



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

ORDER ADOPTING INITIAL
DECISION/STIPULATION

BPU DOCKET NO. WR13111038
OAL DOCKET NO. PUC 17989-13

Parties of Record:

Robert J. Brabston, Esq., on behalf of New Jersey American Water Company, Inc., Petitioner
Stefanie A. Brand, Esq., Director, on behalf of the Division of Rate Counsel
Kenneth J. Quinn, Esq., on behalf of Middlesex Water Company, Intervener

BY THE BOARD:

On November 15, 2013, New Jersey American Water Company, Inc. ("Petitioner" 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.A.C. 14:9-7.1 et seq. and 14:9-8.1 et seq., 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 expense and increased purchased wastewater treatment expense. The total amount originally requested was an overall increase of \$4,483,878 or 0.69% above estimated total Company revenues of \$653,210,852. As a result of settlement discussions, the Petitioner, the Division of Rate Counsel ("Rate Counsel") Board Staff ("Staff") (collectively the "Signatory Parties") have agreed to a total overall stipulated increase of \$1,342,760 or 0.21% above total Company revenues of \$653,201,643.

Petitioner services approximately 605,000 general metered water customers and approximately 35,500 sewer customers in all or part of 188 municipalities in 18 of the State's 21 counties.

Petitioner purchases water on a routine basis from twelve 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 twelve water purveyors

are: Passaic Valley Water Commission; Morris County Municipal Utilities Authority; Montclair Water Bureau; Shorelands Water Company; New Jersey Water Supply Authority; Atlantic City Municipal Utilities Authority; City of Wildwood; Borough of Seaside Heights; City of Newark; Township of Maple Shade; East Windsor Municipal Utilities Authority; and Marlboro Township Municipal Utilities Authority. The three sewerage treatment purveyors are: Cape May County Municipal Utilities Authority for the Petitioner's Ocean City Sewer tariff group; Ocean County Utilities Authority for the Petitioner's Lakewood Sewer tariff group; and Howell Township for the Petitioner's Adelpia Sewer tariff group.

In In the Matter of New Jersey American Water Company, Elizabethtown Water Company, and Mount Holly Water Company (Docket No. WR06030257, April 2, 2007), the Board ordered that all purchased water costs and purchased wastewater treatment costs be removed from base rates and recovered through the PWAC and PSTAC as applicable. In the petition filed within the instant proceeding, Petitioner proposed to increase its PWAC rate in PWAC Rate Schedule O-1 from \$0.4368 per thousand gallons of water to \$0.4810 per thousand gallons of water for Non-Exempt customers. Petitioner proposed to increase its PWAC rate from \$0.3767 per thousand gallons of water to \$0.4148 per thousand gallons for Exempt customers. It also proposed to address its PSTAC charges as follows:

For customers in Lakewood Township, Ocean County, the rate per thousand gallons of prior year's winter water quarter usage (January, February and March meter readings) as reflected in PSTAC Rate Schedule 2-B, would increase from \$3.7037 per thousand gallons to \$4.0035 per thousand gallons.

For customers in Ocean City, Cape May County, the rate per thousand gallons of prior year's summer water quarter usage (July, August and September meter readings) as reflected in PSTAC Rate Schedule 1-B, would increase from \$24.2983 per thousand gallons to \$25.5426 per thousand gallons.

For customers in the Adelpia section of Howell Township, Monmouth County, the rate per thousand gallons of water as reflected in PSTAC Rate Schedule 3-B, would increase from \$6.033 per thousand gallons to \$6.7920 per thousand gallons.

BACKGROUND/PROCEDURAL HISTORY

This matter was transmitted to the Office of Administrative Law ("OAL") on November 21, 2013, as a contested case and was assigned to Administrative Law Judge ("ALJ") Elia A. Pelios. A telephonic prehearing conference was held on January 27, 2014, with ALJ Pelios during which, among other things, the ALJ directed that public hearings be held on this matter.

On November 12, 2013, Middlesex Water Company (Middlesex) filed a motion to intervene in the instant proceeding. On February 20, 2013, the motion was granted by ALJ Pelios. After proper notice, four public hearings were held in following locations in Petitioner's service area: in Howell Township on February 12, 2014 at 6:00 p.m.; in Ocean City on February 11, 2014 at 2:00 p.m.; in Maplewood on February 12, 2014 at 2:00 p.m.; in Westhampton on February 11, 2013 at 6:00 p.m. No member of the public appeared at the Westampton, Maplewood or Howell public hearings. Ten (10) members of the public attended the Ocean City public hearing, which had public testimony on the record. The Company will be scheduled a follow-up meeting in the

Spring, with the Ocean City Utility Advisory Board, to address all of the questions asked at the Ocean City Public Hearing.

Subsequent to the public hearings, the Petitioner, Rate Counsel, Staff and Middlesex engaged in settlement negotiations. On February 28, 2014, the Signatory Parties entered into a Stipulation of Settlement ("Stipulation"). The intervener, Middlesex, submitted a letter to ALJ Pelios, on February 25, 2014, stating that it had no objection to the Stipulation.

On March 10, 2014 ALJ Pelios issued his Initial Decision recommending adoption of the Stipulation executed by the Signatory Parties, finding that they had voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues and is consistent with the law.

DISCUSSIONS AND FINDINGS¹

The Signatory Parties recommend that the Board approve a change to Petitioner's PWAC rate on PWAC Rate Schedule O-1 from \$0.4368 per thousand gallons of water for Non-Exempt customers to \$0.4525 per thousand gallons of water for Non-Exempt customers and from \$0.3767 per thousand gallons of water for Exempt customers to \$0.3902 per thousand gallons of water for Exempt customers.

The Signatory Parties further recommend that the Board permit Petitioner to change its effective PSTAC charges as follows (including the effects of rate compression):

For Lakewood Township, Ocean County, the rate per thousand gallons of prior year's winter quarter as reflected within PSTAC Rate Schedule 2-B will decrease from \$3.7037 per thousand gallons to \$3.7965 per thousand gallons.

For customers in Ocean City, Cape May County, the rate per thousand gallons of prior year's summer water quarter usage (July, August and September meter readings) as reflected upon PSTAC Rate Schedule 1-B, will decrease from \$24.2983 per thousand gallons to \$24.0083 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, will increase from \$6.0933 per thousand gallons to \$6.4594 per thousand gallons.

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

The effective PWAC rate change would result in an increase in the annual bill of an average residential customer utilizing 6,500 gallons per month as follows:

	<u>Present Monthly Bill</u>	<u>Proposed Per month</u>	<u>Amount Increase</u>	<u>Percentage Increase</u>
SA-1	\$52.05	\$52.15	\$0.10	0.19%
SA-1B Pennsgrove	\$38.28	\$38.38	\$0.10	0.26%
SA-1D	\$45.69	\$45.68	\$0.10	0.22%
SA-2, SA-3 & SA-1A	\$49.51	\$49.51	\$0.11	0.22%
SA-2 Manville	\$45.08	\$46.08	\$0.10	0.22%
SA-3 Southampton	\$42.67	\$42.67	\$0.10	0.23%

The PSTAC rate changes will result in: (a) an increase for a typical residential sewer service customer in Lakewood Township, Ocean County utilizing 18,000 gallons of water in the winter quarter of \$0.56 per month or 0.97%; (b) a decrease to an average sewer service customer in Ocean City, Cape May County utilizing 20,000 gallons in the summer quarter and 44,000 gallons of water per year of (\$0.48) per month or (0.73%); and (c) an increase to an average sewer service customer in the Adelpia section of Howell Township, Monmouth County utilizing 48,000 gallons of water per year, of \$1.47 per month or 2.28%.

These PWAC and PSTAC rates are calculated as being effective April 1, 2014.

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

Having reviewed the Initial Decision and the Stipulation of Settlement, the Board **HEREBY FINDS** that the Signatory Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. The Board **FURTHER FINDS** the Initial Decision, which adopts the Stipulation to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board **HEREBY ADOPTS** the Initial Decision and the Stipulation, attached hereto, including all attachments and schedules, as its own, incorporating by reference the terms and conditions of the Stipulation, as if they were fully set forth at length herein, subject to the following:

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

The Board **HEREBY ACCEPTS** the tariff pages attached to the Stipulation as filed with the Board, to be effective on April 1, 2014.

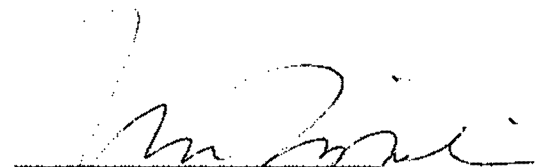
The effective date of this Order is April 1, 2014.

DATED: 3/19/2014

BOARD OF PUBLIC UTILITIES
BY:


DIANNE SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER

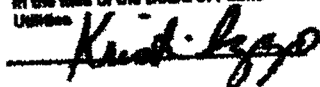

JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
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 New Jersey American Water Company, Inc. for Authorization to
Change the Levels of its Purchased Water Adjustment Clause and Purchased Wastewater
(Sewerage) Treatment Adjustment Clause
BPU DOCKET NO. WR13111038
OAL DOCKET NO. PUC 17989-13

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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

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NJ BPU
CASE MANAGEMENT

INITIAL DECISION SETTLEMENT

OAL DKT. NO. PUC 17989-13

AGENCY DKT. NO. WR13111038

**I/M/O NEW JERSEY AMERICAN WATER
COMPANY, INC. FOR AUTHORIZATION
TO CHANGE THE LEVELS OF ITS
PURCHASED WATER ADJUSTMENTS
CLAUSE ("PWAC") AND PURCHASED
SEWERAGE TREATMENT ADJUSTMENT
CLAUSE ("PSTAC").**

NJ BPU
OFFICE OF
CASE MANAGEMENT
FORWARDING
2014 MAR 11 PM 7 18

Robert J. Brabston, Esq., for petitioner (New Jersey American Water Company, Inc.)

Alex Moreau, Deputy Attorney General, for respondent (Jeffrey S. Chiesa, Attorney General of New Jersey, attorney)

Susan E. McClure, Assistant Deputy Rate Counsel, for Division of Rate Counsel, appearing pursuant to N.J.A.C. 1:1-5.4(a)2

Kenneth J. Quinn, Esq., for intervenor, Middlesex Water Company

Record Closed: March 5, 2014

Decided: March 5, 2014

BEFORE ELIA A. PELIOS, ALJ:

This proceeding involves a petition by New Jersey American Water Company, Inc., for approval of a purchased water adjustment clause and purchased sewerage treatment adjustment clause. The petition was transmitted to the Office of Administrative Law on December 17, 2013, for determination as a contested case. Duly noticed public hearings were held in Ocean City, New Jersey, and Westampton Township, New Jersey on February 11, 2014, and in Howell, New Jersey, and Maplewood, New Jersey, on February 12, 2014. Ten members of the public appeared on February 11, 2014, in Ocean City, with public testimony provided on the record. No members of the public appeared in Maplewood, Freehold or Westampton. No written comments were submitted by the public.

The parties filed on February 28, 2014, a Stipulation of Settlement (J-1) which resolves all issues in this proceeding. Said Stipulation of Settlement has been signed by all parties, indicates the terms of settlement, and is attached and fully incorporated herein.

A motion to intervene was filed on behalf of Middlesex Water Company on November 12, 2013. No opposition was filed and the motion is hereby **GRANTED**. Middlesex Water Company has conveyed that it does not object to the stipulation (I-1).

I have reviewed the terms of settlement and I **FIND**:

1. The parties have voluntarily agreed to the settlement as evidenced by their signatures or their representatives' signatures on the attached document.
2. The settlement fully disposes of all issues in controversy between the parties and is consistent with the law.



Robert J. Brabston
Corporate Counsel
167 J.F. Kennedy Parkway
Short Hills, NJ 07078

P 973.564.5716
F 973.564.5708

Robert.Brabston@amwater.com

February 28, 2014

Via Email, Facsimile and Regular Mail

Hon. Elia A. Pelios, ALJ
Office of Administrative Law
9 Quakerbridge Plaza
P.O. Box 049
Trenton, New Jersey 08625-0049

**Re: 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 (Sewerage) Treatment Adjustment Clause
BPU Docket No. WR13111038
OAL DOCKET NO. PUC 17989-13**

Dear Judge Pelios:

Attached to this letter is the signed stipulation, representing the parties' settlement of the above-captioned matter. Earlier this week, Middlesex Water Company submitted a letter indicating they have no objection to this matter proceeding by way of the attached settlement.

Thank you for your attention to and handling of this matter. Please do not hesitate to call if there are any questions about this matter.

Very truly yours,

/s/ Robert J. Brabston

Robert J. Brabston

RJB

cc: Service list (via e-mail)

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

IN THE MATTER OF THE PETITION OF	:	BPU DOCKET NO. WR13111038
NEW JERSEY-AMERICAN WATER	:	
COMPANY, INC. FOR APPROVAL TO	:	OAL DOCKET NO. PUC 1989-2013
CHANGE THE LEVEL OF ITS PURCHASED	:	
WATER ADJUSTMENT CLAUSE AND	:	
PURCHASED WASTEWATER (SEWERAGE)	:	
TREATMENT ADJUSTMENT CLAUSE	:	STIPULATION OF SETTLEMENT

APPEARANCES:

Robert J. Brabston, Esq., on behalf of New Jersey-American Water Company, Inc.,
Petitioner;

Alex Moreau and Jennifer Hsia, Deputy Attorneys General, on behalf of the Staff of the
Board of Public Utilities (John J. Hoffman, Acting Attorney General of New
Jersey);

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

Kenneth J. Quinn, Esq., on behalf of Middlesex Water Company, Intervenor

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

On November 15, 2013, New Jersey-American Water Company, Inc. ("Petitioner"), a public utility of the State of New Jersey, filed a Petition with the Board of Public Utilities ("Board") pursuant to N.J.A.C. 14:9-7.1 et seq. and 14:9-8.1 et seq., 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 expense and increased purchased wastewater treatment expense. The total amount originally requested was an increase of \$4,483,878 or 0.69% above total Company revenues of \$653,210,852. As a result of settlement discussions, the Signatory Parties indicated

below have agreed to a total overall stipulated increase of \$1,342,760 or 0.21% above total Company revenues of \$653,201,643.

Petitioner purchases water on a routine basis from twelve 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 twelve water purveyors are: Passaic Valley Water Commission; Morris County Municipal Utilities Authority; Montclair Water Bureau; Shorelands Water Company; New Jersey Water Supply Authority; Atlantic City Municipal Utilities Authority; City of Wildwood; Borough of Seaside Heights; City of Newark; Township of Maple Shade; East Windsor Municipal Utilities Authority; and Marlboro Township Municipal Utilities Authority. The three sewerage treatment purveyors are: Cape May County Municipal Utilities Authority for the Petitioner's Ocean City Sewer tariff group; Ocean County Utilities Authority for the Petitioner's Lakewood Sewer tariff group; and Howell Township for the Petitioner's Adelphia Sewer tariff group.

