



Agenda Date: 10/13/11
Agenda Item: 5A

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 THE PETITION OF THE)
ATLANTIC CITY SEWERAGE COMPANY FOR)
AUTHORIZATION TO INCREASE TARIFF RATES)
AND CHARGES FOR SEWERAGE SERVICE)
)
ORDER ADOPTING
INITIAL DECISION/STIPULATION
BPU DOCKET NO. WR11040247
OAL DOCKET NO. 05806-2011N

and

IN THE MATTER OF THE PETITION OF THE)
ATLANTIC CITY SEWERAGE COMPANY TO)
CHANGE THE LEVEL OF ITS PURCHASED)
SEWERAGE TREATMENT ADJUSTMENT)
CLAUSE)
)
BPU DOCKET NO. WR11020102
OAL DOCKET NO. 03668-2011N

Parties of Record:

Ira G. Megdal, Esquire, for Petitioner
Stefanie Brand, Esquire, Director, Division of Rate Counsel

BY THE BOARD:

On February 24, 2011, the Atlantic City Sewerage Company (“ACS”, “Petitioner” or “Company”), a public utility of the State of New Jersey, subject to the jurisdiction of the Board of Public Utilities (“Board”) and serving customers within the City of Atlantic City, Atlantic County, New Jersey, filed a petition to change the level of its Purchased Sewerage Treatment Adjustment Clause (“PSTAC”) pursuant to N.J.A.C. 14:9-8.1, et. seq.

On April 29, 2011, ACS filed a petition seeking an increase to its base tariff rates pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.12, et. seq. The base rate petition was filed based upon eight months of actual results for the test year and four months of projections, based on a 12 month period ending June 30, 2011. The rates proposed in the base rate case were designed to yield additional pro forma operating revenues of \$1,803,445 or 9.5%. Subsequently, the Company updated its filing to reflect twelve months of actual test year results. In that update, the Company revised its requested increase to \$1,738,702.

The Petitioner operates a sewage collection and transmission system within its defined service territory that serves approximately 7,692 customers. Petitioner purchases its sewage treatment from the Atlantic County Utilities Authority ("ACUA").

Both the PSTAC and the rate petition were transmitted to the Office of Administrative Law ("OAL") where they were assigned to Administrative Law Judge ("ALJ") Mumtaz Bari-Brown. A public hearing was held at 5:00 pm on July 26, 2011 at City Hall in Atlantic City, New Jersey for both matters. No members of the public attended the hearing.

Beginning January 1, 2012, the uncompressed PSTAC charge of \$20.89 per Mcf shall become effective resulting in an increase of \$0.425 per Mcf from the compressed charge, which still represents a decrease from the current charge of \$21.00 Mcf. The Company will make a compliance filing with the Board effective January 1, 2012 incorporating this rate change.

ACSC shall account for net cumulative over-recoveries and under-recoveries resulting from the PSTAC. These over-recoveries and under-recoveries will be charged or credited to the PSTAC in subsequent PSTAC proceedings. The net monthly cumulative over-recoveries and under-recoveries shall be calculated for each month, utilizing an average balance for each month. Interest on net cumulative monthly over-recoveries shall be credited to the PSTAC at an interest rate equal to the return on rate base of 7.09%. Similarly, interest on net monthly under-recoveries shall be charged against the PSTAC. If Petitioner has another base rate case completed while this PSTAC is in effect, the return on rate base utilized in that base rate case shall become the interest rate on net monthly cumulative over-recoveries and under-recoveries, on a prospective basis. If, as of December 31, 2011, interest shall be due on the PSTAC, such interest shall in fact be credited to the PSTAC. If, as of December 31, 2011, interest shall be chargeable against the PSTAC, said interest shall be eliminated through appropriate accounting entries.

