



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 NEW JERSEY AMERICAN)	ORDER ADOPTING INITIAL
WATER COMPANY FOR APPROVAL OF INCREASED)	DECISION/STIPULATION
TARIFF RATES AND CHARGES FOR WATER AND)	
SEWER SERVICE, CHANGE IN DEPRECIATION)	
RATES AND OTHER TARIFF MODIFICATIONS)	DOCKET NOS. BPU WR15010035
)	AND OAL PUC 01166-15

Parties of Record:

Ira G. Megdal, Esq. and Stacey A. Mitchell, Esq., Cozen O'Connor on behalf of New Jersey-American Water Company, Inc., Petitioner
Stefanie A. Brand, Esq., Director, on behalf of the Division of Rate Counsel
Steven B. Genzer, Esq., Saul Ewing LLP, Intervenor, on behalf of Aqua New Jersey, Inc.
Bradford M. Stern, Esq., Intervenor, on behalf of Cogen Technologies Linden Venture L.P., Phillips 66 Company, Johanna Foods, Inc., Princeton University and Rutgers, The State University of New Jersey
Anthony R. Francioso, Esq., Fornaro Francioso, Intervenor, on behalf of the Mount Laurel Township Municipal Utilities Authority
James H. Laskey, Esq., Norris McLaughlin & Marcus, P.A. Intervenor, on behalf of the Manasquan Customer Group
Jay L. Kooper, Esq., Intervenor, on behalf of Middlesex Water Company
William R. Holzapfel, Esq., Intervenor, on behalf of the City of Elizabeth
Stuart A. Platt, Esq., Platt & Riso, P.C., Intervenor, on behalf of the Township of Haddon

BY THE BOARD:¹

On January 9, 2015, New Jersey-American Water Company ("Company" or "Petitioner"), a public utility of the State of New Jersey filed with the Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:2-18, N.J.S.A. 48:2-21, N.J.S.A. 48:2-21.1², N.J.A.C. 14:1-5.7 and N.J.A.C. 14:1-5.12, a petition ("Petition") seeking to increase rates for water and wastewater service. The combined proposed rates would increase the Company's annual revenues by \$66.2 million or

¹ Commissioners Richard S. Mroz and Uprenda J. Chivukula recused themselves due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

² The Board notes that although the petition cites N.J.S.A. 48:2-21.1, the petition does not include a request for an adjustment of rates during the pendency of the hearing.

approximately 9.96% over pro-forma present rate revenues. The Petitioner also sought to roll in to rate base the assets related to the Company's current Distribution System Improvement Charge ("DSIC") program and reset the DSIC rate to \$0. The Company also proposed that it would separately be making a new Foundational Filing and requested it be effective concurrent with the new base rates herein established.

In the Petition, the Company proposed a test-year ending July 31, 2015. The Petition as originally filed was based upon four (4) months of actual and eight (8) months of estimated data,³ which was subsequently updated on March 2, 2015 based on six (6) months actual and six (6) months estimated data. As the case progressed, the estimated data were replaced by actual data, and on April 17, 2015, the Company filed its update consisting of eight (8) months of actual data. The Company filed an additional update consisting of twelve (12) months of actual data on August 12, 2015.

The following Parties were granted intervention status - Rutgers, The State University (filed February 9, 2015); Princeton University (filed February 9, 2015); Phillips 66 Company (filed February 9, 2015); Johanna Foods, Inc. (filed February 9, 2015); and Cogen Technologies Linden Venture, L.P. (filed February 19, 2015) (collectively, the "Optional Industrial Wholesale Customer Coalition" or "OIW"); Manasquan Customers Group ("MCG") (filed February 12, 2015); Middlesex Water Company ("Middlesex") (filed February 13, 2015); Township of Haddon (filed February 23, 2015); Mount Laurel Township Municipal Utilities Authority ("MLTMUA") (filed February 25, 2015); Aqua New Jersey, Inc. ("Aqua") (filed April 30, 2015); and City of Elizabeth ("Elizabeth") (filed May 19, 2015). These motions were granted by Orders dated April 17, 2015 (as to OIW, Middlesex, MLMUA, MCG and Township of Haddon). By letter dated June 5, 2015 the Township of Haddon withdrew its Motion to Intervene in this proceeding.

By this Order, the Board considers the Initial Decision recommending adoption of the Stipulation of Settlement ("Stipulation") executed by the Company, the Division of Rate Counsel, OIW, MCG, MLTMUA, Aqua, Elizabeth, and Board Staff (collectively the "Signatory Parties"), agreeing to an overall increase in revenues in the amount of \$22,000,000 representing a 3.59% increase⁴ over Company revenues totaling \$612,919,006. The Signatory Parties propose that these rates will be effective on September 21, 2015. The remaining party, namely Middlesex submitted a letter not objecting to the Stipulation.

³ Board Staff and Rate Counsel do not agree that a water filing may be based upon four months of actual and eight months of estimated data. Board Staff and Rate Counsel believe that the filing must be based upon a minimum of five months of actual data. See: In Re Elizabethtown Water Co. Rate Case, Docket No. WR850433085 (May 23, 1985).

⁴ The overall percentage increase of 3.59% excludes the impact of the PWAC/PSTAC, but includes DSIC. As set forth in the stipulation, the percentage increase including the PWAC/PSATC and DSIC would be 3.32%. Furthermore, the Company is aware that its new Foundational Filing, submitted June 12, 2015 in Docket No. WR15060724 must be approved by the Board before any new DSIC investment and/or DSIC rate recovery can occur and that the DSIC rate shall be reset to zero at the conclusion of this base rate case.

BACKGROUND/PROCEDURAL HISTORY

Petitioner serves approximately 612,791 water and fire service customers and approximately 35,987 sewer service customers in all or part of 189 municipalities in 18 of the State's 21 counties. The increase in rates was proposed to become effective on February 8, 2015. On January 14, 2015, the Company filed a letter with the Board stating that it will not implement rates on an interim basis prior to March 18, 2015. By Order dated February 11, 2015, with an effective date of February 21, 2015, the Board suspended the Company's proposed rate increase until June 8, 2015, and by Order dated June 17, 2015, with an effective date of June 27, 2015, the Board further suspended the Company's proposed rate increase until October 8, 2015.⁵ The Petitioner did not seek interim rate relief pending final determination on the Petition.

According to the petition, the rate increase is required to enable the Petitioner to establish an income level that will permit the Company to finance essential and continuing plant investment; to permit the Company to earn a fair and adequate rate of return on its net investment in used and useful property; to establish rates which will be sufficient to enable the Company to maintain and support its financial integrity; to offset increases in operating expenses; to provide earnings sufficient to attract investors and provide sufficient cash flow to fund the Company's operations; and to enable the Company to provide safe, adequate and proper service to its customers.

This matter was transmitted to the Office of Administrative Law ("OAL") on January 23, 2015, and was assigned to Administrative Law Judge ("ALJ") Barry E. Moscowitz. ALJ Moscowitz conducted a pre-hearing conference on February 25, 2015, and on March 9, 2015, ALJ Moscowitz issued a pre-hearing Order establishing procedures, as well as evidentiary and public hearing dates for the conduct of this case. A first amended prehearing order was issued on April 15, 2015.

