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May 6, 2019

2019 MAY -9 A 12:44

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

Ira G. Megdal

Direct Phone 856-910-5007

Direct Fax 877-259-7984

imegdal@cozen.com

VIA FACSIMILE AND FEDERAL EXPRESS

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

Honorable Jacob S. Gertsman
Administrative Law Judge
Office of Administrative Law
9 Quakerbridge Plaza
Mercerville, NJ 08619

FORWARD
CASE MANAGEMENT
2019 MAY 10 A 9:02
BOARD OF PUBLIC UTILITIES
TRENTON, NJ

**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. WR17090985
OAL Docket No. PUC 16279-2018S**

Dear Judge Gertsman:

Enclosed in the referenced matter please find the original and one copy of Motion of Petitioner New Jersey-American Water Company, Inc. to Admit Supplemental Testimony and Schedule Into Evidence relative to the issue of Acquisition Adjustments. Also enclosed is a stamped, self-addressed envelope so that a stamped copy may be returned to this office.

We are serving copies on all parties via email and via hard copy.

Thank you for your attention to this matter.

Respectfully,

COZEN O'CONNOR, PC

By: Ira G. Megdal

IGM/kn

cc: Service List (via email)

Case mgmt
C. Artale, Esq.
C. Vachon, Esq.
M. Kammer

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MAY 09 2019

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CASE MANAGEMENT
STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES
OFFICE OF ADMINISTRATIVE LAW
2019 MAY -9 A 12

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

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

BPU Docket No.: WR17090985
OAL Docket No.: PUC 16279-2018 S;
PUC 14251-2017 S

**MOTION OF PETITIONER
NEW JERSEY-AMERICAN WATER COMPANY, INC.
TO ADMIT SUPPLEMENTAL TESTIMONY AND SCHEDULE INTO EVIDENCE**

IRA G. MEGDAL
COZEN O'CONNOR P.C.
Liberty View
457 Haddonfield Road
P.O. Box 5459
Cherry Hill, NJ 08002
Phone: 856-910-5007
Email: imegdal@cozen.com

ROBERT J. BRABSTON
CHRISTINE SOARES
NEW JERSEY-AMERICAN WATER
COMPANY, INC.
One Water Street
Camden, NJ 08102
Phone: 856-955-4875
Email: robert.brabston@amwater.com
christine.soares@amwater.com

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

**IN THE MATTER OF THE PETITION OF :
NEW JERSEY-AMERICAN WATER :
COMPANY, INC. FOR APPROVAL OF : BPU Docket No.: WR17090985
INCREASED TARIFF RATES AND : OAL Docket No.: PUC 16279-2018 S;
CHARGES FOR WATER AND : PUC 14251-2017 S
WASTEWATER SERVICE, CHANGE IN :
DEPRECIATION RATES, AND OTHER :
TARIFF MODIFICATIONS :**

**MOTION OF PETITIONER
NEW JERSEY-AMERICAN WATER COMPANY, INC.
TO REOPEN THE RECORD**

Petitioner New Jersey-American Water Company, Inc. (“New Jersey-American Water”) hereby moves the Honorable Administrative Law Judge (“ALJ”) Jacob S. Gertsman to reopen the record in the above-captioned proceeding to ensure that any Initial Decision can be based on factually accurate evidence. In support hereof, New Jersey-American Water avers and argues as follows:

I. BACKGROUND

The remaining and limited issue in this case is whether New Jersey-American Water should be permitted to recognize in rate base a \$28,536,369 Acquisition Adjustment¹ in connection with the purchase of Shorelands and Haddonfield. On January 18, 2019, New Jersey-American Water, Rate Counsel, Board Staff and Middlesex (collectively, the “Parties”) submitted Initial Briefs on this issue. In its Initial Brief, New Jersey-American Water explained that its proposed revenue increase for Shorelands customers exceeded Shorelands’ stand-alone revenue requirement

¹ New Jersey-American Water uses the defined terms from its Initial Brief and Reply Brief, unless otherwise stated.

providing a net benefit to legacy customers.² New Jersey-American Water also demonstrated that the net benefit to legacy customers did not substantially change under present, stipulated rates.³

On February 25, 2019, the Parties filed Reply Briefs. In response to New Jersey-American Water's position that the Shorelands' acquisition results in net benefits to legacy customers, Rate Counsel asserted in its Reply Brief that Shorelands customers will be subsidized by existing customers if the Acquisition Adjustment is permitted.⁴ Rate Counsel's argument relied on the stipulated revenue increase to which the Parties agreed under the Partial Stipulation. Specifically, Rate Counsel compared New Jersey-American Water's stand-alone Shorelands revenue requirement contained in Schedule DMD-RT-4, a rebuttal testimony exhibit, to the revenues under Settlement Rates in Schedule C to the Partial Stipulation.