Attached as Exhibit "A" to the Stipulation is the Certification of Plant in Service as of October 13, 2011 for all post test year plant additions. On October 12, 2011, the Company provided a Certification certifying that the construction of two replacement force mains was complete and that the two force mains were in service. The Company further certified that additional projects, including ancillary force main related pipe and soil removal will be completed prior to December 31, 2011. A copy of the October 12, 2011 certification is attached hereto. The Company agrees to provide the Board with a supplemental certification in January 2012 for the remaining ancillary projects that will be placed in service through December 31, 2011.

Attached as Exhibit "A" to the Stipulation is the Certification of Plant in Service as of October 13, 2011 for all post test year plant additions. On October 12, 2011, the Company provided a Certification certifying that the construction of two replacement force mains was complete and that the two force mains were in service. The Company further certified that additional projects, including ancillary force main related pipe and soil removal will be completed prior to December 31, 2011. The Company agrees to provide the Board with a supplemental certification in January 2012 for the remaining projects that will be placed in service through December 31, 2011.

- a. The Board makes the October 12, 2011 certification, certifying that the two force mains are now in service, part of this proceeding.

- b. In accordance with the provisions of N.J.A.C. 14:9-7.4 and this Order, the Petitioner shall file with the Board, no later than 45 days after the adjustment clause has been in effect for one year, a PSTAC true-up schedule in connection with this proceeding. Copies of the true-up schedules shall be served upon all parties to the present proceeding.
- c. 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 herein are HEREBY ACCEPTED; and

Attached as Exhibit "B" to the Stipulation is the stipulated capital structure which is composed of 56.46% and 43.54% equity. The Parties hereto further stipulate to a rate base of \$34,525,371 and that rates in this proceeding have been designed to yield an annual return to ACSC of 10.3% on common equity and an overall return of 7.09% on rate base.

ALJ Bari-Brown issued her Initial Decision on September 27, 2011, recommending adoption of the Stipulation executed by the Parties, finding that the Parties had voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues and is consistent with the law. No exceptions have been received by the Board.

Having reviewed ALJ Bari-Brown's Initial Decision and the Stipulation, the Board HEREBY FINDS that the Parties have voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues in these proceedings and is consistent with the law. The Board HEREBY FINDS the Initial Decision which adopts the Stipulation to be reasonable, in the public interest and in accordance with law. Therefore, the Board HEREBY ADOPTS the Initial Decision and the Stipulation, attached hereto, including all attachments and schedules, as its own, incorporating by reference the terms and conditions of the Stipulation as if fully set forth herein, subject to the following:

- a. In accordance with the provisions of N.J.A.C. 14:9-7.4 and this Order, the Petitioner shall file with the Board, no later than 45 days after the adjustment clause has been in effect for one year, a PSTAC true-up schedule in connection with this proceeding. Copies of the true-up schedules shall be served upon all parties to the present proceeding.

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 herein are HEREBY ACCEPTED; and

The stipulated increase and the tariff design allocations for each customer classification are HEREBY ACCEPTED.

The Board HEREBY DIRECTS the Company to submit a complete revised tariff conforming to the terms and conditions of the Stipulation and this Order within ten (10) days from the date of this Order.

This Order shall be effective on October 18, 2011.


DATED:


10/13/11

BOARD OF PUBLIC UTILITIES
BY:



LEE A. SOLOMON
PRESIDENT

JEANNE M. FOX
COMMISSIONER

JOSEPH L. FIORDALISO
COMMISSIONER

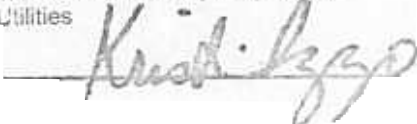
NICHOLAS ASSELTA
COMMISSIONER

ATTEST:



KRISTI IZZO
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 Atlantic City Sewerage Company for Authorization to Increase
Tariff Rates and Charges for Sewerage Service
BPU Docket No. WR11040247
OAL Docket No. PUC 05806-2011N

In the Matter of the Petition of the Atlantic City Sewerage Company to Change the Level of its
Purchased Sewerage Treatment Clause
BPU Docket No. WR11020102
OAL Docket No. PUC 03668-2011N

