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RECEIVED
 CASE MANAGEMENT

MAY 25 2018

BOARD OF PUBLIC UTILITIES
 TRENTON, NJ

PHIL MURPHY
 Governor

SHEILA OLIVER
 Lt. Governor

Handwritten signature and date: JWP 5/29/18

STEFANIE A. BRAND
 Director

May 25, 2018

Via Electronic Mail and Hand Delivery

Ms. Aida Camacho-Welch, Secretary
 New Jersey Board of Public Utilities
 44 South Clinton Avenue, 9th Floor
 P.O. Box 350
 Trenton, NJ 08625-0350

RECEIVED
 MAIL ROOM

MAY 25 2018

BOARD OF PUBLIC UTILITIES
 TRENTON, NJ

**Re: In the Matter of the New Jersey Board of Public Utilities' Consideration of
 the Tax Cuts and Jobs Act Of 2017
 BPU Docket No. AX18010001**

**In the Matter of the Petition of New Jersey American Water Company, Inc.
 With Calculation of Rates Under the Tax Cuts and Jobs Act of 2017
 BPU Docket No. WR18030233**

Dear Ms. Camacho-Welch:

Enclosed for filing please find an original and ten copies of the Division of Rate Counsel ("Rate Counsel") comments the above-referenced matter. These comments are being submitted pursuant to the Board of Public Utilities' January 31, 2018 and March 26, 2018 Orders in this matter and the schedule agreed upon by the parties. Copies of the comments will also be sent to the parties on the attached service list.

Handwritten initials: CMS

Ms. Aida Camacho-Welch
May 25, 2018
Page Two

We have also enclosed one additional copy of the materials transmitted. Please stamp and date the copy as "filed" and return to our courier. Thank you for your consideration and attention to this matter.

Respectfully submitted,

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

By: Brian O Lipman
Brian O. Lipman, Esq.
Litigation Manager

BOL/lg

**1/M/O the New Jersey Board of Public
Utilities' Consideration of The Tax Cuts
and Jobs Act of 2017**

BPU Docket No. AX18010001

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**NEW JERSEY AMERICAN WATER
COMPANY TAX CUTS AND JOBS ACT
OF 2017 ("TCJA") FILING
FOR THE ADJUSTMENTS OF BASE
RATES AND REFUNDS**

BPU DOCKET NO. WR18030233

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**New Jersey American Water Company
Tax Cuts and Jobs Act Of 2017 Filing
For The Adjustments of Base Rates and Refunds
BPU Docket Nos. AX18010001 and WR18030233**

RATE COUNSEL COMMENTS

This document represents Rate Counsel's comments regarding the Tariffs and proposed plan submitted by New Jersey American Water Company ("Company" or "NJAWC") on March 2, 2018 and made provisionally effective April 1, 2018 pursuant to the requirements of the January 31, 2018 Order of the New Jersey Board of Public Utilities ("Board") in consideration of the Tax Cuts and Jobs Act of 2017 ("2017 Tax Act" or "TCJA").

BACKGROUND

On December 22, 2017, President Trump signed into law the 2017 Tax Act with an effective date of January 1, 2018. The 2017 Tax Act sets forth changes to the Federal Tax Code, the most significant being the reduction of the maximum corporate tax rate from 35% to 21%. After its review of the 2017 Tax Act, the Board determined that the changes in the 2017 Tax Act will provide savings to the New Jersey public utilities as well as result in revenue over-collections for federal income taxes that are included in the utilities' current rates that no longer have to be paid. As a result, the Board issued an Order dated January 31, 2018 ("Board's TCJA Order of 1/31/18") to commence a proceeding to examine the impact resulting from the 2017 Tax Act on the utilities and the current rates under the Board's jurisdiction and to determine the appropriate level and mechanism by which rates must be adjusted to reflect the benefits resulting from the TCJA. The Board's TCJA Order makes it very clear that ratepayers should receive the appropriate benefits from the reduction in taxes collected in rates. In this regard, the TCJA Order states:

In consideration of the reduction in tax rate and benefits from the 2017 Act, the rate revenue resulting from expenses relating to taxes reflected in rates but no longer owed as a result of the 2017 Act shall be passed onto the ratepayers.

Board's TCJA Order of 1/31/18 at p. 2.

Among the positive benefits accruing to the ratepayers from the 2017 Tax Act, the Board's TCJA Order recognizes that the new tax rate will have a direct impact on the grossing up of the revenue requirement in setting rates; and that the change in the tax rate may have an impact on other factors, including the accumulated deferred income tax balances of the utilities.

The Board's TCJA Order of 1/31/18 includes the following major directives for the affected New Jersey utilities¹ to follow in their respective TCJA proceedings:

- Each affected utility must submit to the Board no later than March 2, 2018, a Petition with a detailed calculation of the impact of the 2017 Tax Act on the revenue requirement by comparing the latest Board-approved test year data and supporting data attached to settlements under the old and new tax laws, and on the revenue requirements collected through annual/periodic clauses comparing the annual data under the old and new tax laws.
- The utilities are directed to defer with interest the effects of the 2017 Tax Act on their books and records effective January 1, 2018. The interest shall be calculated using the Company's short-term debt rate on the deferral related to the revenue requirement adjustment from the tax rate of 35% to the tax rate of 21%. Interest on the deferral related to the accumulated deferred income tax adjustment and other rate factors shall be at the Company's overall allowed weighted average cost of capital ("WACC"). The calculation of the deferred account for the accumulated deferred income tax balances and other rate impacts should be based on December 31, 2017 financial results.
- The utilities are directed to file provisional Tariff rates reflecting the new tax rate of 21% to be effective on April 1, 2018. These Tariff rates will be on an interim basis until a final review is complete and the final rates will be put in effect which, at this time, is anticipated to occur on July 1, 2018. The provisional and final Tariff rates must be supported by detailed workpapers showing how each rate was developed using the last approved rate design on an inter- and intra-class basis and including proof of revenues and a bill impact analysis.
- The utilities are also directed to identify and explain the specific rate mechanisms related to refunding the deferrals to the ratepayers.
- The parties are free to examine the amounts of the deferrals and rate adjustment mechanism and the appropriateness of applying the allowed overall WACC on the portion of the deferral related to the accumulated deferred income taxes and short-term debt on the portion related to the revenue requirement not being adjusted as of January 1, 2018.

In compliance with the Board's TCJA Order of 1/31/18, on March 2, 2018 NJAWC filed its TCJA Petition including proposed tariffs and a proposed plan to flow through to its ratepayers the revenue requirement savings and revenue over-collection refunds resulting from the 2017 Tax Act.

On February 13, 2018, NJAWC filed an emergent motion seeking to consolidate the tax case with the Company's pending rate case and to grant relief from the requirement that NJAWC file tariffs on March 2, 2018 to be effective April 1, 2018. On February 28, 2018, the Board

¹ The affected utilities are investor owned gas, electric, water and wastewater companies under the jurisdiction of the Board with 2017 revenues equal to or greater than \$4.5 million. Board's TCJA Order of 1/31/18 at p. 5.

denied that motion and required NJAWC to comply with the Board's TCJA Order of 1/31/18.

In an Order dated March 26, 2018, the Board ordered that NJAWC's TCJA proceeding be designated as Docket No. WR18030233 and directed that NJAWC's proposed TCJA plan "be reviewed in the instant proceeding, in accordance with the schedule set forth in the Board's January 31, 2018 Order."²

NJAWC'S MARCH 2, 2018 TCJA FILING

NJAWC's TCJA Petition can essentially be divided into four major areas of tax change consequences, that is (1) the impact of the 2017 Tax on NJAWC's revenue requirement; (2) the tariff design for the implementation of the proposed rate reduction; (3) the over-recovery of income taxes to be deferred and returned with interest; and (4) the impact of the Tax Act on the Company's accumulated deferred income taxes. For each of these areas of tax change consequences we will first summarize NJAWC's proposal and then present our comments on the Company's proposal.

1. Impact of the Act on NJAWC's Revenue Requirement

NJAWC Position

NJAWC has calculated that the impact of the Tax Act results in an annualized revenue requirement reduction of \$42,561,477, consisting of a reduction of \$38,545,608 for NJAWC itself, a reduction of \$247,043 for Shorelands Water Company ("Shorelands"), and a reduction of \$3,768,826 for the Distribution Service Improvement Charge ("DSIC"). In determining these proposed revenue requirement decreases, the Company has taken the latest Board-approved test year data and supporting data attached to settlement documents and the Board's Order and then re-calculated these test year data under the new tax law.

Rate Counsel Position

Based on its review of the Company's calculations in support of this revenue requirement change in the Petition's Exhibit A and the responses to RCR-NJAWC-A data requests, Rate Counsel has concluded that the total annualized revenue requirement reduction amount of \$42,561,477 calculated by the Company is reasonable and acceptable. However, while Rate Counsel takes no exception to NJAWC's revenue requirement reduction amount of \$42,561,477 *per se*, it does take exception to the failure of the Company to reduce the rates to the ratepayers effective April 1, 2018 by the correct rate decrease percentage that the \$42.6 million revenue requirement reduction represents. This will be discussed in the next section of these comments.

2. Tariff Design

² I/M/O the NJBPU consideration of the TCJA of 2017 and I/M/O the Petition of NJAWC with calculations of Rates under the TCJA of 2017, Docket Nos. AX18010001 and WR18030233 (March 26, 2018), p.2.

NJAWC sponsored three rate design proposals in its filing to reflect the separate TCJA impact on a) Shorelands, b) NJAWC and c) NJAWC's DSIC. For the reasons discussed below, Rate Counsel supports the Company's proposed Shorelands and DSIC rate designs but opposes its NJAWC rate design.