However, Schedule DMD-RT-4 contains an inadvertent error, which New Jersey-American Water uncovered after the record closed. When Schedule DMD-RT-4 is corrected, Rate Counsel's argument lacks factual support.

New Jersey-American Water respectfully requests that, as a matter of fundamental fairness and due process, the ALJ reopen the record and allow New Jersey-American Water to submit the Supplemental Testimony of John S. Tomac with a corrected Schedule DMD-RT-4 (the "Corrected Schedule"), attached hereto as Exhibit A and pre-marked as Exhibit P-307. Additionally, New Jersey-American Water requests that the Parties be permitted to submit supplemental briefs and reply briefs, solely on the Corrected Schedule.

² New Jersey-American Water Initial Brief at p. 13.

³ *Id.* at p. 14.

⁴ Rate Counsel Reply Brief at pp. 7-8.

II. FACTS/PROCEDURAL HISTORY

The procedural history in this case is set forth in the BPU's Order dated October 29, 2018 (the "Rate Case Order").⁵ Only the procedural history that is relevant to this Motion will be repeated here. On September 14, 2017, New Jersey-American Water filed a petition, testimony and exhibits with the BPU requesting an increase in operating revenues. Rate Counsel filed direct testimony on April 13, 2018 and New Jersey-American Water filed a 12&0 update on April 23, 2018. Schedule 5 of the 12&0 update included present rate revenues with specific line items for Shorelands' general meter service, Shorelands' public fire protection and Shorelands' private fire protection, among other tariff groups.

On May 11, 2018, New Jersey-American Water filed rebuttal testimony. Schedule DMD-RT-4 (the "Shorelands Schedule") was filed as a rebuttal testimony exhibit to demonstrate that the proposed Shorelands revenue increase more than recovered Shorelands' cost of service.

The Shorelands Schedule is a summary statement of accounts populated directly from the 12&0 update. In other words, both the 12&0 update and the Shorelands Schedule are Excel spreadsheets with the Shorelands Schedule linking directly to specific cells in the 12&0 update to populate it. Unfortunately, when linking Shorelands' public and private fire present rate revenues from the 12&0 update to the Shorelands Schedule, New Jersey-American Water linked the 12&0 updated public and private fire present rate revenues for Pennsgrove (a different part of its service territory), which were significantly lower. This resulted in the Pennsgrove's public fire revenues of \$133,855 being shown on the Shorelands Schedule as Shorelands' public fire revenues when Shorelands' public fire revenues from the 12&0 update were \$1,082,768. Further, Pennsgrove's

⁵ See *I/M/O New Jersey-American Water Co., Inc. for Approval of Increased Tariff Rates and Charges for Water and Wastewater Service, Change in Depreciation Rates and Other Tariff Modifications*, BPU Docket No. WR17090985 (October 29, 2018).

private fire revenues of \$118,386 were also incorrectly shown on the Shorelands Schedule as Shorelands' private fire revenues when Shorelands' private fire revenues from the 12&0 update were \$651,300.

The error resulted in the Shorelands Schedule understating Shorelands' revenues at present rates on a stand-alone basis by \$1,481,826.

On October 16, 2018, New Jersey-American Water, Rate Counsel, Board Staff and certain Intervenors signed and submitted a Partial Stipulation of Settlement to the ALJ resolving all issues except the Acquisition Adjustment. The Partial Stipulation signed by the Parties, adopted by the ALJ and approved by the BPU included Schedule C, which set forth a Comparison of Revenues under Present and Settlement Rates for the Pro Forma Post Test Year Period Ended September 30, 2018. The present rate revenues for Shorelands in Schedule C to the Partial Stipulation are consistent with the present rate revenues for Shorelands in the 12&0 update.