Pursuant to appropriate notice in newspapers of general circulation within the Company's service territory, and the serving of notice upon affected municipalities and counties within the Company's service area, four public hearings were held. Two public hearings were held on April 21, 2015 at 2:00 PM in Ocean City, New Jersey and at 6:00 PM in Westampton, New Jersey; one public hearing was held on April 22, 2015 at 2:00 PM in Howell Township, New Jersey; and one public hearing was held on April 23, 2015 at 7:00 PM in Mount Olive, New Jersey. Members of the public attended and spoke at the Howell Township and Mount Olive public hearings, and the comments generally involved opposition to rate increases, adverse economic impact and financial hardships that any increase would have on the average Company ratepayer, particularly those on a fixed income. No members of the public attended the Ocean City or Westampton public hearings.

Subsequent to the public hearings, the Parties to the proceeding engaged in settlement negotiations. As a result of these discussions and extensive discovery, the Signatory Parties reached a Stipulation on all issues. On August 13, 2015, Middlesex submitted a letter neither opposing nor adopting the Stipulation among the Signatory Parties.

⁵ By letter dated May 11, 2015, the Company stated that it would not seek to implement rates prior to the effective date of the Board's Further Suspension Order resulting from the June 17, 2015 Board agenda meeting.

On August 21, 2015, ALJ Moscowitz issued his Initial Decision in this matter recommending adoption of the Stipulation executed by the Signatory Parties, finding that the Signatory Parties had voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues and is consistent with the law.

DISCUSSION AND FINDINGS

Among the provisions of the Stipulation,⁶ the Signatory Parties recommend the Company's base rates should be increased by \$22,000,000 representing a 3.59% increase over Company revenues totaling \$612,919,006. The Signatory Parties further recommend a rate base of \$2.39 billion, with a test year ending July 31, 2015, adjusted for known and measurable changes, and that the Company be authorized a return on equity of 9.75%. The overall rate of return is 7.55% calculated by using the Company's current capital structure consisting of 52.00% common equity and 48.00% long-termed debt ratios.

The Signatory Parties to this Stipulation agree that the \$22.0 million revenue increase set forth earlier in this Stipulation of Settlement reflects a consolidated tax adjustment to rate base due to the Company's affiliation with a parent company and the filing of a consolidated federal income tax return.

The Signatory Parties also further recommend the following:

- The Company incurred rate case expenses for this proceeding. Said rate case expense will be shared 50/50 between the Company and ratepayers, and normalized over two and one half years.
- The depreciation rates to be utilized by the Company as a result of this Stipulation reflect the updating of the Company's previously approved depreciation rates to adjust the net salvage allowance component. The net salvage allowance is being reduced by \$3 million, from \$6,417,876 as approved in Board Docket No. WR11070460 to \$3,417,876. The newly adjusted depreciation rates for water and the previously approved and unadjusted sewer depreciation rates are attached as Schedule B to the Stipulation.
- The Company sought ratemaking recognition in rate base and on the income statement for the acquisition of the Haddonfield Water and Wastewater Systems (the "Acquisition"). The Acquisition did not close until more than four months after the current rate case was filed. It is therefore agreed that the Parties have not had enough time to fully evaluate the Acquisition. As a result, the Company agrees to withdraw its request for ratemaking recognition of the Acquisition, without prejudice. It may be renewed in a future base rate case proceeding, and if the Company demonstrates that the purchase price for the Acquisition was reasonable and prudent in such future proceeding, the Signatory Parties will agree to ratemaking recognition to the extent that reasonableness and prudence is demonstrated.

⁶ Although described in the 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.

Pursuant to the Stipulation, the customer revenue rate impacts are as follows:

Class Revenue Increases:

The Signatory Parties stipulate the General Metered Service ("GMS") rates for a typical residential customer using 6,000 gallons per month (includes PWAC) for Service Area-1 ("SA-1") shall increase by \$1.59 per month; for SA-2, SA-3 Main, SA-1A by \$3.15 per month; for SA-2 Manville by \$3.71 per month; for SA-3 Southampton by \$4.60 per month; for SA-1B Pennsgrove by \$4.21 per month; and for SA-1D by \$4.19 per month. Rates of commodity-demand shall increase 0.03% overall. Rates for the OIW customers will increase 4.30% overall. Rates for the Manasquan customers shall increase approximately 2.00% overall. Rates for the Sales to Other Systems ("SOS") customers will increase 4.35% overall.

Private Fire Protection Service:

The overall revenue increase for Private Fire Protection Service is 2.90%. The rate increases will vary within the rate classification depending upon the rate schedules and the type of service contracted for.

Public Fire Protection Service:

The overall revenue increase for Public Fire Protection Service is 1.85%. The rate increases will vary within the rate classification depending upon the rate schedules and the type of service contracted for.

Customer Charges (Fixed Service Charges):

The monthly customer charges for all service areas will be set at \$13.60 per month (non-exempt) for a 5/8 inch meter.

Sewer Service Revenue:

The Signatory Parties stipulate that sewer service revenues for the Company's Adelpia Sewer Service Area, the Lakewood Sewer Service Area, the Ocean City Service Area and the Haddonfield Sewer Service Area will have no increases. The Signatory Parties stipulate that the Pottersville-Flat Rate as well as the Pottersville-Volumetric rate will decrease 47.10% and 46.59% respectively to \$1,185.60 per year. Jensen's Deep Run sewer customers with an average residential customer using 36,000 gallons annually will see an increase of \$1.44 or 0.26% per year. Homestead Volumetric Rate with an average residential customer using 36,000 gallons annually will see a decrease of \$46.20 or (5.05%) to \$868.80 per year.

Applied Community On-Site Wastewater Systems:

The Applied Community On-Site Wastewater Systems rate decreases within the rate classifications are as follows:

- Applied Class B/Flat - 19.45% decrease to \$1,185.60 annually
- Applied 2BR Class A/Flat -13.78% decrease to \$974.40 annually
- Applied 1BRTH Class A/ Flat - 12.20% decrease to \$974.40 annually
- Applied 2BRTH Class A/ Flat - 16.29% decrease to \$974.40 annually
- Applied Class A/Volumetric - 16.84% decrease to \$974.40 annually
- Applied Class B/ Volumetric – 26.14% decrease to \$1,185.60 annually

After the Initial Decision was issued, it was discovered that Schedule E, attached to the Stipulation and adopted by ALJ Moscowitz in his Initial Decision, had a few minor typographical errors. These errors did not affect the rates or the terms of the Stipulation. The corrected schedule is attached hereto and noted as revised. All Parties have been notified of the change to Schedule E.

The Board is mindful of the impact any rate increase has on its customers. However, having reviewed the record in this matter, including ALJ Moscowitz's Initial Decision, the Stipulation, and letter from the Non-Signatory Party indicating that MWC does not oppose the Stipulation, the Board **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. In reaching this decision, the Board must balance the needs of the ratepayer to receive safe, adequate and proper service at reasonable rates, while allowing the utility the opportunity to earn a fair rate of return. See FPC v. Hope Natural Gas, 320 U.S. 591 (1944); N.J.S.A. 48:2-21 and N.J.S.A. 48:3-1. Therefore, the Board **FINDS** the Initial Decision, which adopts the Stipulation to be reasonable, in the public interest, and in accordance with the law. 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:

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

The interim rate increase implemented through the October 23, 2012 Foundational Filing as an interim DSIC surcharge have been included in base rates. Pursuant to N.J.A.C. 14:9-10.1, et seq. the Board **HEREBY ORDERS** that Petitioner's DSIC Rate under its October 23, 2012 Foundational Filing shall be and is hereby reset to zero. All DSIC rates contained therein have been moved into rate base incorporated through the Stipulation agreed to by the Signatory Parties. As such, the Company may no longer implement or seek to recover through DSIC Rates pursuant to the October 23, 2012 Foundational Filing.

