



Aqua New Jersey, Inc.  
10 Black Forest Road  
Hamilton, NJ 08691

T: 609.587.5406  
F: 609.587.0689  
www.aquanewjersey.com

March 13, 2015

Honorable Kristi Izzo, Secretary  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> floor  
P.O. Box 350  
Trenton, NJ 08625-0350

RECEIVED

MAR 16 2015

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

Re: I/M/O Aqua New Jersey, Inc.'s Distribution System Improvement Charge Calculation for the September 1, 2014 through February 28, 2015 DSIC Recovery Period; Docket No. WR14010019

Dear Secretary Izzo:

Aqua New Jersey, Inc. submitted a foundational filing dated March 17, 2013 via hand delivery as part of the Company's base rate case. (Docket No. WR14010019) The Foundational Filing was made pursuant to N.J.A.C. 14:9-10.4(b) and (c), which permits a Foundational Filing to be made concurrently with a base rate proceeding, and approved concurrently with the setting of base rates. Revised pages were then filed on July 22, 2014 reflecting changes agreed upon by all parties in the rate case as well as updated data.

Enclosed for filing please find an original and five (5) copies of Aqua New Jersey, Inc.'s Distribution System Improvement Charge calculation for the September 1, 2014 through February 28, 2015 DSIC Recovery Period based on the Foundational Filing mentioned above. Please note that the Tariff Supplement Third Revised Sheet No. 4D will be effective May 1, 2015 pursuant to N.J.A.C. 14:9-10.5.

Should you have any questions, please feel free to contact the undersigned. Thanks you for your attention to this matter.

Sincerely,

Susan Rauth  
Controller - New Jersey  
(609) 587-4080

cc: Service List ✓

## SERVICE LIST

### **I/M/O Aqua New Jersey, Inc.'s Distribution System Improvement Charge Calculation for the September 1, 2014 through February 28, 2015 DSIC Recovery Period; Docket No. WR14010019**

Hon. Kristi Izzo, Secretary  
Board of Public Utilities  
44 South Clinton Ave. 9<sup>th</sup> Fl.  
P.O. Box 350  
Trenton, NJ 08625  
[kristi.izzo@bpu.state.nj.us](mailto:kristi.izzo@bpu.state.nj.us)

Maria Moran, Director  
Division of Water  
Board of Public Utilities  
44 South Clinton Ave. 9<sup>th</sup> Fl.  
P.O. Box 350  
Trenton, NJ 08625  
[maria.moran@bpu.state.nj.us](mailto:maria.moran@bpu.state.nj.us)

Mona Mosser, Bureau Chief  
Bureau of Conservation & Engineering  
Division of Water  
Board of Public Utilities  
44 South Clinton Ave., 9<sup>th</sup> fl.  
P.O. Box 350  
Trenton, NJ 08625-0350  
[Mona.Mosser@bpu.state.nj.us](mailto:Mona.Mosser@bpu.state.nj.us)

Yanina Lepore, Principal Engineer  
Division of Water  
Board of Public Utilities  
44 South Clinton Ave. 9<sup>th</sup> Fl.  
P.O. Box 350  
Trenton, NJ 08625  
[yanina.lepore@bpu.state.nj.us](mailto:yanina.lepore@bpu.state.nj.us)

Michael Kammer  
Division of Water & Wastewater  
Board of Public Utilities  
44 South Clinton Ave. 9<sup>th</sup> Fl.  
P.O. Box 350  
Trenton, NJ 08625  
[mike.kammer@bpu.state.nj.us](mailto:mike.kammer@bpu.state.nj.us)

Edward D. Beslow, Esq.  
Counsel's Office  
Board of Public Utilities  
44 South Clinton Ave. 9<sup>th</sup> Fl.  
P.O. Box 350  
Trenton, NJ 08625  
[ed.beslow@bpu.state.nj.us](mailto:ed.beslow@bpu.state.nj.us)

James Kane  
Counsel's Office  
Bureau of Rates  
Division of Water  
Board of Public Utilities  
44 South Clinton Ave. 9<sup>th</sup> Fl.  
P.O. Box 350  
Trenton, NJ 08625  
[jim.kane@bpu.state.nj.us](mailto:jim.kane@bpu.state.nj.us)

Caroline Vachier, DAG  
Division of Law  
124 Halsey Street, 5<sup>th</sup> Fl.  
P.O. Box 45029  
Newark, NJ 07101  
[caroline.vachier@dol.lps.state.nj.us](mailto:caroline.vachier@dol.lps.state.nj.us)