NJAWC Position

Shorelands

The Company recalculated the income tax expense included in Shorelands' last rate case, BPU Docket No. 14080905, using the lower TCJA rate of 21%. The recalculation resulted in an income tax reduction of \$247,043 from the level of taxes included in Shorelands' awarded revenue requirement.

The Company's proposed Shorelands rate design is shown in NJAWC's Exhibit C, pages 1-2 of 10. To determine Shorelands' adjusted rates, the Company subtracted \$247,043 from Shorelands' awarded level of rate revenues in BPU Docket No. WR14080905 of \$10.439 million, to arrive at a TCJA adjusted rate revenue requirement of \$10.192 million. Finally, to recover the TCJA adjusted rate revenue award of \$10.192 million, the Company's applied an across-the-board decrease of $(1 \text{ minus } \$10.192\text{M} / \$10.439\text{M} \text{ or})$ 2.37% to Shorelands' pre-TCJA approved rates. Rate Counsel finds the Company's Shorelands' rate design to be appropriate since the revenue adjustment is applied to the same level of rate revenues (\$10.439 million) used to calculate the reduction in Shorelands' income taxes, *i.e.*, the revenues awarded in BPU Docket No. 14080905.

DSIC

NJAWC recalculated the income tax expense included in its 4th semi-annual DSIC filing, effective December 10, 2017, using the lower TCJA rate of 21%. The recalculation resulted in an income tax reduction of \$3,768,826 from the level of taxes included in its approved DSIC filing.

The Company's proposed DSIC rate design is shown in NJAWC's Exhibit C, page 7 of 10. To determine its adjusted DSIC rate, the Company subtracted \$3.769 million from its approved DSIC revenue level of \$32.571 million, to arrive at a TCJA adjusted DSIC revenue requirement of \$28.802 million. Finally, to recover the TCJA adjusted DSIC revenue requirement, the Company divided \$28.802 million by the same number of weighted meters (*i.e.*, billing determinants) used in its 4th semi-annual DSIC filing. Rate Counsel finds the Company's DSIC rate design to be appropriate since the adjusted DSIC rates are calculated using the billing determinants from the Company's 4th semi-annual DSIC filing, *i.e.*, as if the \$3.768 million TCJA impact was known and measurable at the time the Board approved the rates in the Company's 4th semi-annual DSIC filing.

NJAWC

The Company recalculated the income tax expense included in NJAWC's last rate case at BPU Docket No. WR15010035 using the lower TCJA rate of 21%. The recalculation resulted in an income tax reduction of \$38,545,608 from the level of taxes included in NJAWC's awarded revenue requirement.

The Company's proposed rate design is shown in NJAWC's Exhibit C, pages 3-6 and 8-10. Unlike its previous rate design calculations to determine NJAWC's adjusted rates, the Company subtracted \$38.546 million from its actual rate revenues for the twelve months ended March 31, 2017 of \$655.452 million, to arrive at a TCJA adjusted rate revenue requirement of \$616.906 million.³ Finally, to recover the TCJA adjusted rate revenue award of \$616.906 million, the Company's applied an across-the-board decrease of (1 minus \$616.906M / \$655.452M or) 5.88% to NJAWC's pre-TCJA approved rates. However, since the Company did not apply the revenue reduction to the same level of revenues that gave rise to the \$38.546 million of tax savings, Rate Counsel finds that the Company's proposed 5.88% rate reduction is too low.

Rate Counsel Position

The Company's proposed \$38.546 million income tax reduction for NJAWC is based on its total awarded revenue requirement of \$634.919 million in BPU Docket No. WR15010035.⁴ In order to derive proper TCJA adjusted rates, the Company's rate reduction should be applied to the final rate revenues awarded in BPU Docket No. WR15010035 of \$630.067 million.⁵ Subtracting \$38.546 million from \$630.067 million leaves a TCJA adjusted rate revenue target of \$591.521 million. To recover \$591.521 million *in the context of the revenues in existence at the conclusion of BPU Docket No. WR15010035*, Rate Counsel applied an across-the-board decrease of (1 minus \$591.521M / \$630.067M or) 6.12% to NJAWC's pre-TCJA approved rates.

Rate Counsel's recommended NJAWC rates, reflective of the correct 6.12% decrease, are contained in RC Exhibit C.⁶ Note that Rate Counsel's recommended NJAWC rate design methodology is exactly the same as the rate design approach employed by the Company to adjust its Shorelands and DSIC rates. In other words, Rate Counsel's rate design is carried out just as if the \$38.546 million TCJA impact was known and measurable at the time the Board approved final rates in BPU Docket No. WR15010035.

Due to the fact that the Company's provisional TCJA-adjusted rates, effective April 1, 2018, are too high, NJAWC ratepayers are due a refund covering the period from January 1, 2018

³ See the response to RCR-NJAWC-RD-2 for the source of the Company's billing determinants.

⁴ See Schedule C to the approved Stipulation of Settlement in BPU Docket No. WR15010035 (see attached)

⁵ *Id.*

⁶ RC Exhibit C contains only the corresponding pages of the Company's Exhibit C that pertain to NJAWC rate design.

through the effective date of new rates in the Company's current rate case at BPU Docket No. WR17090985, *i.e.* not just through March 31, 2018.⁷ The exact amount of that refund will not be known until the refund period is determined. However, on an annualized based, Rate Counsel's recommended rate design would result in an additional (6.12% minus 5.88% times \$655.452 million or) \$1.57 million decrease to ratepayers, over that inherent in the Company's rate design, based on actual sales and rate revenues of \$655.452 million for the twelve months ended March 31, 2017.

3. Over-Recovery of Income Taxes to be Deferred and Returned with Interest

NJAWC Position

As shown on its Petition at Exhibit D, the Company has proposed a total refund amount of approximately \$9,359,000 (including interest) to return to the ratepayers the over-collected income taxes in rates in what it refers to as the "Stub Period," which is the 3-month period January 1 through March 31, 2018. NJAWC did not calculate the monthly over-recovery deferrals by comparing the actual revenues to the tax-adjusted actual revenues during the 3-month period January 1 through March 31, 2018. Rather, the Company took their calculated annual revenue requirement reduction of \$42,561,477 and then allocated this amount to the months of January, February and March 2018 based on what it calls "profiling ratios." For example, for January 2018 NJAWC used a profiling ratio of 7.35%, for February 2018 a ratio of 6.91%, and for March a ratio of 7.34%. The Company states that these profiling ratios represent the "average amount of revenues earned in the same months in 2015 through 2017."

The proposed total refund amount of \$9,359,000 includes a balance of \$36,419 for interest accrued during the months of January through June 30, 2018 at an annualized short-term debt interest rate of 1.527%.

The Company proposes to refund the \$9,359,000 over-collection amount through twelve monthly customer bill credits for the period July 1, 2018 through June 30, 2019.

Rate Counsel Position

Rate Counsel has identified a number of issues with both the calculation method and the amount of the Company's proposed refund amount of \$9,359,000.

First, the Company made a calculation error on its refund calculations in Exhibit D, page 1 of its petition. In its response to data request RCR-NJAWC-A-2(a) (see attached), the Company confirmed this error and provided a corrected calculation increasing the required refund amount to \$9,369,463.

Second, the deferred over-collection accruals for the months of January through the effective date of new base rates ("deferral period") should be calculated by comparing the actual revenues to the tax-adjusted "actual" revenues during the deferral period similar to what the

⁷ Alternatively, if the Board were to approve the Company's Provisional Rate Filing in BPU Docket No. WR17090985, the refund period would extend from January 1, 2018 through June 14, 2018.

other New Jersey utilities have done. The Company's proposed "profiling ratio" approach results in inaccurate and unrealistic results that have nothing to do with the reality in the first quarter of 2018, or the actual deferral period. It is unclear to Rate Counsel why the actual over-recovery in the first quarter of 2018 should be calculated based on average revenue ratios during the 3-year period 2015-2017 as the Company has proposed. Rather, the calculation should be based on actual, known customer and revenue numbers.

Third, the deferred over-collection accruals for the deferral period should be calculated by comparing the actual revenues to the tax-adjusted actual revenues, using the Company's proposed rates in the case of Shorelands and the DSIC, but with Rate Counsel's recommended rates for NJAWC.

Fourth, the interest accruals on the over-collection balances should be based on the Company's actual short-term debt rates rather than NJAWC's proposed fixed rate of 1.527% which is the Company's rate in effect at December 31, 2017. As shown in the responses to RCR-NJAWC-A-2(b) and RCR-NJAWC-A-15 (see attached), the Company's actual short-term debt rates for January through April 2018 were 1.7339%, 1.7841%, 2.0647%, and 2.3466%, respectively.

Fifth, the Company's position is that it will credit the ratepayers interest on the over-collection balance through June 30, 2018 based on its assumption that the 12-monthly proposed refund bill credits will start on July 1, 2018. In this regard, it should be noted that the Company will still have unrefunded ratepayer-provided over-collection balances available to it during the entire 12-month refund period from July 1, 2018 through June 30, 2019. However, as confirmed by NJAWC in its response to RCR-NJAWC-A-2(e), the Company does not believe that it should continue to calculate and refund to the ratepayers any interest on its unrefunded over-collection balances during the proposed refund period from July 2018 through June 2019. This is not only contrary to the Board's TCJA Order of 1/31/18, it is also punitive to the ratepayers who have provided the over-collected funds but will not get a return on them. Rate Counsel has no objection to the Company's proposed refund through a 12-month customer bill credit provided that the refund amount is properly calculated pursuant to Rate Counsel's recommended calculation methods and provided that interest will be calculated and refunded to the ratepayers based on the Company's actual monthly interest rates for the entire 12-month refund period.