On October 18, 2018, the ALJ issued a Partial Initial Decision adopting the Partial Stipulation and closing the record as of October 16, 2018. Thereafter, the BPU approved the ALJ's Partial Initial Decision by order dated October 29, 2018, and remanded the matter to the OAL for proceedings on the Acquisition Adjustment. On November 8, 2018, the BPU transmitted the case back to the OAL and the OAL reassigned the case to ALJ Gertsman. ALJ Gertsman conducted a prehearing conference on November 29, 2018 setting the due date for initial briefs and reply briefs for January 11, 2019 (extended to January 18, 2019) and February 25, 2019, respectively.

Relying on a combination of the Shorelands Schedule and Schedule C to the Partial Stipulation, Rate Counsel argued in its Reply Brief that under the stipulated revenue increase, legacy customers are subsidizing Shorelands customers. Specifically, Rate Counsel replaced the proposed revenue increase of \$2,045,561 in line 144 of the Shorelands Schedule with the actual

revenue increase of \$1,216,996 (Rate Counsel refers to this value as \$1,300,000 in its Reply Brief). Then, Rate Counsel subtracted the proposed \$1,817,538 revenue requirement in line 142 of the Shorelands Schedule from the actual revenue increase of \$1,216,996 to reach an alleged \$500,000 under-recovery to support its position.

However, when the error in the Shorelands Schedule is corrected, Rate Counsel's argument becomes factually inaccurate. The Corrected Schedule contains the correct Shorelands public fire present rate revenues of \$1,082,768 and the correct Shorelands private fire present rate revenues of \$651,300. Both amounts were provided to the Parties in New Jersey-American Water's 12&0 update and agreed to under the Partial Stipulation (see Schedule C thereto).

During discussions with Rate Counsel regarding the error, Rate Counsel noted that the Shorelands Schedule was also missing a purchased water expense. New Jersey-American Water removed for *pro forma* purposes, purchased water expense totaling \$2,478,075, as shown on Shorelands' trial balance for the base year period.⁶ Of the \$2,478,075, \$1,685,129 is related to water that Shorelands purchased from New Jersey American-Water before the acquisition and \$792,946 is related to water that Shorelands purchased, and that New Jersey-American Water will continue to purchase from the New Jersey Water Supply Authority ("NJWSA"). Post-acquisition, however, New Jersey-American Water will not incur the expense of \$1,685,129 to purchase water from itself. Indeed, these savings are part of the operational synergies resulting from the Shorelands acquisition. The production costs associated with the treatment and distribution of such water is included in New Jersey-American Water's revenue requirement. The remaining cost of \$792,946 to purchase water from NJWSA has been accounted for in the Corrected Schedule, as New Jersey-American Water will continue to purchase this water.

⁶ The purchased water expense is based on the amount set forth in Shorelands' last BPU Annual Report prior to the acquisition.

As shown in the Corrected Schedule, the Shorelands revenue requirement on a stand-alone basis is \$1,012,061. The increase in revenues for Shorelands of \$1,216,996 under the Partial Stipulation exceeds the revised revenue requirement.

For the reasons set forth below, New Jersey-American Water respectfully requests that Exhibit P-307 be admitted into evidence in this matter.

III. ARGUMENT

A. Standard of Review

The presiding ALJ clearly has the authority to control the conduct of the proceeding and the development of the record. *See, e.g., I/M/O Petition of JCP&L for Pursuant To N.J.S.A. 40:55D-19 for a Determination that the Monmouth County Reliability Project is Reasonably Necessary for the Service, Convenience or Welfare of the Public*, OAL Docket No. PUC 12098-16 (Aug. 30, 2017) (interlocutory review denied by the Board on Sept. 22, 2017 at BPU Docket No. EO16080750). Indeed, an ALJ is granted discretion to take “actions as are necessary for the proper, expeditious and fair conduct of the hearing or other proceeding, development of the record and rendering of a decision.” *N.J.A.C. 1:1-14.6(p)*; *see also id. 1:1-14.6(i)* (“The judge shall control the presentation of the evidence and the development of the record and shall determine admissibility of all evidence produced”). An initial decision must be “supported by sufficient credible evidence present in the record.” *Close v. Kordulak Bros.*, 44 N.J. 589, 599 (1965).

