



Christine Soares
1 Water Street
Camden, NJ 08102
Christine.Soares@amwater.com

P 856-955-4879
F 856-782-2481

November 15, 2019

Via Email and UPS Next Day Air

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

RECEIVED
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NOV 15 2019
BOARD OF PUBLIC UTILITIES
TRENTON, NJ

Re: In the Matter of the Petition of New Jersey-American Water Company, Inc. for Approval to Change the Levels of its Purchased Water Adjustment Clause and Purchase Wastewater Treatment Clause
BPU Docket No. WR19111465

Dear Secretary Camacho-Welch:

On behalf of New Jersey-American Water Company, Inc., enclosed please find an original and ten (10) copies of a Petition with Exhibits in the referenced matter. Due to its voluminous nature, Appendix A is being provided on a CD.

Please stamp an extra copy of the filing as "Received" and return to the Company in the self-addressed, prepaid envelope provided.

Respectfully submitted,

Christine Soares
Director, Corporate Counsel

CMS
LEGAL
DAG
RPA
WATER(5)
M. Kammer

Enc.

cc: Director, Division of Rate Counsel (3 copies, via UPS Next Day Air)
Alex Moreau, DAG, Division of Law (via UPS Next Day Air)
Paul Youchak, DAG, Division of Law (via UPS Next Day Air)
Dr. Benjamin Witherell (via UPS Next Day Air)

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE PETITION OF : BPU Docket No. WR1911 _____
NEW JERSEY-AMERICAN WATER :
COMPANY, INC. FOR AUTHORIZATION :
TO CHANGE THE LEVEL OF ITS : PETITION
PURCHASED WATER ADJUSTMENT :
CLAUSE AND PURCHASED :
WASTEWATER TREATMENT :
ADJUSTMENT CLAUSE :

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

Petitioner, New Jersey-American Water Company, Inc. (“NJAWC”), a public utility corporation of the State of New Jersey, with its principal office at 1 Water Street, Camden, New Jersey 08102, hereby petitions the Board of Public Utilities (“Board”) of the State of New Jersey, pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:9-7.1 et seq., and such statutes, regulations and Board orders that may be deemed by the Board to be applicable, for approval to change the levels of its existing purchased water adjustment charges and purchased wastewater treatment adjustment charges. The proposed rates in this Petition would increase annual revenues by \$4,444,232 or 0.66%. In support of this Petition, NJAWC states as follows:

1. NJAWC is a regulated public utility corporation engaged in the production, treatment and distribution of water, and collection and treatment¹ of wastewater within its defined service territory within the State of New Jersey. Said service territory includes portions of the following counties: Atlantic, Bergen, Burlington, Camden, Cape May, Essex, Gloucester, Hunterdon, Middlesex, Mercer, Monmouth, Morris, Ocean, Passaic, Salem,

¹ Currently, NJAWC treats wastewater at its Pottersville, Deep Run, and former AWWM facilities.

Somerset, Union and Warren. NJAWC serves approximately 652,000 metered water and fire service customers and 45,000 sewer service customers.

2. At the present time, NJAWC purchases water on a routine basis from six separate entities² and purchases wastewater treatment services from three separate entities, each of which adjusts its rates for service, and, in the case of wastewater treatment service providers, issues wastewater deficit/credit adjustments, at different times throughout the year. The six water purveyors are: Passaic Valley Water Commission (“PVWC”); Morris County Municipal Utilities Authority; Montclair Water Bureau; New Jersey Water Supply Authority (“NJWSA”); City of Newark; and Marlboro Township Municipal Utilities Authority (“MTMUA”). The three wastewater treatment purveyors are: Cape May County Municipal Utilities Authority (“CMCMUA”) for the Company’s Ocean City Sewer tariff group; Ocean County Utilities Authority (“OCUA”) for the Company’s Lakewood Sewer tariff group; and Howell Township for the Company’s Adelpia Sewer tariff group. The aforementioned agreements are annexed to the Petition as Appendix A.

3. In BPU Docket No. WR06030257, the Board ordered that all purchased water adjustment costs and purchased wastewater treatment costs be removed from base rates and recovered through the Purchased Water Adjustment Clause (“PWAC”) and Purchased Wastewater Treatment Adjustment Clause (“PSTAC”) as applicable.

4. In that same docket, the Board ordered that these clauses will be subject to deferred accounting, pursuant to N.J.A.C. 14:9-7.1 et seq., and that all purchased water adjustment costs and all purchased wastewater treatment adjustment costs will be recovered through these clauses, as is appropriate.

² NJAWC’s contract with the City of Wildwood expired on May 31, 2019, and was not renewed. Purchased water expenses through that date are included in the PWAC calculation for purposes of this filing.

5. In that same docket, the Board ordered that NJAWC will make annual filings for the recovery of these costs in accordance with the Board's rules and regulations pursuant to N.J.A.C. 14:9-7.1, et seq.

6. The present Petition is filed in accordance with N.J.A.C. 14:9-7.1, et seq.

7. NJAWC's current PWAC and PSTAC rates were established in BPU Docket No. WR18111241, by an Order dated March 29, 2019, with rates effective April 1, 2019. By virtue of that Order, NJAWC's PWAC rate was established at \$0.5145 per thousand gallons of water as reflected in the Company's Tariff BPU No. 8, on PWAC Rate Schedule O-1.

8. The PWAC is not applicable to customers receiving private or public fire protection, since these customers do not receive metered water consumption services, nor to Sales for Resale—Uninterruptible Manasquan Service.

9. By that same Order, the Company's PSTAC rates were addressed as follows:

- For customers in Lakewood Township, Ocean County, the rate per thousand gallons of monthly usage (based upon winter usage - January, February and March meter readings) reflected on PSTAC Rate Schedule 2-B, was set at \$4.6587 per thousand gallons.
- For customers in Ocean City, Cape May County, the rate per thousand gallons of prior year's summer quarter water usage (July, August and September meter readings) reflected in the Company's PSTAC Rate Schedule 1-B, was set at \$23.8574 per thousand gallons.
- For customers in the Adelpia system in Howell Township, Monmouth County, the rate per thousand gallons of monthly water usage, reflected in PSTAC Rate Schedule 3-B, was set at \$6.8309 per thousand gallons.

10. NJAWC proposes an increase to its PWAC rate of \$.5145 per thousand gallons of water to a new PWAC rate of \$.5553 per thousand gallons of water, as set forth within its present PWAC Rate Schedule O-1. The Company proposes to address its PSTAC charges as follows:

- For Lakewood Township, Ocean County, the rate per thousand gallons as reflected within PSTAC Rate Schedule 2-B will change from \$4.6587 per thousand gallons to \$4.7263 per thousand gallons.
- For customers in Ocean City, Cape May County, the rate per thousand gallons of prior year's summer water quarter usage (July, August and September meter readings) as reflected upon PSTAC Rate Schedule 1-B, will change from \$23.8574 per thousand gallons to \$26.9490 per thousand gallons.
- For customers in the Adelpia section of Howell Township, Monmouth County, the rate per thousand gallons of water as reflected upon PSTAC Rate Schedule 3-B, will change from \$6.8309 per thousand gallons to \$7.3727 per thousand gallons.