In Docket No. WR06030257 (April 2, 2007) , the Board ordered that all purchased water costs and purchased wastewater treatment costs be removed from base rates and recovered through the PWAC and PSTAC as applicable. In the Petition filed within the instant proceeding, Petitioner proposed to increase its PWAC rate upon PWAC Rate Schedule O-1 from \$0.4368 per thousand gallons of water to \$0.4810 per thousand gallons of water for Non-Exempt customers. Petitioner proposed to increase its PWAC rate from \$0.3767 per thousand gallons of water to \$0.4148 per thousand gallons for Exempt customers. It also proposed to address its PSTAC charges as follows:

- For Lakewood Township, Ocean County, the rate per thousand gallons of prior year's winter quarter usage (January, February and March meter

readings) as reflected upon PSTAC Rate Schedule 2-B, would change from \$3.7037 per thousand gallons to \$4.0035 per thousand gallons.

- For customers in Ocean City, Cape May County, the rate per thousand gallons of prior year's summer water quarter usage (July, August and September meter readings) as reflected upon PSTAC Rate Schedule 1-B, would change from \$24.2983 per thousand gallons to \$25.5426 per thousand gallons.
- For customers in the Adelpia section of Howell Township, Monmouth County, the rate per thousand gallons of water as reflected upon PSTAC Rate Schedule 3-B, would change from \$6.033 per thousand gallons to \$6.7920 per thousand gallons.

The Board transmitted this matter to the Office of Administrative Law (the "OAL") as a contested case. A telephonic prehearing conference was held with the Honorable Elia A. Pelios, Administrative Law Judge, during which, among other things, Judge Pelios directed that public hearings be held on this matter.

On November 12, 2013, Middlesex Water Company ("Middlesex") filed a motion to intervene in the instant proceeding. On January 27, 2014, during the telephonic prehearing conference, no party opposed Middlesex's motion and Judge Pelios indicated that the motion would be granted. Middlesex has been included on the service list, received all discovery, and participated in all conferences and meetings. Four public hearings were held in Petitioner's service area: in Howell Township on February 12 at 6 p.m. (no public attendees); Ocean City on February 11 at 2 p.m. (ten public attendees); Maplewood on February 12 at 2 p.m. (no public attendees); and Westampton on February 11 at 6 p.m. (no public attendees). The Ocean City hearing had public testimony on the record, and the Company is scheduling a follow-up meeting later in the spring with the Ocean City Utility Advisory Board to address all of the questions asked at the Ocean City public hearing.

The Division of Rate Counsel ("Rate Counsel") and Board Staff served interrogatories on Petitioner, which were responded to in full by Petitioner. Petitioner, Board Staff, and Rate Counsel ("Signatory Parties") and Middlesex participated in a discovery/settlement conference on February 24, 2014, after the public hearings had been held and public comment received into the record for consideration by all parties. As a result of discovery conducted and of the negotiations, the Signatory Parties have been able to reach agreement on this matter, the provisions of which are set forth below.

SETTLEMENT AGREEMENT

1. The Signatory Parties recommend that the Board approve a change to Petitioner's PWAC rate on PWAC Rate Schedule O-1 from \$0.4368 per thousand gallons of water for Non-Exempt customers to \$0.4525 per thousand gallons of water for Non-Exempt customers and from \$0.3767 per thousand gallons of water for Exempt customers to \$0.3902 per thousand gallons of water for Exempt customers.

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

- For Lakewood Township, Ocean County, the rate per thousand gallons of prior year's winter quarter as reflected within PSTAC Rate Schedule 2-B will change from \$3.7037 per thousand gallons to \$3.7965 per thousand gallons.
- For customers in Ocean City, Cape May County, the rate per thousand gallons of prior year's summer water quarter usage (July, August and September meter readings) as reflected upon PSTAC Rate Schedule 1-B, will change from \$24.2983 per thousand gallons to \$24.0083 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, will change from \$6.0933 per thousand gallons to \$6.4594 per thousand gallons.

3. The effective PWAC rate change would result in an increase in the annual bill of an average residential customer utilizing 6,500 gallons per month as follows:

	Present <u>Monthly Bill</u>	Proposed <u>Per Month</u>	Amount <u>Increase</u>	Percentage <u>Increase</u>
SA-1	\$52.05	\$52.15	\$0.10	0.19%
SA-1B Pennsgrove	\$38.28	\$38.38	\$0.10	0.26%
SA-1D	\$45.58	\$45.68	\$0.10	0.22%
SA-2, SA-3 & SA1A	\$49.40	\$49.51	\$0.11	0.22%
SA-2 Manville	\$45.98	\$46.08	\$0.10	0.22%
SA-3 Southampton	\$42.57	\$42.67	\$0.10	0.23%

4. The PSTAC rate changes, will result in: an increase for a typical residential sewer service customer in Lakewood Township, Ocean County utilizing 18,000 gallons of water in the winter quarter, of \$0.56 per month or 0.97%; a decrease to an average sewer service customer in Ocean City, Cape May County utilizing 20,000 gallons in the summer quarter and 44,000 gallons of water per year, of (\$0.48) per month or (0.73%); and an increase to an average sewer service customer in the Adelpia section of Howell Township, Monmouth County utilizing 48,000 gallons of water per year, of \$1.47 per month or 2.82%.

5. These PWAC and PSTAC rates are calculated as being effective April 1, 2014.

6. NJAWC plans to file its 2014 PWAC/PSTAC petition on or before November 15, 2014.

7. Within this Stipulation, the Signatory Parties have agreed on a methodology for calculating the amount of interest to be applied to over-recoveries within the PWAC. This method is described as follows: Total PWAC True-up balance (Over)/Under-recovered (which is the adjusted total purchased water expense minus total PWAC revenues net of cost recoveries for the current month) of the current month, plus the total PWAC cumulative true-up balance

(Over)/under recovery) of the prior month, minus the amortization of the PWAC true-up from the previous PWAC year of the current month. By way of example of this methodology, see Note 5, Schedule DMD-2, attached to this Stipulation. The Signatory Parties agree to review this methodology and adjust it as necessary and appropriate in future PWAC proceedings.

8. The PWAC/PSTAC rates established herein will increase annual revenues by \$1,342,760 or 0.21%.

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

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

11. This Stipulation contains terms, each of which is interdependent with the others and essential in its own right to the signing of this Stipulation. Each term is vital to the agreement as a whole, since the Signatory Parties individually and jointly state that they would not have signed the Stipulation had any term been modified in any way. In the event that any modifications whatsoever are made to this Stipulation, each of the Signatory Parties hereto is entitled to certain procedures in the event of such occurrence.

12. If any modification is made to the terms of this Stipulation, the Signatory Parties must be given the right to be placed in the position in which each Signatory Party was before this Stipulation was executed. It is essential that each Signatory Party be given the option either to


modify its own position, to accept the proposed change(s) or to resume the proceeding as if no agreement had been reached.

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

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

15. On February 25, 2014, Middlesex filed a letter with the OAL indicating that it did not object to the Stipulation.

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

By: 

**Susan E. McClure
Assistant Deputy Rate Counsel**

Dated: 2/28/2014

**NEW JERSEY-AMERICAN WATER
COMPANY, INC.**

By: 

**Robert J. Erabston
Corporate Counsel**

Dated: 2/28/2014

**JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities**

By: 

**Alex Moreau
Deputy Attorney General**

Dated: 02/28/2014

RATE SCHEDULE 1-A
GENERAL METERED SERVICE

APPLICABILITY

Applicable for general residential, commercial, industrial and municipal wastewater service in the City of Ocean City. The charge for wastewater service shall consist of the total of the Minimum Service Charge, the Sewer Usage Charge and the Purchased Wastewater Treatment Adjustment Clause (PSTAC) Charge, as defined under the Standard Terms and Conditions in this tariff. The PSTAC charge is included within the Minimum Service Charge rates reflected below.

CHARACTER OF SERVICE

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

MINIMUM SERVICE CHARGE

All wastewater service customers shall pay a Minimum Service Charge in addition to the Sewer Usage Charge, if any, of \$26.26387 times the number of CCF (hundred cubic feet) or \$35.1121 times the number of thousand gallons of water usage at that property during the prior summer quarter, but in no case less than \$262.64 for non-exempt customers. Exempt charges are \$25.15381 per CCF or \$33.6281 per thousand gallons, but in no case less than \$251.54. Included within the Minimum Service Charges are \$17.95821 per CCF or \$24.0083 per thousand gallons for the PSTAC. On a percentage basis, the PSTAC represents 68.3762% (\$24.0083 / \$35.1121) non-exempt or 71.3937% (\$24.0083 / \$33.6281) exempt, of the Minimum Service Charge. Summer quarter consumption shall be determined based on an initial meter reading taken in June with the concluding meter reading taken approximately 90 days thereafter in September.

SEWER USAGE CHARGE

The volume of sewer use is assumed to equal water meter registration. Charges shall be based on water consumption as indicated by water meter readings on a monthly or quarterly basis at the option of the Company.

	<u>Gallons Per Month</u>	<u>Gallons Per Quarter</u>	<u>Rate Per 100 Gallons</u>	<u>Rate Per 1,000 Gallons</u>
Non-Exempt	All	All	\$0.18698	\$1.8698
Exempt	All	All	\$0.16199	\$1.6199

	<u>Cubic Feet Per Month</u>	<u>Cubic Feet Per Quarter</u>	<u>Rate Per 10 Cubic Feet</u>	<u>Rate Per 100 Cubic Feet</u>
Non-Exempt	All	All	\$0.139861	\$1.39861
Exempt	All	All	\$0.121169	\$1.21169

TERMS OF PAYMENT

The following plan for payment of the Minimum Service Charge is offered as a convenience to our customers and does not relieve the customer of the liability to pay the entire Minimum Service Charge if wastewater service is rendered for only a portion of the year.

For monthly billed customers, one-twelfth of the Minimum Service Charge shall be due and payable upon receipt of the regular bill for wastewater service. For quarterly billed customers, one-third of the Minimum Service Charge shall be due and payable upon receipt of the March billing, the June billing and the September billing for wastewater service.

If the Company determines by application of the following criteria that the customer's past record of payments does not warrant application of this payment plan, the Company may require payment of the entire service charge at one time rather than in installments.

1. If a customer has been terminated at least once in the past two years for non-payment of a bill for wastewater service; or,
2. If a customer receives three (3) Final Reminder Notices during a twelve month period.

In addition, in the case of a reactivated account, the customer will be required to pay any installment(s) which would have been billed if the account had been active as of January 1. A new account will be required to pay a pro-rata share of the Minimum Service Charge based on the period of service to be rendered during that year.

Usage charges based upon meter readings shall be billed in monthly in arrears (or quarterly at the option of the Company).

Valid bills for service furnished under this schedule are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date.

Issued: April 1, 2014

Effective: April 1, 2014

By: William M. Varley, President
 1025 Laurel Oak Road, Voorhees, New Jersey 08043
 Filed pursuant to Order of the Board of Public Utilities entered in
 Docket No. WR13111038 dated March 19, 2014.

RATE SCHEDULE O-1
PURCHASED WATER ADJUSTMENT CLAUSE (PWAC)

APPLICABILITY

Applicable to all Metered Water Customer classes served by the Company in all service areas for water service, except for Manasquan Uninterruptible Service. The PWAC charge, as defined under the Standard Terms and Conditions of this tariff, is designed to recover the cost of purchased water associated with the normal operations of the Company and allow the Company to achieve a zero or near-zero deferred balance each April 1st on its purchased water costs.

CHARACTER OF SERVICE

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

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGE

In addition to all other charges for metered service, the following charges per one hundred gallons, per one thousand gallons, per 10 cubic feet and per 100 cubic feet for all sales will be made to recover purchased water costs not included in the Water Charge or any other Charge:

	<u>Gallons Per Month</u>	<u>Gallons Per Quarter</u>	<u>Rate Per 100 Gallons</u>	<u>Rate Per 1,000 Gallons</u>
Non-Exempt	All	All	\$0.04525	\$0.4525
Exempt	All	All	\$0.03902	\$0.3902
	<u>Cubic Feet Per Month</u>	<u>Cubic Feet Per Quarter</u>	<u>Rate Per 10 Cubic Feet</u>	<u>Rate Per 100 Cubic Feet</u>
Non-Exempt	All	All	\$0.033847	\$0.33847
Exempt	All	All	\$0.029187	\$0.29187

The PWAC Charge is also applicable to any difference between the quantity of water actually purchased by the customer and any applicable take-or-pay commitment.

FILING

The Company shall endeavor to make an annual PWAC filing no later than December 1st of each year proposing a PWAC rate to be effective on or about the following April 1st.

The notice of filing and of public hearing in the annual PWAC proceedings shall include the specific rate change proposed to be implemented on April 1st. The notice shall also include the impact of such potential increases on a benchmark bill.

The annual PWAC filing shall contain, but not be limited to, the following:

1. A reconciliation of actual versus estimated costs and revenues from the last Board approved PWAC charge for purchased water;
2. Projected rates supported by projected volumes, revenues, and projected purchased water costs;
3. Deferred balances and the timeframe over which they are proposed to be collected or returned;
4. A written explanation of the circumstances that caused the deferred balances in (3) above;
5. A written explanation of any significant activities or trends which may effect costs for the prospective period; and
6. Updated tariff sheets to reflect any change to the PWAC rate.

The benchmark bill shall be the average residential water customer bill for a twelve-month period.

(Continued)

Issued: April 1, 2014

Effective: April 1, 2014

By: William M. Varley, President
1025 Laurel Oak Road, Voorhees, New Jersey 08043
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR13111038 dated March 19, 2014.

RATE SCHEDULE 1-B
PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE (PSTAC)

APPLICABILITY

Applicable to all Wastewater Service customer classes including general residential, commercial, industrial and municipal wastewater service in the City of Ocean City. The PSTAC charge, as defined under the Standard Terms and Conditions in this tariff, is designed to recover the cost of purchased wastewater treatment and disposal costs associated with the normal operations of the Company, and allow the Company to achieve a zero or near-zero deferred balance each April 1st on its purchased wastewater treatment and disposal costs. The PSTAC charges detailed below are included on Rate Schedule 1-A within the Minimum Service Charges and are provided herein only for informational purposes. The customer will not be separately invoiced for the PSTAC charge.

CHARACTER OF SERVICE

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

PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE (PSTAC) CHARGE

The following are the PSTAC charges per one hundred gallons, per one thousand gallons, per 10 cubic feet, and per 100 cubic feet that are included within the Minimum Service Charge rates as set forth in Wastewater-Rate Schedule 1-A to recover purchased wastewater treatment and disposal costs.