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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 03668-11

AGENCY DKT. NO. WR11020102

**I/M/O THE PETITION OF ATLANTIC CITY
SEWERAGE COMPANY TO CHANGE THE
LEVEL OF ITS PURCHASED SEWERAGE
TREATMENT ADJUSTMENT CLAUSE.**

(CONSOLIDATED)

OAL DKT. NO. PUC 05806-11

AGENCY DKT. NO. WR11040247

**I/M/O THE PETITION OF ATLANTIC CITY
SEWERAGE COMPANY FOR AUTHORIZATION
TO INCREASE TARIFF RATES AND CHARGES
FOR SEWERAGE SERVICE.**

Ira G. Megdal, Esq., and Stacy A. Mitchell, Esq. for petitioner The Atlantic City
Sewerage Company (Cozen O'Connor, attorneys)

Susan E. McClure, Esq., Assistant Deputy Rate Counsel, Division of Rate
Counsel (Stefanie A. Brand, Director, Division of Rate Counsel)

Marisa Slaten, Deputy Attorney General, on behalf of the Staff of the Board of Public Utilities (“Board Staff”) (Paula T. Dow, Attorney General of New Jersey, attorney)

Record Closed: September 22, 2011

Decided: September 27, 2011

BEFORE MUMTAZ BARI-BROWN, ALJ:

On February 24, 2011, the Atlantic City Sewerage Company (“ACSC”, the “Company” or “Petitioner”), filed a petition with the New Jersey Board of Public Utilities (the “Board” or “BPU”) to change the level of its Purchased Sewerage Treatment Adjustment Clause (“PSTAC”), pursuant to the provisions of N.J.A.C. 14:9-8.1 et seq. (the “PSTAC Petition”). The matter was thereafter transmitted to the Office of Administrative Law (“OAL”) on April 5, 2011 for hearing as a contested case. The proceeding was assigned Docket No. WR11020102 by the Board and Docket No. PUC 03668-2011N by the OAL.

On April 29, 2011, the Company filed a petition with the BPU proposing to increase its base tariff rates (the “Base Rate Petition”). The matter was transmitted by the Board to the OAL for hearing as a contested case on May 20, 2011. The proceeding was assigned Docket No. WR11040247 by the Board and Docket No. PUC 05806-2011N by the OAL.

Both the PSTAC Petition and Base Rate Petition were assigned to Administrative Law Judge Mumtaz Bari-Brown. Judge Bari-Brown convened a prehearing conference on June 8, 2011 and a Prehearing Order dated June 30, 2011, emanated therefrom.

After appropriate public notice of the Base Rate and PSTAC Petitions, a public hearing was held in Atlantic City, New Jersey on July 26, 2011 and 5:00 p.m. and was presided over by the Honorable William Todd Miller. No one from the public was in attendance.

On May 16, 2011, the Board entered an Order in the Base Rate proceeding suspending the proposed rate increase until September 30, 2011. The Board issued an Order on August 18, 2011, further suspending the rate increase until January 30, 2012.

Discovery was propounded upon the Petitioner by Rate Counsel and Board Staff. In addition to discovery, the parties engaged in settlement discussions the result of which was a Stipulation of Settlement which is attached to this Initial Decision as Exhibit "A".

reviewed the record and the terms of the Stipulation and find:

The parties to the Stipulation have voluntarily agreed to a settlement as evidenced by their signatures.

The Stipulation has been executed by all parties of record.

I **CONCLUDE** that this agreement meets the requirements of N.J.A.C. 1:1-19.1, and accordingly, I approve the settlement and **ORDER** that the parties comply with the terms of the settlement and that these proceedings be concluded.

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.