4. Impact Of The Tax Act On The Company's Accumulated Deferred Income Taxes.

NJAWC Position

In response to the Board's directive in the TCJA Order of 1/31/18 to provide a rate mechanism to refund to the ratepayers the excess protected and unprotected accumulated deferred income taxes ("ADIT") created by the federal income tax reduction from 35% to 21%, it is NJAWC's position that it cannot propose such a rate mechanism without being at risk of violating IRS normalization rules. In its March 2, 2018 TCJA Petition, the Company made the following statements with regard to its position:

Under Section 203(e) of the Tax Reform Act of 1986 and Section 13001(d) of the Act, NJAW cannot reduce its cost of service more rapidly or to a greater extent than the rate at which the book/tax temporary differences reverse over the life of the property that gave rise to the excess. NJAWC would determine the timing of the reversal using the Average Rate Assumption Method (“ARAM”). But ARAM is a process by which vintage property information is scheduled out by year and by class for book and tax purposes in each year for which a book/tax timing difference exists to determine the appropriate timing of the reversal to avoid violating IRS normalization rules.

For the foregoing reasons, NJAWC cannot begin flowing the benefits of the Act related to protected ADIT until the Company completes the ARAM calculations to mitigate the risk of violating normalization rules...

The Company claims that it may take up to April 2019 to complete the ARAM calculations.

The Company did make what it calls a “reasonable estimate”⁸ of the excess ADIT balance existing as of December 31, 2017 as a result of the 2017 Tax Act. As shown in NJAWC’s response to RCR-NJAWC-A-3(a), this re-measurement indicates an estimated total net excess ADIT (regulatory liability) balance of \$326,531,583, consisting of a plant related excess ADIT (regulatory liability) balance of \$328,633,539 and a non-plant related ADIT regulatory asset balance of (\$2,101,956). The Company acknowledges that the non-plant related excess ADIT is unprotected. With regard to the plant related excess ADIT balance, the Company maintains that, at this time, it is not able to break this excess ADIT into protected and unprotected portions because in order to do so, “it would need to have vintage deferred tax records implemented in Powertax which it does not have.”⁹

In summary, it is NJAWC’s position that at this time it is unable to propose a refund mechanism for its excess ADIT balance because it does not have the information available to calculate the refund amortization time period or the annual refund amortization amounts.

Instead, NJAWC proposes to defer the rate treatment of the net excess ADIT regulatory liability balance until the Company’s next base rate case¹⁰ and commence the refund mechanism of this excess ADIT balance starting at the rate effective date of this future base rate case.

With regard to the Board’s directive that interest be calculated at NJAWC’s overall WACC and accrued on the excess ADIT balance starting as of January 1, 2018, the Company contends that this represents inappropriate ratemaking as it would be “double-dipping.” This is because of the Company’s claim that its plant related protected excess ADIT balance has been treated as a rate base deduction in its base rate case and that, therefore, the ratepayers

⁸ Response to RCR-NJAWC-A-3(a) (see attached)

⁹ Response to RCR-NJAWC-A-4

¹⁰ The Company is currently before the Board with a base rate case, Docket No. WR17090985, and there is no way to know when the next base rate case will be filed.

are already receiving the benefit of NJAWC's Board-approved WACC return on the protected excess ADIT balance.

Rate Counsel's Position

In response to data request RCR-A-4a, the Company stated "As mentioned in RCR-NJAWC-A-3, the Company is not able to break its plant related ADIT into protected and unprotected. All plant related ADIT is currently one number not broken into any meaningful split relative to "protected" and "unprotected" deferred taxes." Rate Counsel reads this response to indicate that NJAWC does not have the detailed records and might not be able to perform the detailed calculations required by ARAM with its current accounting software, nor will it be able to do so with its current plant records. NJAWC stated in response to RCR-NJAWC-POL-5 and during the May 9, 2018 technical conference call that it had utilized the Reverse South Georgia Method ("RSGM") to refund any excess ADIT amounts that resulted from the 1986 Tax Act and all other book/tax items related to tax normalization or unprotected differences. NJAWC also indicated that all unprotected differences and repairs have been fully normalized (as opposed to being flowed through), and no method has been set up to track those differences separately. NJAWC also revealed that American Water Works, Inc. is in the process of upgrading its software in order to perform the ARAM calculation. NJAWC claims that it has the detailed plant records required to input into the PowerTax software for each of the water and wastewater systems that have been acquired in New Jersey over the years.

Rate Counsel makes the following observations: (a) Rate Counsel is not convinced NJAWC has all of the vintage plant records that would be required to perform ARAM for the entire company assets; (b) NJAWC may still have to use the RSGM for those plant assets where vintage records are not available; and (c) the additional cost of the software upgrade, including the cost to research and manually input all of the records into the software is not cost beneficial and unnecessary in order to provide the customers with the appropriate level of refunding of the excess ADIT. NJAWC estimates that it may take up to 14 months to complete the upgrade process and could cost an estimated \$15 million. This excessive amount of time and money spent on new software will substantially reduce any savings to the customers for the refunding of the excess ADIT, and may be unnecessary.

In regard to the costs of the software upgrade, only the costs related to the purchase and installation of the software should be included in customer rates. The costs to research all the historical plant records to determine if the vintage information is available, as well as, all other costs to compile and input any vintage plant information, as a result, of that research should be borne by shareholders and not the customers. This plant asset vintage information should have been recorded in the utility plant records at the time of either the purchase of the various water and sewerage utilities, or on the date each plant asset was placed in service.

Addressing Potential Normalization Violations:

NJAWC's assertion that it must use ARAM for all its plant assets in response to RCR-NJAWC-A-16 in order to avoid violating normalization rules is incorrect and does not reflect the IRS's ruling in PLR 8910012, which states: "Subsidiary's use of RSGM as proposed by

Commission Staff, would not be consistent with the requirements of the Act for post-1970 years. However, Subsidiary was unable to prove that it *maintained* adequate records for pre-1971 years, and, thus, *must* use the RSGM for said years.” (emphasis added). NJAWC has stated that it has not historically maintained its plant asset records adequately and has utilized RSGM in the past, but the records might be available. In NJAWC’s March 2, 2018 Petition, page 6, section 1. Protected ADIT, first paragraph, NJAWC stated: “The calculation is very time-consuming because, among other reasons, NJAWC has acquired many water and wastewater systems over the years where the vintage property information was not available.” Based on the IRS ruling in PLR 8910012 cited above, NJAWC’s position is inaccurate; and for any plant assets that it has not maintained adequate records or does not have the detailed vintage records, NJAWC must use RSGM for those specific assets or years. NJAWC should not be trying to recreate its records that it has not adequately maintained in order to use ARAM. NJAWC should use ARAM for those assets where it has adequately maintained the records, and use RSGM for all other plant assets, including those water and wastewater utilities that it has acquired, which did not maintain the adequate detailed vintage plant/asset records.

Through the discovery process, Rate Counsel requested information from NJAWC regarding their (i) “Protected” Property Related ADIT, (ii) “Unprotected” property related ADIT, and (iii) “Unprotected” non-property related ADIT. Rate Counsel does not agree with the method to allocate the non-protected – plant and non-protected labor. The following areas are of major concern to NJRC.

Repairs:

NJAWC has taken the position that “all” repairs (those specifically requested by NJAWC for 2008, the year of change and all future repairs) are covered under the American Water Works Company Inc. and Subs Consent Agreement with the Internal Revenue Service dated September 10, 2010. (“Consent Agreement”). (See RCR-NJAWC-POL-5) That position is in error. The Consent Agreement is only addressing the previously capitalized assets that are under the Form 3115, Application for Change in Accounting Method, requested for the taxable period beginning January 1, 2008 and ending December 31, 2008 (“year of change”). It is true that all plant related repairs for “income tax purposes” which were requested to be treated as repairs and had originally been capitalized also for income tax purposes and for which accelerated depreciation had been taken, would be subject to normalization rules. However, any future repairs, which are capitalized on the books, but are treated as expenses for income tax purposes in the same year, would not be subject to normalization rules since no tax depreciation was taken. NJAWC should separate its book/tax timing difference for repairs into two categories, those subject to normalization (prior accelerated depreciation taken for tax purposes) and those not subject to normalization (no prior accelerated depreciation taken for tax purposes).

Contribution in Aid of Construction:

NJAWC treats the excess ADIT related to contribution in aid of construction (“CIAC”) as being protected under its proposal to reflect all rate base items as being protected. NJAWC has not demonstrated that any accelerated depreciation has been taken for income tax

purposes for CIAC. Therefore, it is the position of Rate Counsel that excess ADIT related to CIAC be deemed unprotected.

Cost of Removal:

NJAWC has taken the position to off-set the excess ADIT with the amortization of the Company's cost of removal ("COR") balances. (See Petition, page 7, Item F. Other Material Impacts to the Company, first paragraph.) Rate Counsel disagrees with NJAWC's proposal for this off-set, for multiple reasons. COR is normally included in the determination of proper depreciation rates in depreciation studies. Those depreciation rates would spread COR amounts over the life of the assets to which it is related, reflecting the estimated costs to remove the facilities at the future time of retirement and dismantlement. NJAWC has not provided supporting documentation demonstrating that previous depreciation rates have not already included COR as a component. Finally, the proposed treatment would be inequitable to current customers in that it would unreasonably shift to current customers the portion of COR that should be borne by all future customers for their usage of the system prior to retirement of the depreciable assets.

Unprotected ADIT:

Rate Counsel's position on all unprotected excess ADIT (non-plant related) is that NJAWC should begin returning it over a three year period and that amortization should begin as of June 1, 2018. Upon the completion of the software update which will enable the ARAM calculation, thereby identifying the unprotected plant-related ADIT, NJAWC should be required to flow back the excess unprotected plant-related ADIT over the same amortization period as the unprotected non-plant related excess ADIT. This flow back should be implemented as soon as the software update is complete instead of deferred to the next rate case as NJAWC has requested.

