton, NJ 08625

Meliha Arnautovic, DAG  
Division of Law  
R.J. Hughes Justice Complex, 7th Fl. West  
25 Market Street, P.O. Box 112  
Trenton, N.J. 08625

Kyle Felton  
Division of Water and Wastewater  
Board of Public Utilities  
44 South Clinton Avenue  
PO Box 350  
Trenton, NJ 08625

Brandon Simmons, DAG  
Division of Law  
R.J. Hughes Justice Complex, 7th Fl. West  
25 Market Street, P.O. Box 112  
Trenton, N.J. 08625

Andrew Tuzzo  
Board of Public Utilities  
44 South Clinton Avenue  
PO Box 350  
Trenton, NJ 08625

Brian O. Lipman, Director  
Division of Rate Counsel  
140 East Front Street, 4th Floor  
P.O. Box 003  
Trenton, NJ 08625

Cindy Bianco  
Board of Public Utilities  
44 South Clinton Avenue  
PO Box 350  
Trenton, NJ 08625

Susan E. McClure, Esq.  
Division of Rate Counsel  
140 East Front Street, 4th Floor  
P.O. Box 003  
Trenton, NJ 08625

Malike Cummings  
Board of Public Utilities  
44 South Clinton Avenue  
PO Box 350  
Trenton, NJ 08625

Christine Juarez, Esq.  
Division of Rate Counsel  
140 East Front Street, 4th Floor  
P.O. Box 003  
Trenton, NJ 08625

David Schmitt  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Fl.  
PO Box 350  
Trenton, NJ 08625

Emily Smithman, Esq.  
Division of Rate Counsel  
140 East Front Street, 4th Floor  
P.O. Box 003  
Trenton, NJ 08625



**I/M/O the Petition of New Jersey American Water Company, Inc. to  
Change the Levels of its Purchased Water Adjustment Clause and  
Purchased Wastewater Treatment Adjustment Clause  
BPU Docket No. WR22110693**

**Service List**

David Peterson  
Chesapeake Regulatory Consultants, Inc.  
10351 Southern Maryland Blvd., Suite 202  
Dunkirk, MD 20754-9500

Oleg Kostin  
Director of Operations  
New Jersey American Water  
167 John F. Kennedy Parkway  
Short Hills, NJ 07078

Jay L. Kooper, Esq.  
Vice President, General Counsel & Secretary  
Middlesex Water Company  
485C Route One South  
Suite 400  
Iselin, NJ 08830

Donna Carney  
Principal Paralegal  
New Jersey American Water  
149 Yellowbrook Road  
Farmingdale, NJ 07727

Michele L. Tilley  
Director of Rates & Budgets  
Middlesex Water Company  
485C Route One South  
Suite 400  
Iselin, NJ 08830

Anthony R. Francioso  
Fornaro Francioso LLC  
Center City Office Park  
1540 Kuser Rd, Suite A1  
Hamilton, New Jersey 08619

Christopher M. Arfaa, Esq.  
New Jersey American Water  
1 Water Street  
Camden, NJ 08102

John S. Tomac  
Senior Director of Rates & Regulatory  
New Jersey American Water  
1 Water Street  
Camden, NJ 08102

Jamie Hawn  
Sr. Manager of Rates & Regulatory  
New Jersey American Water  
1 Water Street  
Camden, NJ 08102

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

IN THE MATTER OF THE PETITION OF : BPU Docket No. WR22110693  
NEW JERSEY-AMERICAN WATER :  
COMPANY, INC. FOR AUTHORIZATION : STIPULATION OF SETTLEMENT  
TO CHANGE THE LEVEL OF ITS :  
PURCHASED WATER ADJUSTMENT :  
CLAUSE AND PURCHASED :  
WASTEWATER TREATMENT :  
ADJUSTMENT CLAUSE :

**APPEARANCES:**

**Christopher M. Arfaa, 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 (Matthew J. Platkin, Attorney General of New Jersey);

**Susan McClure, Deputy Rate Counsel**, and **Christine Juarez, Assistant Deputy Rate  
Counsel**, on behalf of the Division of Rate Counsel (Brian O. Lipman, Director);  
and

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

**Anthony Francioso, Esq.**, on behalf of Mount Laurel Township Municipal Utilities  
Authority

**TO THE HONORABLE BOARD OF PUBLIC UTILITIES:**

On November 15, 2022, 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 originally

requested in the Petition would have increased annual revenues by \$7,922,067, or 0.95%, above total Company revenues of approximately \$848,173,565. After updating the request to reflect suppliers' new rates, the updated request would increase annual revenues by \$6,994,958, or 0.84%. As a result of settlement discussions, the Company, the New Jersey Division of Rate Counsel ("Rate Counsel") and Staff of the Board ("Board Staff") (collectively, "Signatory Parties") have agreed to the updated requested amount.