September 27, 2011
DATE


MUMTAZ BARI-BROWN, ALJ

Date Received at Agency: _____

Date Mailed to Parties: _____
dr



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ATTORNEY RESPONSIBLE
FOR NJ PRACTICE

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September 26, 2011

VIA UPS

Mumtaz Bari-Brown, ALJ
Office of Administrative Law
33 Washington Street
Newark, NJ 07102

**Re: In the Matter of the Petition of the Atlantic City Sewerage Company for
Authorization to Increase Tariff Rates and Charges for Sewerage Service
BPU Docket No. WR11040247
OAL Docket No. PUC05806-2011N
-and-
In the Matter of the Petition of the Atlantic City Sewerage Company to
Change the Level of its Purchased Sewerage Treatment Adjustment Clause
BPU Docket No. WR11020102
OAL Docket No. PUC03668-2011N**

Dear Judge Bari-Brown:

Enclosed please find a copy of the Stipulation with original signature pages attached in the above-referenced matters.

Very truly yours,

COZEN O'CONNOR


By Stacy A. Mitchell

SAM/bab
Enclosure
cc: Service List Attached (via e-mail only)

**IN THE MATTER OF THE PETITION OF THE ATLANTIC CITY SEWERAGE
COMPANY FOR AUTHORIZATION TO INCREASE TARIFF RATES AND CHARGES
FOR SEWERAGE SERVICE**

**BPU DOCKET NO. WR11040247
OAL DOCKET NO. PUC05806-2011N**

-and

**IN THE MATTER OF THE PETITION OF THE ATLANTIC CITY SEWERAGE
COMPANY TO CHANGE THE LEVEL OF ITS PURCHASED SEWERAGE
TREATMENT ADJUSTMENT CLAUSE**

**BPU DOCKET NO. WR11020102
OAL DOCKET NO. PUC03668-2011N**

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES
OFFICE OF ADMINISTRATIVE LAW

IN THE MATTER OF THE PETITION OF :
THE ATLANTIC CITY SEWERAGE : **BPU DOCKET NO. WR11040247**
COMPANY FOR AUTHORIZATION TO :
INCREASE TARIFF RATES AND : **OAL DOCKET NO. PUC 05806-2011N**
CHARGES FOR SEWERAGE SERVICE :

IN THE MATTER OF THE PETITION OF :
THE ATLANTIC CITY SEWERAGE : **BPU DOCKET NO. WR11020102**
COMPANY TO CHANGE THE LEVEL OF : **OAL DOCKET NO. PUC 03668-2011N**
ITS PURCHASED SEWERAGE :
TREATMENT ADJUSTMENT CLAUSE : **STIPULATION**

APPEARANCES:

Ira G. Megdal, Esquire, and Stacy A. Mitchell, Esquire (Cozen O'Connor, attorneys) for
The Atlantic City Sewerage Company, Petitioner

Susan E. McClure, Esq., Assistant Deputy Rate Counsel, Division of Rate Counsel;
(Stefanie A. Brand, Director, Division of Rate Counsel)

Marisa Slaten, Deputy Attorney General, (Paula T. Dow, Attorney General of New
Jersey) on behalf of the Staff of the Board of Public Utilities ("Board Staff")

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

I. INTRODUCTION

1. The Atlantic City Sewerage Company ("ACSC", the "Company" or "Petitioner")
a public utility company of the State of New Jersey, operates a sewage collection and
transmission system within its defined service territory, consisting of the City of Atlantic City,
New Jersey. Within its service territory, Petitioner serves approximately 7,692 customers.
Petitioner purchases its sewage treatment from the Atlantic County Utilities Authority
("ACUA").

2. On February 24, 2011, the Company filed a petition with the Board to Change the Level of its Purchased Sewerage Treatment Adjustment Clause ("PSTAC"), pursuant to the provisions of *N.J.A.C. 14:9-8.1, et seq.* (the "PSTAC Petition"). The matter was transmitted to the OAL on March 28, 2011 for hearing as a contested case. The proceeding was assigned Docket No. WR11020102 by the Board and Docket No. PUC03668-20011N by the OAL. ALJ Mumtaz Bari-Brown was also assigned to this matter.