Protected ADIT:

Upon the completion of the software update which will enable the ARAM calculation, thereby identifying the protected plant-related ADIT, NJAWC should be required to flow back the excess protected plant-related ADIT using ARAM unless it is determined that NJAWC must use a combination of the ARAM and RSGM due to lack of vintage data as stated above in the "Addressing Potential Normalization Violations." This flow back should be implemented as soon as the software update is complete instead of deferred to the next rate case as NJAWC has requested.

ARAM/RSGM:

Rate Counsel's position on protected excess ADIT is that NJAWC has failed to demonstrate that it and its acquired water and wastewater utilities over the years have adequately maintained its plant/assets vintage records. Therefore, NJAWC will have to utilize a combination of ARAM for those assets where the vintage records have been maintained and RSGM for those assets where NJAWC or the prior acquired water and wastewater utilities did not adequately maintain the vintage plant/asset records.

Software Update:

NJAWC should provide monthly updates to the Board and Rate Counsel regarding the status of the determination of ARAM amounts for the applicable plant assets, and RSGM for the remaining applicable plant assets. The Board should also require NJAWC to complete the update to the software and provide the final excess deferred taxes by type, (a) Protected – Plant-Related (Accelerated Depreciation); and (b) Unprotected – Plant-Related (Non-Accelerated Depreciation) previously categorized as protected, by December 31, 2018 and begin amortization of the excess ADIT on January 1, 2019.

Deferral of Excess ADIT Liability Refunding Until Next Base Rate Case:

In its Petition on page 6, NJAWC proposes to defer the excess ADIT liability balance and the refunding of the same to ratepayers until its next rate case. Based upon the "Unprotected ADIT" and "Protected ADIT" sections discussed above, Rate Counsel disagrees with this proposal by NJAWC. This issue should be addressed in a timely manner and should be addressed at the earliest possible time that will not result in a normalization violation

With regard to the issue of interest to be accrued on NJAWC's excess ADIT balance at NJAWC's BPU-authorized WACC rate, Rate Counsel would agree that no such interest should be accrued on the plant related *protected* excess ADIT balance associated with *accelerated depreciation* from January 1, 2018 through the completion of the refund period, as long as this ADIT balance will continue to be used as a rate base deduction in the Company's future rate cases. Rate Counsel notes that in NJAWC's prior rate cases and pending rate case the ADIT rate base deduction is solely related to the protected ADIT associated with accelerated depreciation. No other ADIT balances, whether protected or unprotected, have been treated as a reduction to rate base. As discussed before, NJAWC has acknowledged that at this time it does not know what portion of its estimated plant related excess ADIT balance of \$328.6 million is associated with protected or unprotected ADIT. It is clear, though, that portions of this estimated excess ADIT balance of \$328.6 million consist of unprotected plant related ADIT and, possibly, protected plant related ADIT that is not related to accelerated depreciation and therefore is not a reduction to rate base. It is Rate Counsel's position that once the appropriate total plant related excess ADIT balance has been established, interest at NJAWC's BPU-authorized WACC rate must be accrued on the plant related unprotected excess ADIT and, if any, on the plant related protected excess ADIT that is not related to accelerated depreciation. If the plant related protected excess ADIT not related to accelerated depreciation were to be refunded through ARAM, the interest must be calculated and accrued from January 1, 2018 through the end of the ARAM refund period.

For the plant related unprotected excess ADIT refund balance, interest must be calculated and accrued from January 1, 2018 through the end of the refund period found to be appropriate by the Board. As stated before, only the portion of the total plant-related protected excess ADIT balance associated with accelerated depreciation would not accrue any interest because it has been treated as a reduction to rate base.

RCR-NJAWC-A-2

**I/M/O the New Jersey Board of Public Utilities'
Consideration of The Tax Cuts and Jobs Act of 2017
BPU Docket No. AX18010001**

**NEW JERSEY AMERICAN WATER COMPANY
TAX CUTS AND JOBS ACT OF 2017 ("TCJA") FILING
FOR THE ADJUSTMENTS OF BASE RATES AND REFUNDS
BPU DOCKET NO. WR18030233**

Rate Counsel Requests For Information (Accounting)

Witness: Dante M. DeStefano

RCR-NJAWC-A-2 With regard to Exhibit D, pages 1 and 2, please provide the following information:

- a. The FIT rate used for January 2018 in the "FIT" column is calculated at a rate of 21% but for the months of February through June an FIT rate of 40% is used. Please explain the reason for this and, if needed, provide the necessary corrections.
- b. Provide the actual short term debt rates for the months of January and February 2018 and the projected rate for March 2018 based on actual results to date.
- c. Will the Company be updating the stub period deferral and interest data based on actual sales volumes in the months of January through March 2018? If not why not?
- d. Explain why the Company has calculated interest on the deferred over-collection balances through the month of June 2018. Is this because the Company intends to start the proposed monthly customer bill credits on July 1, 2018? If not, please explain.
- e. If the Company proposes to implement the monthly customer bill credit on July 1, 2018, is it also the Company's proposal that it will continue to accrue interest at its short term debt rate on the remaining unrefunded deferred rate over-recovery balances after June 2018 up to the final 12th bill credit refund month? If not, explain why not and what alternative rate treatment the Company proposes.
- f. Please explain why the Company could not return the deferred stub period over-collection and interest to the ratepayers by way of a one-time bill credit effective May 1, June 1, or July 1, 2018 consistent with the approach chosen by other NJ utilities.

**I/M/O the New Jersey Board of Public Utilities'
Consideration of The Tax Cuts and Jobs Act of 2017
BPU Docket No. AX18010001**

**NEW JERSEY AMERICAN WATER COMPANY
TAX CUTS AND JOBS ACT OF 2017 ("TCJA") FILING
FOR THE ADJUSTMENTS OF BASE RATES AND REFUNDS
BPU DOCKET NO. WR18030233**

Rate Counsel Requests For Information (Accounting)

Response:

- a. The FIT rate used should be 21%. Please see attached corrected file.
- b. The January, February, and estimated March 2018 STD interest rates are 1.7339%, 1.7841%, and 1.9662%, respectively.
- c. No. The Company has used historic calendar year revenue profiling, and not sales data, to calculate its stub period deferral. Without a complete profiling of 2018 available until 2019, the Company cannot provide updated profiling based on actual activity in January-March 2018.
- d. The Company has calculated interest on the balance through June 2018 as it proposes to initiate customer bill credits effective July 1, 2018.
- e. The Company's ratemaking history for Regulatory Assets and Liabilities that are not in rate base and are relatively short term is to record no interest on them. Examples of such Regulatory Deferral balances include Rate Case Expense and Property Sales Proceeds. As such, the Company believes it would be inconsistent to apply interest beyond the point of initiating rate refunds.
- f. The TCJA has negatively impacted the Company's cash flow to the extent that American Water was placed on a negative credit watch. To the extent that we can, the Company would like minimize the effects of the negative cash flow of the TCJA by spreading the credit over a twelve month period. Also, the proposals of utilities regarding the stub period credit varied widely, with some proposing to return the funds in their next base rate case, while others made a proposal similar to the Company's. As a result of the Tax Cuts and Jobs Act, Moody's Investors Services has recognized the adverse cash flow effects of the TCJA on public utilities in its Rating Action report issued on January 19, 2018, in which it expressed the general view of credit rating agencies that "tax reform is credit negative for US regulated utilities."

**NEW JERSEY-AMERICAN WATER COMPANY
CALCULATION OF STUB PERIOD DEFERRAL AND INTEREST**

				Interest Rate	Annual 1.527%	Monthly 0.1273%		
SHORELANDS:	<u>Monthly</u>						<u>Ending</u>	
	<u>Accrual</u>	<u>Balance</u>	<u>FIT</u>	<u>Interest bearing</u>	<u>interest</u>		<u>Balance</u>	<u>Profile</u>
Jan	\$18,165	\$18,165	(\$3,815)	\$14,350	\$18		\$18,183	7.35%
Feb	\$17,066	35,250	(7,402)	27,848	\$35		35,285	6.91%
Mar	\$18,137	53,421	(11,218)	42,203	\$54		53,475	7.34%
Apr	\$0	53,475	(11,230)	42,245	\$54		53,529	
May	\$0	53,529	(11,241)	42,288	\$54		53,583	
Jun	\$0	53,583	(11,252)	42,331	\$54		53,637	
NJAW Base:	<u>Monthly</u>						<u>Ending</u>	
	<u>Accrual</u>	<u>Balance</u>	<u>FIT</u>	<u>Interest bearing</u>	<u>interest</u>		<u>Balance</u>	<u>Profile</u>
Jan	\$2,834,310	\$2,834,310	(\$595,205)	\$2,239,105	\$2,849		\$2,837,159	7.35%
Feb	\$2,662,786	5,499,946	(1,154,989)	4,344,957	\$5,529		5,505,475	6.91%
Mar	\$2,829,831	8,335,306	(1,750,414)	6,584,892	\$8,379		8,343,685	7.34%
Apr	\$0	8,343,685	(1,752,174)	6,591,511	\$8,388		8,352,073	
May	\$0	8,352,073	(1,753,935)	6,598,138	\$8,396		8,360,469	
Jun	\$0	8,360,469	(1,755,698)	6,604,771	\$8,405		8,368,874	
NJAW DSIC:	<u>Monthly</u>						<u>Ending</u>	
	<u>Accrual</u>	<u>Balance</u>	<u>FIT</u>	<u>Interest bearing</u>	<u>Interest</u>		<u>Balance</u>	<u>Profile</u>
Jan	\$314,069	\$314,069	(\$65,954)	\$248,115	\$316		\$314,385	Straight line
Feb	\$314,069	628,454	(131,975)	496,479	\$632		629,086	
Mar	\$314,069	943,154	(198,062)	745,092	\$948		944,102	
Apr	\$0	944,102	(198,262)	745,840	\$949		945,051	
May	\$0	945,051	(198,461)	746,590	\$950		946,001	
Jun	\$0	946,001	(198,660)	747,341	\$951		946,952	

*Interest should be net of tax, as Reg Liability is not part of rate base, and is treated as taxable income for tax purposes.