New Jersey-American Water 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 Borough of Florham Park. 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.

As of December 31, 2021, New Jersey-American Water serves approximately 662,000 water and fire service customers and approximately 53,200 sewer service customers.

In New Jersey-American Water's base rate case at BPU Docket No. WR06030257, 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 effective September 1, 2022. *In the Matter of New Jersey American Water Company for Approval of Increased Tariff Rates and Charges for Water and Sewer Service and Other Tariff Modifications, Order Adopting Initial Decision/Stipulation*, BPU Docket No. WR22010019 (August 17, 2022). The Company's base rates do not include PWAC or PSTAC pass-through charges to customers.

New Jersey-American Water proposes to increase its PWAC rate within its PWAC Rate Schedule O-1 from \$0.4606 per thousand gallons of water to \$0.5406 per thousand gallons of water for Non-Exempt customers. The Company proposes to increase its PWAC rate from \$0.3978 per thousand gallons of water to \$0.4669 per thousand gallons for Exempt customers. It also proposes to address its PSTAC charges as follows:

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 \$32.6814 per thousand gallons to \$33.6195 per thousand gallons.

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 \$4.6793 per thousand gallons to \$4.6241 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, would change from \$6.5695 per thousand gallons to \$6.8909 per thousand gallons.

On November 18, 2022, 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 was invited to participate in all settlement conferences and meetings. On February 23, 2023, after publication of proper notice to the general public in newspapers of general circulation, posting of notice on the Company's website, and service of notice upon affected municipalities and counties within NJAWC's service area, two virtual public hearings were held, at 4:30 p.m. and 5:30 p.m., presided over by a hearing officer of the Board. Members of the public did not attend nor were any written comments received.

Rate Counsel served interrogatories on New Jersey-American Water, which were responded to in full by the Company. On March 2, 2023, the Mount Laurel Municipal Utilities Authority ("Mount Laurel") filed a motion to intervene. On April 12, 2023, the Board granted Middlesex's and Mount Laurel's motions to intervene.

The parties engaged in settlement negotiations during March and April 2023. 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 OF SETTLEMENT

1. The PWAC and PSTAC rates were originally calculated with an effective date of April 1, 2023, for the PWAC and PSTAC year ending March 31, 2024.

2. The effective date of the proposed PWAC and PSTAC rate changes is now anticipated to be May 1, 2023, and the Signatory Parties agree that a compression factor should be applied to the proposed rates to avoid a large disparity in the PWAC and PSTAC for the annual period ending March 31, 2024. In the event that the herein agreed to PWAC and PSTAC rates are implemented on a date later than May 1, 2023, these PWAC and PSTAC rates will be further compressed to take into account their effectiveness on this later date as the Signatory Parties acknowledge that

the rates shall be become effective upon the date set forth in the Board Order approving this Stipulation.

3. The Signatory Parties recommend that the Board approve a change to the Company's PWAC rate on PWAC Rate Schedule O-1, reflecting the rate compression factor described above in Paragraph 2, from \$0.4606 per thousand gallons of water for Non-Exempt customers to \$0.5477 per thousand gallons of water for Non-Exempt customers and from \$0.3978 per thousand gallons of water for Exempt customers to \$0.4731 per thousand gallons of water for Exempt customers.

4. The Signatory Parties further recommend that the Board permit the Company to change its effective PSTAC charges, including the effects of the rate compression factor, as follows:

For customers in Ocean City, Cape May County,<sup>1</sup> 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 \$32.6814 per thousand gallons to \$33.7033 per thousand gallons.

For Lakewood Township, Ocean County,<sup>2</sup> the rate per thousand gallons of prior year's winter quarter as reflected within PSTAC Rate Schedule 2-B from \$4.6793 per thousand gallons to \$4.6191 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 \$6.5695 per thousand gallons to \$6.9196 per thousand gallons.

5. The effective PWAC rate change, reflecting the effects of the rate compression factor, would result in a change in the annual bill of an average residential customer utilizing 5,520 gallons per month as follows:

---

<sup>1</sup> While the per thousand gallon rate differs from the rate in the Public Notice due to the compression factor, the overall annual increase remains the same.

<sup>2</sup> While the per thousand gallon rate differs from the rate in the Public Notice due to the compression factor, the overall annual increase remains the same.

	<u>Present Per Month</u>	<u>Proposed Per Month</u>	<u>Amount Change</u>	<u>Percentage Change</u>
Statewide - GMS	\$65.31	\$65.79	\$0.48	0.73%
Statewide - SFR	\$65.31	\$65.79	\$0.48	0.73%
Rate Schedule A-15	\$62.76	\$63.24	\$0.48	0.76%
Rate Schedule A-16	\$41.46	\$41.94	\$0.48	1.16%

6. The PSTAC rate changes, reflecting the effects of the rate compression factor, will result in: an increase for an average sewer service customer in Ocean City, Cape May County utilizing 16,560 gallons of water in the summer quarter and 66,240 gallons of water annually, of \$1.42 per month or 1.85%; a decrease for a typical residential sewer service customer in Lakewood Township, Ocean County utilizing 16,560 gallons of water in the winter quarter and 66,240 gallons of water annually, of (\$0.33) per month or -0.50%; and an increase for an average sewer service customer in the Adelpia section of Howell Township, Monmouth County utilizing 66,240 gallons of water annually, of \$1.94 per month or 2.51%.