3. On April 29, 2011, the Company filed a petition with the New Jersey Board of Public Utilities ("BPU" or the "Board") proposing to increase its base tariff rates (the "Base Rate Petition"). The matter was transmitted by the Board to the Office of Administrative Law ("OAL") for hearing as a contested case on May 16, 2011 and was assigned to the Honorable Mumtaz Bari-Brown, Administrative Law Judge. The matter was assigned Docket No. WR11040247 by the Board and Docket No. PUC 05806-2011N by the OAL.

4. After appropriate public notice of the Base Rate and PSTAC Petitions, a public hearing in the matters was held in Atlantic City, New Jersey on July 26, 2011 at 5:00 p.m. presided over by the Honorable William Todd Miller. No one from the public was in attendance.

5. The parties to the proceedings include the Board Staff, the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel"), and the Company (hereafter, the "Parties"). There were no intervenors in either matter. Discovery was propounded by Board Staff and Rate Counsel in the proceedings and answered in full by the Company.

6. In addition to discovery, the Parties have also engaged in settlement discussions. As a result of these discussions, the Parties to this Stipulation agree to a resolution of all issues which arose in the proceedings and hereto stipulate as follows:

II. BASE RATES

7. By the Base Rate Petition, ACSC sought authorization to increase its base tariff rates to produce increased pro-forma operating revenues of \$1,803,445. The Company proposed to increase the Volumetric Collection Charge and Fixed Charges, in amounts varying by meter size.

8. ~~Based upon Petitioner's books and prospective operating revenues for the twelve month period ending June 30, 2011, the rates proposed in the Base Rate Petition were designed to yield additional proforma operating revenues of \$1,803,445 or 9.5%. The Base Rate Petition was based upon eight months of actual results for the test year and four months of projections. The Company updated its filing to reflect twelve months of actual test year results. In that update, the Company revised its requested increase to \$1,738,702.~~

9. The Parties agree that the twelve (12) months ending June 30, 2011, adjusted for known and measurable changes, constitutes the appropriate Test Year for use in this proceeding. The Company has certified that the post-test year additions, *i.e.*, the N.Y. and St. James Force Mains, will be in-service as of October 13, 2011. *See* Certification of Louis M. Walters attached hereto as Exhibit "A". The Parties further agree that the Company will provide a final written certification to the Board in January of 2012 to include all additional, ancillary plant and/or projects that will be completed and transferred to in-service status beyond the Test Year period.

10. The Parties hereto stipulate to a base rate increase of \$985,000.

11. ~~The stipulated capital structure of the Company, as demonstrated in Exhibit "B",~~ is comprised of 56.46% debt and 43.54% equity. The Parties hereto further stipulate to a rate base of \$34,525,371 and that rates in this proceeding have been designed to yield an annual return to ACSC of 10.3% on common equity and an overall return of 7.09% on rate base.

12. Attached to this Stipulation, as Exhibit "C", are the Tariff sheets necessary to

produce the stipulated proforma annual operating revenues. The Parties to this Stipulation agree that the Tariff sheets constituting Exhibit "C" should replace and be substituted for the existing Tariff sheets. The Parties to this Stipulation agree further that the Tariff sheets constituting Exhibit "C" should be accepted by the Board, and made effective as of October 18, 2011 or as soon thereafter as the Board may act.

13. The base rate increase in the amount of \$985,000 represents a 5.18% increase above adjusted test year revenues of \$ 19,022,707. Accordingly, the Company will continue to provide safe, adequate and proper service to its customers.

III. PSTAC

14. By the PSTAC Petition, the Company proposed to raise its Volumetric Treatment Charge, effective January 1, 2011.

15. By way of background, ACSC does not treat any sewage. Rather, ACSC is solely engaged in the collection and transmission of sewage within the City of Atlantic City. All of the sewage collected and transmitted by the Company is treated by the ACUA.

16. ACSC does not meter sewage flows, but bills its customers on the basis of water entering its customers' premises. ACSC is furnished data regarding water entering its customers' premises by the Atlantic City Municipal Utilities Authority ("ACMUA"), the entity purveying water within the City of Atlantic City. Each year, ACSC bills its customers (other than certain large volume customers) based on water consumption during the prior year.