11. If implemented as proposed, the PWAC rate of a typical residential customer utilizing 72,000 gallons of water per year would result in a \$0.24 increase in the average monthly bill.

12. The PSTAC rate increase for a typical residential wastewater treatment service customer in Lakewood Township, Ocean County utilizing 18,000 gallons of water in the winter quarter, would result in an increase in the average monthly bill of \$0.41 or 0.64%; the PSTAC rate increase for a typical residential wastewater treatment service customer in Ocean City, Cape May County utilizing 20,000 gallons of water in the summer quarter and 44,000 gallons of water per year, would result in an increase in the average monthly bill of \$5.16 or 7.88%; the PSTAC rate increase for a typical residential wastewater treatment service customer in the Adelpia section of Howell Township, Monmouth County utilizing 48,000 gallons of water per year, would result in an increase in the average monthly bill of \$2.17 or 4.03%.

13. Attached hereto and incorporated herein is the following testimony:

- Direct Testimony of Jamie D. Hawn, Senior Manager of Rates and Regulatory, New Jersey-American Water Company, Inc., Exhibit PT-1

- Direct Testimony of Robert R. Schaefer, Senior Director of Operations, New Jersey-American Water Company, Inc., Exhibit PT-2

14. Ms. Hawn's testimony addresses, *inter alia*, historic water supply purchases and historic purchased water costs incurred by NJAWC, and historic PWAC revenue recovered by NJAWC during the year ended March 31, 2020; historic purchased wastewater treatment costs and historic PSTAC revenue recovered by NJAWC during the year ended March 31, 2020; efforts NJAWC has made and is making to control its purchased wastewater treatment costs; projected PWAC and PSTAC costs and revenues for the year ended March 31, 2021; and a true up reconciliation of actual purchased water and purchased wastewater treatment costs, versus PWAC and PSTAC revenues for the year ended March 31, 2020, and the calculation of interest thereon, as applicable. Ms. Hawn's testimony also provides a rate calculation for the PWAC and PSTAC rates for the year ended March 31, 2021. Finally, Ms. Hawn supports the proposed PWAC and PSTAC Tariffs.

15. Mr. Schaefer's testimony addresses projected PWAC volumes and cost recoveries for the year ended March 31, 2021. Mr. Schaefer also addresses the efforts that NJAWC has made to control its purchased water costs.

16. With respect to N.J.A.C. 14:9-7.3(a), the Company's total purchased water expense for the year ended March 31, 2020 amounts to \$36,082,721 and its purchased wastewater treatment expense for the same period amounts to \$15,939,718, whereas the total Company operating and maintenance expense for the 2018 calendar year was \$249,479,674. Accordingly, NJAWC's total purchased water and wastewater treatment cost exceeds 10% of the total amount of its operating and maintenance expense.

17. In accordance with the provisions of N.J.A.C. 14:9-7.6(b)(1), attached to this Petition as Appendix A and incorporated into the direct testimony of Ms. Hawn are the

contracts for the purchase of wastewater treatment and the contracts for the purchase of water. The contracts for the purchase of water are also incorporated into the direct testimony of Mr. Schaefer.

18. In accordance with the provisions of N.J.A.C. 14:9-7.6(b)(3), as of the conclusion of NJAWC's most recent base rate proceeding, BPU Docket No. WR17090985, NJAWC served approximately 631,000 water and fire service customers and 41,000 sewer service customers. The Order in that case was issued on October 29, 2018 and was effective October 29, 2018.

19. In accordance with N.J.A.C. 14:9-7.6(b)(4), the total actual volume of water (MGY) and purchased wastewater treatment (MGY) contained within and that underlie the NJAWC's current PWAC and PSTAC rates in NJAWC's most recent PWAC/PSTAC filing, BPU Docket No. WR18111241, were 56,750.1 MGY and 2,793.1 MGY, respectively. For calendar year 2018, the volumes are 56,485.7 MGY and 3,036.4 MGY, respectively.

20. In accordance with N.J.A.C. 14:9-7.6(b)(6) and N.J.A.C. 14:1-5.12, copies of the proposed PWAC and PSTAC tariff sheets are attached to the testimony of Ms. Hawn as Schedule JDH-A and Schedule JDH-B, respectively.

21. In accordance with N.J.A.C. 14:9-7.6(b)(7), a copy of the most recent Board Orders approving base rates and PWAC/PSTAC rates for NJAWC are attached to the testimony of Ms. Hawn.

22. In accordance with N.J.A.C. 14:9-7.6(b)(8), there is a description of NJAWC's efforts to investigate and negotiate with purveyors, to ensure that charges are such that they will not hamper NJAWC's efforts to ensure that its rates are just and reasonable, are set forth in the testimonies of Mr. Schaefer and Ms. Hawn.

23. In accordance with N.J.A.C. 14:9-7.6(b)(9), the expenditures related to this filing include those associated with the costs of the public notice and public hearings, which costs will be provided upon request when incurred.

24. Notice of this filing, and the effect thereof, will be served by mail upon the clerks of municipalities within NJAWC's service area, upon the Clerks of the Boards of Chosen Freeholders within NJAWC's service area, and upon the County Executives within NJAWC's service area, at least 20 days prior to the date set for the public hearing, which notice shall include and specify the time and place of said hearing. A copy of the proposed form of Notice is attached to this Petition as Exhibit A.

25. Customers will be notified of this filing and the effect thereof as well as the time and place of the public hearing by publication of Exhibit A, at least 20 days prior to the date set for the public hearing, in newspapers of general circulation within NJAWC's service territory.

26. Additionally, the Petition and applicable attachments as well as the Public Hearing Notice for this proceeding can be viewed on NJAWC's website at www.newjerseyamwater.com by first selecting Customer Service and then Your Rates.

27. Notice of this filing and two copies thereof have been served upon the Director, Division of Rate Counsel, 140 East Front Street 4th Floor, P.O. Box 003, Trenton, New Jersey 08625.

28. Notice of this filing and two copies of the filing have been served upon the Department of Law & Public Safety, 124 Halsey Street, P.O. Box 45029, Newark, New Jersey 07101.

29. Proof of Service of the Notice as previously referred to herein will be filed with the Board.

30. NJAWC respectfully submits that the rates requested by it herein are just and reasonable in all respects.

WHEREFORE, Petitioner New Jersey-American Water Company, Inc. respectfully requests that the Board find and determine as follows:

1. That the proposed PWAC and PSTAC rates set forth in this Petition are just and reasonable; and

2. That NJAWC has such other and further relief as the Board may deem reasonable and proper under the circumstances represented to it in this case.

Respectfully submitted,

NEW JERSEY-AMERICAN
WATER COMPANY, INC.