Based upon the forgoing, the Board **HEREBY APPROVES** an overall increase in revenues in the amount of \$22,000,000 representing a 3.59% increase over Company revenues totaling \$612,919,006.

The Board **HEREBY ORDERS** the Company to submit complete revised tariffs conforming to the terms and conditions of the Stipulation and this Order within five (5) days from the date of this Order.

This Order shall be effective on September 21, 2015.


DATED:

9/11/15

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
COMMISSIONER

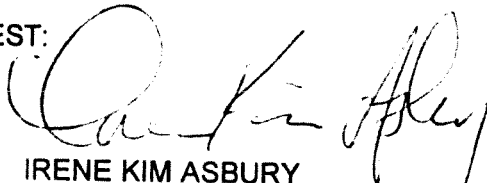


MARY-ANNA HOLDEN
COMMISSIONER



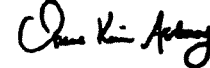
DIANNE SOLOMON
COMMISSIONER

ATTEST:



IRENE KIM ASBURY
SECRETARY

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



Docket Nos. BPU WR15010035 and OAL PUC 01166-15 – In the Matter of New Jersey American Water Company for Approval of Increased Tariff Rates and Charges for Water and Sewer Service, Change in Depreciation Rates and Other Tariff Modifications

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NEW JERSEY
AMERICAN WATER

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January 14, 2015

VIA EMAIL AND REGULAR MAIL

Kenneth Sheehan, Acting Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
PO Box 350
Trenton, New Jersey 08625-0350

**Re: IN THE MATTER OF THE PETITION OF NEW JERSEY-AMERICAN WATER
COMPANY, INC. FOR APPROVAL OF INCREASED TARIFF RATES AND
CHARGES FOR WATER AND SEWER SERVICE, CHANGE IN
DEPRECIATION RATES AND OTHER TARIFF MODIFICATIONS
BPU Docket No. WR15010035**

Dear Acting Secretary Sheehan:

New Jersey American Water Company ("NJAWC" or the "Company") hereby updates the information contained within its rate case petition as follows. The rates-effective date set forth within Paragraph 28 of the Company's petition is revised from February 8, 2015 to March 18, 2015. As set forth within the Company's petition, the effective date of the proposed tariff included within the Company's rate case filing as Exhibit P-1 is similarly revised from February 8, 2015 to March 18, 2015. This revised date of March 18, 2015 is more than thirty (30) days from NJAWC's January 9, 2015 rate case filing date. However although we are revising the effective date of February 8 to March 18, 2015, the four month suspension period will still run from February 8, 2015 through June 8, 2015.

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

Very truly yours,

/s/ Robert J. Brabston

Robert J. Brabston

RJB:dlc

cc: Maria Moran, Director, Division of Water and Wastewater
Matthew J. Koczur, Division of Water and Wastewater
Stefanie A. Brand, Director, Division of Rate Counsel
Debra F. Robinson, Managing Attorney, Division of Rate Counsel
Alex Moreau, Deputy Attorney General
Ira Megdal, Esq.
Frank Simpson, Director of Rates and Regulation, NJAWC



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May 11, 2015

VIA EMAIL AND REGULAR MAIL

Kenneth Sheehan, Acting Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
PO Box 350
Trenton, New Jersey 08625-0350

**Re: IN THE MATTER OF THE PETITION OF NEW JERSEY-AMERICAN WATER
COMPANY, INC. FOR APPROVAL OF INCREASED TARIFF RATES AND
CHARGES FOR WATER AND SEWER SERVICE, CHANGE IN
DEPRECIATION RATES AND OTHER TARIFF MODIFICATIONS
BPU Docket No. WR15010035**

Dear Acting Secretary Sheehan:

New Jersey American Water Company ("NJAWC" or the "Company") hereby updates the information contained within its rate case petition as follows. By correspondence dated January 14, 2015, the Company revised the rates-effective date set forth within Paragraph 28 of the Company's petition from February 8, 2015 to March 18, 2015. This will confirm that NJAWC will not implement rates prior to the effective date of the Board's further suspension order expected to result from the June 17, 2015 Board agenda meeting.

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

Very truly yours,

/s/ Robert J. Brabston

Robert J. Brabston

RJB:dlc

cc: Service list (via email)



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 01166-15

AGENCY DKT. NO. WR15010035

**IN THE MATTER OF THE PETITION OF
NEW JERSEY AMERICAN WATER COMPANY, INC.,
FOR APPROVAL OF INCREASED TARIFF RATES
AND CHARGES FOR WATER AND SEWER SERVICE;
CHANGE IN DEPRECIATION RATES
AND OTHER TARIFF MODIFICATIONS.**

Ira G. Megdal, Esq., and Stacy A. Mitchell, Esq., (Cozen O'Connor) and **Robert J. Brabston**, Corporate Counsel, for Petitioner New Jersey-American Water Company, Inc.

Debra F. Robinson, Deputy Rate Counsel, **Susan E. McClure**, Assistant Deputy Rate Counsel, and **Christine Juarez**, Assistant Deputy Rate Counsel, for the New Jersey Division of Rate Counsel (Stefanie A. Brand, Director of the Division of Rate Counsel, attorney)

Alex Moreau, Deputy Attorney General, and **Carolyn McIntosh**, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (John J. Hoffman, Acting Attorney General of New Jersey, attorney)

Stephen B. Genzer, Esq., for Intervenor Aqua New Jersey, Inc. (Saul Ewing, LLP, attorneys)

Bradford M. Stern, Esq., for Intervenors, Cogen Technologies Linden Venture, L.P., Phillips 66 Company, Johanna Foods, Inc., Princeton University, and Rutgers, the State University of New Jersey (Law Offices of Bradford M. Stern LLC, attorneys)

Anthony R. Francioso, Esq., for Intervenor the Mount Laurel Township Municipal Utilities Authority (Fornaro Francioso, attorneys)

James H. Laskey, Esq., for Intervenor, Manasquan Customer Group (Norris McLaughlin & Marcus, P.A., attorneys)

Jay L. Kooper, Esq., for Intervenor, Middlesex Water Company;

William R. Holzapfel, Esq., for Intervenor, City of Elizabeth

Stuart A. Platt, Esq., for Intervenor, Township of Haddon (Platt & Riso, P.C., attorneys)

Record Closed: August 14, 2015

Decided: August 21, 2015

BEFORE BARRY E. MOSCOWITZ, ALJ:

On January 9, 2015, New Jersey American Water Company ("NJAWC", "Petitioner", or "Company") filed with the New Jersey Board of Public Utilities ("Board") a Petition, Testimony and Exhibits (the "Petition") requesting an increase in operating revenues of approximately \$66.2 million, or approximately 9.96%, over projected test year operating revenues.