N.J.A.C. 1:1-18.5(c) provides that “[m]otions to reopen the record before an initial decision is filed must be addressed to the judge and may be granted only for extraordinary circumstances.” Whether to reopen the proceeding to consider new evidence is within the ALJ’s discretion. *See In the Matter of the Petition of Suez Water Arlington Hills Inc. for Approval of an Increase in Rates for Wastewater Service and other Tariff Changes*, 2017 WL 5747744, BPU Docket No.

WR16060510 (Nov. 13, 2017), citing *In re PSE&G's Rate Unbundling, Stranded Costs and Restructuring Filings*, 330 N.J.Super. 65, 128-29 (App. Div. 2000).

Here, the Shorelands Schedule contains an error that should be corrected. When the Shorelands Schedule is properly updated with the correct numbers from the 12&0 update, consistent with Schedule C to the Partial Stipulation, the result is an annual “over-recovery” from Shorelands customers of more than \$200,000. In other words, Shorelands customers, under the rates resulting from the Partial Stipulation, will be subsidizing New Jersey-American Water’s legacy customer by \$204,935 per year. Thus, Rate Counsel’s position in its Reply Brief is unsupported with the error corrected.

Whether Shorelands’ revenues cover Shorelands’ cost of service is not part of the test for whether New Jersey-American Water should be permitted to recover the Acquisition Adjustment in rates under *Howell*. However, Rate Counsel has argued in its Reply Brief that the Acquisition Adjustment should be disallowed because, in part, the acquisition harms legacy customers as those customers are subsidizing Shorelands’ customers. To make this argument, Rate Counsel has relied on the Shorelands Schedule, which has an error in it. To the extent that the Honorable ALJ considers the argument as pertinent, the Corrected Schedule should be admitted so that the record is complete and accurate and so that a decision (free from error and misstatements) can be made thereon. A BPU decision would not be “supported by sufficient credible evidence” if it is based on a known error. *See Close v. Kordulak Bros.*, 44 N.J. 589, 599 (1965).

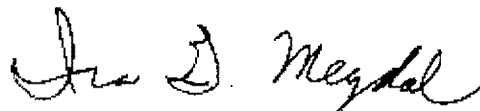
New Jersey-American Water respectfully requests that the record be reopened and that Exhibit P-307, which is based on the actual numbers contained in the 12&0 update and Schedule C to the Partial Stipulation, be admitted into evidence. Additionally, New Jersey-American Water

requests that a schedule be set for supplemental briefs and reply briefs on the sole issue of the Corrected Schedule.

IV. CONCLUSION

For the reasons set forth in this motion, New Jersey-American Water respectfully requests that, as a matter of fundamental fairness and due process, the Honorable Administrative Law Judge Jacob S. Gertsman reopen the record and admit Exhibit P-307 into evidence. Additionally, New Jersey-American Water requests that a procedural schedule be set for supplement briefs and reply briefs on the sole issue of the Corrected Schedule.

Respectfully submitted,



By: _____
Ira G. Megdal
Cozen O'Connor, P.C.

Robert J. Brabston
Christine Soares
New Jersey-American Water Company, Inc.

Date: May 6, 2019

EXHIBIT A

BEFORE THE
STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

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

BPU Docket No. WR17090985

OAL Docket No. PUC 14251-2017S

SUPPLEMENTAL TESTIMONY OF

John S. Tomac

Exhibit PT-307

NEW JERSEY-AMERICAN WATER COMPANY, INC.1 **1. Q. What is the purpose of your Testimony?**

2 A. The purpose of my testimony is to clarify the importance of correcting Schedule
3 DMD-RT-4 to ensure an initial decision is based on factually accurate evidence. New
4 Jersey-American Water Company, Inc. (“New Jersey-American Water”) originally
5 submitted Schedule DMD-RT-4 (“the Shorelands Schedule”) as a rebuttal testimony
6 exhibit to demonstrate that the proposed Shorelands’ revenue increase more than
7 recovered Shorelands’ cost of service, including the acquisition adjustment. A
8 corrected Schedule DMD-RT-4 is attached to my testimony (the “Corrected
9 Schedule”). The Corrected Schedule displays both the Shorelands Schedule and the
10 Corrected Schedule calculations.