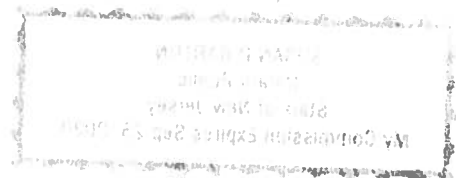
By: Christine Soares

Dated: November 15, 2019

Communications addressed to Petitioner
in this case should be sent to:

Christine Soares, Esq.
New Jersey-American Water Company, Inc.
1 Water Street
Camden, NJ 08042
(856) 955-4879

Jamie D. Hawn
Senior Manager Rates and Regulatory
New Jersey-American Water Company, Inc.
1 Water Street
Camden, NJ 08042
(856) 955-4797



PUBLIC NOTICE

NEW JERSEY-AMERICAN WATER COMPANY, INC.

NOTICE OF PUBLIC HEARINGS

**NEW JERSEY-AMERICAN WATER COMPANY, INC. NOTICE OF FILING OF
PETITION FOR APPROVAL TO CHANGE THE LEVEL OF ITS
PURCHASED WATER ADJUSTMENT CLAUSE AND
PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE**

**BPU Docket No. WR1911 _____
OAL Docket Number PUC _____**

TO OUR CUSTOMERS:

Notice is hereby given that on November 15, 2019, New Jersey-American Water Company, Inc. (“Company”) filed with the Board of Public Utilities, pursuant to *N.J.S.A. 48:2-21* and *N.J.A.C. 14:9-7.1, et seq.*, a petition seeking to increase rates for water and sewer service through revisions to the Purchased Water and Purchased Wastewater Treatment Adjustment Clauses (“PWAC” and “PSTAC”, respectively). The proposed rates in the petition would increase annual revenues by \$4,444,232 or 0.66%. The proposed change in rates provides no profits to the Company. The change merely represents a pass-through of charges to the Company from purveyors who supply water to the Company and from the cost of wastewater treatment services. Those wastewater treatment services are provided by the Ocean County Utilities Authority, the Cape May County Municipal Utilities Authority, and Howell Township.

The existing rates for GENERAL METERED, GENERAL SALES FOR RESALE, COMMODITY-DEMAND, OFF-PEAK DEMAND, SERVICE TO OTHER SYSTEMS, PEAKING SERVICE, AND OPTIONAL INDUSTRIAL WHOLESALE WATER CUSTOMERS served throughout the State of New Jersey, are proposed to be adjusted as follows:

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC)

In addition to all other charges for metered service, the following additional charges, per Rate Schedule O-1 of the Company's Tariff B.P.U. No. 8, per 100 gallons, per 1,000 gallons, per 10 cubic feet and per 100 cubic feet for all sales will be made to recover increases in purchased water costs not currently included in the consumption or any other charge:

	<u>Gallons Per Month</u>	<u>Gallons Per Quarter</u>	<u>Rate Per 100 Gallons</u>	<u>Rate Per 1,000 Gallons</u>
Non-Exempt	All	All	\$0.05553	\$0.5553
Exempt	All	All	\$0.04806	\$0.4806

	<u>Cubic Feet Per Month</u>	<u>Cubic Feet Per Quarter</u>	<u>Rate Per 10 Cubic Feet</u>	<u>Rate Per 100 Cubic Feet</u>
Non-Exempt	All	All	\$0.04154	\$0.4154
Exempt	All	All	\$0.03595	\$0.3595

NOTE: One cubic foot is equal to approximately 7.48 gallons.

SET FORTH IN THE CHART BELOW ARE THE PRESENT AND PROPOSED CHARGES FOR THE TYPICAL RESIDENTIAL WATER CUSTOMER CONSUMING 6,000 GALLONS PER MONTH AND THE RESULTING INCREASES:

	<u>Present Per Month</u>	<u>Proposed Per Month</u>	<u>Amount Increase</u>	<u>Percentage Increase</u>
Statewide - GMS	\$56.54	\$56.78	\$0.24	0.42%
Statewide - SFR	\$56.24	\$56.48	\$0.24	0.43%
SA1-B, SA1-C	\$51.74	\$51.98	\$0.24	0.46%
SA-1E	\$50.66	\$50.90	\$0.24	0.47%

PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE (PSTAC)

In addition to all other existing charges for General Metered Sewer Service in OCEAN CITY, CAPE MAY COUNTY the following PSTAC charges per 100 gallons, per 1,000 gallons, per 10 cubic feet and per 100 cubic feet will be included within the Minimum Service Charge rates as set forth on Rate Schedule 1-A of the Company’s Tariff B.P.U. No. 8 – Sewer:

	<u>Gallons Per Month</u>	<u>Gallons Per Quarter</u>	<u>Rate Per 100 Gallons</u>	<u>Rate Per 1,000 Gallons</u>
Non-Exempt and Exempt	All	All	\$2.69490	\$26.9490

	<u>Cubic Feet Per Month</u>	<u>Cubic Feet Per Quarter</u>	<u>Rate Per 10 Cubic Feet</u>	<u>Rate Per 100 Cubic Feet</u>
Non-Exempt and Exempt	All	All	\$2.01579	\$20.1579

NOTE: One cubic foot is equal to approximately 7.48 gallons.

THE TYPICAL RESIDENTIAL WASTEWATER SERVICE CUSTOMER IN OCEAN CITY WITH SUMMER QUARTER USAGE OF 20,000 GALLONS, 44,000 GALLONS ANNUALLY, PRESENTLY PAYING \$65.50 PER MONTH, WOULD PAY \$70.66 PER MONTH UNDER PROPOSED RATES, WHICH IS AN INCREASE OF \$5.16 OR 7.88%.

<u>Present Per Month</u>	<u>Proposed Per Month</u>	<u>Amount Increase</u>	<u>Percentage Increase</u>
\$65.50	\$70.66	\$5.16	7.88%

In addition to all other existing charges for General Metered Sewer Service in LAKEWOOD TOWNSHIP, OCEAN COUNTY, the following PSTAC charges per 100 gallons, per 1,000 gallons, per 10 cubic feet and per 100 cubic feet for all sales will be made to recover purchased wastewater treatment and disposal costs not included in the Sewer Usage Charge or any other charges set forth on Rate Schedule 2-A of the Company's Tariff B.P.U. No. 8 – Sewer:

	<u>Gallons Per Month</u>	<u>Gallons Per Quarter</u>	<u>Rate Per 100 Gallons</u>	<u>Rate Per 1,000 Gallons</u>
Non-Exempt and Exempt	All	All	\$0.47263	\$4.7263

	<u>Cubic Feet Per Month</u>	<u>Cubic Feet Per Quarter</u>	<u>Rate Per 10 Cubic Feet</u>	<u>Rate Per 100 Cubic Feet</u>
Non-Exempt and Exempt	All	All	\$0.35353	\$3.5353

NOTE: One cubic foot is equal to approximately 7.48 gallons.

THE TYPICAL RESIDENTIAL WASTEWATER SERVICE CUSTOMER IN LAKEWOOD WITH WINTER QUARTER USAGE OF 18,000 GALLONS, 72,000 GALLONS ANNUALLY, PRESENTLY PAYING \$63.95 PER MONTH, WOULD PAY \$64.36 PER MONTH UNDER PROPOSED RATES, WHICH IS AN INCREASE OF \$0.41 OR 0.64%.