Alex Moreau, Esq.  
Dept. of Law & Public Safety  
Division of Law  
124 Halsey Street, 5<sup>th</sup> Fl.  
P.O. Box 45029  
Newark, NJ 07101  
[alex.moreau@dol.lps.state.nj.us](mailto:alex.moreau@dol.lps.state.nj.us)

David Wand, Esq.  
Dept. of Law & Public Safety  
Division of Law  
124 Halsey Street, 5<sup>th</sup> Fl.  
P.O. Box 45029  
Newark, NJ 07101  
[david.wand@dol.lps.state.nj.us](mailto:david.wand@dol.lps.state.nj.us)

Stefanie A. Brand, Esq.  
Director  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Fl.  
P.O. Box 003  
Trenton, NJ 08625  
[sbrand@rpa.state.nj.us](mailto:sbrand@rpa.state.nj.us)  
[dnichols@rpa.state.nj.us](mailto:dnichols@rpa.state.nj.us)

Debra Robinson, Esq.  
Water & Wastewater  
Managing Attorney  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Fl.  
P.O. Box 003  
Trenton, NJ 08625  
[drobenson@rpa.state.nj.us](mailto:drobenson@rpa.state.nj.us)

Susan McClure, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Fl.  
P.O. Box 003  
Trenton, NJ 08625  
[smcclure@rpa.state.nj.us](mailto:smcclure@rpa.state.nj.us)

Christine Juarez, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Fl.  
P.O. Box 003  
Trenton, NJ 08625  
[cjuarez@rpa.state.nj.us](mailto:cjuarez@rpa.state.nj.us)

Howard J. Woods, Jr.  
Howard J. Woods Jr. and Associates,  
LLC  
138 Liberty Drive  
Newtown, PA 18940-1111  
[howard@howardwoods.com](mailto:howard@howardwoods.com)

Nicholas Asselta, President  
Aqua New Jersey, Inc.  
10 Black Forest Road  
Hamilton, NJ 08691  
[nvasselta@aquaaamerica.com](mailto:nvasselta@aquaaamerica.com)

William C. Packer, Jr.  
Regional Controller  
Aqua America, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010  
[wepackerjr@aquaaamerica.com](mailto:wepackerjr@aquaaamerica.com)

Stephen Genzer, Esq.  
Saul Ewing LLP  
One Riverfront Plaza, 5<sup>th</sup> Fl.  
Newark, NJ 07102  
[sgenzer@saul.com](mailto:sgenzer@saul.com)

Colleen Foley, Esq.  
Saul Ewing LLP  
One Riverfront Plaza, 5<sup>th</sup> Fl.  
Newark, NJ 07102  
[cfoley@saul.com](mailto:cfoley@saul.com)

Aqua New Jersey, Inc.  
 Distribution System Improvement Charge Calculation - 6 Month DSIC Filing  
 Docket No.  
 DSIC Recovery Period: September 1, 2014 - February 28, 2015

	Sept 2014 - Feb 2015	
Eligible Investment (Qualified DSIC Additions to UPIS During DSIC Period)	\$ 7,722,417	(A)
Less: Accumulated Depreciation	\$ (51,303)	(B)
Less: Deferred Tax	\$ (9,072)	(C)
Eligible Net Investment (Net DSIC Additions to UPIS During DSIC Period)	\$ 7,662,042	
Times Pre-Tax Rate of Return	10.52%	(D)
Pre-Tax Return on Investment	\$ 805,691	
Add Depreciation	\$ 205,212	
Under/(Over) Recovery	\$ -	(G)
Revenue Recovery	\$ 1,010,903	
Revenue Factor	\$ 1.1744878	(E)
Current DSIC Revenue Requirement Recovery Amount - Annual	\$ 1,187,293	
DSIC Rate Calculated	3.27%	
Actual/Max DSIC Revenue Requirement Recovery Amount - Annual	\$ 1,187,293	(F)
Max DSIC Rate To Be Applied	3.27%	
Effective Date of New DSIC Charge	5/1/2015	