11 **2. Q. Please explain what is depicted on the Shorelands Schedule.**

12 A. The Shorelands Schedule is a summary statement of accounts populated directly from
13 New Jersey-American Water’s 12&0 update to represent the revenues and expenses,
14 both at present rate and proposed amounts, in a stand-alone calculation of the
15 Shorelands revenue requirement. The 12&0 update and the Shorelands Schedule are
16 Excel spreadsheets in their native form. The Shorelands Schedule depicted the
17 calculated revenue increase needed from Shorelands customers to cover its respective
18 cost of service. In other words, the Shorelands Schedule calculation displayed the
19 revenue increase needed from Shorelands customers to cover rate base, which
20 included the Acquisition Adjustment, plus all other *pro forma* adjustments to all
21 operating expenses and taxes post acquisition. The Shorelands Schedule reflected

NEW JERSEY-AMERICAN WATER COMPANY, INC.

1 that the revenue increase needed for Shorelands customers should have been
2 \$1,817,538.

3 **3. Q. Please explain the inadvertent error that occurred on the Shorelands Schedule.**

4 A. As mentioned above, the 12&0 update and the Shorelands Schedule in their native
5 form are Excel spreadsheets. In order to populate the stand-alone revenue
6 requirement calculation, the Shorelands Schedule was directly linked to specific cells
7 in the 12&0 update to populate the data. Unfortunately, when linking Shorelands'
8 public and private fire present rate revenues from the 12&0 update to the Shorelands
9 Schedule, New Jersey-American Water linked the public and private present rate
10 revenues for Pennsgrove (a different part of New Jersey-American Water's service
11 territory), which were significantly lower than the respective Shorelands public and
12 private present rate fire revenues.

13 **4. Q. What resulted from the inadvertent error on the Shorelands Schedule?**

14 A. The error resulted in Pennsgrove's public fire revenues of \$133,855 being shown on
15 the Shorelands Schedule as Shorelands' public fire revenues when Shorelands' public
16 fire revenues from the 12&0 update were \$1,082,768. Further, Pennsgrove's private
17 fire revenues of \$118,386 were also incorrectly shown on the Shorelands Schedule
18 as Shorelands' private fire revenues when Shorelands' private fire revenues from the
19 12&0 update were \$651,300. The error resulted in the Shorelands Schedule
20 understating the Shorelands' present rate revenues on a stand-alone basis by
21 \$1,481,826.

22 **5. Q. Are there any other values on Shorelands Schedule that need to be updated?**

NEW JERSEY-AMERICAN WATER COMPANY, INC.

1 A. Yes. After New Jersey-American Water disclosed the error to the Parties, Rate
2 Counsel additionally brought forth that the Shorelands Schedule was missing a
3 purchased water expense.

4 **6. Q. Please explain how the purchased water expense was missing from the**
5 **Shorelands Schedule.**

6 A. New Jersey-American Water removed for *pro forma* purposes purchased water
7 expense totaling \$2,478,075.¹ Of the \$2,478,075, \$1,685,129 related to purchased
8 water from New Jersey-American Water before the acquisition and \$792,946 related
9 to water purchased from New Jersey Water Supply Authority ("NJWSA"). For *pro*
10 *forma* purposes-post acquisition, purchased water expense of \$1,685,129 will not be
11 incurred since New Jersey-American Water will not purchase water from itself.
12 These savings are part of the operational synergies resulting from the Shorelands
13 acquisition. The production costs associated with the treatment and distribution of
14 such water is included in New Jersey-American Water's revenue requirement. The
15 cost associated with NJWSA of \$792,946 should remain as an expenses in the cost
16 of service for Shorelands. New Jersey-American Water will continue to supplement
17 its source of supply by purchasing from NJWSA.

18 **7. Q. Does New Jersey-American Water agree with Rate Counsel's position regarding**
19 **purchased water expense?**

¹ The purchased water expense is based on the amount set forth in Shorelands' last BPU Annual Report prior to the acquisition.