Non Exempt and Exempt	<u>Gallons</u> <u>Per Month</u> All	<u>Gallons</u> <u>Per Quarter</u> All	<u>Rate</u> <u>Per 100 Gallons</u> \$2.40083	<u>Rate</u> <u>Per 1000 Gallons</u> \$24.0083
Non Exempt and Exempt	<u>Cubic Feet</u> <u>Per Month</u> All	<u>Cubic Feet</u> <u>Per Quarter</u> All	<u>Rate</u> <u>Per 10 Cubic Feet</u> \$1.795821	<u>Rate</u> <u>Per 100 Cubic Feet</u> \$17.95821

FILING

The Company shall endeavor to make an annual PSTAC filing no later than December 1st of each year, proposing a PSTAC rate or percentage to be effective on or about the following April 1st.

The notice of filing and of public hearing in the annual PSTAC proceedings shall include the specific rate change proposed to be implemented on April 1st. The notice shall also include the impact of such potential increases on a benchmark bill.

The annual PSTAC filing shall contain, but not be limited to, the following:

1. A reconciliation of actual versus estimated costs and revenues from the last Board approved PSTAC charge for wastewater treatment and disposal;
2. Projected rates supported by projected volumes, revenues, and projected purchased wastewater treatment and disposal costs;
3. Deferred balances and the timeframe over which they are proposed to be collected or returned;
4. A written explanation of the circumstances that caused the deferred balances in (3) above;
5. A written explanation of any significant activities or trends which may affect costs for the prospective period; and
6. Updated tariff sheets to reflect any change to the PSTAC rate.

The benchmark bill shall be the average residential wastewater customer bill for a twelve-month period.

TERMS OF PAYMENT

See Rate Schedule 1-A for applicable customer classes.

(Continued)

Issued: April 1, 2014

Effective: April 1, 2014

By: William M. Varley, President
1025 Laurel Oak Road, Voorhees, New Jersey 08043
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR13111038 dated March 19, 2014.

RATE SCHEDULE 2-B
PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE (PSTAC)

APPLICABILITY

Applicable to all Wastewater Service customer classes including general residential, commercial, industrial and municipal wastewater service in Lakewood Township. The PSTAC charge, as defined under the Standard Terms and Conditions in this tariff, is designed to recover the cost of purchased wastewater treatment and disposal costs associated with the normal operations of the Company, and allow the Company to achieve a zero or near-zero deferred balance each April 1st on its purchased wastewater treatment and disposal costs.

CHARACTER OF SERVICE

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

PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE (PSTAC) CHARGE

In addition to all other charges for general metered service, the following charges per one hundred gallons, per one thousand gallons, per 10 cubic feet and per 100 cubic feet for all sales will be made to recover purchased wastewater treatment and disposal costs not included in the Sewer Usage Charge or any other Charge as set forth in Rate Schedule 2-A of the current Tariff.

Non Exempt and Exempt	Gallons <u>Per Month</u> All	Gallons <u>Per Quarter</u> All	Rate <u>Per 100 Gallons</u> \$ 0.37965	Rate <u>Per 1,000 Gallons</u> \$3.7965
Non Exempt and Exempt	Cubic Feet <u>Per Month</u> All	Cubic Feet <u>Per Quarter</u> All	Rate <u>Per 10 Cubic Feet</u> \$ 0.283978	Rate <u>Per 100 Cubic Feet</u> \$2.83978

FILING

The Company shall endeavor to make an annual PSTAC filing no later than December 1st of each year, proposing a PSTAC rate or percentage to be effective on or about the following April 1st.

The notice of filing and of public hearing in the annual PSTAC proceedings shall include the specific rate change proposed to be implemented on April 1st. The notice shall also include the impact of such potential increases on a benchmark bill.

The annual PSTAC filing shall contain, but not be limited to, the following:

1. A reconciliation of actual versus estimated costs and revenues from the last Board approved PSTAC charge for purchased wastewater treatment and disposal;
2. Projected rates supported by projected volumes, revenues, and projected purchased wastewater treatment and disposal costs;
3. Deferred balances and the timeframe over which they are proposed to be collected or returned;
4. A written explanation of the circumstances that caused the deferred balances in (3) above;
5. A written explanation of any significant activities or trends which may affect costs for the prospective period; and
6. Updated tariff sheets to reflect any change to the PSTAC rate.

The benchmark bill shall be the average residential wastewater customer bill for a twelve-month period.

(Continued)

Issued: April 1, 2014

Effective: April 1, 2014

By: William M. Varley, President
1025 Laurel Oak Road, Voorhees, New Jersey 08043
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR13111038 dated March 19, 2014.

RATE SCHEDULE 3-B
PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE (PSTAC)

APPLICABILITY

Applicable to all Wastewater Service customer classes including general residential, commercial, industrial and municipal wastewater service customers provided service by the Company's Adelpia System (service area of the former Adelpia Sewer Company) in the Township of Howell in Monmouth County. The PSTAC charge, as defined under the Standard Terms and Conditions in this tariff, is designed to recover the cost of purchased wastewater treatment and disposal associated with the normal operations of the Company, and allow the Company to achieve a zero or near-zero deferred balance each April 1st on its purchased wastewater treatment and disposal costs.

CHARACTER OF SERVICE

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

PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE (PSTAC) CHARGE

In addition to all other charges for general metered service, the following charges per one hundred gallons, per one thousand gallons, per 10 cubic feet and per 100 cubic feet for all sales will be made to recover purchased wastewater treatment and disposal costs not included in the Sewer Usage Charge or any other Charge as set forth in Rate Schedule 3-A of the current Tariff.

	<u>Gallons Per Month</u>	<u>Gallons Per Quarter</u>	<u>Rate Per 100 Gallons</u>	<u>Rate Per 1,000 Gallons</u>
Non-Exempt and Exempt	All	All	\$0.64594	\$6.4594

FILING

The Company shall endeavor to make an annual PSTAC filing no later than December 1st of each year, proposing a PSTAC rate to be effective on or about the following April 1st.

The notice of filing and of public hearing in the annual PSTAC proceedings shall include the specific rate change proposed to be implemented on April 1st. The notice shall also include the impact of such potential increases on a benchmark bill.

The annual PSTAC filing shall contain, but not be limited to, the following:

1. A reconciliation of actual versus estimated costs and revenues from the last Board approved PSTAC charge for purchased wastewater treatment and disposal;
2. Projected rates supported by projected volumes, revenues, and projected purchased wastewater treatment and disposal costs;
3. Deferred balances and the timeframe over which they are proposed to be collected or returned;
4. A written explanation of the circumstances that caused the deferred balances in (3) above;
5. A written explanation of any significant activities or trends which may affect costs for the prospective period; and
6. Updated tariff sheets to reflect any change to the PSTAC rate.

The benchmark bill shall be the average residential wastewater customer bill for a twelve-month period.

(Continued)

Issued: April 1, 2014

Effective: April 1, 2014

By: William M. Varley, President
1025 Laurel Oak Road, Voorhees, New Jersey 08043
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR13111038 dated March 19, 2014.



Via Facsimile & Overnight Mail
(609) 689-4100

February 25, 2014

Honorable Elia A. Pelios, ALJ
Office of Administrative Law
9 Quakerbridge Plaza
P.O. Box 049
Trenton, NJ 08625-0049

**RE: I/M/O the Petition of New Jersey American Water Company, Inc. for Approval to
Change The Level of its Purchased Water Adjustment Clause and Purchased
Wastewater (Sewerage) Treatment Adjustment Clause
BPU Docket No.: WR13111038
OAL Docket No: PUC 1989-2013**

Dear Judge Pelios:

Middlesex Water Company ("Middlesex"), an Intervenor in the above matter, has reviewed the proposed Stipulation of Settlement ("Stipulation") in the above-referenced matter which is expected to be executed shortly.

Please be advised that Middlesex does not object to the Stipulation.

Should you have any questions, please contact me.

Respectfully,

A handwritten signature in black ink, appearing to read 'Kenneth J. Quinn'. The signature is fluid and cursive, with the first name 'Kenneth' and last name 'Quinn' clearly legible.

Kenneth J. Quinn
Vice President, General Counsel,
Secretary and Treasurer

cc: Attached Service List
(via e-mail only)



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION SETTLEMENT

OAL DKT. NO. PUC 17989-13

AGENCY DKT. NO. WR13111038

**I/M/O NEW JERSEY AMERICAN WATER
COMPANY, INC. FOR AUTHORIZATION
TO CHANGE THE LEVELS OF ITS
PURCHASED WATER ADJUSTMENTS
CLAUSE ("PWAC") AND PURCHASED
SEWERAGE TREATMENT ADJUSTMENT
CLAUSE ("PSTAC").**

Robert J. Brabston, Esq., for petitioner (New Jersey American Water Company,
Inc.)

Alex Moreau, Deputy Attorney General, for respondent (Jeffrey S. Chiesa,
Attorney General of New Jersey, attorney)

Susan E. McClure, Assistant Deputy Rate Counsel, for Division of Rate
Counsel, appearing pursuant to N.J.A.C. 1:1-5.4(a)2

Kenneth J. Quinn, Esq., for intervenor, Middlesex Water Company

Record Closed: March 5, 2014

Decided: March 5, 2014

BEFORE ELIA A. PELIOS, ALJ:

This proceeding involves a petition by New Jersey American Water Company, Inc., for approval of a purchased water adjustment clause and purchased sewerage treatment adjustment clause. The petition was transmitted to the Office of Administrative Law on December 17, 2013, for determination as a contested case. Duly noticed public hearings were held in Ocean City, New Jersey, and Westampton Township, New Jersey on February 11, 2014, and in Howell, New Jersey, and Maplewood, New Jersey, on February 12, 2014. Ten members of the public appeared on February 11, 2014, in Ocean City, with public testimony provided on the record. No members of the public appeared in Maplewood, Freehold or Westampton. No written comments were submitted by the public.

The parties filed on February 28, 2014, a Stipulation of Settlement (J-1) which resolves all issues in this proceeding. Said Stipulation of Settlement has been signed by all parties, indicates the terms of settlement, and is attached and fully incorporated herein.

A motion to intervene was filed on behalf of Middlesex Water Company on November 12, 2013. No opposition was filed and the motion is hereby **GRANTED**. Middlesex Water Company has conveyed that it does not object to the stipulation (I-1).

I have reviewed the terms of settlement and I **FIND:**

1. The parties have voluntarily agreed to the settlement as evidenced by their signatures or their representatives' signatures on the attached document.
2. The settlement fully disposes of all issues in controversy between the parties and is consistent with the law.

On March 4, 2014, petitioner informed this office by way of letter (P-1) that the stipulation of settlement (J-1) contains a typographical error in that it states that the petition was filed on November 15, 2013 when it was actually filed on November 1, 2013. All parties have been alerted to the existence of the typographical error. I FIND and CONCLUDE that the typographical error does not materially affect the appropriateness of the settlement; the voluntary nature of the parties' entering into it; its disposing of all issues in controversy between the parties; or, its consistency with the law.

I hereby FILE my initial decision with the BOARD OF PUBLIC UTILITIES for consideration.

This recommended decision may be adopted, modified or rejected by the BOARD OF PUBLIC UTILITIES, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

March 5, 2014

DATE



ELIA A. PELIOS, ALJ

Date Received at Agency:

3/6/14

Date Mailed to Parties:

3/6/14

/mel

EXHIBITS

Jointly Submitted

J-1 Stipulation of Settlement

Submitted by Middlesex Water Company

I-1 Letter Expressing Lack of Objection to J-1

Submitted by Petitioner New Jersey American Water Company

P-1 Letter identifying typographical error in stipulation of settlement



J-i

Robert J. Brabston
Corporate Counsel
167 J.F. Kennedy Parkway
Short Hills, NJ 07078
Robert.Brabston@amwater.com

P 973.684.5710
F 973.594.5708

February 28, 2014

Via Email, Facsimile and Regular Mail

Hon. Elia A. Pelios, ALJ
Office of Administrative Law
9 Quakerbridge Plaza
P.O. Box 049
Trenton, New Jersey 08625-0049

**Re: 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 (Sewerage) Treatment Adjustment Clause
BPU Docket No. WR13111038
OAL DOCKET NO. PUC 17989-13**

Dear Judge Pelios:

Attached to this letter is the signed stipulation, representing the parties' settlement of the above-captioned matter. Earlier this week, Middlesex Water Company submitted a letter indicating they have no objection to this matter proceeding by way of the attached settlement.

Thank you for your attention to and handling of this matter. Please do not hesitate to call if there are any questions about this matter.

Very truly yours,

/s/ Robert J. Brabston

Robert J. Brabston

RJB

cc: Service list (via e-mail)

STATE OF NEW JERSEY
OFFICE OF ADMINISTRATIVE LAW
2014 MAR -5 A 8 51
RECEIVED

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

IN THE MATTER OF THE PETITION OF	:	BPU DOCKET NO. WR13111038
NEW JERSEY-AMERICAN WATER	:	
COMPANY, INC. FOR APPROVAL TO	:	OAL DOCKET NO. PUC 1989-2013
CHANGE THE LEVEL OF ITS PURCHASED	:	
WATER ADJUSTMENT CLAUSE AND	:	
PURCHASED WASTEWATER (SEWERAGE)	:	
TREATMENT ADJUSTMENT CLAUSE	:	STIPULATION OF SETTLEMENT

APPEARANCES:

**Robert J. Brabston, Esq., on behalf of New Jersey-American Water Company, Inc.,
Petitioner;**

**Alex Moreau and Jennifer Hsia, Deputy Attorneys General, on behalf of the Staff of the
Board of Public Utilities (John J. Hoffman, Acting Attorney General of New
Jersey);**

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

Kenneth J. Quinn, Esq., on behalf of Middlesex Water Company, Intervenor

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

On November 15, 2013, New Jersey-American Water Company, Inc. ("Petitioner"), a public utility of the State of New Jersey, filed a Petition with the Board of Public Utilities ("Board") pursuant to N.J.A.C. 14:9-7.1 et seq. and 14:9-8.1 et seq., 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 expense and increased purchased wastewater treatment expense. The total amount originally requested was an increase of \$4,483,878 or 0.69% above total Company revenues of \$653,210,852. As a result of settlement discussions, the Signatory Parties indicated

below have agreed to a total overall stipulated increase of \$1,342,760 or 0.21% above total Company revenues of \$653,201,643.

Petitioner purchases water on a routine basis from twelve 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 twelve water purveyors are: Passaic Valley Water Commission; Morris County Municipal Utilities Authority; Montclair Water Bureau; Shorelands Water Company; New Jersey Water Supply Authority; Atlantic City Municipal Utilities Authority; City of Wildwood; Borough of Seaside Heights; City of Newark; Township of Maple Shade; East Windsor Municipal Utilities Authority; and Marlboro Township Municipal Utilities Authority. The three sewerage treatment purveyors are: Cape May County Municipal Utilities Authority for the Petitioner's Ocean City Sewer tariff group; Ocean County Utilities Authority for the Petitioner's Lakewood Sewer tariff group; and Howell Township for the Petitioner's Adelphia Sewer tariff group.