<u>Present Per Month</u>	<u>Proposed Per Month</u>	<u>Amount Increase</u>	<u>Percentage Increase</u>
\$63.95	\$64.36	\$0.41	0.64%

In addition to all other existing charges for General Metered Sewer Service in the Adelpia section of the TOWNSHIP OF HOWELL, MONMOUTH COUNTY the following

PSTAC charges per 100 gallons and per 1,000 gallons for all sales will be made to recover purchased wastewater treatment and disposal costs not included in the Sewer Usage Charge or any other charges set forth on Rate Schedule 3-A of the Company's Tariff B.P.U. No. 8 – Sewer:

	<u>Gallons Per Month</u>	<u>Gallons Per Quarter</u>	<u>Rate Per 100 Gallons</u>	<u>Rate Per 1,000 Gallons</u>
Non-Exempt and Exempt	All	All	\$0.73727	\$7.3727

THE TYPICAL RESIDENTIAL WASTEWATER SERVICE CUSTOMER IN HOWELL WITH USAGE OF 48,000 GALLONS ANNUALLY, PRESENTLY PAYING \$53.84 PER MONTH, WOULD PAY \$56.01 PER MONTH UNDER PROPOSED RATES, WHICH IS AN INCREASE OF \$2.17 OR 4.03%.

<u>Present Per Month</u>	<u>Proposed Per Month</u>	<u>Amount Increase</u>	<u>Percentage Increase</u>
\$53.84	\$56.01	\$2.17	4.03%

NO INCREASES ARE PROPOSED FOR PUBLIC OR PRIVATE FIRE PROTECTION SERVICE CUSTOMERS NOR ARE ANY INCREASES PROPOSED FOR ANY OF THE COMPANY'S FIXED SERVICE CHARGES OR DEMAND CHARGES APPLICABLE TO METERED WATER SERVICE, NOR TO SALES FOR RESALE—UNINTERRUPTABLE MANASQUAN SERVICE.

PLEASE TAKE FURTHER NOTICE that public hearings on the Company's petition have been scheduled for

[Date TBD]; 5:30 p.m.
Howell Township Municipal Building
Main Meeting Room
4567 Route 9 North
Howell, New Jersey 07731

Inclement Weather Date

[Date TBD]; 5:30 p.m.
Main Meeting Room
Howell Township Municipal Building
4567 Route 9 North
Howell, New Jersey 07731

A Hearing Officer designated by the Office of Administrative Law will preside over the public hearings. Hearings will continue, if necessary, on such additional dates and at such locations as determined by the Office of Administrative Law. Members of the public are invited to attend and express their views on the proposed rate increase. Such comments will be made a part of the final record in the proceeding. Written comments may be submitted to Aida Camacho, Secretary of the Board of Public Utilities, 44 South Clinton Avenue, 9th Floor, P.O. Box 350, Trenton, NJ 08625-0350, or the Clerk, Office of Administrative Law, P.O. Box 049, Trenton, New Jersey 08625-0049. Such written comments should contain the BPU Docket Number WR1911XXXX and OAL Docket Number PUC XXXXX assigned to this case.

Further information and copies of the petition may be obtained at the Board of Public Utilities' Offices located at 44 South Clinton Avenue, 9th Floor, Trenton, New Jersey 08625 or by calling the Company at 856-955-4797. Additionally, the petition and applicable attachments as well as the Public Hearing Notice for this proceeding can be viewed on the Company's website at www.newjerseyamwater.com by first selecting Customer Service and then Rates Information.

Any relief determined by the Board of Public Utilities to be just and reasonable may be applied by the Board of Public Utilities in such manner as it may deem appropriate.

IN ORDER TO ENCOURAGE FULL PARTICIPATION IN THIS OPPORTUNITY FOR PUBLIC COMMENT, PLEASE SUBMIT ANY REQUESTS FOR NEEDED ACCOMMODATIONS, INCLUDING INTERPRETERS OR MOBILITY ASSISTANCE, TO THE COMPANY 48 HOURS PRIOR TO THIS HEARING TO JAMIE HAWN AT (856) 955-4797.

BY: Cheryl Norton
PRESIDENT

NEW JERSEY-AMERICAN WATER COMPANY, INC
1 Water Street
Camden, NJ 08102

BEFORE THE
STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF
NEW JERSEY-AMERICAN WATER COMPANY, INC.
FOR AUTHORIZATION TO CHANGE THE LEVEL OF ITS
PURCHASED WATER ADJUSTMENT CLAUSE AND
PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE

BPU. Docket No. WR1911_____

Direct Testimony of

JAMIE D. HAWN

Exhibit PT-1

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Direct Testimony of Jamie D. Hawn

1 1. **Q. Please state your name and business address.**

2 A. My name is Jamie D. Hawn, and my business address is 1 Water Street, Camden, New Jersey
3 08102.

4 2. **Q. By whom are you employed and in what capacity?**

5 A. I am employed by American Water Works Service Company, Inc. (“Service Company”) as the
6 Senior Manager of Rates and Regulatory for New Jersey-American Water Company, Inc.
7 (“NJAWC,” “New Jersey-American Water” or the “Company”), which falls within the Eastern
8 Division.

9 3. **Q. What are your responsibilities in this position?**

10 A. My responsibilities as Senior Manager of Rates and Regulatory include: 1) leading rates and
11 regulatory activity for the Company, including coordinating with finance, engineering, and legal;
12 2) supporting the Company in regulatory proceedings such as rate change applications; 3)
13 preparing rate analyses and studies to evaluate the effect of proposed rates on the revenues, rate
14 of return, and tariff structures; 4) executing the implementation of rate orders, including
15 development of the revised tariff pricing necessary to produce the authorized revenue level;
16 5) overseeing the preparation of revenue and capital requirements analyses; 6) providing support
17 for financial analyses, including preparing applicable regulatory commission filings; and 7)
18 ensuring compliance with Generally Accepted Accounting Principles (“GAAP”), regulatory
19 requirements, and Company policies.

20 4. **Q. Please describe your educational background.**

21 A. I am a 2001 graduate of Rowan University where I earned a Bachelor of Science Degree in
22 Business Administration with a specialization in Accounting. I have also attended the Utility Rate
23 School sponsored by the National Association of Regulatory Utility Commissioners
24 (“NARUC”).