On January 23, 2015, this proceeding was transmitted by the Board to the Office of Administrative Law ("OAL") as a contested case. On February 6, 2015, the matter

was assigned to me for a hearing. On February 25, 2015, I conducted a prehearing conference and on March 9, 2015, I issued a prehearing order establishing procedures and hearing dates for the conduct of this case. A First Amended Prehearing Order was issued April 15, 2015.

The signatory parties ("Parties") to this case include Petitioner, the Division of Rate Counsel ("Rate Counsel"), and the Staff of the Board ("Staff"). Motions to intervene filed by the following parties were unopposed: Rutgers, the State University (filed February 9, 2015); Princeton University (filed February 9, 2015); Phillips 66 Company (filed February 9, 2015); Johanna Foods, Inc. (filed February 9, 2015); and Cogen Technologies Linden Venture, L.P. (filed February 19, 2015) (collectively, the "Optional Industrial Wholesale Customer Coalition" or "OIW"); Manasquan Customers Group ("MCG") (filed February 12, 2015); Middlesex Water Company ("Middlesex") (filed February 13, 2015); Township of Haddon (filed February 23, 2015); Mount Laurel Township Municipal Utilities Authority ("MLTMUA") (filed February 25, 2015); Aqua New Jersey, Inc. ("Aqua") (filed April 30, 2015); and City of Elizabeth (filed May 19, 2015). These motions were granted by orders dated April 17, 2015 (as to OIW, Middlesex, MLMUA, MCG and Township of Haddon). By letter dated June 5, 2015 the Township of Haddon withdrew its Motion to Intervene in this proceeding.

Discovery involving approximately 700 requests, many with multiple parts, was answered by the Company.

The Company filed supplemental direct testimony on April 17, 2015.

Evidentiary hearings were scheduled for September 2015. Prior to the commencement of such hearings, the Parties conducted meetings to discuss settlement, and as a result, a Stipulation of Settlement was agreed upon by the Parties. All parties have either executed the Stipulation of Settlement, or have sent letters indicating that they had no objection to the Stipulation of Settlement. A copy of the Stipulation of Settlement is attached to this Initial Decision as Exhibit "A".

I reviewed the record and the terms of the Stipulation of Settlement and **FIND:**

1. The parties to the Stipulation of Settlement have voluntarily agreed to a settlement as evidenced by their signatures. Other parties have indicated that they have no objection to the Stipulation of Settlement.

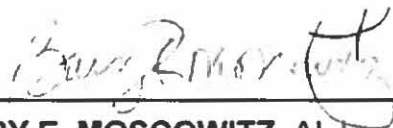
2. The Stipulation of Settlement has been executed by all parties of record, except for those indicating no objection.

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

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.

August 21, 2015
DATE



BARRY E. MOSCOWITZ, ALJ

Date Received at Agency:

August 21, 2015

Date Mailed to Parties:
dr

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

IN THE MATTER OF THE PETITION OF : BPU DOCKET NO. WR15010035
NEW JERSEY-AMERICAN WATER : OAL DOCKET NO. PUC01166-2015N
COMPANY, INC. FOR APPROVAL OF :
INCREASED TARIFF RATES AND : **STIPULATION OF SETTLEMENT**
CHARGES FOR WATER AND SEWER :
SERVICE, CHANGE IN DEPRECIATION :
RATES AND OTHER TARIFF :
MODIFICATIONS :

APPEARANCES:

Ira G. Megdal, Esq., and Stacy A. Mitchell, Esq., Cozen O'Connor, and Robert J. Brabston, Esq., Corporate Counsel, Counsel for Petitioner, New Jersey-American Water Company, Inc.;

Debra F. Robinson, Esq., Deputy Rate Counsel, Susan E. McClure, Esq., Assistant Deputy Rate Counsel, and Christine Juarez, Esq., Assistant Deputy Rate Counsel, for the New Jersey Division of Rate Counsel (**Stefanie A. Brand, Esq., Director**);

Alex Moreau, Deputy Attorney General, and Carolyn McIntosh, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**John J. Hoffman, Acting Attorney General of New Jersey**);

Stephen B. Genzer, Esq., Saul Ewing, LLP, Counsel for Intervenor, Aqua New Jersey, Inc.

Bradford M. Stern, Esq., Law Offices of Bradford M. Stern LLC, Counsel for Intervenors Cogen Technologies Linden Venture, L.P., Phillips 66 Company, Johanna Foods, Inc., Princeton University, and Rutgers, the State University of New Jersey;

Anthony R. Francioso, Esq., Fornaro Francioso, Counsel for Intervenor the Mount Laurel Township Municipal Utilities Authority

James H. Laskey, Esq., Norris McLaughlin & Marcus, P.A., Counsel for Intervenor, Manasquan Customer Group;

Jay L. Kooper, Esq., Middlesex Water Company, Counsel for Intervenor, Middlesex Water Company;

William R. Holzapfel, Esq., City of Elizabeth, Counsel for Intervenor, City of Elizabeth; and

Stuart A. Platt, Esq., Platt & Riso, P.C., Counsel for Intervenor, Township of Haddon

TO: THE HONORABLE BARRY E. MOSCOWITZ, ALJ

BACKGROUND

On January 9, 2015, New Jersey American Water Company (“NJAWC”, “Petitioner”, or “Company”) filed with the New Jersey Board of Public Utilities (“Board”) a Petition, Testimony and Exhibits (the “Petition”) requesting an increase in operating revenues of approximately \$66.2 million, or approximately 9.96%, over projected test year operating revenues.

In the Petition, NJAWC proposed a test-year ending July 31, 2015. The Petition as originally filed was based upon four (4) months of actual and eight (8) months of estimated data¹, which was subsequently updated on March 2, 2015 based on six (6) months actual and six (6) months estimated data. As the case progressed, the estimated data were replaced by actual data, and on April 17, 2015, the Company filed its update consisting of eight months of actual data. The Company filed an additional update consisting of twelve months of actual data on August 12, 2015.

On January 23, 2015, this proceeding was transmitted by the Board to the Office of Administrative Law (“OAL”) as a contested case. The matter was assigned to Administrative Law Judge Barry E. Moscovitz. On February 25, 2015, a prehearing conference was conducted by Judge Moscovitz and on March 9, 2015, Judge Moscovitz issued a prehearing order establishing procedures and hearing dates for the conduct of this case. A First Amended Prehearing Order was issued April 15, 2015.

The signatory parties (“Parties”) to this case include Petitioner, the Division of Rate Counsel (“Rate Counsel”), and the Staff of the Board (“Staff”). Motions to intervene filed by the following parties were unopposed: Rutgers, the State University (filed February 9, 2015); Princeton University (filed February 9, 2015); Phillips 66 Company (filed February 9, 2015);

¹ Board Staff and Rate Counsel do not agree that a water filing may be based upon four months of actual and eight months of estimated data. Board Staff and Rate Counsel believe that the filing must be based upon a minimum of five months of actual data. See In Re Elizabethtown Water Co. Rate Case, Docket No. WR850433085 (May 23, 1985).