NEW JERSEY-AMERICAN WATER COMPANY, INC.

1 A. Yes. It is the intent of New Jersey-American Water to be sure the record in this
2 proceeding is accurate. New Jersey-American Water is more than willing to correct
3 the purchased water expense in connection with correcting the present rate revenue
4 error on the Shorelands Schedule. New Jersey-American Water's corrections are
5 reflected in the Corrected Schedule that produces a stand-alone revenue requirement
6 of \$1,012,061.

7 **8. Q. Please summarize the adjustments needed to correct the Shorelands Schedule.**

8 A. In summary, present rate revenues were understated by \$1,481,826 and operating
9 expenses were understated by \$792,946. These adjustments when made along with
10 the corresponding taxes, reduces the revenue increase needed for Shorelands on a
11 stand-alone basis from \$1,817,538 to a revised revenue requirement of \$1,012,061,
12 as shown in the Corrected Schedule. Thus, as a result of the error, the Shorelands
13 Schedule revenue requirement of \$1,817,538 was overstated by approximately
14 \$805,477. The overstatement of \$805,477 is the difference in the Shorelands
15 Schedule revenue requirement of \$1,817,538 and the Corrected Schedule revenue
16 requirement of \$1,012,061.

17 The increase in revenues for the Shorelands service area of \$1,216,996 approved by
18 the BPU on October 29, 2018 in Schedule C to the Partial Stipulation still exceeds
19 the revised revenue requirement of \$1,012,061 by \$204,935. New Jersey-American
20 Water's explanation that its proposed revenue increase for Shorelands customers
21 exceeds Shorelands' stand-alone revenue requirement providing a net benefit to
22 legacy customers still holds true.

NEW JERSEY-AMERICAN WATER COMPANY, INC.1 **9. Q. Please explain Rate Counsel's Reply Brief position.**

2 A. Rate Counsel relied on a combination of schedules, the Shorelands Schedule and
3 Schedule C to the Partial Stipulation, when it made its argument that legacy
4 customers are subsidizing Shorelands customers. Specifically, Rate Counsel
5 replaced the proposed revenue increase of \$2,045,561 in the Shorelands Schedule at
6 line 144 with the actual revenue increase of \$1,216,996 (Rate Counsel refers to this
7 value as \$1,300,000 in its Reply Brief). Then, Rate Counsel subtracted the proposed
8 \$1,817,538 revenue requirement in line 142 of the Shorelands Schedule from the
9 actual revenue increase of \$1,216,996 to reach an alleged \$500,000 under-recovery
10 to support its position. Therefore, Rate Counsel utilized an incorrect value of
11 \$1,817,538, which included the understated present rate public and private fire
12 revenues and then compared that value to the actual revenue increase approved by
13 the BPU in Schedule C to the Partial Stipulation of \$1,012,061 to conclude that
14 legacy customers are subsidizing Shorelands customers.

15 **10. Q. Did Schedule C of the Partial Stipulation contain the correct revenues for**
16 **Shorelands public fire revenues of \$1,082,768 and private fire revenues of**
17 **\$651,300 at present rates?**

18 A. Yes. Schedule C to the Partial Stipulation, approved by the BPU on October 29,
19 2018, reflected the agreed upon and correct revenues on public and private present
20 rate revenues for Shorelands. It was only the Shorelands Schedule that did not
21 properly reflect the public and private fire present rate revenues, which New Jersey-
22 American Water remedies in the Corrected Schedule.

NEW JERSEY-AMERICAN WATER COMPANY, INC.

1 11. Q. Does this complete your testimony?