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Direct Testimony of Jamie D. Hawn

1 5. **Q. What has been your business experience?**

2 A. Prior to my employment with Service Company, my work history included an
3 accounting internship with Alloy, Silverstein, Shapiro, Adams, Mulford & Co. in Cherry
4 Hill, NJ, an audit position with M.D. Oppenheim & Co., PC, in Cherry Hill, NJ, and a
5 staff accountant position with A.C. Moore Arts and Crafts, Inc. in Berlin, NJ. I began my
6 employment with the Service Company in September 2006 as a General Tax accountant
7 in the General Tax Department. My duties included developing, preparing and
8 maintaining the general tax account reconciliations for all the American Water affiliates,
9 developing general tax Sarbanes-Oxley (“SOX”) practices and policies, and making
10 monthly closing journal entries. In June 2007, I transferred to the role of Accountant in
11 the General Accounting/Financial Reporting Department. My duties included the
12 preparation of quarterly and annual financial reports, the preparation of monthly closing
13 financials, and monthly account reconciliations for multiple regulated companies of
14 American Water and Service Company. My responsibilities also included external audit
15 coordination and internal controls task management. In October 2010, I transferred to
16 the role of Supervisor in the Accounts Payable Department and was responsible for
17 overseeing the end to end operations and transaction processing of accounts payable for
18 multiple regulated companies of American Water. In October 2011, I transferred to the
19 position of Financial Analyst II in Rates and Regulation. In July 2013, I was promoted
20 to Financial Analyst III. In January 2017, I was promoted to Senior Manager in
21 Regulatory Services with responsibilities to support the rate application and other
22 regulatory filing for West Virginia and Pennsylvania, collectively the Mid-Atlantic
23 Division (“MAD”). Effective August 2018, I became the Senior Manager of Rates and
24 Regulatory for New Jersey American Water.

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Direct Testimony of Jamie D. Hawn

1 6. **Q. Have you previously testified before regulatory bodies?**

2 A. Yes. I have filed testimony and exhibits with regulatory commissions in New York,
3 Pennsylvania, West Virginia and New Jersey. I filed testimony and exhibits before the New
4 Jersey Board of Public Utilities (“BPU” or the “Board”) in the Company’s Purchased Water
5 Adjustment Clause and the Purchased Wastewater Treatment Adjustment Clause proceeding,
6 docketed as BPU Docket No. WR18111241 (the “2019 PWAC/PSTAC”).

7 7. **Q. What is the purpose of your testimony in this proceeding?**

8 A. I will discuss the true-up that reconciles the actual costs of the Company’s purchased water and
9 wastewater treatment for the PWAC/PSTAC years ending March 31, 2019 and March 31, 2020
10 with the actual revenues from the PWAC and PSTAC charges that were in effect for the same
11 period. I will also support the historical water volumes purchased and the historical cost of
12 purchased water subject to the PWAC during the PWAC year ending March 31, 2020, and will
13 do the same regarding purchased wastewater treatment. Furthermore, I will discuss the pro
14 forma charges for the upcoming PWAC/PSTAC year ending March 31, 2021 and how these
15 charges were derived.

16 8. **Q. Please explain the effect of the Board Order in Docket No. WR06030257 on the manner**
17 **in which the Company would recover purchased water costs and wastewater**
18 **(“sewerage”) treatment and disposal costs.**

19 A. In NJAWC’s rate proceeding, docketed as BPU Docket No. WR06030257, the Board
20 authorized the Company for the first time to: (1) recover its purchased water costs and
21 wastewater treatment and disposal costs in their entirety through the PWAC and PSTAC Tariff
22 schedules, respectively; and (2) submit thereafter annual PWAC and PSTAC rate filings.
23 Accordingly, 100% of its then Board-authorized levels for these costs were included for rate

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1 recovery under its PWAC and PSTAC Rate Schedules, while simultaneously being eliminated
2 from base rate recovery through the Company's base rate Tariff.

3 9. **Q. As a result of the Board's Order in BPU Docket No. WR06030257, how did the Company**
4 **treat the recovery of its purchased water costs and wastewater treatment and disposal**
5 **costs and the associated revenues in its most recent base rate case, docketed as BPU**
6 **Docket No. WR17090985?**

7 A. As a result of the rate treatment established by the Board in BPU Docket No. WR06030257,
8 with respect to purchased water and wastewater treatment costs, the Company excluded from
9 its pro forma statements all purchased water costs and purchased wastewater treatment and
10 disposal costs, as well as the revenues generated through the application of the associated
11 PWAC and PSTAC Rate Schedules in its last base rate case docketed as BPU Docket. No.
12 WR17090985 (the "2017 Rate Case"). A copy of the BPU Order from the 2017 Rate Case is
13 attached as Schedule JDH-13. The Company filed its 2019 PWAC/PSTAC on November 15,
14 2018. A copy of the BPU Order from the 2019 PWAC/PSTAC is attached as Schedule JDH-
15 14.

16 With the instant filing, the Company has filed with the Board its twelfth consolidated annual
17 PWAC and PSTAC rate filing. This filing includes 100% of the Company's projected
18 purchased water and wastewater treatment and disposal costs and its projected PWAC and
19 PSTAC revenues for the PWAC/PSTAC Year ending March 31, 2021. The filing also includes
20 a true-up between the Company's actual PWAC/PSTAC costs and revenues for the year ended
21 March 31, 2019 (*i.e.*, for the reconciliation period).

22 **PWAC**

23 10. **Q. With regard to the PWAC, what were the Company's actual costs for the year ended**
24 **March 31, 2020?**

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1 A. The Company's actual costs of purchased water totaled \$36,082,723 and is depicted on
2 Schedule JDH-1 (Ln. 39). The schedule depicts the actual vouchers received and paid during
3 the year ended March 31, 2020 and other accounting activity including accruals that resulted
4 in the total expense incurred. For this filing, that expense level was thereafter adjusted to
5 eliminate all accruals. Line 39 therefore reflects the adjusted actual purchased water expense
6 for the year ended March 31, 2020. This amount is carried to the true-up Schedule JDH-2, line
7 19.

8 **11. Q. What was the total volume of water purchased by the Company during the year ended**
9 **March 31, 2020, which is associated with the expense on Schedule JDH-1?**

10 A. The associated purchased water volumes are detailed on Schedule JDH-1a.

11 **12. Q. Do these volumes represent the normal level of purchased water going forward?**

12 A. Actual purchases will vary depending upon system demands. Please refer to the testimony of
13 Company witness Robert R. Schaefer for a discussion of the Company's pro forma purchased
14 water volumes and cost, for the year ended March 31, 2021.

15 **13. Q. Please explain the true-up that reconciles the difference between the actual PWAC costs**
16 **for the year ended March 31, 2020 and the estimated costs and revenues that were**
17 **authorized by the Board in the 2019 PWAC/PSTAC.**

18 A. Schedule JDH-2 reflects the reconciliation between the PWAC revenues billed and recovered
19 and the actual purchased water expense incurred during the year ended March 31, 2020. The
20 schedule depicts a cumulative PWAC under-recovery of \$2,741,833 (Ln. 35), exclusive of
21 accumulated interest in accordance with *N.J.A.C.* 14:3-13. As shown, estimated non-exempt
22 billed PWAC revenues for the year ended March 31, 2020 are \$39,304,349 (Ln. 4). Net of Gross
23 Receipts and Franchise Tax ("GRFT") PWAC revenues were \$35,404,916 (Ln. 9); net of other
24 cost recoveries authorized in the 2019 PWAC/PSTAC as detailed within Schedule JDH-2, total

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1 PWAC revenues for the year ended March 31, 2020 were \$33,340,890 (Ln. 17), versus
2 purchased water expenses of \$36,082,723 (Ln. 19). As discussed previously, the purchased
3 water costs (Ln. 19) are detailed on Schedule JDH-1. Where estimates were used, the data will
4 be updated for actuals as they become available.