Johanna Foods, Inc. (filed February 9, 2015); and Cogen Technologies Linden Venture, L.P. (filed February 19, 2015) (collectively, the “Optional Industrial Wholesale Customer Coalition” or “OIW”); Manasquan Customers Group (“MCG”) (filed February 12, 2015); Middlesex Water Company (“Middlesex”) (filed February 13, 2015); Township of Haddon (filed February 23, 2015); Mount Laurel Township Municipal Utilities Authority (“MLTMUA”) (filed February 25, 2015); Aqua New Jersey, Inc. (“Aqua”) (filed April 30, 2015); and City of Elizabeth (filed May 19, 2015). These motions were granted by orders dated April 17, 2015 (as to OIW, Middlesex, MLMUA, MCG and Township of Haddon). By letter dated June 5, 2015 the Township of Haddon withdrew its Motion to Intervene in this proceeding.

Pursuant to appropriate notice in newspapers of general circulation within the Company’s service territory, and the serving of notice upon affected municipalities and counties within the Company’s service area, four public hearings were held. Two public hearings were held on April 21, 2015 at 2:00 PM in Ocean City, New Jersey and at 6:00 PM in Westampton, New Jersey; one public hearing was held on April 22, 2015 at 2:00 PM in Howell Township, New Jersey; and one public hearing was held on April 23, 2015 at 7:00 PM in Mt. Olive, New Jersey. Members of the public attended and spoke at the Howell Township and Mount Olive, New Jersey public hearings, and the comments generally involved opposition to rate increases. No members of the public attended the Ocean City or Westampton, New Jersey public hearings.

Discovery involving approximately 700 requests, many with multiple parts, was answered by the Company.

The Company filed supplemental direct testimony on April 17, 2015.

Evidentiary hearings were scheduled for September, 2015. Prior to the commencement of such hearings, the Parties conducted meetings to discuss settlement, and as a result, this

Stipulation of Settlement was agreed upon by the Parties. As a result of those settlement conferences, the undersigned Parties **AGREE AND STIPULATE AS FOLLOWS:**

REVENUE REQUIREMENTS

1. The Parties agree to recommend to the Board that Petitioner's revenues from base rates should be increased by \$22.0 million, effective for service rendered on and after September 11, 2015, or as soon thereafter as the Board deems appropriate. The revenue requirement is portrayed on Schedule A to this Stipulation.

2. The Parties stipulate that the 12-month period ending July 31, 2015, as adjusted for known and measurable changes, shall be the test year in this case.

3. The Parties stipulate that pro forma present rate revenues including DSIC and excluding PWAC/PSTAC are \$612,919,006. As a result of the recommended \$22.0 million rate increase, rates emanating from this proceeding will be designed to yield total base rate revenues of \$634,919,006. Present rate revenues including PWAC/PSTAC and DSIC are \$663,529,882.² The total rate increase excluding PWAC/PSTAC but including DISC is 3.59%. The overall rate increase is 3.32% based upon total present rate revenues (including DSIC, PWAC/PSTAC). Furthermore, the Company is aware that its new Foundational Filing, submitted June 12, 2015 in Docket No. WR15060724 must be approved by the Board before any new DISC investment and/or DISC rate recovery can occur and that the DISC rate shall be reset to zero at the conclusion of this base rate case.

4. The Parties stipulate that the Company's rate base for use in this proceeding is set at \$2.39 billion.

5. The Parties to this Stipulation agree that the \$22.0 million revenue increase set forth earlier in this Stipulation of Settlement reflects a consolidated tax adjustment to rate base due to the Company's affiliation with a parent company and the filing of a consolidated federal income tax return.

² Total PWAC/PSTAC revenues are \$50.611 million per BPU Order in Docket No. WR14111278.

6. Rate of Return. The Parties agree to the following rate of return for use in this case:

	<u>Ratios</u>	<u>Cost Rates</u>	<u>Weighted Cost Rates</u>
1. Long-Term Debt	48.00%	5.17%	2.48%
3. Common Equity	52.00%	9.75%	5.07%
4. Total	<u>100.00%</u>		<u>7.55%</u>

7. Amortizations. The Parties agree that the rate increase set forth earlier in this Stipulation reflects an amortization of unamortized balance sheet accounts, in accordance with the following schedule:

<u>Account</u>	<u>Balance at 7/31/2015</u>	<u>Monthly Amortization</u>	<u>Amortization Start / Revised Date</u>	<u>Amortization Ending Date</u>
Deferred Pension Expense	4,057,184.42	39,390.14	3/1/2004	2/28/2024
FAS 109 (SA-1)	\$9,189,055.00	\$48,878.00	Various	3/31/2031
FAS 109 (SA-2)	\$5,677,624.96	\$38,105.00	Various	12/31/2027
FAS 109 (SA-3)	\$30,877.00	\$346.00	Various	12/31/2022
FAS 112	\$83,370.00	\$2,084.25	12/1/2008	11/30/2018
Gain on Land Sales	(315,733.63)	(\$13,155.57)	10/1/2015	9/30/2017
Acquisition Adjustments	\$3,575,938.86	14,562.30	Various	Various
South Jersey Services	\$3,939,060.00	\$9,847.65	12/1/2008	11/30/2048
Mt Ephraim	\$49,192.00	\$122.98	12/1/2008	11/30/2048
Pelican Island	\$6,196.00	\$15.49	12/1/2008	11/30/2048
Sick Bank Amortization - 2008	\$740,801.60	\$18,520.04	12/1/2008	11/30/2018
Sick Bank Amortization - 2010	\$123,843.20	\$1,905.28	1/1/2011	12/31/2020
BPC Management Audit	77,244.35	2,575.00	10/1/2015	3/31/2018
2014 Rate Case Expense	568,446.00	18,948.00	10/1/2015	3/31/2018
Pre 1971 Investment Credit	\$367,238.59	\$2,987.52	Various	Various
Regulatory Liability/Asset for Excess/Deficit Deferred Income	(\$2,906,608.00)	(\$13,321.00)	Various	Various
MTBE	(\$9,650,292.80)	(22,706.57)	1/1/2011	12/31/2050
Refund of COR	(\$40,000,000.00)	(\$100,000.00)	12/1/2008	11/30/2048
DSIC	\$1,737,412.58	72,392.17	10/1/2015	9/30/2017
Severance Costs	\$969,125.58	32,304.19	10/1/2015	3/31/2018

Notes:

- (a) Monthly amortization derived from Mar, 2015 balance divided into 24 months/2 years
- (b) Monthly amortization derived from Jan, 2016 balance divided into 30 months/2.5 years
- (c) Monthly amortization derived from the company's projection of rate case expense, shared 50/50, and amortized over 30 months/2.5
- (d) Monthly amortization derived from projected unrecovered DSIC through Dec, 2015 balance divided into 30 months/2.5 years
- (e) Monthly amortization derived from severance costs per settlement discussions divided into 30 months/2.5 years

8. Normalization of Regulatory Commission Expense. The Parties stipulate that the Company incurred rate case expenses for this proceeding. Said rate case expense will be shared 50/50 between the Company and ratepayers, and normalized over two and one half years.

9. Depreciation Expense. The Parties agree that the depreciation rates to be utilized by the Company as a result of this Stipulation reflect the updating of the Company's previously approved depreciation rates to adjust the net salvage allowance component. The net salvage allowance is being reduced by \$3 million, from \$6,417,876 as approved in Board Docket No. WR11070460 to \$3,417,876. The newly adjusted depreciation rates for water and the previously approved and unadjusted sewer depreciation rates are attached as Schedule B to this Stipulation.