In Docket No. WR06030257 (April 2, 2007), the Board ordered that all purchased water costs and purchased wastewater treatment costs be removed from base rates and recovered through the PWAC and PSTAC as applicable. In the Petition filed within the instant proceeding, Petitioner proposed to increase its PWAC rate upon PWAC Rate Schedule O-1 from \$0.4368 per thousand gallons of water to \$0.4810 per thousand gallons of water for Non-Exempt customers. Petitioner proposed to increase its PWAC rate from \$0.3767 per thousand gallons of water to \$0.4148 per thousand gallons for Exempt customers. It also proposed to address its PSTAC charges as follows:

- For Lakewood Township, Ocean County, the rate per thousand gallons of prior year's winter quarter usage (January, February and March meter

readings) as reflected upon PSTAC Rate Schedule 2-B, would change from \$3.7037 per thousand gallons to \$4.0035 per thousand gallons.

- For customers in Ocean City, Cape May County, the rate per thousand gallons of prior year's summer water quarter usage (July, August and September meter readings) as reflected upon PSTAC Rate Schedule 1-B, would change from \$24.2983 per thousand gallons to \$25.5426 per thousand gallons.
- For customers in the Adelpia section of Howell Township, Monmouth County, the rate per thousand gallons of water as reflected upon PSTAC Rate Schedule 3-B, would change from \$6.033 per thousand gallons to \$6.7920 per thousand gallons.

The Board transmitted this matter to the Office of Administrative Law (the "OAL") as a contested case. A telephonic prehearing conference was held with the Honorable Elia A. Pelios, Administrative Law Judge, during which, among other things, Judge Pelios directed that public hearings be held on this matter.

On November 12, 2013, Middlesex Water Company ("Middlesex") filed a motion to intervene in the instant proceeding. On January 27, 2014, during the telephonic prehearing conference, no party opposed Middlesex's motion and Judge Pelios indicated that the motion would be granted. Middlesex has been included on the service list, received all discovery, and participated in all conferences and meetings. Four public hearings were held in Petitioner's service area: in Howell Township on February 12 at 6 p.m. (no public attendees); Ocean City on February 11 at 2 p.m. (ten public attendees); Maplewood on February 12 at 2 p.m. (no public attendees); and Westampton on February 11 at 6 p.m. (no public attendees). The Ocean City hearing had public testimony on the record, and the Company is scheduling a follow-up meeting later in the spring with the Ocean City Utility Advisory Board to address all of the questions asked at the Ocean City public hearing.

The Division of Rate Counsel ("Rate Counsel") and Board Staff served interrogatories on Petitioner, which were responded to in full by Petitioner. Petitioner, Board Staff, and Rate Counsel ("Signatory Parties") and Middlesex participated in a discovery/settlement conference on February 24, 2014, after the public hearings had been held and public comment received into the record for consideration by all parties. As a result of discovery conducted and of the negotiations, the Signatory Parties have been able to reach agreement on this matter, the provisions of which are set forth below.

SETTLEMENT AGREEMENT

1. The Signatory Parties recommend that the Board approve a change to Petitioner's PWAC rate on PWAC Rate Schedule O-1 from \$0.4368 per thousand gallons of water for Non-Exempt customers to \$0.4525 per thousand gallons of water for Non-Exempt customers and from \$0.3767 per thousand gallons of water for Exempt customers to \$0.3902 per thousand gallons of water for Exempt customers.

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

- For Lakewood Township, Ocean County, the rate per thousand gallons of prior year's winter quarter as reflected within PSTAC Rate Schedule 2-B will change from \$3.7037 per thousand gallons to \$3.7965 per thousand gallons.
- For customers in Ocean City, Cape May County, the rate per thousand gallons of prior year's summer water quarter usage (July, August and September meter readings) as reflected upon PSTAC Rate Schedule 1-B, will change from \$24.2983 per thousand gallons to \$24.0083 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, will change from \$6.0933 per thousand gallons to \$6.4594 per thousand gallons.

3. The effective PWAC rate change would result in an increase in the annual bill of an average residential customer utilizing 6,500 gallons per month as follows:

	<u>Present Monthly Bill</u>	<u>Proposed Per Month</u>	<u>Amount Increase</u>	<u>Percentage Increase</u>
SA-1	\$52.05	\$52.15	\$0.10	0.19%
SA-1B Pennsgrove	\$38.28	\$38.38	\$0.10	0.26%
SA-1D	\$45.58	\$45.68	\$0.10	0.22%
SA-2, SA-3 & SA1A	\$49.40	\$49.51	\$0.11	0.22%
SA-2 Manville	\$45.98	\$46.08	\$0.10	0.22%
SA-3 Southampton	\$42.57	\$42.67	\$0.10	0.23%

4. The PSTAC rate changes, will result in: an increase for a typical residential sewer service customer in Lakewood Township, Ocean County utilizing 18,000 gallons of water in the winter quarter, of \$0.56 per month or 0.97%; a decrease to an average sewer service customer in Ocean City, Cape May County utilizing 20,000 gallons in the summer quarter and 44,000 gallons of water per year, of (\$0.48) per month or (0.73%); and an increase to an average sewer service customer in the Adelpia section of Howell Township, Monmouth County utilizing 48,000 gallons of water per year, of \$1.47 per month or 2.82%.

5. These PWAC and PSTAC rates are calculated as being effective April 1, 2014.

6. NJAWC plans to file its 2014 PWAC/PSTAC petition on or before November 15, 2014.

7. Within this Stipulation, the Signatory Parties have agreed on a methodology for calculating the amount of interest to be applied to over-recoveries within the PWAC. This method is described as follows: Total PWAC True-up balance (Over)/Under-recovered (which is the adjusted total purchased water expense minus total PWAC revenues net of cost recoveries for the current month) of the current month, plus the total PWAC cumulative true-up balance

(Over)/under recovery) of the prior month, minus the amortization of the PWAC true-up from the previous PWAC year of the current month. By way of example of this methodology, see Note 5, Schedule DMD-2, attached to this Stipulation. The Signatory Parties agree to review this methodology and adjust it as necessary and appropriate in future PWAC proceedings.

8. The PWAC/PSTAC rates established herein will increase annual revenues by \$1,342,760 or 0.21%.

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

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

11. This Stipulation contains terms, each of which is interdependent with the others and essential in its own right to the signing of this Stipulation. Each term is vital to the agreement as a whole, since the Signatory Parties individually and jointly state that they would not have signed the Stipulation had any term been modified in any way. In the event that any modifications whatsoever are made to this Stipulation, each of the Signatory Parties hereto is entitled to certain procedures in the event of such occurrence.

12. If any modification is made to the terms of this Stipulation, the Signatory Parties must be given the right to be placed in the position in which each Signatory Party was before this Stipulation was executed. It is essential that each Signatory Party be given the option either to


modify its own position, to accept the proposed change(s) or to resume the proceeding as if no agreement had been reached.

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

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

15. On February 25, 2014, Middlesex filed a letter with the OAL indicating that it did not object to the Stipulation.

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

By: 

**Susan E. McClure
Assistant Deputy Rate Counsel**

Dated: 2/28/2014

**NEW JERSEY-AMERICAN WATER
COMPANY, INC.**

By: 

**Robert J. Brabston
Corporate Counsel**

Dated: 2/28/2014

**JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities**

By: 

**Alex Moreau
Deputy Attorney General**

Dated: 02/28/2014

New Jersey American Water Company
Statement of Actual Purchased Water Operating Expense - PWAC Water Service
Prior PWAC Year 4/1/13 - 3/31/14

New Jersey American Water Company
BPU Docket No. WR13111038
Witness Responsible: Dante M. DeStefano

Schedule DMD 1 (updated 2/24/14)
PWAC Filing Year: 4/1/2013 - 3/31/2014
Page 1

Purchased Water	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
Vendor/Voucher													
Akranic City Municipal Utility Authority	\$ 110,877	\$ 121,953	\$ 117,037	\$ 121,524	\$ 157,840	\$ 200,159	\$ 182,987	\$ 194,513	\$ 161,271	\$ 120,507	\$ 120,735	\$ 113,522	\$1,732,534
Borough Florham Park	0	0	30	0	0	30	30	0	30	570	0	0	\$690
Township of Maple Shade	8,718	0	0	0	0	12,178	12,794	0	0	11,332	0	0	\$46,019
Morris County Municipal Utilities Authority	37,884	38,394	45,938	50,833	68,524	72,157	53,961	48,151	41,902	47,177	38,582	34,793	\$576,135
Montclair Water Bureau	12,554	8,620	8,163	12,214	5,507	5,901	5,868	48,956	8,843	6,487	22,740	24,424	\$168,076
City of Newark - Shaw/Selvage	25	32	0	32	388	0	0	58	181	251	43	22	\$1,043
NJWSA - Water - Manasquan	0	0	1,220,513	0	0	1,220,513	0	0	1,220,513	0	0	1,220,513	\$4,882,053
NJWSA - Overdraft - Manasquan	0	0	0	0	0	0	0	0	0	0	0	0	\$0
NJWSA - Power Component - Manasquan	0	41,251	10,453	15,561	40,854	18,508	17,323	13,688	0	13,726	41,658	15,481	\$228,603
Passaic Valley Water Commission - Water	0	1,478,508	762,856	108,738	1,881,483	494,893	705,338	348,423	521,997	1,147,456	627,359	631,325	\$8,804,172
Passaic Valley Water Comm. - Power Component	0	100,702	88,334	0	0	0	208,315	0	0	0	286,066	46,160	\$729,576
Sea Isle City	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Seaside Heights Borough	0	0	0	28,427	0	0	44,443	5,853	0	41,623	0	34,967	\$155,213
Shorelands Water Company	25,382	26,460	34,898	118,031	40,239	33,815	32,031	27,247	28,081	28,980	32,608	30,580	\$457,750
City of Wildwood	0	0	0	0	0	0	88,071	0	0	0	0	0	\$88,071
Pemberton Borough	0	0	0	0	0	0	0	0	0	0	1,226	0	\$1,226
Other - Vouchers	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Marlboro Municipal Utilities Authority	0	0	0	0	0	204,054	42,777	31,113	44,148	32,584	31,928	28,804	\$415,218
NJWSA - Water - Raritan	823,274	884,030	823,274	882,910	823,274	823,274	884,030	823,274	884,030	823,274	823,274	835,541	10,873,480
NJWSA - Water - Raritan - Credit (1)	0	0	0	0	0	0	0	0	0	0	0	0	0
NJWSA - Overdraft - Raritan	0	0	0	0	0	0	0	0	0	0	0	0	0
City of Newark - Summit	0	11	0	0	12,838	9,518	2	0	0	13	1,334	88	23,805
East Windsor Municipal Utility	0	0	0	841	0	411	0	0	324	0	0	840	2,215
Total of Vouchers (2)	\$1,119,523	\$2,703,959	\$3,209,594	\$1,148,709	\$3,230,958	\$3,185,309	\$2,288,008	\$1,840,278	\$2,822,120	\$2,370,982	\$2,127,749	\$3,016,761	\$28,983,859
Journal Entries													
Accruals for Account 510100	468,245	512,418	(881,544)	1,237,389	55,744	(877,385)	(117,456)	317,701	(615,385)	26,768	0	0	548,473
Total Balance of Account 510100 (Purch. Wtr)	\$1,587,768	\$3,216,377	\$2,548,050	\$2,386,098	\$3,286,702	\$2,517,914	\$2,180,552	\$1,857,979	\$2,306,735	\$2,397,750	\$2,127,749	\$3,016,761	\$29,532,332
Adjustments													
Eliminations													
Eliminate Accruals for Account 510100	(\$468,245)	(\$512,418)	\$881,544	(\$1,237,389)	(\$55,744)	\$877,385	\$117,456	(\$317,701)	\$615,385	(\$26,768)	\$0	\$0	(\$548,473)
Seaside Basin Interest (3)							(75)						
Total of Eliminations	(\$468,245)	(\$512,418)	\$881,544	(\$1,237,389)	(\$55,744)	\$877,385	\$117,456	(\$317,776)	\$615,385	(\$26,768)	\$0	\$0	(\$548,473)
Additions													
No Additions	0	0	0	0	0	0	0	0	0	0	0	0	0
Total of Additions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Purchased Water Expense As Adjusted	\$1,119,523	\$2,703,959	\$3,209,594	\$1,148,709	\$3,230,958	\$3,185,309	\$2,288,008	\$1,840,203	\$2,822,120	\$2,370,982	\$2,127,749	\$3,016,761	\$28,983,786

Notes:

- (1) Reflects credit against prior period debt service payments.
- (2) Purchased Water expense reflects accruals except for estimates utilized for February through March 2014 activity. The estimated activity is based on a 3-year average usage of year ended 3/31/11, 3/31/12, and 3/31/13 for that invoiced month, multiplied by the applicable effective rate. The exceptions to this estimate process are NJWSA-Manasquan and NJWSA-Raritan (utilize the contract usage and rate as of 7/1/13).
- (3) Interest paid for late payment is removed from total expenses.