	Plant Balances as of 12/31/2013	Depreciation Rate	DSIC Base Spending Requirement	DSIC Base Spending Sept 2014 - Feb 2015	Remaining DSIC Base Spending Requirement
Account #343 Mains	\$ 102,520,840	2.15%	\$ 2,204,198		
Account #345 Services	\$ 31,312,953	3.87%	\$ 1,211,811		
Account #346 Hydrants	\$ 5,644,337	3.00%	\$ 169,330		
	\$ 139,478,130		\$ 3,585,339		
CIAC & CAC Mains	\$ (33,218,952)	2.23%	\$ (740,783)		
CIAC & CAC Services	\$ (1,102,069)	4.55%	\$ (50,144)		
CIAC & CAC Hydrants	\$ (5,764)	3.00%	\$ (173)		
	\$ (34,326,784)		\$ (791,100)		
Base Spending Requirement			\$ 2,794,240	\$ 472,891	\$ 2,321,349

Date of Foundational Filing Submission 3/17/2014  
 Date of Most Recent BPU Annual Report at the time the Foundational Filing was Submitted 12/31/2012  
 Date of BPU Report Used for the Base Spending Calculation Above as per the Company's last Base Rate Case\* 12/31/2013  
 \*Docket No. WR14010019 - Response to Interrogatory RCR-A-89.

	Sept 2014 - Feb 2015	
(A) - Includes six months actual DSIC eligible projects closed to UPIS during DSIC Period	\$ 7,722,417	(A)

	Sept 2014 - Feb 2015	
(B) - Accumulated Depreciation:		
DSIC Eligible projects closed to UPIS	\$ 7,722,417	
Composite Depreciation rate	2.66%	
Annual Depreciation Expense	\$ 205,212	
1/2 Year Convention (for first 6 months)	\$ 51,303	
Running Accumulated Depreciation Total	\$ 51,303	(B)

	Sept 2014 - Feb 2015	
(C) - Deferred Taxes:		
DSIC-eligible projects closed to UPIS	\$ 7,722,417	
MACRS rate for 1st year water plant	4.00%	
Tax Depreciation 1st year	\$ 77,224	
Book Depreciation	\$ 51,303	
Tax Depreciation Greater than Book	\$ 25,921	
Deferred Taxes at 35%	\$ 9,072	
Running Accumulated Deferred Taxes at 35% Total	\$ 9,072	(C)

(D) - Pre-Tax Rate of Return:				
	Ratios	Cost Rate	Weighted AVG Cost of Capital	Pre-Tax Rate of Return
Long Term Debt	47.53%	5.66%	2.64%	2.64%
Common Equity	52.47%	9.75%	5.12%	7.87%
Subtotal Return on Rate Base	100.00%		7.76%	10.52%

(E) - Revenue (Gross-up Factor)	\$ 1,174,487.8	(E)
Dollar of Revenue	\$ 1,000,000	
Less: GRT Tax	(0.1362313)	(per most recent base rate case)
Less: Bad Debts	(0.0044703)	(per most recent base rate case)
Less: BPU Assessment	(0.0021128)	(per most recent assessment)
Less: DRC Assessment	(0.0057506)	(per most recent assessment)
Revenue remaining after taxes, bad debts, and assessments	\$ 0.8514350	

	Sept 2014 - Feb 2015	
(F) - Revenue Requirement Recovery Amount:		
Total Annual Revenues Established in Last Base Rate Case	\$ 36,299,449	
DSIC Cap Percentage	5.00%	
DSIC Revenue Requirement Recovery Amount Cap	\$ 1,814,922	
Current DSIC Revenue Requirement Recovery Amount - Annual	\$ 1,187,293	
Actual/Max DSIC Revenue Requirement Recovery Amount - Annual	\$ 1,187,293	(F)

	Sept 2014 - Feb 2015	
(G) - (Over)/Under Recovery Amount:		
Allowed DSIC Revenue Requirement Recovery Amount - Annual	N/A	
Allowed DSIC Revenue Requirement Recovery Amount - Monthly	N/A	
Allowed DSIC Revenue Requirement Recovery Amount	N/A	
Actual DSIC Revenue Requirement Recovery Amount Received	N/A	
(Over)/Under Recovery Amount	N/A	
(Over)/Under Recovery Amount including WACC Interest at 7.76% on (Over) Recovery Only	N/A	(G)

**Aqua New Jersey, Inc.**  
**Monthly DSIC Assessment Revenues at 3.27%**  
**Docket No.**  
**DSIC Recovery Period: September 1, 2014 - February 28, 2015**

Applicable to General Metered Service and Private Fire Sprinkler Connections noted below:

DSIC Eligible Revenues	\$36,298,449 *
Annual DSIC Revenue Surcharge at 3.27%	\$1,187,293
Annual Assessment per Meter Equivalent at 3.27%	\$19.04
Monthly Assessment per Meter Equivalent at 3.27%	\$1.59

Class	Size	Customers	Meter Equivalents	Monthly DSIC Assessment \$	Weighted Meter Equivalents	Monthly DSIC Assessment Revenues at 3.27%
<b>Residential</b>						
	5/8x3/4"	41,286	1.0	\$1.59	41,286	\$65,645
	3/4"	5,368	1.5	\$2.39	8,052	\$12,803
	1"	752	2.5	\$3.98	1,880	\$2,989
	1-1/2"	147	5.0	\$7.95	735	\$1,169
	2"	144	8.0	\$12.72	1,152	\$1,832
	3"	4	15.0	\$23.85	60	\$95
	6"	1	50.0	\$79.50	50	\$80
	8"	1	80.0	\$127.20	80	\$127
	<b>Total Base RES</b>	<b>47,703</b>			<b>53,295</b>	<b>\$84,739</b>
<b>Commercial</b>						
	5/8x3/4"	1,145	1.0	\$1.59	1,145	\$1,821
	3/4"	153	1.5	\$2.39	230	\$366
	1"	309	2.5	\$3.98	773	\$1,229
	1-1/2"	175	5.0	\$7.95	875	\$1,391
	2"	329	8.0	\$12.72	2,632	\$4,185
	3"	28	15.0	\$23.85	420	\$668
	4"	11	25.0	\$39.75	275	\$437
	6"	6	50.0	\$79.50	300	\$477
	8"	6	80.0	\$127.20	480	\$763
	<b>Total Base COM</b>	<b>2,162</b>			<b>7,130</b>	<b>\$11,337</b>
<b>Industrial</b>						
	5/8x3/4"	10	1.0	\$1.59	10	\$16
	3/4"	1	1.5	\$2.39	2	\$3
	1"	2	2.5	\$3.98	5	\$8
	1-1/2"	3	5.0	\$7.95	15	\$24
	2"	13	8.0	\$12.72	104	\$165
	3"	0	15.0	\$23.85	0	\$0
	4"	5	25.0	\$39.75	125	\$199
	6"	2	50.0	\$79.50	100	\$159
	8"	1	80.0	\$127.20	80	\$127
	10"	1	115.0	\$182.85	115	\$183
	<b>Total Base IND</b>	<b>38</b>			<b>556</b>	<b>\$884</b>
<b>Public Authority</b>						
	5/8x3/4"	19	1.0	\$1.59	19	\$30
	3/4"	1	1.5	\$2.39	2	\$3
	1"	4	2.5	\$3.98	10	\$16
	1-1/2"	8	5.0	\$7.95	40	\$64
	2"	44	8.0	\$12.72	352	\$560
	3"	8	15.0	\$23.85	120	\$191
	4"	5	25.0	\$39.75	125	\$199
	6"	8	50.0	\$79.50	400	\$636
	8"	4	80.0	\$127.20	320	\$509
	<b>Total Base PUB</b>	<b>101</b>			<b>1,388</b>	<b>\$2,207</b>
<b>Totals</b>		<b>50,004</b>			<b>62,369</b>	<b>\$99,167</b>

\* Note: DSIC Eligible Revenues as settled in the Company's last base rate case stipulation. Docket No. WR14010019.

RATE SCHEDULE NO. 1D  
GENERAL METERED SERVICE – All Territory Served

APPLICABILITY

Applicable to general metered service connections noted below.

CHARACTER OF SERVICE

Continuous

<b>Class</b>	<b>Meter Size</b>	<b>Monthly DSIC Assessment \$</b>
Metered Service	5/8x3/4"	\$1.73
	3/4"	\$2.60
	1"	\$4.33
	1-1/2"	\$8.65
	2"	\$13.84
	3"	\$25.95
	4"	\$43.25
	6"	\$86.50
	8"	\$138.40
	10"	\$198.95
12"	\$371.95	

TERMS OF PAYMENT:

Applicable to customer's bill.

---

Issued: March 13, 2015

Effective Date: May 1, 2015

By: Nicholas V. Asselta, President  
10 Black Forest Road  
Hamilton, NJ 08691

Filed pursuant to decision and order of the Board of Public Utilities dated August 20, 2014, in Docket No. WR14010019