In its next base rate proceeding, the Company will submit a depreciation study for water, and if the data below is then available using reasonable efforts, for sewer as well. That study will contain the following minimum requirements for both water and sewer:

1. Statistical Life Studies per 1996 NARUC Study Guide Chapters: VI, VII, VIII and IX.
2. Life span analyses per 1996 NARUC Study Guide Chapter X.
3. Theoretical Reserve Studies per 1996 NARUC Study Guide Chapter XIII.
4. Straight-line whole life and remaining life rates: BG/VG.
5. 20-year historical summaries of:
 - a. Gross salvage
 - b. Cost of removal
 - c. Annual additions
 - d. Annual retirements
 - e. Annual maintenance expense

10. Haddonfield. NJAWC sought ratemaking recognition in rate based and on the income statement for the acquisition of the Haddonfield Water and Wastewater Systems (the "Acquisition"). The Acquisition did not close until more than four months after the current rate case was filed. It is therefore agreed that the Parties have not had enough time to fully evaluate the Acquisition. As a result, the Company agrees to withdraw its request for ratemaking

recognition of the Acquisition, without prejudice. It may be renewed in a future base rate case proceeding, and if the Company demonstrates that the purchase price for the Acquisition was reasonable and prudent in such future proceeding, the Parties will agree to ratemaking recognition to the extent that reasonableness and prudence is demonstrated.

TARIFF AND RATE DESIGN

11. Pro Forma Present Revenues. The Parties stipulate that the pro forma present rate revenues to be used by rate class are those reflected on Schedule C, attached to this Stipulation.

12. Stipulated Rate Increases, By Customer Class. Also contained on Schedule C are the stipulated revenue increases by customer class.

13. Stipulated Tariff Pages. Attached to this Stipulation as Schedule D is the tariff depicting changes implementing the revenue increase and other tariff changes agreed upon in this Stipulation, in clean and black-line format. The Parties stipulate that within ten (10) days of an Order accepting this Stipulation, the Company will make a compliance filing relative to said tariff.

14. Present and Stipulated Rates. Attached to this Stipulation as Schedule E is a schedule entitled "New Jersey American Water Company, Base and Total Revenues at Present and Proposed Rates". The Parties stipulate that this schedule represents the present rates and the stipulated rates to be utilized in this matter.

15. Trend in SA-1/SA-2 Residential and Commercial Consumption Decline. The Parties acknowledge that the rate relief set out in this stipulation recognizes the near-term change in the Petitioner's revenue caused by a continuing, declining trend in base consumption per customer.

16. Service of Board Order. The Parties understand that service of the Board Order approving this Stipulation shall be in accordance with N.J.S.A. 48:2-40.

17. The undersigned Parties hereby agree that this Settlement has been made exclusively for the purpose of this proceeding and that this Settlement, in total or by specific item, is in no way binding upon them in any other proceeding, except to enforce the terms of the Settlement.

18. The undersigned Parties agree that this Settlement contains a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Settlement is not accepted and approved in its entirety by the Board, or modified by the Board, each party that is adversely affected by the modification can either accept the modification or declare this Settlement to be null and void, and the Parties shall be placed in the same position that they were in immediately prior to its execution.

19. It is the intent of the undersigned Parties that the provisions hereof be approved by the Board as being in the public interest. The undersigned Parties further agree that they consider the Settlement to be binding on them for all purposes herein.

20. It is specifically understood and agreed that this Settlement represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, the undersigned Parties shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein, in total or by specific item. The undersigned Parties further agree that this Settlement is in no way binding upon them in any other proceeding, except to enforce the terms of this Settlement.

21. This Stipulation may be executed in as many counterparts as there are Signatory Parties of this Stipulation, and each such counterpart shall be considered an original; however all such counterparts will constitute one and the same instrument.

WHEREFORE, the undersigned Parties respectfully submit this Settlement to the Presiding Administrative Law Judge and Board of Public Utilities and request (1) the Presiding Administrative Law Judge issue an Initial Decision approving this Stipulation of Settlement in its entirety in accordance with the terms contained herein, and (2) the Board approve this Stipulation of Settlement in its entirety in accordance with the terms contained herein.

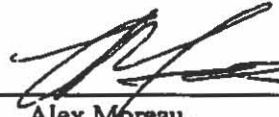
NEW JERSEY-AMERICAN WATER COMPANY, INC.

By: 
Ira G. Megdal, Esq.

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

By: _____
Susan E. McClure, Esq.
Assistant Deputy Rate Counsel

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

Aqua New Jersey, Inc.

By: _____
Stephen B. Genzer, Esq.

Mount Laurel Township Municipal Utilities Authority

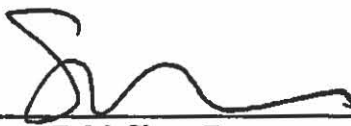
By: _____
Anthony R. Francioso, Esq.

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

By: _____
Ira G. Megdal, Esq.

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

By:  _____
Susan E. McClure, Esq.
Assistant Deputy Rate Counsel

**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

Aqua New Jersey, Inc.

By: _____
Stephen B. Genzer, Esq.

**Mount Laurel Township Municipal Utilities
Authority**

By: _____
Anthony R. Francioso, Esq.

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**NEW JERSEY-AMERICAN WATER
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**JOHN J. HOFFMAN, ACTING
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Attorney for the Staff of the Board of Public
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Deputy Attorney General

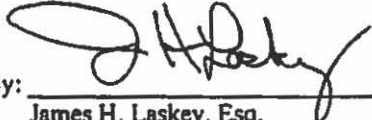
Aqua New Jersey, Inc.

By: 
Stephen B. Genzer, Esq. *CH*

**Mount Laurel Township Municipal Utilities
Authority**

By: 
Anthony R. Francioso, Esq.

Manasquan Customer Group

By: 
James H. Laskey, Esq.

Cogen Technologies Linden Venture, L.P.,
Phillips 66 Company, Johanna Foods, Inc.,
Princeton University, and Rutgers, the State
University of New Jersey

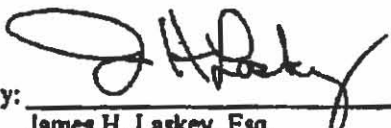
By: 
Bradford M. Stern, Esq.

City of Elizabeth

By: _____
William R. Holzapfel, Esq.

DATED: August 13, 2015

Manasquan Customer Group

By: 
James H. Laskey, Esq.

**Cogen Technologies Linden Venture, L.P.,
Phillips 66 Company, Johanna Foods, Inc.,
Princeton University, and Rutgers, the State
University of New Jersey**

By: _____
Bradford M. Stern, Esq.

City of Elizabeth

By: 
William R. Holzapfel, Esq.