RCR-NJAWC-A-3

I/M/O the New Jersey Board of Public Utilities'
Consideration of The Tax Cuts and Jobs Act of 2017
BPU Docket No. AX18010001

NEW JERSEY AMERICAN WATER COMPANY
TAX CUTS AND JOBS ACT OF 2017 ("TCJA") FILING
FOR THE ADJUSTMENTS OF BASE RATES AND REFUNDS
BPU DOCKET NO. WR18030233

Rate Counsel Requests For Information (Accounting)

Witness: John R. Wilde

RCR-NJAWC-A-3 On page 5 of its Petition, the Company states: "NJAWC has remeasured its ADIT balance as of December 31, 2018 [*should be 2017*] at an estimated level for financial accounting purposes using the now federally enacted rate of 21%." In this regard, please provide the following information:

- a. Please provide the most recent estimate of the re-measurement of the ADIT broken down as (a) the Protected excess ADIT balance; (b) the Unprotected excess ADIT balance; and (c) the net excess ADIT balance.
- b. If the balances to be provided in response to (a) above are different from the remeasured excess ADIT balances provided by the Company in response to RCR-209(a)(b) in the Company's pending base rate case, please provide a detailed reconciliation.

Response:

- a. The Company has made a *reasonable estimate* for the measurement and accounting of certain effects of the TCJA which have been reflected in the December 31, 2017 deferred income tax provision.

American Water Works Inc. arrived at a "reasonable estimate" consistent with SAB 118 for the consolidated impact in its ADIT balance for statements recently reported to the SEC for December 31, 2017. The SEC, in allowing for reasonable estimates to be used, acknowledges the complexity involved and allows for adjustments to these estimates for up to a year. The calculation of the impact of TCJA on ADIT balances that need to be normalized into future rates as of the date of enactment and executing a method to normalize the resulting excess is a complex and involved process. It is also a process that takes significant time, requires great care, and will likely go through several subsequent refinements before being considered an estimate that could be reasonably relied on.

**I/M/O the New Jersey Board of Public Utilities'
Consideration of The Tax Cuts and Jobs Act of 2017
BPU Docket No. AX18010001**

**NEW JERSEY AMERICAN WATER COMPANY
TAX CUTS AND JOBS ACT OF 2017 ("TCJA") FILING
FOR THE ADJUSTMENTS OF BASE RATES AND REFUNDS
BPU DOCKET NO. WR18030233**

Rate Counsel Requests For Information (Accounting)

That said the total re-measurement exclusive of FAS 109 amounts resulting from the gross-up is \$326,531,583. The amount that was recorded to a regulatory liability is \$328,633,539. The Company is not able to split the amount between protected and unprotected, however it can estimate a split of the amount between plant and non-plant. The plant related net excess is estimated to be \$328,633,539 and the non-plant deficit is estimated to be \$2,101,956

- b. This amount differs from the Company's response in RCR-209(a)(b) as that number erroneously included both EDC and NJAWC.

RCR-NJAWC-A-15

I/M/O the New Jersey Board of Public Utilities'
Consideration of The Tax Cuts and Jobs Act of 2017
BPU Docket No. AX18010001

NEW JERSEY AMERICAN WATER COMPANY
TAX CUTS AND JOBS ACT OF 2017 ("TCJA") FILING
FOR THE ADJUSTMENTS OF BASE RATES AND REFUNDS
BPU DOCKET NO. WR18030233

Rate Counsel Requests For Information (Accounting)

Witness: Dante M. DeStefano

RCR-NJAWC-A-15 With regard to the response to RCR-NJAWC-A-2, please provide the actual March 2018 STD rate and the estimated STD rates for April, May and June 2018 based on actual data to date.

Response: See below the actual and estimated STD interest rates.

Month	Estimated/Actual	Rate
March-18	Actual	2.0647%
April-18	Actual	2.3466%
May-18	Estimated	2.3500%
June-18	Estimated	2.3500%

New Jersey-American Water Company, Inc.
Statement of Rate Base at March 31, 2017 and Pro Forma at March 31, 2018 and September 30, 2018

New Jersey-American Water Company, Inc.
Docket No. WR 1709xxxx
Witness Responsible: Frank X. Simpson

Exhibit No. P-2, Schedule 58
Page 1 of 2

Line No.	Total Company	Total Water	Total Sewer	
1	Rate Base at March 31, 2017			
2	Utility plant in service	\$4,719,801,795	\$4,491,982,696	\$227,819,099
3	Accum depreciation & Amtz UPIS	(1,097,678,739)	(1,046,645,698)	(51,033,041)
4				
5	Net utility plant	<u>3,622,123,056</u>	<u>3,445,336,998</u>	<u>\$176,786,058</u>
6	Add:			
7	Cash Working Capital	73,300,000	73,300,000	0
8	Utility plant acquisition adj.	31,864,690	31,826,071	38,619
9	Prepayments	3,240,128	3,229,465	10,663
10	Materials & supplies	9,014,409	8,984,744	29,665
11				
12	Sub-total	<u>117,419,228</u>	<u>117,340,280</u>	<u>\$78,947</u>
13	Deduct:			
14	Customer advances for constr.	64,622,502	50,735,890	13,886,612
15	Contributions in aid of constr.	231,860,644	196,812,436	35,048,208
16	MTBE Settlement	5,977,910	3,622,960	2,354,950
17	Pre-1971 I.T.C.	307,490	291,388	16,102
18	Consolidated FIT	394,198	375,322	18,877
19	Deferred FIT (accel. depr.)	714,206,440	679,732,563	34,473,877
20				
21	Sub-total	<u>1,017,369,184</u>	<u>931,570,558</u>	<u>\$85,798,626</u>
22	Total rate base	<u>\$ 2,722,173,100</u>	<u>\$ 2,631,106,720</u>	<u>\$91,066,380</u>
23				
24	Pro Forma			
25	Rate Base at March 31, 2018			
26	Utility plant in service	\$5,048,496,125	\$4,792,950,442	\$255,545,683
27	Accum depreciation & Amtz UPIS	(1,147,662,089)	(1,097,119,244)	(50,542,845)
28				
29	Net utility plant	<u>3,900,834,036</u>	<u>3,695,831,198</u>	<u>\$205,002,838</u>
30	Add:			
31	Cash Working Capital	73,300,000	73,300,000	0
32	Utility plant acquisition adj.	31,616,429	31,579,446	36,983
33	Prepayments	3,627,655	3,615,717	11,938
34	Materials & supplies	9,030,059	9,000,342	29,717
35				
36	Sub-total	<u>117,574,143</u>	<u>117,495,505</u>	<u>\$78,638</u>
37	Deduct:			
38	Customer advances for constr.	71,972,395	56,245,511	15,726,884
39	Contributions in aid of constr.	233,007,605	197,957,743	35,049,862
40	MTBE Settlement	5,800,787	3,515,613	2,285,174
41	Pre-1971 I.T.C.	271,641	256,019	15,622
42	Consolidated FIT	394,198	375,322	18,877
43	Deferred FIT (accel. depr.)	810,630,458	771,502,310	39,128,147
44				
45	Sub-total	<u>1,122,077,084</u>	<u>1,029,852,517</u>	<u>\$92,224,567</u>
46	Total rate base	<u>\$ 2,896,331,095</u>	<u>\$ 2,783,474,186</u>	<u>\$112,856,909</u>

New Jersey-American Water Company, Inc.
Statement of Rate Base at March 31, 2017 and Pro Forma at March 31, 2018 and September 30, 2018

New Jersey-American Water Company, Inc.
Docket No. WR 1709xxxx
Witness Responsible: Frank X. Simpson

Exhibit No. P-2, Schedule 58
Page 2 of 2

Line No.	Total Company	Total Water	Total Sewer
1			
2	Pro Forma		
3	<u>Rate Base at September 30, 2018</u>		
4	Utility plant in service	\$5,178,720,090	\$4,914,966,518
5	Accum depreciation & Amtz UPLS	(1,144,936,135)	(1,094,341,515)
6			
7	Net utility plant	<u>4,033,783,955</u>	<u>3,820,625,003</u>
8	Add:		
9	Cash Working Capital	73,300,000	73,300,000
10	Utility plant acquisition adj.	31,616,429	31,579,446
11	Prepayments	3,627,655	3,615,717
12	Materials & supplies	9,030,059	9,000,342
13			
14	Sub-total	<u>117,574,143</u>	<u>117,495,505</u>
15	Deduct:		
16	Customer advances for constr.	71,972,395	56,245,511
17	Contributions in aid of constr.	233,007,605	197,957,743
18	MTBE Settlement	5,800,787	3,515,613
19	Pre-1971 I.T.C.	271,641	256,019
20	Consolidated FIT	394,198	375,322
21	Deferred FIT (accel. depr.)	815,438,048	776,077,844
22			
23	Sub-total	<u>1,126,884,675</u>	<u>1,034,428,051</u>
24	Total rate base	<u>\$ 3,024,473,424</u>	<u>\$ 2,903,692,457</u>
25			
26			

RATE COUNSEL EXHIBIT C

New Jersey American Water Company
Docket AX15010001
Rate Design Using Docket No. WR15010035 Billing Determinants