17. The PSTAC Petition was based on projected consumption by customers for the billing cycles of January 1, 2011 through December 31, 2011, based upon actual 2010 consumption.

18. The Company's PSTAC rate is implemented through the use of its Volumetric

Treatment Charge. In its initial filing, ACSC sought to increase its Volumetric Treatment Charge from its current level of \$21.00 per Mcf of metered water, to a rate of \$21.54 per Mcf of metered water, prior to compression. The initial filing was based on estimates, preliminary in nature, and updated as the case progressed.

19. The amount of ACUA treatment costs to be recovered through the PSTAC is \$8,728,732. This amount has been further adjusted by the projected regulatory costs of \$8,000; as well as \$69,134 over collection in 2009 and 2010 to reflect a total amount be recovered through the PSTAC of \$8,667,598. This is the amount to be recovered in 2011 through the Volumetric Treatment Charge, which is the rate through which the PSTAC is affected. When this amount is divided by the projected 2011 flows of 414,923 Mcf, the resulting PSTAC rate, prior to compression, is \$20.89 per Mcf. This represents a decrease of \$1.02 or 0.21% on the average residential customers' annual sewerage bill.

The Volumetric Treatment Charge of \$20.89 assumes an implementation date of January 1, 2011. If a Board Order is effective as of October 18, 2011, it means that the 2011 PSTAC will only be recovered over 75 days, rather than 365 days. As a result, the PSTAC charge for 2011 will be compressed to a charge of \$20.465 per Mcf from the current PSTAC charge of \$21.000 per Mcf as portrayed on Exhibit "C". This represents a decrease of \$0.535 per Mcf. If the Board should act on this matter after October 18, 2011, the charge may, if deemed necessary by the Parties, be further compressed in order to recover the appropriate amount.

~~Beginning January 1, 2012, the uncompressed PSTAC charge of \$20.89 per Mcf shall become effective resulting in an increase of \$0.425 per Mcf from the compressed charge. The Company shall make a compliance filing with the Board effective January 1, 2012 incorporating this rate change. A copy of the proposed filing is attached hereto as Exhibit "D".~~

22. ACSC shall account for net cumulative over-recoveries and under-recoveries resulting from the PSTAC. These over-recoveries and under-recoveries will be charged or credited to the PSTAC in subsequent PSTAC proceedings. The net monthly cumulative over-recoveries and under-recoveries shall be calculated for each month, utilizing an average balance for each month. Interest on net cumulative monthly over-recoveries shall be credited to the PSTAC at an interest rate equal to the return on rate base of 7.09%. Similarly, interest on net monthly under-recoveries shall be charged against the PSTAC. If Petitioner has another base rate case completed while this PSTAC is in effect, the return on rate base utilized in that base rate case shall become the interest rate on net monthly cumulative over-recoveries and under-recoveries, on a prospective basis. If, as of December 31, 2011, interest shall be due the PSTAC, such interest shall in fact be credited to the PSTAC. If, as of December 31, 2011, interest shall be chargeable against the PSTAC, said interest shall be eliminated through appropriate accounting entries.

23. Attached hereto as Exhibit "C" are the Tariff sheets giving effect to the Volumetric Treatment Charge stipulated in this Stipulation. The Parties hereto agree that said Tariff sheets are just and reasonable and should be accepted by the Board effective October 18, 2011, or as soon thereafter as the Board may issue an Order accepting the same.

IV. MISCELLANEOUS

24. Under the terms of this Stipulation, the actual impact on customers will depend upon the meter size utilized by the customers. Attached hereto as Exhibit "E" is a schedule demonstrating the net effect of this Stipulation on each of ACSC's customer classes.

25. This Stipulation shall be binding on the parties on approval of the Board. This Stipulation shall bind the Parties in this matter only and shall have no precedential value.