DATED: August 13, 2015



August 13, 2015

The Honorable Barry E. Moscovitz
Administrative Law Judge
New Jersey Office of Administrative Law
33 Washington Street
Newark, NJ 07102

**RE: IN THE MATTER OF THE PETITION OF NEW JERSEY-AMERICAN
WATER COMPANY, INC. FOR APPROVAL OF INCREASED TARIFF
RATES AND CHARGES FOR WATER AND SEWER SERVICE, CHANGE
IN DEPRECIATION RATES, AND OTHER TARIFF MODIFICATIONS**

**BPU DOCKET NO.: WR15010035
OAL DOCKET NO.: PUC 01166-2015N**

Dear Judge Moscovitz:

Please be advised that Middlesex Water Company ("Middlesex Water"), an Intervenor in the above-referenced matter, has reviewed the proposed final Stipulation of Settlement provided today. Although Middlesex Water will not be a signatory to the Stipulation of Settlement, it has no objection to the same.

Respectfully submitted,

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

Jay L. Kooper
Vice President, General Counsel & Secretary

JLK:rk

cc: Service List attached (via e-mail)

Revised Schedule E

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-1

Customer Charges, per Month:

Meter Size	Present Rates		Stipulated Rates	
	Non-Exempt	Exempt	Non-Exempt	Exempt
5/8	\$ 10.60	\$ 9.14	\$ 13.60	\$ 11.73
3/4	15.90	13.71	20.40	17.59
1	26.50	22.85	34.00	29.32
1-1/2	53.00	45.71	68.00	58.64
2	84.80	73.13	108.80	93.82
3	159.00	137.12	204.00	175.91
4	265.00	228.53	340.00	293.19
6	530.00	457.06	680.00	586.38
8	848.00	731.90	1,088.00	938.21
10	1,060.00	914.11	1,360.00	1,172.76
12	1,325.00	1,142.63	1,700.00	1,465.95
16	2,120.00	1,828.22	2,720.00	2,345.52

Consumption Charges,
per Thousand Gallons:

All Usage - GMS	\$ 5.9405	\$ 5.1504	\$ 6.1998	\$ 5.3462
All Usage - Regular SFR	5.8905	5.1071	6.1498	5.3031
All Usage - Peaking Rate SFR	\$ 8.3644	\$ 7.2519	\$ 9.0331	\$ 7.7894

Private Fire Connections (Monthly):

Size	Present Monthly Rates		Stipulated
	Sch. L-1, L-8	Schedule L-2	State-Wide
2-inch	\$ 19.03		\$ 19.94
3-inch	42.82		44.87
4-inch	76.12		79.76
6-inch	171.27		179.46
8-inch	304.48		319.04
10-inch	475.75		498.50
12-inch	685.08		717.84
16-inch	1,165.63		1,221.58
Sprinkler Heads		\$0.88	0.92
Private Hydrant		25.32	28.86

NEW JERSEY AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-1

<u>Public Fire Hydrant (Annually):</u>		<u>Present</u>	<u>Stipulated</u>
State-Wide	M-1	\$ 523.20	\$ 541.20
Logan/Ortley	M-2	400.44	418.44
Adelphia	M-3	469.56	487.56

Sales for Resale

<u>Present Rates</u>		<u>Stipulated Rates</u>	
<u>Non-Exempt</u>	<u>Exempt</u>	<u>Non-Exempt</u>	<u>Exempt</u>

Rates Applicable to Commodity-Demand Tariff:

Customer Charges, per Month:					
By Meter Size		Same as GMS		Same as GMS	
Consumption Charges, per Thousand:					
All Usage	\$ 0.5264	\$ 0.4539	\$ 0.5264	\$ 0.4539	
Demand Charge per Month:					
Per Thousand Gallons of					
Maximum Day Nomination	\$ 62.49	\$ 53.90	\$ 62.49	\$ 53.89	
Off-Peak Demand Charge per Month:					
Per Thousand Gallons of					
Maximum Day Nomination	\$ 57.47	\$ 49.57	\$ 57.47	\$ 49.57	

Rates Applicable to Manasquan:

Customer Charges, per Month:					
By Meter Size		Same as GMS		Same as GMS	
Consumption Charges, per Thousand:					
Uninterruptible Sales	\$ 1.8453	\$ 1.5913	\$ 1.8848	\$ 1.6253	
Regular Sales	5.8905	5.1071	6.1498	5.3031	

NEW JERSEY AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-2

Customer Charges, per Month:

Meter Size	Present Rates	Stipulated Rates
	Non-Exempt	Non-Exempt
5/8	\$ 10.60	\$ 13.60
3/4	15.90	20.40
1	26.50	34.00
1-1/2	53.00	68.00
2	84.80	108.80
3	159.00	204.00
4	265.00	340.00
6	530.00	680.00
8	848.00	1,088.00
10	1,060.00	1,360.00
12	1,325.00	1,700.00
16	2,120.00	2,720.00

**Consumption Charges,
per Thousand Gallons:**

	Present Rates		Stipulated Rates	
	Non-Exempt	Exempt	Non-Exempt	Exempt
All Non-seasonal Usage - GMS	\$ 5.5331	\$ 4.7717	\$ 6.0533	\$ 5.2199
All Usage - GMS, Manville	5.0057	4.3169	\$ 5.6185	\$ 4.8450
All Usage - OIW	3.3604	2.8979	\$ 3.5144	\$ 3.0305
All Usage - SOS	2.6542	2.2889	2.7698	2.3885
All Usage - GMS-SOS	5.4884	4.7332	6.0033	5.1768

NEW JERSEY AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-2

Private Fire Connections (Monthly):

<u>Size</u>	<u>Present Rates</u>	<u>Stipulated Rates</u>
2-inch	\$ 40.47	\$ 40.47
3-inch	79.48	79.48
4-inch	128.18	128.18
6-inch	237.75	237.75
8-inch	406.07	406.07
10-inch	482.68	499.50
12-inch	704.93	719.28
16-inch	1,500.17	1,500.17
20-inch	2,733.96	2,733.96
Private Hydrant	25.17	33.87

Public Fire Hydrant (Annually):

Fire Hydrants Zone 2A	\$454.92	\$472.92
Fire Hydrants Zone 2C	528.72	541.20
Fire Hydrants Zone 2D	555.48	555.48
Fire Hydrants Zone 2E	597.00	597.00
Fire Hydrants Zone 2F	645.00	645.00
Fire Hydrants Zone 2G	698.76	698.76
Fire Hydrants Zone 2H	750.00	750.00
Fire Hydrants Zone 2I	800.04	800.04
Fire Hydrants Zone 2J	850.08	850.08
Fire Hydrants Zone 2K	900.00	900.00
Fire Hydrants Zone 2L	949.92	949.92

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-3, SOUTH HAMPTON

Customer Charges, per Month:

<u>Meter Size</u>	<u>Present Rates Non-Exempt</u>	<u>Stipulated Rates Non-Exempt</u>
5/8	\$ 10 60	\$ 13 60
3/4	15 90	20 40
1	26 50	34 00
1-1/2	53 00	68.00
2	84 80	108 80
3	159.00	204 00
4	265 00	340.00
6	530 00	680.00
8	848 00	1,088.00
10	1,060.00	1,360.00
12	1,325 00	1,700.00
16	2,120 00	2,720 00

Consumption Charges, per Thousand Gallons:

All Usage - South Hampton GMS	\$ 4 4814	\$ 5 2433
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Private Fire Connections (Monthly):