NEW JERSEY-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND ADJUSTED RATES TO BILL ANALYSIS - WATER

<u>Classification</u>	<u>Number of Bills/Usage</u>	<u>Present Rate</u>	<u>Present Revenues</u>	<u>RC Adjusted Rate</u>	<u>RC Adjusted Revenue</u>
SA-1 w/ Homestead					
5/8" Monthly	4,004,720.5	\$ 13.60	\$ 54,464,199	\$ 12.77	\$ 51,132,240
3/4" Monthly	45,722.8	20.40	932,744	\$ 19.15	875,682
1" Monthly	311,039.6	34.00	10,575,345	\$ 31.92	9,928,377
1 1/2" Mithly	19,279.4	68.00	1,311,001	\$ 63.84	1,230,797
2" Monthly	88,129.1	108.80	9,588,446	\$ 102.14	9,001,853
3" Monthly	860.7	204.00	175,585	\$ 191.52	164,843
4" Monthly	1,802.8	340.00	612,949	\$ 319.20	575,451
6" Monthly	929.0	680.00	631,710	\$ 638.40	593,064
8" Monthly	194.1	1,088.00	211,184	\$ 1,021.44	198,264
10" Monthly	102.6	1,360.00	139,501	\$ 1,276.80	130,966
12" Monthly	-	1,700.00	-		-
Subtotal Service Charges	4,472,780		\$ 78,642,663		\$ 73,831,538
All Usage	36,440,580	6.1998	225,924,308	\$ 5.8205	212,103,004
Incremental EDP Rider A Adjustment	-		(12,373)		(11,616)
Subtotal Usage	36,440,580		225,911,935		212,091,388
Revenue Credit for Exempt Consumption			(1,433)		(1,345)
Growth Adjustment			662,157		621,648
Total GMS			\$ 305,215,322		\$ 286,543,229
Commodity-Demand					
2" Monthly	12	108.80	1,306	\$ 102.14	1,226
3" Monthly	24	204.00	4,896	\$ 191.52	4,596
4" Monthly	163	340.00	55,420	\$ 319.20	52,030
6" Monthly	76	680.00	51,680	\$ 638.40	48,518
8" Monthly	31	1,088.00	33,728	\$ 1,021.44	31,665
4" Monthly Exempt	12	293.19	3,518	\$ 275.25	3,303
6" Monthly Exempt	-		-		-
Subtotal Service Charges	318		150,548		141,338
Volumes - Nonexempt	4,497,794	0.5264	2,367,639	\$ 0.4942	2,222,794
Volumes - Exempt	251,850	0.4539	114,315	\$ 0.4261	107,321
Demand - Nonexempt	10,582	62.49	7,935,230	\$ 58.67	7,449,776
Demand - Exempt	690	53.90	446,292	\$ 50.59	418,906
Off-Peak Demand Nonexempt	2,997	57.47	1,205,663	\$ 53.95	1,131,904
Off-Peak Demand Exempt	-	49.57	-		-
Non-Contract Sales	21,863	6.1498	134,453	\$ 5.7736	126,228
Subtotal Volume/Demand			12,203,592		11,456,929
Total Commodity-Demand			12,354,140		11,598,267

New Jersey American Water Company
Docket AX18010001
Rate Design Using Docket No. WR15010035 Billing Determinants

NEW JERSEY-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND ADJUSTED RATES TO BILL ANALYSIS - WATER

<u>Classification</u>	<u>Number of Bills/Usage</u>	<u>Present Rate</u>	<u>Present Revenues</u>	<u>RC Adjusted Rate</u>	<u>RC Adjusted Revenue</u>
<u>Manasquan Customer Group</u>					
1" Monthly	24	34.00	816	\$ 31.92	766
2" Monthly	24	108.80	2,611	\$ 102.14	2,451
3" Monthly	12	204.00	2,448	\$ 191.52	2,298
4" Monthly	24	340.00	8,160	\$ 319.20	7,661
6" Monthly	48	680.00	32,640	\$ 638.40	30,643
8" Monthly	24	1,088.00	26,112	\$ 1,021.44	24,515
6" Monthly Exempt	24	586.38	14,073	\$ 550.51	13,212
8" Monthly Exempt	48	938.21	45,034	\$ 880.81	42,279
Subtotal Service Charges	228		131,894		123,825
Uninterruptible - Nonexempt	617,632	1.8848	1,164,113	\$ 1.7695	1,092,896
Interruptible - Nonexempt	17,212	6.1498	105,850	\$ 5.7736	99,375
Uninterruptible - Exempt	1,032,877	1.6253	1,678,735	\$ 1.5259	1,576,035
Subtotal Usage	1,667,721		2,948,698		2,768,305
Total MCG			3,080,592		2,892,131
<u>Regular Sales for Resale</u>					
5/8" Monthly	-	13.60	-	\$ -	-
3/4" Monthly	-	20.40	-	\$ -	-
1" Monthly	12.0	34.00	408	\$ 31.92	383
1 1/2" Mthly	-	68.00	-	\$ -	-
2" Monthly	-	108.80	-	\$ -	-
3" Monthly	-	204.00	-	\$ -	-
4" Monthly	-	340.00	-	\$ -	-
6" Monthly	72.0	680.00	48,960	\$ 638.40	45,965
8" Monthly	36.0	1,088.00	39,168	\$ 1,021.44	36,772
4" Monthly Exempt	-	293.18	-	\$ -	-
8" Monthly Exempt	24.0	938.21	22,517	\$ 880.81	21,139
Subtotal Service Charges	144.0		111,053		104,259
All Water (Thousands)	837,810	6.1498	5,152,364	\$ 5.7736	4,837,158
All Water Exempt	14,422	5.3031	76,481	\$ 4.9787	71,802
Subtotal Usage	852,232		5,228,845		4,908,960
Total Regular SFR			5,339,898		5,013,219
<u>Penns Grove Non-Exempt (SA-1B)</u>					
5/8" Monthly	48,144	13.60	\$ 654,762	\$ 12.77	614,706
3/4" Monthly	-	20.40	-	\$ -	-
1" Monthly	1,600	34.00	54,400	\$ 31.92	51,072
1 1/2" Mthly	816	68.00	55,515	\$ 63.84	52,119
2" Monthly	822	108.80	89,379	\$ 102.14	83,911
3" Monthly	80	204.00	16,279	\$ 191.52	15,283
4" Monthly	96	340.00	32,725	\$ 319.20	30,723
6" Monthly	7	680.00	4,719	\$ 638.40	4,430
8" Monthly	12	1,088.00	13,327	\$ 1,021.44	12,512
Subtotal Service Charges	51,577		921,107		864,757
All Usage	409,087	4.4988	1,840,401	\$ 4.2236	1,727,810
Subtotal Usage	409,087		1,840,401		1,727,810
Growth Adjustment			(29,591)		(27,781)
Total Penns Grove			2,731,917		2,564,786

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NEW JERSEY-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND ADJUSTED RATES TO BILL ANALYSIS - WATER

Classification	Number of Bills/Usage	Present Rate	Present Revenues	RC Adjusted Rate	RC Adjusted Revenue
SA-1D Applied Water					
5/8" Monthly	1,301.4	\$ 13.60	\$ 17,699	\$ 12.77	\$ 16,616
3/4" Monthly	890.3	\$ 20.40	18,162	\$ 19.15	17,051
1" Monthly	-	\$ 34.00	-	\$ -	-
1 1/2" Mthly	9.0	\$ 68.00	612	\$ 63.84	575
2" Monthly	22.7	\$ 108.80	2,470	\$ 102.14	2,319
Subtotal Service Charges	2,223		\$ 38,943		\$ 36,561
Usage	10,211	5.6185	57,371	\$ 5.2748	53,861
Irrigation Water	3,211	7.6619	24,602	\$ 7.1932	23,097
Subtotal Usage	13,422		81,973		76,958
Growth Adjustment			69,477		65,227
Total SA-1d			190,393		178,745
SA-2, SA-3 Main, & SA-1A					
5/8" Monthly	2,220,281.6	\$ 13.60	\$ 30,195,830	\$ 12.77	\$ 28,348,538
3/4" Monthly	160,529.3	20.40	3,274,798	\$ 19.15	3,074,455
1" Monthly	164,115.6	34.00	5,579,930	\$ 31.92	5,238,567
1 1/2" Mthly	27,617.5	68.00	1,877,990	\$ 63.84	1,763,100
2" Monthly	45,140.6	108.80	4,911,297	\$ 102.14	4,610,839
3" Monthly	9,841.6	204.00	1,966,886	\$ 191.52	1,846,558
4" Monthly	5,488.1	340.00	1,865,274	\$ 319.20	1,751,162
6" Monthly	1,237.2	680.00	841,296	\$ 638.40	789,828
8" Monthly	469.7	1,088.00	511,034	\$ 1,021.44	479,770
10" Monthly	60.0	1,360.00	81,600	\$ 1,276.80	76,608
12" Monthly	24.1	1,700.00	41,048	\$ 1,596.00	38,537
16" Monthly	12.0	2,720.00	32,640	\$ 2,553.60	30,643
4" Monthly SOS	12.0	340.00	4,080	\$ 319.20	3,830
6" Monthly SOS	24.0	680.00	16,320	\$ 638.40	15,322
8" Monthly SOS	36.0	1,088.00	39,168	\$ 1,021.44	36,772
5/8" Manville	48,372.8	13.60	657,870	\$ 12.77	617,624
3/4" Manville	371.9	20.40	7,587	\$ 19.15	7,123
1" Manville	298.5	34.00	10,149	\$ 31.92	9,528
1 1/2" Manville	107.6	68.00	7,317	\$ 63.84	6,869
2" Manville	131.8	108.80	14,340	\$ 102.14	13,463
3" Manville	24.4	204.00	4,978	\$ 191.52	4,673
4" Manville	36.6	340.00	12,444	\$ 319.20	11,683
6" Manville	-	680.00	-	\$ -	-
8" Manville	11.8	1,088.00	12,838	\$ 1,021.44	12,053
Subtotal Service Charges	2,684,043		\$ 51,966,714		\$ 48,787,544
All Usage	23,109,812	6.0533	139,890,624	\$ 5.6830	131,332,529
GMS-SOS	93,594	6.0033	561,873	\$ 5.6360	527,499
GMS-SOS Peaking	640	9.0331	5,781	\$ 8.4805	5,428
Subtotal Usage	23,204,046		140,458,278		131,865,456
Manville All Usage	245,530	5.6185	1,379,510	\$ 5.2748	1,295,116
Subtotal Manville Usage	245,530		1,379,510		1,295,116
Subtotal	23,449,576		141,837,788		133,160,572
Revenue Credit for Exempt Consumption			(350,172)		(328,750)
Growth Adjustment			85,142		79,933
Total SA-2, SA-3, SA-1A			\$ 193,539,472		\$ 181,699,299