New Jersey American Water Company
Statement of Actual Purchased Water Volumes (1000 Gallons) Associated with Actual Purchased Water Expense - PWAC Water Service
Prior PWAC Year 4/1/13 - 3/31/14 (1)

New Jersey American Water Company
 BPU Docket No. WR13111038
 Witness Responsible: Dante M. DeStefano

Schedule DMD 1a (updated 2/24/14)
 PWAC Filing Year: 4/1/2013 - 3/31/2014
 Page 1

Line No.	Purchased Water	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
1														
2														
3	Vendor/Vendor (1,000 gallons)													
4	Atlantic City Municipal Utility Authority	35,447	39,328	37,636	36,637	51,613	66,249	63,783	64,306	52,663	38,028	37,945	35,678	558,413
5	Borough of Florham Park	0	0	0	0	0	0	0	0	0	66	0	0	66
6	Township of Maple Shade	1,279	0	0	0	0	1,668	1,768	0	0	1,535	0	0	6,251
7	Morris County Municipal Utilities Authority	15,989	15,368	19,363	21,354	28,913	30,446	22,781	20,317	17,680	19,908	15,805	14,253	242,193
8	Montclair Water Bureau	7,223	3,809	3,546	7,027	3,169	3,395	3,376	7,294	4,302	3,177	13,084	14,053	73,455
9	City of Newark - Shaw/Selva	7	10	0	10	134	0	0	18	58	78	13	7	333
10	NJWSA - Water - Manasquan	0	0	1,140,625	0	0	1,140,625	0	0	1,140,625	0	0	1,140,625	4,562,500
11	NJWSA - Overdrafts - Manasquan	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Passaic Valley Water Commission - Water	0	674,870	348,680	49,700	905,680	228,110	322,390	158,340	235,590	524,470	273,093	274,620	3,996,743
13	Sea Isle City	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Seaside Heights	0	0	0	10,335	0	0	18,181	2,128	0	15,140	0	12,677	56,441
15	Shorelands Water Company	10,331	10,694	13,227	82,036	15,529	13,596	12,821	10,978	11,527	10,976	13,665	12,700	188,080
16	City of Wildwood	0	0	0	0	0	0	35,088	0	0	0	0	0	35,088
17	Pemberton Borough	0	0	0	0	0	0	0	0	0	0	336	0	336
18	Other Vendors	0	0	0	0	0	0	0	0	0	0	0	0	0
19	Marlboro Municipal Utilities Authority	0	0	0	0	0	50,818	10,847	7,750	10,115	8,121	7,962	7,134	102,546
20	NJWSA - Water - Raritan	3,924,600	3,798,000	3,924,600	3,798,000	3,924,600	3,924,600	3,798,000	3,924,600	3,798,000	3,924,600	3,924,600	3,544,800	46,208,969
21	NJWSA - Water - Raritan Legislative Grant	87,300	87,300	87,300	87,300	87,300	87,300	87,300	87,300	87,300	87,300	87,300	87,300	1,047,600
22	NJWSA - Overdraft - Raritan	0	0	0	0	0	0	0	0	0	0	0	0	0
23	City of Newark - Summit	0	4	0	0	4,471	3,743	1	0	0	5	525	35	8,754
24	East Windsor Municipal Utility	0	0	0	243	0	138	0	0	98	0	0	390	869
25	Total Volume Assoc. with PW Expense as Adjusted	4,082,176	4,629,371	5,574,997	4,061,562	5,021,408	5,548,589	4,374,116	4,263,031	5,361,156	4,633,401	4,374,328	5,144,472	57,088,697

26
 27 (1) Purchased Water usage reflects actuals except for estimates utilized for February through March 2014 activity. The estimated activity is based on a 3-year average usage of year ended 3/31/11, 3/31/12, and 3/31/13 for that invoiced
 28 month. The exceptions to this estimate process are NJWSA-Manasquan and NJWSA-Raritan (utilize the contract usage as of 7/1/13).
 29
 30
 31

New Jersey American Water Company
 Statement of PWAC True Up Schedule - Revenue and Operating Expense - PWAC Water Service
 Prior PWAC Year 4/1/13 - 3/31/14

Schedule DMO-2 (updated 2/24/14)
 PWAC Pricing Year: 4/1/2013 - 3/31/2014
 Page 1

Line No.	Purchased Water	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Totals
1															
2	Total Billed PWAC Revenue (incl. opt. & exempt) (2)	\$2,806,662	\$2,828,870	\$3,099,058	\$3,283,148	\$3,827,484	\$3,267,542	\$2,967,617	\$2,274,800	\$2,756,528	\$2,628,971	\$2,551,443	\$2,308,619	\$2,308,619	\$24,468,541
3	Less: Exempt PWAC Revenue (from ln. 4)	\$3,243	\$0,714	73,079	73,079	73,079	73,079	73,079	73,079	73,079	73,079	73,079	73,079	73,079	73,079
4	Non-Exempt PWAC Revenue	\$2,803,419	\$2,748,156	\$3,026,441	\$3,210,069	\$3,544,366	\$3,209,890	\$2,894,144	\$2,197,618	\$2,679,255	\$2,551,443	\$2,478,364	\$2,235,540	\$2,235,540	\$23,735,462
5	GRFT tax rate (3)	13.76%	13.76%	13.76%	13.76%	13.76%	13.76%	13.76%	13.76%	13.76%	13.76%	13.76%	13.76%	13.76%	13.76%
6	PWAC Revenue (incl. opt. & exempt) (4)	\$2,176,197	\$2,368,285	\$2,594,480	\$2,768,394	\$3,051,338	\$2,768,238	\$2,492,460	\$1,965,368	\$2,307,140	\$2,355,858	\$2,128,157	\$1,994,085	\$1,994,085	\$23,805,448
7	Add Basic: Exempt PWAC Revenue (ln. 3)	\$3,243	\$0,714	73,079	73,079	73,079	73,079	73,079	73,079	73,079	73,079	73,079	73,079	73,079	73,079
8	PWAC Revenue net of GRFT	\$2,259,440	\$2,448,999	\$2,672,095	\$2,841,448	\$3,124,417	\$2,841,357	\$2,565,539	\$1,892,289	\$2,234,261	\$2,282,779	\$2,055,236	\$1,921,006	\$1,921,006	\$23,732,369
9	Less: Unallocated & BPU (ln. 10) Rate Counsel Exp. Factor (5)														
10	PWAC Revenue net of GRFT, Unalloc. BPU/GRFC exp. (ln. 8)-(9)	\$2,242,043	\$2,431,142	\$2,681,620	\$2,818,368	\$3,116,773	\$2,828,357	\$2,565,539	\$1,892,289	\$2,234,261	\$2,282,779	\$2,055,236	\$1,921,006	\$1,921,006	\$23,732,369
11	Less: PWAC True-up Under-recovery of \$1,828,340 from PWAC Year 4/1/13-3/13 divided by 12 mos. (6)	127,465	127,468	127,468	127,468	127,468	127,468	127,468	127,468	127,468	127,468	127,468	127,468	127,468	1,528,611
12	Less: PWAC True-up Under-recovery of \$1,828,340 from PWAC Year 4/1/13-3/13 divided by 12 mos. (6)	544	543	543	543	543	543	543	543	543	543	543	543	543	6,517
13	Less: PWAC True-up Under-recovery of \$1,828,340 from PWAC Year 4/1/13-3/13 divided by 12 mos. (6)														
14	Total PWAC Revenue net of Cost recoveries detailed above	\$2,114,036	\$2,302,131	\$2,554,090	\$2,690,900	\$2,989,305	\$2,690,900	\$2,417,171	\$1,892,289	\$2,086,813	\$2,034,792	\$1,892,289	\$1,892,289	\$1,892,289	\$23,103,363
15	Total Purchased Water Exp. as Adjusted (per Sch. DMO-1, ln. 4)	1,119,524	2,703,090	3,209,594	3,209,594	1,148,709	3,220,658	3,195,309	2,208,008	1,840,203	2,922,120	2,370,062	2,127,749	3,016,781	28,963,765
16	Total PWAC True-Up Balance														
17	(Over-Recovered) / Under-Recovered (ln. 14)-(15)	\$894,511	\$407,828	\$344,496	\$481,306	\$1,840,596	\$470,242	\$218,862	\$689,282	\$246,610	\$112,672	\$522,227	\$765,540	\$1,123,508	\$874,422
18	Interest Calculation														
19	Total PWAC Cumulative True-Up Balance	\$894,511	\$1,302,349	\$1,646,845	\$2,128,151	\$3,968,741	\$4,438,983	\$4,657,845	\$5,347,127	\$5,593,737	\$5,705,809	\$5,828,036	\$5,955,586	\$6,089,094	\$67,422
20	(Over-Recovered) / Under-Recovered (ln. 17)-(18)	\$1,520,611	\$407,637	\$961,667	\$1,240,614	(\$429,666)	(\$314,070)	\$67,833	(\$183,661)	(\$510,100)	\$40,747	(\$22,000)	(\$68,468)	\$873,422	
21	Average of the Current & Prior months Cumulative True-Up Balance (Over rec.) / Under rec.	612,736	544,817	961,306	405,668	(\$71,884)	(\$28,119)	(\$7,914)	(\$61,865)	(\$284,661)	6,820	(\$8,820)	(\$6,187)	391,677	
22	Overall ROR Per Decade (BPU/ARR) 1970-60 (8)	8.036%	8.036%	8.036%	8.036%	8.036%	8.036%	8.036%	8.036%	8.036%	8.036%	8.036%	8.036%	8.036%	8.036%
23	Monthly Overall Rate of Return	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%
24	Interest on True-Up Balance - (Over) / Under	\$5,445	\$3,650	\$5,441	\$5,441	\$2,717	(\$2,462)	(\$465)	(\$2,369)	(\$1,572)	\$60	(\$376)	\$2,828		\$12,828
25	Total PWAC (Over-Recovered) / Under-Recovered, including interest	\$1,526,156	\$411,287	\$967,006	\$407,055	(\$141,167)	(\$301,877)	(\$64,747)	(\$235,026)	(\$794,761)	(\$223,241)	(\$116,840)	(\$175,297)	\$392,850	
26	Estimated (BPU, GRFT) Contributions Annual Water Sales (1990-2013) (7)														
27	Current (BPU/ARR) - GRFT	\$0,875	\$0,875	\$0,875	\$0,875	\$0,875	\$0,875	\$0,875	\$0,875	\$0,875	\$0,875	\$0,875	\$0,875	\$0,875	\$10,500
28	Acqui NJ Water Co. - SFR-CD	22,860	22,434	20,650	20,327	21,008	20,073	20,073	20,073	21,520	21,347	21,347	19,657	18,472	249,415
29	Lanternville Water Co. - SFR-SCS	16,328	15,360	15,866	15,024	15,423	15,360	15,360	15,360	15,739	15,360	15,360	15,360	14,584	185,047
30	Middlesex Water Co. - SFR-SCS	80,031	85,634	86,738	86,738	86,738	86,738	86,738	86,738	86,738	86,738	86,738	86,738	86,738	1,008,570
31	Rutland Water Co. - SFR Reg. CMS	1,068	1,295	1,505	1,505	1,505	1,505	1,505	1,505	1,505	1,505	1,505	1,505	1,505	14,805
32	Total Exempt Contributor Actual Water Sales	220,660	214,265	208,040	193,968	220,640	205,158	205,367	204,380	220,528	220,270	202,528	202,528	202,528	2,377,865
33	Exempt PWAC Rate per 1000 gals. (9)	\$0.3767	\$0.3767	\$0.3767	\$0.3767	\$0.3767	\$0.3767	\$0.3767	\$0.3767	\$0.3767	\$0.3767	\$0.3767	\$0.3767	\$0.3767	\$0.3767
34	Exempt PWAC Revenue	\$83,243	\$80,714	\$77,615	\$73,079	\$83,115	\$77,653	\$77,653	\$77,653	\$78,082	\$83,073	\$83,225	\$83,225	\$83,225	\$971,083

(1) March 2013 represents Total PWAC True-up balance per Schedule DMO-2.
 (2) Billed PWAC revenue are based on actual, except estimates utilized for February through March 2014. Estimates are based on prior year same month revenues, adjusted by the rate change effective 4/1/13 per Decade #MRR12111018.
 (3) GRFT rate and Unallocated BPU/ARR Current expense factor utilized herein is per Settlement, BPU Decade #MRR12111018, Schedule DMO-12 - Per Settlement.
 (4) Amount per the 2013 PWAC True-Up Balance (BPU Decade #MRR12111018, Schedule DMO-12 - Per Settlement).
 (5) The ROR for the current month plus line 28 of the prior month less line 15 of the current month.
 (6) The ROR for the period 4/1/13 - 3/31/14 is based upon the ROR per Exempt Contributor in the Best Rate Case BPU Decade #MRR11070460.
 (7) Water sales for all entities were based upon actual monthly water sales, except estimates utilized for February through March 2014. Estimates are based on a 3-year average of 2011, 2012, and 2013 usage for the same month.
 (8) For Settlement - except rate reflects \$0.3767 reflects 4/1/13 per BPU Decade #MRR12111018.

New Jersey American Water Company
 Statement of PWAC True Up Schedule - Revenue and Operating Expense - PWAC Water Service
 Prior PWAC Year 4/1/12 - 3/31/13

New Jersey American Water Company
 BPU Docket No. WR13111038
 Witness Responsible: Dante M. DeStefano