2 A. Yes, it does.

Line no.	Original Ref. Schedule	Revised Ref. Schedule	Roxiticus Water	Original Shorelands Water	Revised Shorelands Water	Haddonfield Water	Haddonfield Wastewater
Present Rate Revenue							
1	Revenues	pg 2, 4		\$8,505,270	\$8,505,270		
2	Public Fire	pg 3		133,855	1,082,766		
3	Private Fire	pg 3		118,386	651,300		
4	Other						
5	Revenues	5		\$8,757,512	\$10,239,336		
6							
Proposed Rate Revenue							
8	Revenues	pg 2, 4		\$10,568,188	\$9,862,634		
9	Public Fire	pg 3		116,499	\$942,400		
10	Private Fire	pg 3		118,386	\$651,300		
11	Other						
12	Revenues	5		\$10,803,073	\$11,456,334		
13							
O&M							
14	Salaries and Wages	10		\$504,628	\$504,628		
15	Group Insurance	11		82,491	82,491		
16	Purchased Water - NJSWA (2016 BPU Report)			-	792,946		
17	Pension Expense	12		130,629	130,629		
18	Other Post-Employment Benefits (OPEBs)	13		-	-		
19	401(k) Expense	14		11,608	11,608		
20	Defined Contribution Plan	15		24,850	24,850		
21	Other - Benefits	16		-	-		
22	Power	17		205,153	205,153		
23	Chemicals	18		155,050	155,050		
24	Water Diversion	19		21,852	21,852		
25	Waste Disposal - Water Operation	20		57,259	57,259		
26	Engineered Coating of Steel Structures	21		-	-		
27	Regulatory Expense	22		6,257	6,257		
28	Insurance Other Than Group	23		138,900	138,900		
29	Call Center	24		132,103	132,103		
30	Central Services	25		278,859	278,859		
31	ITS Services	26		170,446	170,446		
32	Laboratory Services	27		13,353	13,353		
33	Regional Services	28		54,066	54,066		
34	Shared Service Center	29		84,764	84,764		
35	Supply Chain Services	30		7,544	7,544		
36	Rental Expense - Real Property	31		194,365	194,365		
37	Lease of Granular Activated Carbon	32		-	-		
38	Leased Vehicle, Fuel & Maintenance Expense	33		11,397	11,397		
39	Postage & Forms	34		62,167	62,167		
40	Security (ADT and NAS)	35		11,015	11,015		
41	Paving	36		41,262	41,262		
42	Phone and Cell Phone	37		51,935	51,935		
43	Contract Services - Sewer	38		-	-		
44	Uncollectible Expense	39		50,133	50,133		
45	Audit Fees	40		8,880	8,880		
46	Property Sales	41		-	-		
47	Management Audit	42		-	-		
48	Charitable Contributions and Lobbying Expenses	43		-	-		
49	Purchased Water	44		-	-		
50	Sewage Treatment and Disposal Cost	45		-	-		
51	Other O&M	46		1,198,090	1,198,090		
52	Total Pro Forma O&M Expense - Present Rates			\$3,709,056	\$4,602,002		
53							
54	Pro Forma Adjustment to Uncollectible	39		10,023	5,963		
55	Total Pro Forma O&M Expense - Proposed Rates			\$3,719,079	\$4,607,965		
56							
Pro Forma:							
59	Depreciation	48		\$790,311	\$790,311		
60							
Pro Forma Taxes Under Present Rates:							
62	Property Taxes	51		87,788	87,788		
63	Payroll Taxes	52		40,637	40,637		
64	Gross Receipts and Surtax	53		862,276	862,276		
65	Franchise Tax and Surtax	54		544,786	544,786		
66	BPU/DRC Assessment	55		29,263	29,263		
67	Water Monitoring Tax	56		11,573	11,573		
68	Other Taxes			0	0		
69	Total Pro Forma Under Present Rates			1,576,322	1,576,322		
70							
71							
72							
Pro Forma Taxes Under Proposed Rates:							
74	Property Taxes	51		\$87,788	\$87,788		
75	Payroll Taxes	52		40,637	40,637		
76	Gross Receipts and Surtax	53		910,533	965,652		
77	Franchise Tax and Surtax	54		575,273	610,097		
78	BPU/DRC Assessment	55		30,896	32,767		
79	Water Monitoring Tax	56		11,573	11,573		
80	Other Taxes			0	0		
81	Total Pro Forma Under Proposed Rates			\$1,656,702	\$1,748,513		
82							

	Original Ref. Schedule	Revised Ref. Schedule	Roxiticus Water	Original Shorelands Water	Revised Shorelands Water	Haddonfield Water	Haddonfield Wastewater
83							
84							
85							
86							
87							
88							
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¹New Jersey-American Water reflects Rate Base consistent with the 12+0 Update, which includes the Shorelands Acquisition Adjustment in Total Rate Base.