<u>Size</u>	<u>Present Rates</u>	<u>Stipulated Rates</u>
2-inch	\$ 19 03	\$ 19 94
3-inch	42.82	44.87
4-inch	76.12	79.76
6-inch	171.27	179.46
8-inch	304.48	319.04
10-inch	475.75	498.50
12-inch	685.08	717.84
Private Hydrant	9.05	10.41

Public Fire Hydrant (Annually):

Fire Hydrants Zone 3A	\$264 48	\$282.48
Fire Hydrants Zone 3B	317 28	335.28
Fire Hydrants Zone 3C	370.20	388.20
Fire Hydrants Zone 3D	423.12	441.12
Fire Hydrants Zone 3G	502.32	520.32

NEW JERSEY AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-1A

Private Fire Connections (Monthly):

<u>Size</u>	<u>Present Rates</u>	<u>Stipulated Rates</u>
2-inch	\$ 19.03	\$ 19.94
3-inch	42.82	44.87
4-inch	76.12	79.76
6-inch	171.27	179.46
8-inch	304.48	319.04
Private Hydrant	5.22	10.41
<u>Public Fire Hydrant (Annually):</u>	366.72	384.72

NEW JERSEY AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-1B, PENNSGROVE

Customer Charges, per Month:

<u>Meter Size</u>	<u>Present Rates Non-Exempt</u>	<u>Stipulated Rates Non-Exempt</u>
5/8	\$ 9.00	\$ 13.60
3/4	13.50	20.40
1	22.50	34.00
1-1/2	45.00	68.00
2	72.00	108.80
3	135.00	204.00
4	225.00	340.00
6	450.00	680.00
8	720.00	1,088.00
10	900.00	1,360.00
12	1,125.00	1,700.00

**Consumption Charges,
per Thousand Gallons:**

All Non-seasonal Usage - GMS	\$ 4.0682	\$ 4.4988
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Private Fire Connections (Monthly):

<u>Size</u>	<u>Present Rates</u>	<u>Stipulated Rates</u>
2-inch	\$ 27.51	\$ 27.51
3-inch	61.89	61.89
4-inch	110.03	110.03
6-inch	247.64	247.64
8-inch	440.12	440.12
10-inch	687.69	687.69
12-inch	990.28	990.28
Private Hydrant	25.32	28.86

Public Fire Hydrant (Annually):

	288.48	306.48
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NEW JERSEY AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-1D, APPLIED

Customer Charges, per Month:

<u>Meter Size</u>	<u>Present Rates Non-Exempt</u>	<u>Stipulated Rates Non-Exempt</u>
5/8	\$ 9.00	\$ 13.60
3/4	13.50	20.40
1	22.50	34.00
1-1/2	45.00	68.00
2	72.00	108.80

**Consumption Charges,
per Thousand Gallons:**

All Non-seasonal Usage - GMS	\$ 5.1912	\$ 5.6185
All Usage - Irrigation	\$ 7.0792	\$ 7.6619

Private Fire Connections (Annually):

<u>Size</u>	<u>Present Rates</u>	<u>Stipulated Rates</u>
Private Hydrant	\$ 266.76	\$ 304.08

Public Fire Hydrant (Annually):

	\$ 234.12	\$ 252.12
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NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SEWER SERVICE

ADELPHIA

Customer Charges, per Month:

<u>Meter Size</u>	<u>Present Rates Non-Exempt</u>	<u>Stipulated Rates Non-Exempt</u>
5/8	\$5.69	\$5.69
3/4	8.54	8.54
1	14.23	14.23
1-1/2	28.45	28.45
2	45.52	45.52
3	85.35	85.35
4	142.25	142.25
6	284.50	284.50
8	455.20	455.20
10	569.00	569.00
12	711.25	711.25
Sewer Usage Charge, per Thousand Gallons:	\$5.5060	\$5.5060

LAKEWOOD

<u>Customer Charges, per Month:</u>	<u>Present Rates Non-Exempt</u>	<u>Stipulated Rates Non-Exempt</u>
All meter sizes	\$15.06	\$15.06
Sewer Usage Charge, per Thousand Gallons:	\$3.4102	\$3.4102

OCEAN CITY

<u>Customer Charges, per Month:</u>	<u>Present Rates Non-Exempt</u>	<u>Stipulated Rates Non-Exempt</u>
Minimum Service Charge per Thousand Gallons:	\$11.1038	\$11.1038
Sewer Usage Charge, per Thousand Gallons:	\$1.8698	\$1.8698

POTTERSVILLE

<u>Customer Charges, per Month:</u>	<u>Present Rates Non-Exempt</u>	<u>Stipulated Rates Non-Exempt</u>
<u>Flat Rate Billed Customers</u>		
Flat Rate Fixed Service Charge, per Month	\$186.77	see 5-A Flat Rate
<u>General Metered Service Customers</u>		
Fixed Service Charge, per Month	\$125.47	see 6-A GMS
Sewer Usage Charge, per Thousand Gallons:	\$9.9200	see 6-A GMS

NEW JERSEY AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SEWER SERVICE

<u>STATEWIDE</u>	Present Rates <u>Non-Exempt</u>	Stipulated Rates <u>Non-Exempt</u>
<u>Flat Rate Charges - Rate Schedule 5-A (Cows)</u>		
Detached Single Family - Monthly	\$122.66	\$98.80
2 Bedroom Age Restricted - Monthly	94.18	81.20
3 Bedroom Age Restricted - Monthly	97.00	81.20
4 Bedroom Age Restricted - Monthly	97.00	81.20
1 Bedroom Townhouse - Monthly	92.48	81.20
2 Bedroom Townhouse - Monthly	97.00	81.20
3 Bedroom Townhouse - Monthly	122.66	98.80
3 Bedroom Townhouse Age Restricted - Monthly	97.00	81.20
<u>General Metered Service Customers</u>		
Fixed Service Charge, per Month		
Class A	\$60.44	see 6-A GMS
Class B	77.96	see 6-A GMS
Sewer Usage Charge, per Thousand Gallons:	\$9.3000	see 6-A GMS
<u>Flat Rate Charges - Rate Schedule 6-A (Homestead)</u>		
Detached Single Family - Monthly	\$81.01	see 5-A Flat Rate
2 Bedroom Age Restricted - Monthly	81.01	see 5-A Flat Rate
<u>General Metered Service Customers</u>		
Fixed Service Charge, per Month	\$48.35	\$46.00
Sewer Usage Charge, per Thousand Gallons:	\$9.3000	\$8.8000
<u>Non-Residential Sewer Custs. - Rate Schedule 7-A</u>		
Customer Charges, per Month:		
5/8" Meter	\$31.81	see 6-A GMS
3/4" Meter	31.81	see 6-A GMS
1" Meter	79.53	see 6-A GMS
1 1/2" Meter	159.05	see 6-A GMS
2" Meter	254.48	see 6-A GMS
4" Meter		see 6-A GMS
Sewer Usage Charge, per Thousand Gallons:	\$10.3896	see 6-A GMS
<u>Other Contracts - Rate Schedule 8-A</u>		
Schools (per formula)	\$117.21	\$99.93
Other (per Equivalent Dwelling Unit)	117.21	99.93
<u>Jensen's - Rate Schedule 10-A</u>		
Fixed Service Charge, per Month	\$33.42	\$20.00
Sewer Usage Charge, per Thousand Gallons:	\$4.2880	\$8.8000