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CASE MANAGEMENT

JUN 21 2018

BOARD OF PUBLIC UTILITIES  
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**RE: I/M/O the Petition of New Jersey American Water Company, Inc., for  
Approval of Increased Tariff Rates & Charges for Water & Wastewater  
Service, Change in Depreciation Rates & Other Tariff Provisions  
BPU Docket No.: WR17090985  
OAL Docket No.: PUC 14251-2017 S  
AARP Motion to Intervene**

**Letter Brief in Support of the NJ Division of Rate Counsel's Motion to Issue  
Order Rejecting NJ American Water's Proposed Provisional Rates**

Dear Judge Gertsman:

Please accept this letter brief in support of the NJ Division of Rate Counsel's May 18, 2018 Motion to Issue an Order Rejecting NJ American Water's (NJAW) Proposed Provisional Rates.

In New Jersey, AARP has 1.3 million members aged 50+ including hundreds of thousands of members residing within the Company's service territory. Members of AARP purchase water service from NJ American Water and, therefore, will be affected by the outcome of this proceeding and Motion for Provisional Rates, many significantly. Almost every community in New Jersey has seen water and sewer rates rise dramatically in the past 10-15 years. In some areas, water rates are rising faster than any other utility rate, including heating bills. Rising rates pose a particular hardship for many older people and for households with fixed

or limited incomes. Older adults are especially vulnerable to high utility prices, in part because they spend a far greater proportion of their income on utility services than younger households.

As described in Rate Counsel's May 18, 2018 Motion, NJAW's Motion for Provisional Rates should be rejected as the record fails to establish any regulatory lag that would justify the imposition of provisional rates. Specifically:

1. NJAW chose to file its petition for a base rate increase with only five months of actual data rendering it impossible to litigate this case with a full twelve months of test year data by the end of the eight month suspension period.
2. The implementation of provisional rates in this matter contravenes the Board's policy favoring settlement.
3. NJAW has failed to specify how any over-collections will be refunded to consumers.
4. The Company proposes to implement an excessive provisional rate increase of approximately 12.3% or \$75 million. Rate Counsel's expert witness has testified that a rate *decrease* of approximately \$17.1 million is just an reasonable.
5. NJAW's proposal is unjust and unreasonable, particularly because it has failed to demonstrate any financial hardship that would justify the imposition of the proposed provisional rates.

All consumers must be able to rely on the availability of safe, affordable, and high-quality services. Rate increases for these lifeline services, including interim rate hikes, are very burdensome to older customers and can threaten health and safety particularly for individuals such as our members—low and fixed income consumers.

A recent New Jersey Department of Human Services report, *Living Below the Line 2017*, finds that nearly six in ten NJ retired elder-only households' lack sufficient annual incomes to insulate them against poverty as they age. Thirty percent of all New Jersey seniors rely on social security as their sole source of income. The average annual social security benefit in New Jersey is approximately \$18,600.<sup>1</sup>

Unjust and unreasonable interim rate increases for lifeline services, which too many older consumers are already struggling to afford, could lead to shut off notices and the loss of water service for many households, or require households to forego other necessities, including food and prescription medicine. Increasing the rates for water service through NJAW's proposed provisional rates will produce real and significant hardships on older consumers.

Retroactive refunds of overcharges will not reverse the hardships endured by these residents during the provisional rates if they are not rejected.

Finally, and perhaps most importantly, NJAW has failed to adequately demonstrate a financial hardship that would necessitate the use of their customers as a bank from which to draw loans not yet proven to be appropriate.

In conclusion and for all of the foregoing reasons, AARP NJ urges the Board to protect ratepayers and deny NJAW's petition to impose provisional rates.

Thank you for your careful consideration of this important matter.

Sincerely,



Janine G. Bauer  
Counsel to AARP

JGB/ac

cc: OAL Service List Attached (via regular and email)  
Full Service List Attached (via email)  
Kathleen Frangione, Chief of Policy for NJ Governor Phil Murphy (via email)

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<sup>1</sup> <https://www.usatoday.com/story/money/personalfinance/retirement/2018/05/18/10-states-with-the-highest-average-social-security-retirement-benefit/34835747/>

AARP is a nonprofit, nonpartisan organization with a membership that helps people 50+ have independence, choice and control in ways that are beneficial and affordable to them and society as a whole. AARP does not endorse candidates for public office or make contributions to either political campaigns or candidates. We produce AARP The Magazine, the definitive voice for 50+ Americans and the world's largest-circulation magazine with over 35.1 million readers; AARP Bulletin, the go-to news source for AARP's millions of members and Americans 50+; AARP VIVA, the only bilingual U.S. publication dedicated exclusively to the 50+ Hispanic community; and our website, AARP.org. AARP Foundation is an affiliated charity that provides security, protection, and empowerment to older persons in need with support from thousands of volunteers, donors, and sponsors. We have staffed offices in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands



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In the Matter of the Petition of New  
Jersey American Water Co. Inc. for  
Approval of Increased Tariff Rates and  
Charges for Water and Wastewater  
Service, Change in Deprecation Rates and  
Other Tariff Modifications  
BPU Docket No. WR17090985  
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