26. The Parties further acknowledge that a Board Order approving 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*.

27. 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 Parties expressly and jointly state that they would not have signed the agreement had any term been modified in any way. Since the Parties have compromised in numerous areas, each is entitled to certain procedures in the event that any modifications whatsoever are made to this Stipulation.

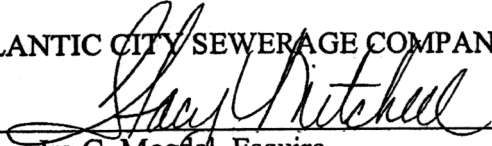
28. If any modification is made to the terms of this Stipulation, the signatory Parties each must be given the right to be placed in the position it was in before the Stipulation was entered into. It is essential that each Party be given the option, before the implementation of any new rate resulting from any modification of this Stipulation, either to modify its own position to accept the proposed changes, or to resume the proceeding as if no agreement had been reached. This proceeding would resume at the point where it was terminated.

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

[SIGNATURES APPEAR ON NEXT PAGE]

ATLANTIC CITY SEWERAGE COMPANY

By: _____


Ira G. Megdal, Esquire
Stacy A. Mitchell, Esquire

PAULA T. DOW
ATTORNEY GENERAL OF NEW JERSEY
ATTORNEY FOR STAFF OF THE NEW JERSEY
BOARD OF PUBLIC UTILITIES

By: _____

Marisa Slaten
Deputy Attorney General

STEFANIE A. BRAND
PUBLIC ADVOCATE and
Director, Division of Rate Counsel

By: _____

Susan McClure , Esquire
Assistant Deputy Rate Counsel

Dated: September , 2011

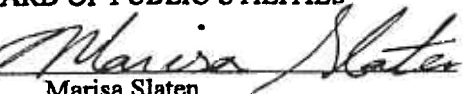
ATLANTIC CITY SEWERAGE COMPANY

By:


Ira G. Meadall, Esquire
Stacy A. Mitchell, Esquire


PAULA T. DOW
ATTORNEY GENERAL OF NEW JERSEY
ATTORNEY FOR STAFF OF THE NEW JERSEY
BOARD OF PUBLIC UTILITIES

By:


Marisa Slaten
Deputy Attorney General

STEFANIE A. BRAND
PUBLIC ADVOCATE and
Director, Division of Rate Counsel

By:


Susan McClure , Esquire
Assistant Deputy Rate Counsel

Dated: September 22, 2011

EXHIBIT “A”

EXHIBIT "A"

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

**IN THE MATTER OF THE PETITION OF
THE ATLANTIC CITY SEWERAGE
COMPANY FOR AUTHORIZATION TO
INCREASE TARIFF RATES AND
CHARGES FOR SEWERAGE SERVICE** :
: **BPU DOCKET NO. WR11040247**
: **OAL DOCKET NO. PUC 05806-2011N**
:
:
:

**IN THE MATTER OF THE PETITION OF
THE ATLANTIC CITY SEWERAGE
COMPANY TO CHANGE THE LEVEL OF
ITS PURCHASED SEWERAGE
TREATMENT ADJUSTMENT CLAUSE** :
: **BPU DOCKET NO. WR11020102**
: **OAL DOCKET NO. PUC 03668-2011N**
:
:
:
:
:
:
:

**CERTIFICATION OF
LOUIS M. WALTERS**

STATE OF NEW JERSEY)
 : ss.
COUNTY OF ATLANTIC)

Louis M. Walters, upon his oath, deposes and says:

I am of full age. I am the President and General Manager of Atlantic City Sewerage Company and I am authorized to make this Certification on behalf of Atlantic City Sewerage Company (hereinafter referred to as "ACSC" or "Company").

2. I offer this Certification regarding the Company's claimed post-test year additions in the above referenced base rate proceeding (the "Proceeding").

3. Specifically, Board Staff requested a Certification from the Company as to the dates in which additional plant and/or projects will be completed and transferred to in-service status beyond the Test Year period.