7. NJAWC plans to file its next PWAC/PSTAC petition on or before November 15, 2023.

8. 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: The Company's calculation utilizes over/under-recovered for the current month plus the over/under-recovered of the prior month less the amortization of the current month's over/under-recovered of prior year's PWAC amount to determine the monthly cumulative true-up balance. Then, in accordance with the interest rules at N.J.A.C. 14:3-13(d), the average cost balance for the month is multiplied by the rate determined. The interest per month is then added together for the PWAC period to determine the total interest for the over/under-recovered

amount. The Signatory Parties agree to review this methodology and adjust it as necessary and appropriate in future PWAC proceedings.

9. The PWAC/PSTAC rates established herein will increase annual revenues by \$6,994,958, or 0.84%. Thus, the Company will collect annual revenues of \$45,427,194 for PWAC and \$19,289,747 for PSTAC.

10. The Company will comply with the provisions of N.J.A.C. 14:9-7.4 regarding 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.

11. 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.

12. 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.

13. 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.



14. 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.

15. 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.

16. The Signatory Parties understand that Middlesex and Mt. Laurel will file letters with the Board indicating that they do not object to the terms of the Stipulation.

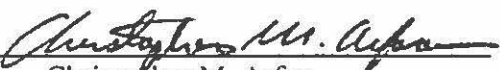
[SPACE INTENTIONALLY LEFT BLANK]

BRIAN O. LIPMAN, DIRECTOR  
DIVISION OF RATE COUNSEL

By:   
Susan McClure  
Deputy Rate Counsel


Dated: 4/13/2023

NEW JERSEY-AMERICAN WATER  
COMPANY, INC.

By:   
Christopher M. Arfaa  
Corporate Counsel

Dated: April 12, 2023

MATTHEW J. PLATKIN  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the Board of Public Utilities

By:   
Meliha Arnautovic  
Deputy Attorney General

Dated: April 12, 2023

# FORNARO FRANCIOSO LLC

## COUNSELLORS AT LAW

1540 KUSER ROAD, SUITE A1, HAMILTON, NEW JERSEY 08619-3828  
TELEPHONE 609-584-6104 ♦ TELEFAX 609-584-2709

RICHARD D. FORNARO\*  
ANTHONY R. FRANCIOSO\*

*Of Counsel*  
KATHLEEN A. FRANCIOSO\*

\*MEMBERS OF THE NEW JERSEY & PENNSYLVANIA BAR

April 12, 2023  
Via Electronic Mail

Honorable Sherri Golden  
Secretary  
NJ Board of Public Utilities  
44 South Clinton Avenue  
PO Box 350  
Trenton, New Jersey 08625

Re: 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 Purchased Wastewater Treatment Clause BPU Docket No. WR22110693

Dear Secretary Golden:

Fornaro Francioso LLC represents Mount Laurel Township Municipal Utilities Authority in the referenced matter. With respect to the above-referenced matter the Mount Laurel Township Municipal Utilities Authority is aware that a settlement has been reached. The Mount Laurel Township Municipal Utilities Authority will not be a signatory to the Stipulation of Settlement and will not be filing any opposition.

Thank you for your attention to the foregoing.

Very truly yours,  
FORNARO FRANCIOSO LLC  
*Anthony R. Francioso*  
Anthony R. Francioso, Esq.

ARF/

c: Service List  
Pamela J. Carolan, Executive Director



April 13, 2023

**Via Electronic Mail**

The Honorable Sherri Golden  
Secretary  
New Jersey Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Trenton, NJ 08625

Re: In the Matter of the Petition of New Jersey American Water Company for Approval To Change The Levels of Its Purchased Water Adjustment Clause and Purchased Wastewater (Sewer) Adjustment Clause Pursuant to N.J.A.C. 14:9-7.1, et seq.  
BPU Docket No. WR22110693

Dear Secretary Golden:

Middlesex Water Company (“Middlesex”), an Intervenor in the above-referenced matter, has reviewed the proposed Stipulation of Settlement (“Stipulation”) that has been executed by the signatory parties and forwarded to Your Honor. Please be advised that Middlesex does not object to the Stipulation.

Respectfully submitted,

A handwritten signature in black ink that reads 'Jay Kooper'.

Jay L. Kooper  
Vice President, General Counsel & Secretary

cc: Service List (via electronic mail)