5 **14. Q. Please explain the true-up shown on Schedule JDH-2a.**

6 A. Schedule JDH-2a reflects the reconciliation between the PWAC revenues billed and recovered
7 and the actual purchased water expense incurred during the year ended March 31, 2019. As
8 the previous PWAC filing was effective April 1, 2019, actual expenses and revenues for the
9 true-up period ending March 31, 2019 were not available. Therefore, Schedule JDH-2a shows
10 the final calculations for this true-up period, in order to bring forward the cumulative under-
11 recovery of \$1,803,728 utilized in Schedule JDH-2 (Ln. 26).

12 **15. Q. What are the Company's pro forma purchased water charges for the upcoming year**
13 **ended March 31, 2021?**

14 A. The Company's pro forma costs are depicted on Mr. Schaefer's Schedule RRS-1 and reflect
15 total purchased water costs of \$35,679,632.

16 **15. Q. Please explain Schedule JDH-3.**

17 A. Schedule JDH-3 depicts the calculation ("Regular Calc") of the PWAC rate associated with the
18 year ended March 31, 2021. The total cost of \$38,722,102 (column 2, Ln. 11) incorporates the
19 pro forma purchased water costs from Schedule RRS-1 and the true-up amount for year ended
20 March 31, 2020 from Schedule JDH-2. The sum of these costs is grossed-up to reflect
21 additional incremental expenses associated with revenue assessments (BPU and Rate Counsel)
22 and uncollectibles. The combined amount (Ln. 11) is divided by estimated total annual water
23 sales subject to the PWAC (Ln. 13) to arrive at the new PWAC rate (exempt) for the year ended
24 March 31, 2021 (Ln. 15). The non-exempt PWAC rate (Ln. 17) reflects the exempt rate as

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1 calculated above, grossed-up for GRFT. The estimated water sales volumes utilized in this
2 calculation are based on the Company's average actual water sales from 2017, 2018 and 2019.
3 Footnote 3 on Schedule JDH-3 details those water sales volumes.

4 **16. Q. Has the Company compressed the PWAC rates?**

5 A. No, there is no compression in the rates. The effective date for this filing is anticipated to be
6 April 1, 2020, which is the beginning of the pro-forma PWAC/PSTAC year. Should the actual
7 effective date change, the Company will determine the compression calculation accordingly.
8 The updated PWAC Tariff pages are attached as Schedule JDH-A.

9 **17. Q. With regard to the proposed PWAC for the Company's water utility operations, do the**
10 **Company's purchased water costs exceed ten percent of its total operating and**
11 **maintenance expenses?**

12 A. Yes.

13 **PSTAC**

14 **18. Q. With regard to the PSTAC, what were the Company's actual costs of purchased**
15 **wastewater treatment for the year ended March 31, 2020?**

16 A. The actual costs of purchased wastewater treatment totaled \$15,939,718 for the Company's
17 three sewer service Tariff areas. This cost is detailed on Schedules JDH-4 (Ln. 23), JDH-6
18 (Ln. 22) and JDH-8 (Ln. 19).

19 **19. Q. Please explain the true-up that reconciles the difference between the actual purchased**
20 **wastewater treatment costs and the actual PSTAC revenues for the year ended March 31,**
21 **2020, for the reconciliation period.**

22 A. Separate schedules have been prepared for each of the three sewer service Tariff areas.
23 Schedules JDH-4, JDH-6 and JDH-8 are the Statements of Actual Purchased Wastewater
24 Treatment operating expense as-adjusted for the year ended March 31, 2020 for the Lakewood

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1 Sewer, Adelpia Sewer and Ocean City Sewer Tariff areas, respectively, while Schedules JDH-
2 5, JDH-7 and JDH-9 are the PSTAC true-up schedules for these respective Tariff areas. The
3 true-up schedules reflect the reconciliation between the PSTAC revenues billed and recovered
4 and the estimated purchased wastewater treatment costs incurred during the year ended March
5 31, 2020.

6 Schedule JDH-5, the true-up for Lakewood Sewer, reflects a net cumulative PSTAC under-
7 recovery of \$325,349 (Ln. 38). As shown therein, total billed revenues for the year ended
8 March 31, 2020 were estimated at \$6,627,019 (Ln. 4). When adjusted for the recovery of other
9 costs provided for in the Lakewood Sewer PSTAC charge for the year ended March 31, 2020,
10 that is (i) Uncollectibles and BPU/Rate Counsel Expenses (Ln. 8); and (ii) the PSTAC true-up
11 under-recovery from the year ended March 31, 2019 (Ln. 12), the total PSTAC revenue net of
12 these cost recoveries is \$6,008,381 (Ln. 17), versus purchased wastewater treatment costs of
13 \$6,333,730 (Ln. 19). The purchased wastewater treatment costs (Ln. 19) are detailed on
14 Schedule JDH-4, as previously indicated.

15 Schedule JDH-7, the true-up for Adelpia Sewer, reflects a net cumulative PSTAC under-
16 recovery of \$38,537 (Ln. 36). As shown therein, total billed PSTAC revenues for the year
17 ended March 31, 2020 were estimated at \$1,099,105 (Ln. 4). When adjusted for the recovery
18 of other costs provided for in the Adelpia Sewer PSTAC charge for the year March 31, 2020,
19 that is (i) Uncollectibles and BPU/Rate Counsel Expenses (Ln. 8); the PSTAC true-up under-
20 recovery from the year ended March 31, 2019 (Ln. 12), the total PSTAC revenue net of these
21 cost recoveries is \$1,070,873 (Ln. 15), versus purchased wastewater treatment costs of
22 \$1,109,410 (Ln. 17). The purchased wastewater treatment costs (Ln. 17) are detailed on
23 Schedule JDH-6, as previously indicated.

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1 Schedule JDH-9, the true-up for Ocean City Sewer, reflects a net cumulative PSTAC under-
2 recovery of \$45,587 (Ln. 35). As shown therein, total billed PSTAC revenues for the year
3 ended March 31, 2020 were estimated at \$7,669,557 (Ln. 4). When adjusted for the recovery
4 of other costs provided for in the Ocean City Sewer PSTAC charge for the year ended March
5 31, 2020, that is (i) Uncollectibles and BPU/Rate Counsel Expenses (Ln. 8); (ii) the PSTAC
6 true-up over-recovery from the year ended March 31, 2019 (Ln. 11), the total PSTAC revenue
7 net of these cost recoveries is \$8,408,542 (Ln. 15), versus purchased wastewater treatment costs
8 of \$8,496,578 (Ln. 17). Also included in the net cumulative PSTAC under-recovery (Ln. 35)
9 is interest accumulated on true-up balances over-recovered of (\$42,449) (Ln. 32). The
10 purchased wastewater treatment costs (Ln. 17) are detailed on Schedule JDH-8, as previously
11 indicated.