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NEW JERSEY-AMERICAN WATER COMPANY
APPLICATION OF PRESENT AND ADJUSTED RATES TO BILL ANALYSIS - WATER

<u>Classification</u>	<u>Number of Bills/Usage</u>	<u>Present Rate</u>	<u>Present Revenue</u>	<u>RC Adjusted Rate</u>	<u>RC Adjusted Revenue</u>
OIW					
5/8" Monthly	120.0	\$ 13.60	\$ 1,632	\$ 12.77	1,532
3/4" Monthly	48.0	\$ 20.40	979	\$ 19.15	919
1" Monthly	48.0	\$ 34.00	1,632	\$ 31.92	1,532
1 1/2" Mthly	144.0	\$ 68.00	9,792	\$ 63.84	9,193
2" Monthly	792.0	\$ 108.80	86,170	\$ 102.14	80,898
3" Monthly	396.0	\$ 204.00	80,784	\$ 191.52	75,842
4" Monthly	360.0	\$ 340.00	122,400	\$ 319.20	114,912
6" Monthly	120.0	\$ 680.00	81,600	\$ 638.40	76,608
8" Monthly	36.0	\$ 1,088.00	39,168	\$ 1,021.44	36,772
10" Monthly	60.0	\$ 1,360.00	81,600	\$ 1,276.80	76,608
12" Monthly	24.0	\$ 1,700.00	40,800	\$ 1,596.00	38,304
10" Monthly Exempt	24.0	\$ 1,172.76	28,146	\$ 1,101.01	26,424
Subtotal Service Charges	2,172		\$ 574,703		\$ 539,544
All Water (Thousands)	2,651,696	3.5144	9,319,120	\$ 3.2994	8,749,004
Exempt	1,008,436	3.0305	3,058,065	\$ 2.8451	2,869,104
Subtotal Usage	3,660,132		12,375,186		11,618,108
Total OIW			\$ 12,949,889		\$ 12,157,653
Sales to Other Systems					
All Water (Thousands)	8,037,353	2.7698	22,261,860	\$ 2.6004	20,899,946
All Water Exempt	1,385,325	2.3885	3,308,849	\$ 2.2424	3,106,423
Subtotal Usage	9,422,678		25,570,709		24,006,369
Total SOS			25,570,709		24,006,369
SA-3					
5/8" S. Hampton	5,156.9	\$ 13.60	70,134	\$ 12.77	65,843
3/4" S. Hampton	48.0	\$ 20.40	979	\$ 19.15	919
1" S. Hampton	264.3	\$ 34.00	8,986	\$ 31.92	8,436
1 1/2" S. Hampton	36.0	\$ 68.00	2,448	\$ 63.84	2,298
2" S. Hampton	36.0	\$ 108.80	3,917	\$ 102.14	3,677
3" S. Hampton	24.0	\$ 204.00	4,896	\$ 191.52	4,596
Subtotal Service Charges	5,565		\$ 91,360		\$ 85,771
All Usage	27,388	5.2433	143,604	\$ 4.9225	134,818
Subtotal Usage	27,388		143,604		134,818
Growth Adjustment			1,430		1,343
Total SA-3 GMS			\$ 236,394		\$ 221,932
Total Metered Water Service Revenues			\$ 561,208,726		\$ 528,875,629

Note: Exempt rates determined using 0.862323 factor on non-exempt rates.

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NEW JERSEY-AMERICAN WATER COMPANY
APPLICATION OF PRESENT AND ADJUSTED RATES TO PRIVATE AND PUBLIC FIRE PROTECTION UNITS

Service Area	Quantity	Present Annual Rate	Present Revenue	Quantity	RC Adjusted Annual Rate	RC Adjusted Revenue	Increase (Decrease)	Present Monthly Rate	Updated Monthly Rate
SA-1 - Private Fire									
Rate L-1									
2-INCH	236.0	\$239.28	\$ 56,470	236	\$ 224.64	\$ 53,015	\$ (3,455)	19.94	18.72
3-INCH	-	\$538.44	-	-	505.50	-	-	44.87	42.12
4-INCH	1,296.0	\$957.12	1,240,428	1,296	898.57	1,164,542	(75,886)	79.76	74.88
6-INCH	2,658.0	\$2,153.52	5,724,058	2,658	2,021.77	5,373,875	(350,181)	178.46	168.48
8-INCH	770.0	\$3,828.48	2,947,930	770	3,594.26	2,767,584	(180,346)	319.04	299.52
10-INCH	24.0	\$5,982.00	143,568	24	5,616.04	134,785	(8,783)	498.50	468.00
12-INCH	27.0	\$8,614.08	232,580	27	8,087.10	218,352	(14,228)	717.84	673.92
Subtotal L-1			10,345,032			9,712,153	(632,879)		
Growth Adjustment			21,700			20,372	(1,328)		
Rate L-2									
Sprinkler Heads	127,405	\$11.04	1,406,551	127,405	10.38	1,320,503	(86,048)	0.92	0.8637
Private Hydrants	243	\$346.32	84,156	243	325.13	79,007	(5,149)	28.86	27.09
Subtotal L-2			1,490,707			1,399,510	(91,197)		
Growth Adjustment			932			875	(57)		
Pennsgrove L-3									
2-INCH	1	\$ 330.12	330	1	\$ 309.92	310	(20)	27.51	25.83
3-INCH	1	742.68	743	1	697.25	697	(46)	61.89	58.10
4-INCH	2	1,320.36	2,641	2	1,239.58	2,479	(162)	110.03	103.30
6-INCH	8	2,971.68	23,773	8	2,788.88	22,319	(1,454)	247.64	232.49
8-INCH	2	5,281.44	10,563	2	4,958.34	9,917	(846)	440.12	413.19
10-INCH	1	8,252.28	8,252	1	7,747.43	7,747	(505)	687.69	645.62
12-INCH	1	11,883.36	11,883	1	11,156.37	11,156	(727)	990.28	929.70
Private Hydrants	55	\$346.32	19,048	55	325.13	17,862	(1,186)	28.86	27.09
Subtotal L-3			77,233			72,507	(4,726)		
Total SA-1			11,912,972			11,205,417	(730,187)		
SA-2 Private Fire									
Rate L-3									
2-INCH	74.0	\$ 485.64	\$ 35,937	74	\$ 455.93	\$ 33,739	\$ (2,198)	40.47	37.89
3-INCH	114.0	953.76	108,729	114	895.41	102,077	(6,652)	79.48	74.62
4-INCH	1,128.5	1,538.16	1,732,737	1,127	1,444.06	1,628,733	(106,004)	128.18	120.34
6-INCH	1,617.5	2,853.00	4,614,728	1,618	2,678.46	4,332,412	(282,316)	237.75	223.21
8-INCH	653.0	4,872.84	3,181,965	653	4,574.73	2,987,301	(194,664)	406.07	381.23
10-INCH	74.5	5,982.00	445,659	75	5,616.04	418,395	(27,264)	498.50	468.00
12-INCH	4.0	8,631.36	34,526	4	8,103.32	32,413	(2,112)	719.28	675.28
16-INCH	3.0	18,002.04	54,006	3	16,900.73	50,702	(3,304)	1,500.17	1,408.39
Consumption Revenue			234,896			220,526	(14,370)		
Private Hydrants	1,696.0	404.16	685,455	1,696	379.43	643,521	(41,934)	33.68	31.62
Less: Grandfathered			-			-	-		
Total SA-2, L-3			11,128,637			10,447,819	(680,818)		