Schedule DMD 2a
 PWAC Filing Year: 4/1/2013 - 3/31/2014

Page 1

Line No.	Purchased Water	Note (1) Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Total
1															
2	Total Billed PWAC Revenue (non-exempt & exempt) (2)		\$2,408,142	\$2,690,314	\$2,988,713	\$3,574,127	\$3,808,942	\$3,221,158	\$2,680,022	\$2,840,405	\$2,715,402	\$2,867,788	\$2,644,805	\$2,475,919	\$34,314,743
3	Less: Exempt PWAC Revenue (from ln. 46)		70,845	71,237	70,902	89,515	82,700	71,488	69,039	77,057	88,754	78,748	86,784	80,862	918,507
4	Non-Exempt PWAC Revenue		\$2,337,487	\$2,619,077	\$2,915,811	\$3,684,612	\$3,527,242	\$3,149,670	\$2,610,983	\$2,563,348	\$2,626,648	\$2,589,039	\$2,558,041	\$2,395,057	\$33,396,236
5															
6	GRFT tax rate (3)		13.78%	13.78%	13.78%	13.78%	13.78%	13.78%	13.78%	13.78%	13.78%	13.78%	13.78%	13.78%	13.78%
7	PWAC Non-exempt Rev. net of GRFT (ln.4 * 100% - ln.6)		\$2,016,858	\$2,258,882	\$2,614,586	\$3,022,377	\$3,041,893	\$2,718,276	\$2,251,712	\$2,210,832	\$2,286,946	\$2,231,834	\$2,208,056	\$2,085,869	\$28,802,839
8	Add Back: Exempt PWAC Revenue (ln. 3)		70,845	71,237	70,902	89,515	82,700	71,488	69,039	77,057	88,754	78,748	86,784	80,862	918,507
9	PWAC Revenue net of GRFT		\$2,088,603	\$2,329,929	\$2,585,488	\$3,081,892	\$3,124,593	\$2,789,764	\$2,320,751	\$2,287,889	\$2,365,700	\$2,310,682	\$2,294,840	\$2,166,731	\$29,721,346
10															
11	Less: Uncollectibles & BPU/ Div. Rate Counsel Exp. Factor (5)		0.9916	0.9916	0.9916	0.9916	0.9916	0.9916	0.9919	0.9925	0.9925	0.9925	0.9925	0.9925	0.9920
12	PWAC Rev. net of GRFT, Uncol., BPU/Div. Exp. Factor (ln. 11)		\$2,088,603	\$2,310,358	\$2,563,780	\$3,065,820	\$3,068,346	\$2,764,344	\$2,301,863	\$2,270,591	\$2,336,047	\$2,294,342	\$2,275,623	\$2,130,294	\$29,480,384
13															
14	Less: PWAC True-Up Under-recovery of \$314,864														
15	from PWAC Year 4/1/12-3/31/12 divided by 12 mos. (4)		67,905	67,905	67,905	67,905	67,905	67,905	67,905	67,905	67,905	67,905	67,905	67,905	814,864
16															
17	Less: PWAC Filing Cost Authorized (4)		2,089	2,087	2,087	2,087	2,087	2,087	2,087	2,087	2,087	2,087	2,087	2,087	25,048
18															
19	Total PWAC Revenue net of Cost recoveries detailed above		\$1,988,678	\$2,240,366	\$2,489,788	\$2,985,828	\$3,028,354	\$2,694,952	\$2,231,871	\$2,300,539	\$2,288,056	\$2,224,350	\$2,205,631	\$2,080,242	\$28,840,454
20															
21	Total Purchased Water Exp. as Adjusted - (per Sch. DMD-1, ln. 48)		1,169,757	1,828,883	3,137,438	2,737,799	1,334,055	4,732,619	2,527,248	1,394,951	4,168,388	2,038,509	2,019,814	3,091,228	30,170,095
22															
23	Total PWAC True-Up Balance														
24	(Over-Recovered) / Under-Recovered (ln. 21-19)		(\$639,221)	(\$411,865)	\$649,650	(\$266,126)	(\$1,834,266)	\$2,038,667	\$298,377	(\$605,589)	\$1,002,311	(\$185,841)	(\$186,017)	\$1,030,984	\$1,528,811
25															
26	Interest Calculation														
27	Total PWAC Cumulative True-Up Balance														
28	(Over-Recov.) / Under-Recov. (6)		\$614,884	(\$92,289)	(\$571,855)	\$3,890	(\$322,143)	(\$2,084,347)	(\$114,185)	\$113,287	(\$780,208)	\$1,074,200	\$688,359	\$702,343	\$1,733,328
29															
30	Average of the Current & Prior months Cumulative		391,299	(\$32,000)	(\$283,962)	(\$59,128)	(\$1,203,245)	(\$1,099,286)	(\$449)	(\$23,480)	(\$58,987)	(\$81,279)	(\$95,351)	(\$1,217,834)	
31	True-up Balances (Over rec.) / Under rec.														
32															
33	Overall ROR Per Docket BPU/WR10040280 (8)		8.3248%												
34	Overall ROR Per Docket BPU/WR11970480 (7)			8.0368%	8.0368%	8.0368%	8.0368%	8.0368%	8.0368%	8.0368%	8.0368%	8.0368%	8.0368%	8.0368%	8.0368%
35	Monthly Overall Rate of Return		0.69%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%
36	Interest on True-Up Balances - (Over) / Under		\$2,485	(\$2,225)	(\$1,923)	(\$1,068)	(\$8,022)	(\$7,395)	(\$3)	(\$2,187)	\$1,852	\$6,575	\$5,329	\$8,159	\$817
37															
38	Total PWAC (Over-Recov.) / Under-Recov. including interest														\$1,528,811
39															
40	Exempt (from GRFT) Customers Actual Water Sales (1000 gals): (8)														
41	Copcon (Bayway) - CRW		74,650	74,647	78,401	75,219	105,787	75,174	69,099	70,338	100,397	77,998	96,539	69,710	987,899
42	Aquat NJ Water Co. - BFR-CD		21,181	20,572	21,528	20,694	21,549	21,517	20,548	21,530	20,903	21,227	18,998	19,908	244,145
43	Lancasterville Water Co. - BFR-SOG		15,483	15,613	14,928	14,843	15,208	15,551	14,825	15,856	15,719	16,327	15,310	14,280	184,121
44	Middlesex Water Co. - SFR-SOS		91,464	93,317	90,198	87,849	93,086	92,190	88,015	88,875	83,888	87,622	90,573	85,965	1,071,033
45	Randiscus Water Co. - BFR Reg. GMS		890	1,205	1,335	1,285	2,780	1,640	1,436	730	1,315	1,040	788	710	15,543
46	Total Exempt Customer Actual Water Sales		203,648	205,354	204,368	200,360	238,367	208,072	182,010	197,399	222,662	204,214	222,187	208,580	2,502,710
47															
48	Exempt PWAC Rate per 1000 gals. (8)		\$0.3489	\$0.3489	\$0.3489	\$0.3489	\$0.3489	\$0.3489	\$0.3506	\$0.3505	\$0.3505	\$0.3505	\$0.3505	\$0.3505	\$0.3582
49	Exempt PWAC Revenue		\$70,845	\$71,237	\$70,902	\$89,515	\$82,700	\$71,488	\$69,039	\$77,057	\$88,754	\$78,748	\$86,784	\$80,862	\$918,507
50															

51 Notes: (1) March 2012 represents Total PWAC True-up balance per Schedule DMD-3 - Per Settlement, line 3, 2012 PWAC Rate Filing BPU Docket #WR12050390.
 52 (2) Billed PWAC water revenues are based on actuals.
 53 (3) GRFT rate and Uncollectible/BPU/Rate Counsel expense factor utilized herein is per Settlement, BPU Docket #WR12050390.
 54 (4) Amount per the 2012 PWAC Rate Filing BPU Docket #WR12050390, Schedule DMD-3 - Per Settlement (lines 3 and 4).
 55 (5) Line 24 of the current month plus line 26 of the prior month less line 15 of the current month.
 56 (6) The ROR utilized for the period 4/1/12 - 4/30/12 is based upon the ROR per Board Order in the Base Rate Case BPU Docket #WR10040280.
 57 (7) The ROR utilized for the period 5/1/12 - 3/31/13 is based upon the ROR per Board Order in the Base Rate Case BPU Docket #WR11970480.
 58 (8) Water rates for all systems were based upon actual monthly water sales.
 59 (9) For Settlement - pro-rated exempt rate reflects 22 days of the PWAC rate of \$0.3489 effective 8/29/11 per BPU Docket #WR11030131 and 9 days of the PWAC rate of \$0.3505 effective 10/23/12 per BPU Docket #WR11050390.
 60
 61

New Jersey American Water Company
Statement of Pro Forma PWAC
PWAC Year 4/1/2014-3/31/2015

New Jersey American Water Company
3PU Docket No. WR13111038
Witness Responsible: Dante M. DeStefano

Schedule DMD 3 (updated 2/24/14)
PWAC Filing Year: 4/1/2013 - 3/31/2014
Page 1

Line	(1)	(2)
1	CALCULATION of PWAC Rates for Year 4/1/2014-3/31/2015 Without Compression (regular calc.)	
		<u>Regular Calc.</u>
2	Pro forma Purchased Water Exp. - PWAC Year 4/01/14-3/31/15 (Sched. RRS-1)	\$30,521,128
3	PWAC True-up from PWAC Year 4/01/13-3/31/14 (Schedule DMD-2)	873,422
4	Pro forma filing costs @ 50% (Schedule. DMD-12)	4,000
5		
6	sub-total (lines 2+3+4)	\$31,398,550
7		
8	Gross-up factor for Uncollect. Exp. & Actual 2014 BPU / Div. Rate Counsel Assessments (1)	0.9925
9		
10	PWAC for Recovery 4/1/14-3/31/15 pre-GRFT (line 6 / 8)	\$31,635,818
11		
12	Total Projected Water Sales subject to PWAC (1000 gallons) (line 51) (3)	81,076,378
13		
14	PWAC Exempt Rate per 1000 gallons (line 10 / 12)	\$0.3902
15		
16	PWAC Non-Exempt Rate per 1000 gals. (line 14 / grossed up for GRFT @ 13.76%) (2)	\$0.4525
17		
18		
19		
20	<u>Pricing</u>	
21	<u>Exempt Sales</u>	
22	Projected Exempt Water Sales subject to PWAC (1000 gallons) (line 50) (3)	2,491,797
23	PWAC Exempt Rate per 1000 gallons (line 14)	\$0.3902
24	PWAC Exempt Revenue	\$972,289
25		
26	<u>Non-Exempt Sales</u>	
27	Non-Exempt PWAC recovery pre-GRFT (line 10 - 24)	\$30,663,519
28	Non-Exempt PWAC recovery grossed-up for GRFT (line 27 / (100% - 13.76%))	\$35,558,029
29		
30	Projected Non-exempt Water Sales subject to PWAC (1000 gallons) (line 50) (3)	78,584,581
31	PWAC Non-Exempt Rate per 1000 gallons (line 16)	\$0.4525
32	PWAC Non-Exempt Revenue	\$35,559,523
33		
34	Total PWAC Revenue (ln. 24 + 32)	\$36,531,822

Notes:

- (1) Uncollectible rate @ 0.47% per 3-year average of 2011-2013 uncollectible rates and Actual Assessment Rates @ 0.2845026197318% (combined) (BPU = 0.230466310145% for 2014, Rate Counsel = 0.0540363095868239% for 2014). Gross-up factor (100% - (0.47% + 0.235872307585%)) or 99.25%.
- (2) NJAWC Authorized GRFT rate is 13.76% per Docket #WR11070460.
- (3) Projected water sales are an average of calendar years 2011, 2012 and 2013 actual water usage, as detailed below.

Water Sales (1000 gals.)

Area	Exempt	Non-Exempt	Total
SA1, SA-1A & SA-1B	280,758	43,432,103	43,682,859 (3a)
SA2	2,231,041	33,591,038	35,822,079 (3a)
SA3		1,581,440	1,581,440 (3b)
NJAWC Total Authorized Water Sales	2,491,797	78,584,581	81,076,378
Less: Mansquan			0
Pro Forma Water Sales subject to PWAC	2,491,797	78,584,581	81,076,378

- (3a) Water sales for former AWWM customers were added to the non-exempt column for SA1 and SA2. These additions equate to the 4-year average shown in SIR-14, workpaper 5, page 9 of 15 filed in Docket #WR11070460.
- (3b) Water sales for former Jensens Run customers were added to the non-exempt column for SA3. These additions equate to the 5-year average shown in SIR-15, workpaper 6, page 2 of 3 filed in Docket #WR11070460.

New Jersey American Water Company
Statement of Lakewood Sewer Service Actual Purchased Wastewater Treatment Operating Expense - PSTAC Sewer Service
Prior PSTAC Year 4/1/13 - 3/31/14

New Jersey American Water Company
 BPU Docket No. WR13111838
 Witness Responsible: Dante M. DeStefano

Schedule DMD-4 (updated 2/24/14)
 PSTAC Filing Year: 4/1/2013 - 3/31/2014
 Page 1

Line No.	Purchased Wastewater Treatment	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
1														
2														
3	Lakewood Sewer Service													
4														
5	Journal Entries													
6	Entries/Accruals (1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Total Bal. Purch. Wastewater Treat. A/C 511100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8														
9	Adjustments													
10	Additions/Vouchers													
11	Ocean County Utilities Authority (OCUA) Vouchers (2)	\$0	\$0	\$1,261,650	\$1,261,650	\$0	\$0	\$0	\$0	\$1,261,650	\$0	\$1,271,355	\$0	\$5,056,305
12	OCUA - 2013 Deficiency Charge Voucher (2)												(48,525)	(48,525)
13														0
14														0
15	Total of Additions	\$0	\$0	\$1,261,650	\$1,261,650	\$0	\$0	\$0	\$0	\$1,261,650	\$0	\$1,271,355	(\$48,525)	\$5,007,780
16														
17														
18	Eliminations													
19	Eliminate Accruals for Account	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20														0
21	Total of Eliminations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22														
23	Total Purch. Wastewater Treat. Exp. As Adjusted	\$0	\$0	\$1,261,650	\$1,261,650	\$0	\$0	\$0	\$0	\$1,261,650	\$0	\$1,271,355	(\$48,525)	\$5,007,780

24
 25
 26 Notes:
 27 (1) Journal Entries/accruals are based on actuals.
 28 (2) February 2014 invoice based on 1/24/14 letter, and March 2014 Deficiency Credit per 1/31/14 letter.
 29
 30

New Jersey American Water Company
 BPU Docket No. WAK13111038
 Witness Responsible: Dennis M. DeBardone

Schedule DMD-11
 PSTAC Filing Year: 4/1/12 to 3/31/13
 Page 1

Line No.	Description	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Total
1	Purchased Wastewater Treatment														
2	Quinn City Sewer Service														
3	Total Billed PSTAC Revenue (2)		\$558,006	\$541,078	\$563,313	\$560,818	\$564,067	\$560,134	\$565,464	\$574,146	\$563,185	\$674,604	\$580,082	\$584,040	\$7,270,006
4	GRIFT surcharge (N/A) (3)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5	Billed PSTAC Revenues net of GRIFT		\$558,006	\$541,078	\$563,313	\$560,818	\$564,067	\$560,134	\$565,464	\$574,146	\$563,185	\$674,604	\$580,082	\$584,040	\$7,270,006
6	Less Uncollectibles & BPU/ON, Rate Counsel Exp. Factor (5)		0.9018	0.9018	0.9018	0.9018	0.9018	0.9018	0.9018	0.9018	0.9018	0.9018	0.9018	0.9018	0.9018
7	PSTAC Rev. net of GRIFT, Uncol., BPU/ON exp. (line 6%)		\$553,368	\$538,534	\$558,595	\$555,429	\$558,229	\$554,429	\$558,595	\$567,146	\$558,211	\$668,686	\$568,131	\$569,083	\$7,212,100
8	Less PSTAC True-up Over-recovery of (\$402,353) from PSTAC Year 4/1/12 divided by 12 mos. (4)		(\$3,534)	(\$3,529)	(\$3,529)	(\$3,529)	(\$3,529)	(\$3,529)	(\$3,529)	(\$3,529)	(\$3,529)	(\$3,529)	(\$3,529)	(\$3,529)	(\$42,353)
9	Plant Discretionary Adjustment from PSTAC year 4/1/12 (6)		20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
10	Total PSTAC Revenue net of Cost recoveries detailed above		\$566,834	\$555,005	\$578,115	\$571,929	\$574,704	\$571,929	\$574,704	\$580,616	\$571,740	\$688,176	\$588,660	\$592,563	7,374,453
11	Total Purch. Wastewater Treat. Exp. As Adjusted - (per Schedule DMD-4, ln. 19)		0	2,032,822	0	0	0	0	0	2,032,822	0	0	0	1,611,365	7,608,820
12	Total PSTAC True-up Balance		(\$402,353)	\$550,657	\$561,602	(\$464,205)	\$1,015,184	\$463,765	(\$87,774)	\$1,289,956	\$647,747	(\$1,787)	(\$635,826)	\$335,367	
13	Message Calculation		(\$68,037)	(\$177,577)	316,234	(\$16,152)	267,489	751,489	182,861	594,062	\$68,653	322,875	(\$19,362)	(\$9,760)	
14	Total PSTAC Cumulative True-up Balance (Over-Recov./Under-Recov.) / Under-Recov. (6)		\$32,454	\$150,080	\$483,836	\$468,054	\$732,673	\$1,224,162	\$1,407,024	\$1,998,126	\$2,066,779	\$2,389,654	\$2,469,312	\$2,459,552	\$13,100
15	Overall ROC for Decm Per Decm BPU/WR10040260 (6)		0.69%	0.67%	0.69%	0.67%	0.69%	0.67%	0.69%	0.67%	0.69%	0.67%	0.69%	0.67%	0.69%
16	Monthly Overall Rate of Return		0.69%	0.67%	0.69%	0.67%	0.69%	0.67%	0.69%	0.67%	0.69%	0.67%	0.69%	0.67%	0.69%
17	Balance on True-up Balance - (Over) / Under		(\$4,643)	(\$1,180)	\$2,119	(\$1,748)	\$1,782	\$5,035	\$1,283	\$3,860	\$9,478	\$2,164	(\$2,140)	(\$340)	
18	Total PSTAC (Over-Recov.) / Under-Recov. Including Interest		(\$402,353)	\$550,657	\$561,602	(\$464,205)	\$1,015,184	\$463,765	(\$87,774)	\$1,289,956	\$647,747	(\$1,787)	(\$635,826)	\$335,367	
19	Notes:														
20	(1) March 2012 represents the Total PSTAC True-up balance for Quinn City Sewer per Schedule DMD-11 - Per Settlement, line 16, 2012 PSTAC Rate Filing BPU Docket #WR12050380.														
21	(2) Billed PSTAC revenues are based on actuals.														
22	(3) The GRIFT rate (not applicable to wastewater treatment costs) and the Uncollectible/BPU/ON (not applicable to wastewater treatment costs) are based on the 2012 PSTAC Rate Filing BPU Docket #WR12050380, Schedule DMD-11 - Per Settlement, line 16.														
23	(4) Amount per the 2012 PSTAC Rate Filing BPU Docket #WR12050380, Schedule DMD-11 - Per Settlement, line 16.														
24	(5) Line 21 of the current month plus line 25 of the prior month less line 12 of the current month.														
25	(6) The ROC is calculated for the period 4/1/12 - 4/30/12 & based upon the ROC per Board Order in the Base Rate Case BPU Docket #WR10040260.														
26	(7) The ROC is based for the period 5/1/12 - 3/31/13 is based upon the ROC per Board Order in the Base Rate Case BPU Docket #WR11070460.														