12 **20. Q. Please explain the true-ups shown on Schedules JDH-5a, JDH-7a, and JDH-9a.**

13 A. Schedules JDH-5a, JDH-7a, and JDH-9a reflect the reconciliation between the PSTAC
14 revenues billed and recovered and the actual purchased sewage treatment expense incurred
15 during the year ended March 31, 2019. As the previous PSTAC filing was effective April 1,
16 2019, actual expenses and revenues for the true-up period ending March 31, 2019 were not
17 available. Therefore, the aforementioned three schedules show the final calculations for this
18 true-up period, in order to bring forward their respective cumulative under/over-recoveries
19 utilized in Schedules JDH-5, JDH-7, and JDH-9 respectively.

20 **21. Q. What are the Company's pro forma purchased wastewater treatment costs for the**
21 **upcoming year ended March 31, 2021?**

22 A. The Company's pro forma costs are depicted on Schedule JDH-10 and reflect total purchased
23 wastewater treatment costs of \$15,925,194 (Ln. 36).

24

NEW JERSEY-AMERICAN WATER COMPANY, INC.
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1 22. **Q. Please explain how these pro forma charges were derived.**

2 A. As depicted thereon, the pro forma costs represent 9/12^{ths} of the estimated annual charges for
3 calendar year 2020 as levied by the entities providing wastewater treatment and disposal
4 services to the Company, and 3/12^{ths} of estimated calendar year 2021 charges. The Company
5 has estimated the 2021 increases at 2.13%, 3.02%, and 0.23% from Howell Township
6 (Adelphia Sewer service), the Ocean County Utilities Authority "OCUA" (Lakewood Sewer
7 service) and the Cape May County Municipal Utilities Authority "CMCMUA" (Ocean City
8 Sewer service), respectively. The Company's estimate for Adelphia Sewer Service reflect the
9 estimated annual charges calculated for 2020 expenses increased by 2.13% effective January
10 1, 2020 for the wastewater treatment costs payable to Howell Township. This estimated
11 increase reflects the average increase in total expenses for the calendar years 2017, 2018, and
12 2019.

13 The Company's estimate for Lakewood Sewer Service reflects the estimated 2020 charges,
14 with the 2020 rate per a letter from the Ocean County Municipal Utilities Authority multiplied
15 by a three-year average for usage then increased by 3.02%. This estimated increase reflects the
16 three-year average increase in total expenses for the calendar years 2017, 2018, and 2019. The
17 Company's Ocean City Sewer Service 2020 amount is based on the CMCMUA's User Charge
18 Rate Setting Report and letter dated November 12, 2019 then increased by 0.23%. This
19 estimated increase reflects the three-year average increase in total expenses for the calendar
20 years 2017, 2018, and 2019. These 2020 estimates will be updated to actuals when available.

21 23. **Q. Please discuss the calculation of the updated PSTAC rates as detailed on Schedule**
22 **JDH-11.**

23 A. Schedule 11, page 1, depicts the calculation of the PSTAC rates associated with the new year
24 ended March 31, 2021. Individually, for each of the sewer service Tariff areas, the pro forma

NEW JERSEY-AMERICAN WATER COMPANY, INC.
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1 purchased wastewater treatment from Schedule JDH-10 is combined with prior PSTAC year
2 true-up amounts from Schedules JDH-5, JDH-7 and JDH-9 respectively. The combined cost
3 is grossed-up to reflect additional incremental expenses associated with revenue assessments
4 (BPU and Rate Counsel) and uncollectibles. The grossed-up cost (Lns. 5, 12 and 19,
5 respectively) is divided by the estimated total sewer service sales subject to the PSTAC (Lns.
6 6, 13 and 20, respectively) to arrive at the new PSTAC rates for the year ended March 31, 2021.
7 The estimated sewer service sales volumes utilized in these calculations for Adelphia are based
8 on the Company's average sales for the calendar years 2017, 2018 and 2019 (see Schedule
9 JDH-11, page 2, Note 2). The estimated sewer service sales volumes utilized in these
10 calculations for Ocean City are based on the Company's average summer consumption over
11 the months of July through September for the calendar years 2017, 2018 and 2019 (see
12 Schedule JDH-11, page 2, Note 3). The estimated sewer service sales volumes utilized in these
13 calculations for Lakewood are based on the Company's average winter quarter sales,
14 annualized, for the years 2017, 2018 and 2019 (see Schedule JDH-11, page 2, Note 1). The
15 Company has added to the aforementioned Lakewood average sales an estimated average
16 annual usage to account for Lakewood's minimum usage charge, as authorized in Docket
17 Number WR10040260, effective 1/1/2011. The utilized average annual usage of 25,806
18 thousand gallons is supported in Docket Number WR17090985, SIR-14, Workpaper 5S, page
19 2 of 10.

20 **24. Q. Has the Company calculated the PSTAC rates for the three sewer districts on a**
21 **compressed basis?**

22 A. No, there is no compression in the rates. The effective date for this filing is anticipated to be
23 April 1, 2020, the beginning of the pro-forma PWAC/PSTAC year. Should the actual effective

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1 date of the PWAC and PSTAC rates change, the Company will determine the compression
2 calculation accordingly.

3 **25. Q. Has the Company worked to control the costs it incurs under its purchased wastewater
4 treatment agreements?**

5 A. Yes, the Company supports a formal process to address future price increases. The Company
6 monitors known proposed rate increases by its wastewater authorities and, where appropriate,
7 reviews available financial and operating information which leads to the need for such increases,
8 propounds interrogatories, and attends public meetings where applicable.

9 **26. Q. With regard to the proposed PSTAC for the Company wastewater utility operations, do
10 the Company's purchased wastewater treatment costs exceed ten percent of the sewer
11 service Tariff area's operating and maintenance expenses?**

12 A. Yes.

13 **27. Q. Have you attached a copy of the proposed Tariff pages to implement the proposed PSTAC
14 charges?**

15 A. Yes, they are attached as Schedule JDH-B.

16 **28. Q. Based on your above testimony, what is the overall increase you are proposing in this
17 petition?**

18 A. The proposed rates in this petition will increase annual revenues by \$4,444,232 or 0.66%.

19 **29. Q. Does this conclude your testimony?**

20 A. Yes.

New Jersey-American Water Company, Inc.
 Statement of Actual Purchased Water Volumes (1000 Gallons) Associated with Actual Purchased Water Expense - PWAC Water Service