4. As per the Company's contractor, Carson & Roberts, the two replacement

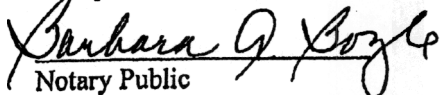
force mains (New York and St. James) will be in service prior to the Board's October 13, 2011 agenda date.

5. The replacement force main project precipitated the Company's need for rate relief in the Proceeding. As of today, the Company will have spent approximately \$6,574,000 on the replacement project.

6. From now until December 31, 2011, the Company will transfer additional plant and/or projects to in-service status including, but not limited to, ancillary force main related pipe and soil removal.

7. The Company will supplement this Certification in January 2012 to account for the applicable in-service dates of the additional plant and/or projects through December 31, 2011.

Sworn to and subscribed
before me this 14th day
of September, 2011.


Notary Public

BARBARA A. BOYLE
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires July 25, 2012


LOUIS M. WALTERS

I certify that the affiant has acknowledged the genuineness of the above facsimile signature and that the document or a copy with original signature affixed will be filed if requested by the Board of Public Utilities or a party.

By: 
Stacy A. Mitchell, Esquire

EXHIBIT “B”

Exhibit "B"

THE ATLANTIC CITY SEWERAGE COMPANY

Capital Structure-Rate of Return

	Adjusted Balances at June 30, 2011	Ratios	Cost Rates	Weighted Cost Rates
Long Term Debt	\$ 19,944,769	56.46%	4.62%	2.61%
Common Equity	\$ 15,381,840	43.54%	10.30%	4.48%
Total Capital	\$ 35,326,609	100.00%		7.09%

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

**IN THE MATTER OF THE PETITION OF
THE ATLANTIC CITY SEWERAGE
COMPANY FOR AUTHORIZATION TO
INCREASE TARIFF RATES AND
CHARGES FOR SEWERAGE SERVICE**

**: BPU DOCKET NO. WR11040247
: OAL DOCKET NO. PUC 05806-2011N**

**IN THE MATTER OF THE PETITION OF
THE ATLANTIC CITY SEWERAGE
COMPANY TO CHANGE THE LEVEL OF
ITS PURCHASED SEWERAGE
TREATMENT ADJUSTMENT CLAUSE**

**: BPU DOCKET NO. WR11020102
: OAL DOCKET NO. PUC 03668-2011N**

**CERTIFICATION OF
LOUIS M. WALTERS**

**STATE OF NEW JERSEY)
 : ss.
COUNTY OF ATLANTIC)**

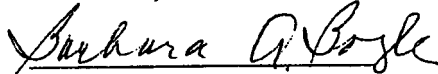
Louis M. Walters, upon his oath, deposes and says:

1. I am of full age. I am the President and General Manager of Atlantic City Sewerage Company and I am authorized to make this Certification on behalf of the Atlantic City Sewerage Company (hereinafter referred to as the "Company").
2. I offer this Certification regarding the Company's post-test year additions in the above referenced base rate proceeding (the "Proceeding").
3. Specifically, I hereby certify that construction of the two replacement force mains, which precipitated the Company's need for rate relief in the Proceeding (*i.e.*, New York and St. James), is complete and the two force mains are in service of this date.
4. Additional projects, including ancillary force main related pipe and soil removal, will be completed prior to December 31, 2011

5. The Company will supplement this Certification in January 2012 to account for the applicable in-service dates of these additional projects through December 31, 2011.

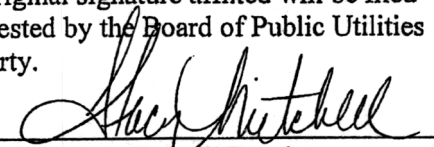

LOUIS M. WALTERS

Sworn to and subscribed
before me this 12th day
of October, 2011.


Notary Public

BARBARA A. BOYLE
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires July 25, 2012

I certify that the affiant has acknowledged the genuineness of the above facsimile signature and that the document or a copy with original signature affixed will be filed if requested by the Board of Public Utilities or a party.

By: 
Stacy A. Mitchell, Esquire