\$553,367

\$13,100

New Jersey American Water Company
Summary Statement of Pro Forma Purchased Wastewater Treatment Expense
PSTAC Year 4/1/2014-3/31/2015

New Jersey American Water Company
 BU Docket No. WR13111038
 Witness Responsible: Dante M. DeStefano

Schedule DMD-10 (updated 2/24/14)
 PSTAC Filing Year: 4/1/2013 - 3/31/2014
 Page 1

Line No	Sewer Service Tariff Area / Vendor (1)	Calendar Year 2014 Annual Charge (2)	Projected Increase Effective 1/1/2015 (3)	Projected Calendar Year 2015 Annual Charge (4)	Pro Forma PSTAC Year 4/1/14-3/31/15 Expense (5)
1	Adelphi Sewer Service				
2	Howell Township	\$1,038,129 (1)	5.16% (1a)	\$1,082,748	
3	Annual Charge:				
4	@ 9/12ths	779,347			
5	@ 3/12ths			273,187	
6	Pro forma Annual Cost PSTAC Yr. 4/1/2014-3/31/2015				\$1,052,534
7					
8					
9	Total Pro forma Costs PSTAC Yr. 4/1/2014-3/31/2015				<u>\$1,052,534</u>
10					
11	Lakewood Sewer Service				
12	Ocean County Utilities Authority	\$5,085,420 (2)	1.65% (2a)	\$5,169,329	
13	Annual Charge:				
14	@ 9/12ths	3,814,065			
15	@ 3/12ths			1,292,332	
16	Pro forma Annual Cost PSTAC Yr. 4/1/2014-3/31/2015				\$5,106,397
17	OCUA's 2014 Estimated True-Up Deficiency Chg.				(34,795) (3)
18					
19					
20					
21	Total Pro forma Costs PSTAC Yr. 4/1/2014-3/31/2015				<u>\$5,071,602</u>
22					
23	Ocean City Sewer Service				
24	Cape May County Municipal Utilities Authority	\$8,278,186 (4)	1.36% (4a)	\$8,392,425	
25	Annual Charge:				
26	@ 9/12ths	6,208,640			
27	@ 3/12ths			2,098,106	
28	Pro forma Annual Cost PSTAC Yr. 4/1/2014-3/31/2015				\$8,306,746
29					
30					
31					
32	Total Pro forma Costs PSTAC Yr. 4/1/2014-3/31/2015				<u>\$8,306,746</u>
33					
34					
35					
36	Total PSTAC Costs for PSTAC Year 4/1/2014-3/31/2015				<u><u>\$14,430,882</u></u>

Notes:
 (1) Estimated 2014 expenses based on actual usage September 2013-January 2014, estimated usage February 2014
 (1a) Reflects 3-year average of increases in total expenses for 2011, 2012, and 2013.
 (2) Actual 2014 expenses per OCUA letter dated 11/25/2013.
 (2a) Reflects 3-year average of increases in total expenses for 2012, 2013, and 2014.
 (3) Estimate based on actual deficiency charges/credits for the three calendar years 2011 through 2013
 (4) CMCMUA's actual 2014 annual charge per the 2014 User Charge System Rate Setting Report.
 (4a) CMCMUA's estimated 2013 increase based on 3-year average of increases for 2012-2014

New Jersey American Water Company
Statement of Pro Forma PSTAC
PSTAC Year 4/1/2014-3/31/2015

New Jersey American Water Company
BPU Docket No. WR13111038
Witness Responsible: Dante M. DeStefano

Schedule DMD-11 (updated 2/24/14)
PSTAC Filing Year: 4/1/2013 - 3/31/2014
Page 1

Line No.	(1)	(2)
CALCULATION of PSTAC Rates for Year 4/1/14-3/31/15 Without Compression (regular calc.)		Regular Calc.
		<u> </u>
	<u>Lakewood Sewer Service</u>	
1	Pro Forma Purchased Wastewater Treatment Expense - PSTAC Year 4/01/2014-3/31/2015 (Schedule DMD-10)	\$5,071,602
2	PSTAC True-up from PSTAC Year 4/01/13-3/31/14 (Schedule DMD-5)	<u>(433,832)</u>
3	sub-total (lines 1 + 2)	\$4,637,769
4	Gross-up factor for Uncollectibles Exp. & Actual 2014 BPU / Div. Rate Counsel Assessments (1)	<u>0.9925</u>
5	PSTAC for Recovery 4/1/2014-3/31/2015 (line 3 / 4)	\$4,672,815
6	Total Projected Sewer Service Sales subject to PSTAC (1000 gallons) (2)	<u>1,230,807</u>
7	PSTAC per 1000 gallons (line 5 / 6) (3)	<u>\$3.7965</u>
	<u>Adelphia Sewer Service</u>	
8	Pro Forma Purchased Wastewater Treatment Expense - PSTAC Year 4/01/2014-3/31/2015 (Schedule DMD-10)	\$1,052,534
9	PSTAC True-up from PSTAC Year 4/01/13-3/31/14 (Schedule DMD-7)	<u>17,146</u>
10	sub-total (lines 8 + 9)	\$1,069,680
11	Gross-up factor for Uncollectibles Exp. & Actual 2014 BPU / Div. Rate Counsel Assessments (1)	<u>0.9925</u>
12	PSTAC for Recovery 4/1/2014-3/31/2015 (line 10 / 11)	\$1,077,793
13	Total Projected Sewer Service Sales subject to PSTAC (1000 gallons) (2)	<u>168,851</u>
14	PSTAC per 1000 gallons (line 12 / 13) (3)	<u>\$6.4594</u>
	<u>Ocean City Sewer Service</u>	
15	Pro Forma Purchased Wastewater Treatment Expense - PSTAC Year 4/01/2014-3/31/2015 (Schedule DMD-10)	\$8,308,746
16	PSTAC True-up from PSTAC Year 4/01/13-3/31/14 (Schedule DMD-9)	<u>(91,142)</u>
17	sub-total (lines 15 + 16)	\$8,215,604
18	Gross-up factor for Uncollectibles Exp. & Actual 2014 BPU / Div. Rate Counsel Assessments (1)	<u>0.9925</u>
19	PSTAC for Recovery 4/1/2014-3/31/2015 (line 17 / 18)	\$8,277,687
20	Total Projected Sewer Service Sales subject to PSTAC (1000 gallons) (2)	<u>344,764</u>
21	PSTAC per 1000 gallons (line 19 / 20) (3)	<u>\$24.0083</u>

Notes:

- (1) Uncollectible rate @ 0.47% per 3-year average of 2011-2013 uncollectible rates and Actual Assessment Rates @ 0.2845028197318% (combined) (BPU = 0.230466310145% for 2014, Rate Counsel = 0.054036309588236% for 2014). Gross-up factor (100% - (0.47% + 0.235872307585%)) or 99.25%.
- (2) See Schedule DMD-11, page 2 for explanation of Projected Sewer Sales.
- (3) Gross-up for GRFT not applicable - wastewater treatment costs are deductible from Gross Receipts when computing GRFT.

**New Jersey American Water Company
Pro Forma PSTAC-Supporting Sewer Service Sales Worksheet
PSTAC Year 4/1/2014-3/31/2015**

New Jersey American Water Company
BPU Docket No. WR13111038
Witness Responsible: Dante M. DeStefano

Schedule DMD-11 (updated 2/24/14)
PSTAC Filing Year: 4/1/2013 - 3/31/2014
Page 2

Pro forma Lakewood Sewer Service Sales:

	1,230,807 (1)
Total Sales Lakewood	<u>1,230,807</u>

Pro forma Adelphia Sewer Service Sales:

	166,851 (2)
Total Sales Adelphia	<u>166,851</u>

Pro forma Ocean City Sewer Service Sales:

	344,784 (3)
Total Sales Ocean City	<u>344,784</u>

Notes:

- (1) Source: Average of customers' 2011, 2012 & 2013 actual wastewater consumption during the winter quarter, annualized. Also included is a usage adjustment to account for Lakewood minimum usage charges, which began 1/1/2011 as approved in Docket #WR10040280. This usage adjustment is consistent with that exhibited in SIR-14, Workpaper 5S, page 2 of 9 in Docket #WR11070480.
- (2) Source: Average of customers' 2011, 2012 & 2013 actual wastewater consumption.
- (3) Source: Average of 2011, 2012 and 2013 actual summer wastewater consumption.

New Jersey American Water Company
Statement of Pro Forma Filing Costs
PWAC Year 4/1/2014-3/31/2016

New Jersey American Water Company
BPU Docket No. WR13111038
Witness Responsible: Dante M. DeStefano

Schedule DMD-12
PWAC Filing Year: 4/1/2013 - 3/31/2014
Page 1

Line No.		Estimated Pro Forma Filing Costs
1		
2		
3		
4		
5	Legal	\$0
6	Public Noticing	6,000
7	Court Reporting	2,000
8		
9	Total Pro Forma Filing Costs	\$8,000 (1)
10		
11		
12	(1) These costs carry to Schedule DMD - 3 for inclusion in PWAC recovery at 50%.	
13		
14		
15		
16		
17		
18		
19		
20		

<u>PWAC / PSTAC REVENUE</u>	<u>PWAC</u>	<u>PSTAC</u>	<u>Total</u>
<u>Pro Forma PWAC/PSTAC Proposed Rate Revenue - uncompressed rates - Current Filing</u>			
PWAC per Schedule DMD-3, Col. 2, (lns. 22 * ln 23) + (lns. 30 * 31)	\$36,531,822		\$36,531,822
PSTAC per Schedule DMD-11:			
Adelphia Sewer - Col. 2, line 12		1,077,763	1,077,763
Lakewood Sewer - Col. 2, line 5		4,672,815	4,672,815
Ocean City Sewer - Col. 2, line 19		6,277,687	6,277,687
Total Pro Forma PWAC/PSTAC Proposed Rate Revenue	\$36,531,822	\$14,028,265	\$50,560,087
<u>Pro Forma PWAC/PSTAC Present Rate Revenue - uncompressed rates - Current Filing</u>			
PWAC per Schedule DMD-3, Col. 2, (ln 23 * \$0.3767) + (ln 31 * \$0.4368) note (1)	\$35,284,405		\$35,284,405
PSTAC per Schedule DMD-11 (ref. cols and lines below) note (2):			
Adelphia Sewer - Col. 2, ln 14 * \$6.0933		1,016,667	1,016,667
Lakewood Sewer - Col. 2, ln 7 * \$3.7037		4,558,574	4,558,574
Ocean City Sewer - Col. 2, ln 21 * \$24.2983		6,377,681	6,377,681
Total Pro Forma PWAC/PSTAC Present Rate Revenue	\$35,284,405	\$13,952,922	\$49,237,327
<u>Pro Forma PWAC/PSTAC Proposed Revenue Increase</u>			
PWAC	\$1,267,417		\$1,267,417
PSTAC Adelphia Sewer		61,098	61,098
PSTAC Lakewood Sewer		114,241	114,241
PSTAC Ocean City Sewer		(98,994)	(98,994)
Total Pro Forma PWAC/PSTAC Proposed Rev. Increase	\$1,267,417	\$75,343	\$1,342,760
<u>Pro Forma PWAC/PSTAC Proposed Revenue Incr. % Over Current PWAC/PSTAC Rev.</u>			
PWAC	3.59%		3.59%
PSTAC Adelphia Sewer		6.01%	6.01%
PSTAC Lakewood Sewer		2.51%	2.51%
PSTAC Ocean City Sewer		-1.19%	-1.19%
Total Pro Forma PWAC/PSTAC Revenue Increase %	3.59%	0.54%	2.73%

- Notes: (1) Present Rates on an Uncompressed basis per Schedule DMD-3 - Per Settlement, WR12111018. Usage per DMD-3, lines 22 and 30.
 (2) Present Rates on an Uncompressed basis per Schedule DMD-11 - Per Settlement, WR12111019. Usage per DMD-11.
 (3) Approx. \$56 mil. Of Base Revenues are not subject to PWAC (Fire Service, Uninter. Manasquan Serv., and Other Operating Revenues)

New Jersey American Water Company

PWAC & PSTAC Rate Filing - Bill Comparisons

Usage in Gallons, Usage Rates in 1998 gallons
Proposed Rates are Compressed Rates

Schedule DMD-16

RPU Docket No. WR1311038 (updated 2/24/14)

Service Area	Monthly Usage	Present Rates				Present Monthly Bill	Present Annual Bill
		Base Rates EE 5/1/12		PWAC EE 4/1/13			
		Mon./Fri Serv. Chg. \$/k	Usage Chg Rate	Usage Chg Rate	Usage Chg Rate		
BA1 - STATEWIDE	6,500	\$10.60	\$5.8405	\$0.4364	\$62.05	\$624.69	
BA2 & BA3 & BA4	6,500	10.60	5.5331	0.4368	49.40	582.80	
Manville	6,500	10.60	5.0057	0.4368	45.86	531.78	
Southernpton	6,500	10.60	4.4814	0.4368	42.57	510.84	
BA-14	6,500	9.00	5.1912	0.4368	45.58	548.98	
BA-15 Pennsgrove	6,500	9.00	4.0682	0.4368	38.28	458.28	