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Service Area	Quantity	Present Annual Rate	Present Revenue	Quantity	RC Adjusted Annual Rate	RC Adjusted Revenue	Increase (Decrease)	Present Monthly Rate	Updated Monthly Rate
SA-3 Private Fire									
Rate L-7									
2-INCH	10.0	\$239.28	\$ 2,393	10	\$ 224.84	\$ 2,248	\$ (147)	19.94	18.72
3-INCH	5.0	\$538.44	2,692	5	505.50	2,527	(165)	44.87	42.12
4-INCH	46.0	\$957.12	44,028	46	898.57	41,334	(2,694)	79.76	74.88
6-INCH	85.0	\$2,153.52	183,049	85	2,021.77	171,851	(11,198)	179.46	168.48
8-INCH	31.0	\$3,828.48	118,683	31	3,594.26	111,422	(7,261)	319.04	299.52
10-INCH	0.0	\$5,982.00	-	0	5,618.04	-	-	498.50	488.00
12-INCH	1.0	\$8,614.08	8,614	1	8,087.10	8,087	(527)	717.84	673.92
Private Hydrants	126.0	124.92	15,740	126	117.28	14,777	(963)	1,276.18	1,198.09
Growth Adjustment			4,397			4,128	(269)	10.41	9.77
Total SA-3, L-7			379,598			356,372	(23,224)		
SA-3d Applied									
2-INCH	0	\$239.28	-		224.84			19.94	18.72
3-INCH	0	\$538.44	-		505.50			44.87	42.12
4-INCH	0	\$957.12	-		898.57			79.76	74.88
6-INCH	0	\$2,153.52	-		2,021.77			179.46	168.48
8-INCH	-	\$3,828.48	-		3,594.26			319.04	299.52
Private Hydrants	8	304.08	2,433	8	285.48	2,284	(149)	25.34	23.79
Subtotal Applied			2,433			2,284	(149)		
Total Private Fire			\$ 23,446,270			\$ 22,011,892	\$ (1,434,378)		
SA-1 - Public Fire									
Rate M-1	23,970.0	\$541.20	\$ 12,872,564	23,970	508.09	\$ 12,178,941	(793,623)	45.10	42.34
Rate M-2	305.00	\$418.44	127,624	305	382.84	119,817	(7,807)	34.87	32.74
Rate M-3	189.4	\$487.56	92,344	189	457.73	86,695	(5,649)	40.63	38.14
Harrison - M-7	438.8	\$384.72	168,827	439	361.18	158,498	(10,329)	32.06	30.10
Pennsgrove - M-8	489.3	\$306.46	143,840	469	287.73	135,041	(8,799)	25.54	23.98
Total SA-1	25,372.6		13,505,199	25,373		12,678,992	(828,207)		
SA-2 - M-5									
Fire Hydrants Zone 2A	75.0	\$472.92	\$ 35,469	75	443.99	\$ 33,299	(2,170)	39.41	37.00
Fire Hydrants Zone 2B	-	-	-	-	-	-	-	-	-
Fire Hydrants Zone 2C	499.0	\$541.20	270,059	499	508.09	253,537	(16,521)	45.10	42.34
Fire Hydrants Zone 2D	1,302.0	\$555.48	723,235	1,302	521.50	678,990	(44,245)	48.29	43.46
Fire Hydrants Zone 2E	150.0	\$597.00	89,550	150	580.48	84,072	(5,478)	49.75	46.71
Fire Hydrants Zone 2F	1,743.0	\$845.00	1,124,235	1,743	605.54	1,055,458	(68,777)	53.75	50.46
Fire Hydrants Zone 2G	2,495.0	\$898.76	1,743,406	2,495	656.01	1,638,750	(108,656)	58.23	54.67
Fire Hydrants Zone 2H	4,234.0	\$750.00	3,175,500	4,234	704.12	2,981,232	(194,268)	62.50	58.88
Fire Hydrants Zone 2I	1,192.0	\$800.04	953,848	1,192	751.10	895,306	(58,541)	66.67	62.59
Fire Hydrants Zone 2J	3,271.0	\$850.08	2,780,612	3,271	798.07	2,610,502	(170,110)	70.84	68.51
Fire Hydrants Zone 2K	548.0	\$900.00	493,200	548	844.94	463,027	(30,173)	75.00	70.41
Fire Hydrants Zone 2L	1,365.0	\$949.92	1,298,641	1,365	891.81	1,217,316	(79,325)	79.16	74.32
Fire Hydrants Zone 2M	-	990.00	-	-	929.43	-	-	82.50	77.45
Growth Adjustment			15,245			14,312	(933)		
Total SA-2	16,874.0		12,700,799	16,874		11,923,802	(776,997)		
SA-3 - M-6									
Fire Hydrants Zone 3A	154.0	\$282.48	43,502	154	265.20	40,841	(2,661)	23.54	22.10
Fire Hydrants Zone 3B	73.0	\$335.28	24,475	73	314.77	22,978	(1,497)	27.94	26.23
Fire Hydrants Zone 3C	109.0	\$368.20	42,314	109	364.45	39,725	(2,589)	32.35	30.37
Fire Hydrants Zone 3D	252.0	\$441.12	111,182	252	414.13	104,362	(6,801)	36.76	34.51
Fire Hydrants Zone 3G	779.0	\$520.32	405,329	779	488.49	380,532	(24,797)	43.36	40.71
Fire Hydrants Zone 3I	-	550.00	-	-	518.35	-	-	45.83	43.03
Total SA-3	1,367.0		626,783	1,367		588,438	(38,345)		
SA-1d M10									
Fire Hydrants	31.0	\$ 252.12	\$ 7,816	31	238.70	7,338	(478)	21.01	19.72
Total Public Fire	43,644.6		26,840,597	43,645		25,198,569	(1,642,027)		

Note: Exempt rates determined using 0.852323 factor on non-exempt rates.

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NEW JERSEY-AMERICAN WATER COMPANY
APPLICATION OF PRESENT AND ADJUSTED RATES TO BILL ANALYSIS - SEWER

Classification	Number of Bills/Usage	Present Rate	Present Revenues	RC Adjusted Rate	RC Adjusted Revenue
Ocean City Sewer					
Summer Quarter Usage	351,425	\$ 11.1038	\$ 3,902,153	\$ 10.4245	\$ 3,663,431
Volumetric Usage	705,419	1.8698	1,318,982	\$ 1.7554	1,238,300
Total Charges			\$ 5,221,145		\$ 4,901,731
Growth Adjustment			25,095		23,560
Total Ocean City			\$ 5,246,240		\$ 4,925,291
Lakewood Sewer					
Fixed Service Charge	145,294	15.06	2,188,128	\$ 14.14	2,054,264
Annualized Winter Qtr. Usage	1,309,068	3.4102	4,464,184	\$ 3.2016	4,191,078
Minimum Flat Rate	132	28.70	3,788	\$ 28.94	3,557
Growth Adjustment			277,449		260,475
Total Charges			6,933,549		6,509,375
Total Lakewood			6,933,549		6,509,375
Adelphia Sewer					
5/8" Monthly	42,655	5.69	242,707	\$ 5.34	227,859
3/4" Monthly	14	8.54	120	\$ 8.02	112
1" Monthly	3,099	14.23	44,099	\$ 13.36	41,401
1 1/2" Mthly	43	28.45	1,223	\$ 26.71	1,149
2" Monthly	41	45.52	1,866	\$ 42.74	1,752
4" Monthly	16	142.25	2,276	\$ 133.55	2,137
Subtotal Service Charges	45,868		292,291		274,409
Volumetric Charge	171,459	5.5060	944,053	\$ 5.1692	886,299
Subtotal Usage	171,459		944,053		886,299
Growth Adjustment			(12,661)		(11,886)
Total Adelphia			1,223,683		1,148,822
Statewide Fixed Sewer 5-A					
Class A	6,178.1	81.20	501,662	\$ 76.23	470,972
Class B	13,712.0	98.80	1,354,746	\$ 92.76	1,271,866
Statewide Fixed Sewer 8-A					
Beacon Hill Clubhouse	24.0	99.93	2,398	\$ 93.82	2,252
Northern Burlington School	1,714.6	99.93	171,341	\$ 93.82	160,856
Mansfield Township Elementary	256.0	99.93	25,582	\$ 93.82	24,017
Subtotal Service Charges			2,055,728		1,929,964
Growth Adjustment			123,636		116,072
Total Statewide Fixed			2,179,364		2,046,037
Statewide Volumetric Sewer 6-A					
Fixed Charge	36,363	46.00	\$ 1,672,698	\$ 43.19	1,570,367
Fixed Charge - Jensens - 10-A	2,883	20.00	57,660	\$ 18.78	54,133
Subtotal Service Charges	39,246		1,730,358		1,624,500
All Usage	142,073	8.8000	1,250,242	\$ 8.2616	1,173,756
Subtotal Usage	142,073		1,250,242		1,173,756
Growth			7,496		7,037
Total Statewide Volumetric			2,988,096		2,805,293
Total Sewer Rate Revenue			18,570,933		17,434,818

Note: Exempt rates determined using 0.862323 factor on non-exempt rates.

**NEW JERSEY AMERICAN WATER
BPU DKT. NO. WR15010035
SCHEDULE C**

NEW JERSEY-AMERICAN WATER COMPANY

SUMMARY OF REVENUES UNDER PRESENT AND STIPULATED RATES

Classification	Revenues, Excluding PWAC/PSTAC		Stipulated Increase	
	Present Rates	Stipulated Rates	Amount	Percent
GMS				
SA-1, 1B	\$ 299,141,037	\$ 307,946,704	\$ 8,805,666	2.94%
SA-1 - Regular SFR	5,139,268	5,340,024	200,756	3.91%
SA-2, SA-3, SA-1A	182,125,072	193,775,059	11,649,987	6.40%
SA-1D	173,871	190,390	16,519	9.50%
Subtotal GMS	486,579,248	507,252,176	20,672,928	4.25%
Manasquan	3,020,314	3,080,634	60,320	2.00%
OIW	12,415,424	12,949,758	534,333	4.30%
Sales for Resale				
Commodity-Demand	12,350,313	12,354,197	3,884	0.03%
SOS	24,503,613	25,570,488	1,066,876	4.35%
Subtotal SFR	36,853,926	37,924,686	1,070,759	2.91%
Private Fire	22,784,312	23,445,853	661,541	2.90%
Public Fire	26,351,193	26,839,518	488,325	1.85%
Total Sales of Water	588,004,418	611,492,625	23,488,207	3.99%
Other Water Revenues	5,034,546	4,846,339	(188,207)	-3.74%
Total Water	\$ 593,038,964	\$ 616,338,964	\$ 23,300,000	3.93%
Sewer	19,880,042	18,580,042	(1,300,000)	-6.54%
Total	612,919,006	634,919,006	22,000,000	3.59%
Comparative GMS Bills @ 6,000 Gal./Mo. (Includes PWAC)				
SA-1	\$51.82	\$53.41	\$1.59	3.06%
SA-2, 3 & 1A	49.38	52.53	3.15	6.38%
SA-2 - Manville	46.21	49.92	3.71	8.02%
SA-3 - S. Hampton	43.07	47.67	4.60	10.68%
SA-1B - Pennsgrove	38.99	43.20	4.21	10.81%
SA-1D	45.73	49.92	4.19	9.17%