Mon./Fri Serv. Chg. \$/k	Usage Chg Rate	Present Rates		Proposed		Proposed Monthly Bill	Proposed Annual Bill
		Base Rates EE 5/1/12		PWAC (1)			
		Usage Chg Rate	Usage Chg Rate	Usage Chg Rate	Usage Chg Rate		
\$10.60	\$5.9405	\$0.4625	\$0.4625	\$62.15	\$625.80		
10.60	5.5331	0.4525	0.4525	49.51	594.12		
10.60	5.0057	0.4525	0.4525	46.06	552.06		
10.60	4.4814	0.4525	0.4525	42.67	512.04		
9.00	5.1912	0.4625	0.4625	45.68	548.98		
9.00	4.0682	0.4525	0.4525	38.38	460.56		

5/8" Customer			
Increase			
Monthly	Monthly%	Annual	%
\$0.10	0.10%	\$1.20	0.10%
0.11	0.22%	1.32	0.22%
0.10	0.22%	1.20	0.22%
0.10	0.23%	1.20	0.23%
0.10	0.22%	1.20	0.22%
0.10	0.26%	1.20	0.26%

Raleigh Sewer Rates	Monthly Usage	Present Rates				Present Monthly Bill	Present Annual Bill
		Base Rates EE 5/1/12		PSTAC EE 4/1/13			
		Mon./Fri Serv. Chg. \$/k	Usage Chg Rate	Usage Chg Rate	Usage Chg Rate		
Rates		\$5.69	\$5.5000	\$1.0933			
Monthly Bill Calculation	4,000	\$5.69	\$22.82	\$24.17	\$52.88	\$624.95	

Mon./Fri Serv. Chg. \$/k	Usage Chg Rate	Present Rates		Proposed		Proposed Monthly Bill	Proposed Annual Bill
		Base Rates EE 5/1/12		PSTAC			
		Usage Chg Rate	Usage Chg Rate	Usage Chg Rate	Usage Chg Rate		
\$5.69	\$5.5000	\$1.0934	\$1.0934	\$53.66	\$642.80		
\$5.69	\$22.02	\$25.84	\$25.84	\$43.66	\$612.80		

5/8" Customer			
Increase			
Monthly	Monthly%	Annual	%
\$1.47	2.82%	\$17.64	2.82%

Orange City Sewer Rates	Actual Usage	Summer Chg. Usage	Present Rates				Present Monthly Bill	Present Annual Bill
			Base Rates EE 5/1/12		PSTAC EE 4/1/13			
			Sewer Usage Charge (1)	Minimum Service Charge (2)	Sewer Usage Charge (1)	Minimum Service Charge (2)		
Rates			\$1.6508	\$11,1034	\$24,2803			
Annual Bill Calculation	44,000	28,000	\$73.27	\$222.08	\$495.97	\$65.85	\$798.32	

Sewer Usage Charge (1)	Minimum Service Charge (2)	Present Rates		Proposed		Proposed Monthly Bill	Proposed Annual Bill
		Base Rates EE 5/1/12		PSTAC			
		Minimum Service Charge (2)	Minimum Service Charge (2)	Minimum Service Charge (2)	Minimum Service Charge (2)		
\$1.6508	\$11,1034	\$24,0083	\$24,0083	\$65.38	\$784.52		
\$62.27	\$222.08	\$498.17	\$498.17	\$65.38	\$784.52		

5/8" Customer			
Increase			
Monthly	Monthly%	Annual	%
(\$0.46)	-0.73%	(\$5.76)	-0.73%

Notes: (1) Applicable to each month's current usage.
(2) Applicable to prior year's summer quarter usage.

Lansdowne Sewer Rates	Monthly Usage	Present Rates				Present Monthly Bill	Present Annual Bill
		Base Rates EE 5/1/12		PSTAC EE 4/1/13			
		Mon./Fri Serv. Chg. \$/k	Usage Chg Rate	Usage Chg Rate	Usage Chg Rate		
Rates		\$15.08	\$3.4102	\$3.7037			
Monthly Bill Calculation	6,000	\$15.08	\$20.48	\$22.22	\$57.24	\$686.88	

Mon./Fri Serv. Chg. \$/k	Usage Chg Rate	Present Rates		Proposed		Proposed Monthly Bill	Proposed Annual Bill
		Base Rates EE 5/1/12		PSTAC			
		Usage Chg Rate	Usage Chg Rate	Usage Chg Rate	Usage Chg Rate		
\$15.08	\$3.4102	\$3.7986	\$3.7986	\$68.30	\$819.60		
\$15.08	\$20.48	\$22.78	\$22.78	\$68.30	\$819.60		

5/8" Customer			
Increase			
Monthly	Monthly%	Annual	%
\$0.56	0.97%	\$6.72	0.97%

(1) Exempt PWAC rate of \$0.3502 per 1000 gallons.

New Jersey American Water Company
Statement of Pro Forma Purchased Water Expenses
PWAC Year 4/1/2014-3/31/2015

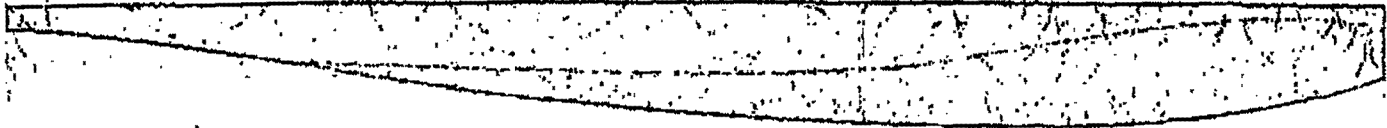
New Jersey American Water Company
BPU Docket No. WR1311038
Witness Responsible: Robert R. Schaefer

Schedule RRS-1 (Updated 2/24/14)
PWAC Filing Year: 4/1/2013 - 3/31/2014
Page 1

Purchased Water Vendor	Actual PWAC Year 4/1/13-3/31/14 Purchases (MGY)	Annual Contract Minimum (MGY)	Pro Forma Purchases (MGY)	Pro Forma Rate per MG	Pro Forma PWAC Year 4/1/2014-3/31/2015 Expense
(1)	(2)	(3)	(4)	(5)	(6)
Passaic Valley Water Commission (PVWC): PVWC - power component	3,996,743	3,777,750	4,190,308 (1a)	\$2,325.95 (1)	\$9,676,666 \$729,576 (2)
Morris County Municipal Utilities Authority	242,193	220,000	242,193	\$2,459.25 (3)	\$595,613
Montclair Water Bureau	73,455		119,357 (4a)	\$1,737.97 (4)	\$207,439
New Jersey Water Supply Authority (NJWSA)					
Manasquan:	4,562,500				
Contract @ Initial rate		2,943,725	2,943,725	\$1,015.90 (5)	\$2,980,530
Contract @ Delayed rate		1,618,775	1,618,775	\$1,168.49 (5a)	\$1,891,522
Power component					\$228,603 (5b)
Overdraft service	0.000		1,680		\$2,267 (5c)
Raritan:					
Contract	46,209.00	46,209.00	46,209.00	\$240.86 (6)	\$11,129,900
Legislative grant	1,062.15	1,062.15	1,062.15	\$0.00	\$0
Overdraft service	0.00		326.68		\$90,555 (6a)
Retrospective Debt Service					\$200,301 (6b)
Credit against Retrospective Debt Serv. Pymts					(\$195,721) (6c)
Atlantic City Municipal Utilities Authority:					
Base rate	180,000	180,000	180,000	\$3,487.97 (7)	\$627,835
Excess rate	376,413	372,822	378,413	\$2,965.24 (7)	\$1,122,086
Township of Maple Shade	6,251		6,251		\$46,019 (8)
Borough of Seaside Heights	56,441		56,441	\$2,750.00 (9)	\$155,213
Shorelands Water Company:					
Union Beach connections:	178,941				
Sale for Resale rate		182,500	182,500	\$2,106.00 (10)	\$401,135
Backup bulk sales rate			0.000	\$4,007.00 (10)	\$0
Fixed chg: 2 - 4" meter (per mo.)				\$237.18 (10)	\$5,892
Fixed chg: 2 - 6" meter (per mo.)				\$474.38 (10)	\$11,385
Union Beach Deficiency bill					\$58,404 (11)
Holmdel connection:					
Backup bulk sales rate	9,138		9,673 (10a)	\$4,007.00 (10)	\$36,780
Fixed chg: 1 - 6" meter (per mo.)				\$474.38 (10)	\$5,693
Marlboro Township MUA	102,546	91,250	97,394 (12a)	\$4,036.89 (12)	\$393,167
City of Wildwood	35,088	35,000	42,339 (1a)	\$2,510.00 (13)	\$108,271
East Windsor Municipal Utilities Authority	0,869		0,869		\$2,215 (14)
					<u>\$7,837,926</u>
					<u>\$30,521,128</u>

- Notes: (1) Prorated Rate - 9 months of rate effective 1/1/14 - \$2,207.23 - and 3 months increase of 5% effective 1/1/15.
(1a) 3 year average of usage for the 12 months ended 3/31/12, 3/31/13 and 3/31/14. See Note 1, DMD-1a for explanation for year ended 3/31/14.
(1b) 3 year average of usage for the 12 months ended 3/31/12, 3/31/13 and 3/31/14. See Note 1, DMD-1a for explanation for year ended 3/31/14.
(2) Actual Power costs for PWAC Yr. 4/1/13-3/31/14 per 6th, DMD-1.
(3) Prorated rate effective 1/1/15 for NJ American of 111% times the 2013 base rate of \$2,135 times 3% increase for 2014 (\$2,441) for 9 months and 3 months of rate effective 1/1/15, estimating 3% increase to base rate (\$2,285) times 111% (\$2,514).
(4) Present rates - Effective 1/1/13.
(4a) 3-year average for the 12 months ended 3/31/12, 3/31/13, and 3/31/14. See Note 1, DMD-1a for explanation for year ended 3/31/14.
(5) Prorated rate - 3 months of actual rate ER, 7/1/13-8/30/14 \$1,015.90 per mg and 9 mos. of estimated 7/1/14-8/30/15 rate, \$1,015.90 per mg.
(5a) Prorated rate - 3 months of actual rate ER, 7/1/13-8/30/14 \$1,168.49 per mg and 9 mos. of estimated 7/1/14-8/30/15 rate, \$1,168.49 per mg.
(5b) Actual Power costs for PWAC Yr. 4/1/13-3/31/14 per 6th, DMD-1.
(5c) Estimated overdraft service charge based upon average of 12 months ended 3/31/12, 3/31/13 and 3/31/14 actual monthly and annual overdraft charges. See Note 2, DMD-1 for explanation for year ended 3/31/14.
(6) Prorated rate - 125 days of actual rate ER, 7/1/13-8/31/14 \$231.00 per mg and 240 days of NJWSA's proposed 8/1/14-8/30/15 rate \$248.00 per mg.
(6a) Estimated overdraft service charge based upon average of 12 months ended 3/31/12, 3/31/13 and 3/31/14 actual monthly and annual overdraft charges. See Note 2, DMD-1 for explanation for year ended 3/31/14.
(6b) Actual annual retrospective debt service charge effective January 2006.
(6c) Estimated prior period credit against the debt service charge is based upon a 3 year average of these credits for the 12 months ended 3/2011, 3/2012 and 3/2013.
(7) Rates effective as of 1/1/14.
(8) Actual costs PWAC Year 4/1/13-3/31/14.
(9) Present rates - Effective 1/3/07.
(10) Present rates - Effective 1/1/11, including PWAC rates effective 7/1/12.
(10a) 3 year average of usage for the 12 months ended 3/31/12, 3/31/13 and 3/31/14. See Note 1, DMD-1a for explanation for year ended 3/31/14.
(11) Estimated Union Beach deficiency bill based upon a 3-year average of the dollars associated with the deficiency in PWAC Years ended 3/31/12, 3/31/13 and 3/31/14.
(12) Prorated rate reflects the average of the 12 monthly projected rates during PWAC Yr. 4/1/14 - 3/31/15. The rate incorporates MWAC (Middlesex) and MTRUA components. The MWAC rate component was based on the current actual rate eff. 7/20/2012 of \$2,752.35 per mg. The MTRUA component was prorated based on 11 months of the current contractual rate of \$1,282.40 and 1 month of a contractual 2% rate incr. effective 3/1/13 of \$1,308.05. The MTRUA rate increase is effective on the anniversary of the Water Service Effective Date of 3/1/09.
(12a) 3 year average of usage for the 12 months ended 3/31/12, 3/31/13 and 3/31/14. See Note 1, DMD-1a for explanation for year ended 3/31/14.
(13) Present rates - Effective 1/1/2012.
(14) Actual costs for PWAC year 4/1/13-3/31/14.

P-1



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March 4, 2014

Via Facsimile and Regular Mail

Hon. Ella A. Pelios, ALJ
Office of Administrative Law
9 Quakerbridge Plaza
P.O. Box 049
Trenton, New Jersey 08625-0049

Re: **W/O the Petition of New Jersey American Water Company, Inc. to Change the Levels of its Purchased Water Adjustment Clause and Purchased Wastewater (Sewerage) Treatment Adjustment Clause
OAL DOCKET NO. PUC 17989-13**

Dear Judge Pelios:

It has come to our attention that the Stipulation of Settlement executed in the above-referenced matter contains a typographical error in that it states that the petition was filed on November 15, 2013 when it was actually filed on November 1, 2013. By copy of this letter we are advising the other parties to this matter of the error.

Please do not hesitate to contact me should you have any questions.

Very truly yours,
/s/ Robert J. Brabston
Robert J. Brabston

RJB:dlo
cc: Service list (via e-mail)



**MIDDLESEX
WATER COMPANY**

I - 1

2014 MAR -5 PM 3:00

Via Facsimile & Overnight Mail
(609) 689-4100

February 25, 2014

Honorable Elia A. Pelios, ALJ
Office of Administrative Law
9 Quakerbridge Plaza
P.O. Box 049
Trenton, NJ 08625-0049

**RE: I/M/O the Petition of New Jersey American Water Company, Inc. for Approval to
Change The Level of its Purchased Water Adjustment Clause and Purchased
Wastewater (Sewerage) Treatment Adjustment Clause
BPU Docket No.: WR13111038
OAL Docket No: PUC 1989-2013**

Dear Judge Pelios:

Middlesex Water Company ("Middlesex"), an Intervenor in the above matter, has reviewed the proposed Stipulation of Settlement ("Stipulation") in the above-referenced matter which is expected to be executed shortly.

Please be advised that Middlesex does not object to the Stipulation.

Should you have any questions, please contact me.

Respectfully,

Kenneth J. Quinn
Vice President, General Counsel,
Secretary and Treasurer

cc: Attached Service List
(via e-mail only)