Line No	Purchased Water	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Total
3	Vendor/Vendor (1,000 gallons)													
4	Borough of Florham Park	0	4	0	0	0	0	0	5	0	0	5	0	18
5	Morris County Municipal Utilities Authority	0	32,552	17,211	19,234	21,288	25,291	21,582	17,294	16,105	16,531	16,301	15,090	218,488
6	Montclair Water Bureau	6,244	0	13,729	6,868	6,636	9,090	8,433	7,572	6,905	6,937	6,660	6,696	85,770
7	City of Newark - Shaw/Selvaige	0	46	14	15	19	10	26	10	11	21	28	19	219
8	NJWSA - Water - Manasquan	0	0	0	1,140,625	0	1,140,625	0	0	1,140,625	0	0	1,140,625	4,562,500
9	NJWSA - Raw Water - Manasquan	0	0	0	183,139	0	183,139	0	0	183,139	0	0	183,139	732,555
10	NJWSA - Overdrafts - Manasquan	0	0	7,611	1,029	7,907	9,804	43,122	15,733	528	0	0	0	85,734
11	Passaic Valley Water Commission - Water	279,620	654,110	0	718,258	191,467	175,290	871,676	0	636,780	315,245	0	573,417	4,415,863
12	City of Wildwood	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Marlboro Municipal Utilities Authority	7,750	7,500	7,750	7,500	7,750	7,750	7,896	7,750	7,500	8,100	7,801	7,828	92,874
14	NJWSA - Water - Raritan	3,924,600	3,798,000	0	7,722,600	3,924,600	0	7,722,600	3,924,600	3,798,000	3,924,600	3,924,600	3,671,400	46,335,600
15	NJWSA - Water - Raritan Legislative Grant	90,210	87,300	90,210	87,300	90,210	90,210	87,300	90,210	87,300	90,210	90,210	84,390	1,065,060
16	NJWSA - Overdraft - Raritan	0	0	0	0	0	0	0	564,055	0	0	0	0	564,055
17	City of Newark - Summit	2	0	0	0	1,607	0	0	0	0	0	0	0	1,609
18	Total Volume Assoc. with PW Expense as Adjusted (1)	4,308,426	4,579,512	136,525	9,886,568	4,251,484	1,641,212	8,762,645	4,627,229	5,876,893	4,361,643	4,045,605	5,682,603	58,160,345

20 (1) Purchased Water usage reflects actuals except for estimates utilized for activity from October 2019 through March 2020. The estimated activity is based on a 3-year average usage of year ended 3/31/17, 3/31/18, and 3/31/19 for that invoice month.

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New Jersey-American Water Company, Inc.
Statement of PWAC True Up Schedule - Revenue and Operating Expense - PWAC Water Service

Line No	Purchased Water	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Total
1	Total Billed PWAC Revenue (non-expt. & exempt) (2)	\$2,876,313	\$3,198,766	\$3,582,402	\$3,998,220	\$4,501,546	\$4,321,325	\$3,377,730	\$3,068,649	\$2,971,973	\$2,993,796	\$2,951,204	\$2,876,427	\$4,081,350	\$38,991,001
2	Less: Exempt PWAC Revenue (from ln. 45)	112,069	107,640	116,455	113,670	131,443	144,409	116,973	105,569	110,086	108,490	110,399	108,736	1,387,001	
3	Non-Exempt PWAC Revenue	\$2,764,244	\$3,091,126	\$3,465,947	\$3,884,550	\$4,370,103	\$4,176,916	\$3,260,757	\$2,963,080	\$2,861,887	\$2,885,306	\$2,840,805	\$2,767,691	\$39,304,349	
4	GRFT tax rate (3)	13.45%	13.45%	13.45%	13.45%	13.45%	13.45%	13.45%	13.45%	13.45%	13.45%	13.45%	13.45%	13.45%	13.45%
5	PWAC Non-exempt Rev. net of GRFT (ln. 4 * (100% - ln. 6))	\$2,394,184	\$2,675,370	\$2,999,777	\$3,362,078	\$3,782,324	\$3,615,121	\$2,787,565	\$2,564,546	\$2,482,156	\$2,500,694	\$2,458,717	\$2,395,383	\$34,017,915	
6	Add Back Exempt PWAC Revenue (ln. 3)	112,069	107,640	116,455	113,670	131,443	144,409	116,973	105,569	110,086	108,490	110,399	108,736	1,387,001	
7	PWAC Revenue net of GRFT	\$2,506,263	\$2,783,010	\$3,116,232	\$3,475,748	\$3,913,767	\$3,759,530	\$2,904,538	\$2,670,115	\$2,592,242	\$2,610,184	\$2,569,116	\$2,504,181	\$35,404,916	
8	Less: Uncollectible & BPU/Div. Rate Counsel Exp. Factor (3)	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926
9	PWAC Rev. net of GRFT, Uncoll. BPU/Div. Rate Counsel exp. (ln. 9*11)	\$2,487,827	\$2,762,349	\$3,093,321	\$3,450,194	\$3,884,993	\$3,731,890	\$2,883,184	\$2,650,484	\$2,573,184	\$2,590,994	\$2,550,228	\$2,485,770	\$35,144,618	
10	Less: PWAC True-up Under-recovery of \$1,803,728	150,307	150,311	150,311	150,311	150,311	150,311	150,311	150,311	150,311	150,311	150,311	150,311	1,803,728	
11	from PWAC Year 4/1/8-3/19 divided by 12 mos. (1)														
12	Total PWAC Revenues net of Cost recoveries detailed above	\$2,337,520	\$2,612,238	\$2,943,010	\$3,299,883	\$3,734,682	\$3,581,579	\$2,732,873	\$2,500,173	\$2,422,873	\$2,440,683	\$2,399,917	\$2,335,459	\$33,340,890	
13	Total Purchased Water Exp. as Adjusted - (per Sch. JDH-1, ln. 39)	2,174,248	3,243,079	184,083	6,060,046	2,047,261	2,043,936	5,381,298	1,911,077	4,853,237	2,383,244	1,509,988	4,491,226	36,082,723	
14	Total PWAC True-Up Balance	(\$163,272)	\$630,841	(\$2,758,927)	\$2,760,163	(\$1,687,421)	(\$1,537,643)	\$2,648,425	(\$585,096)	\$2,230,364	(\$57,439)	(\$889,929)	\$2,155,767	\$2,741,833	
15	(Over-Recovered) / Under-Recovered (ln. 13 - 14)														
16	Interest Calculation														
17	Total PWAC Cumulative True-up Balance	\$1,490,149	\$1,970,679	(\$938,559)	\$1,671,292	(\$166,440)	(\$1,854,394)	\$643,721	(\$95,686)	\$1,984,366	\$1,776,616	\$736,376	\$2,741,833		
18	(Over-Recovered) / Under-Recovered (4)														
19	Average of the Current & Prior months Cumulative True-up Balances (Over rec.) / Under rec	1,646,938	1,730,414	516,060	386,367	752,426	(1,010,417)	(605,337)	274,017	944,340	1,880,491	1,256,496	1,739,104		
20	Overall ROR Per Docket (5)	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%
21	Monthly Overall Rate of Return	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%
22	Interest on True-up Balances - (Over) / Under	\$10,211	\$10,729	\$3,200	\$2,271	\$4,665	(\$6,265)	(\$3,753)	\$1,659	\$5,855	\$11,659	\$7,790	\$10,782	\$58,843	
23	Total PWAC (Over-Recov.) / Under-Recov. including Interest														
24	Exempt (from GRFT) Customers Actual Water Sales (1000 gals): (6)														
25	Cogen (Bayway) - OIW	127,695	114,433	132,183	116,508	132,792	140,489	105,128	94,704	105,499	109,235	108,618	109,385	1,396,670	
26	Aqua NJ Water Co. - SFR-CD	21,390	20,700	21,390	21,390	21,390	21,390	20,700	20,700	21,390	21,390	21,390	21,390	19,320	251,850
27	Middlesex Water Co. - SFR SOS	93,005	91,892	93,251	90,275	93,187	93,244	90,269	93,302	100,535	93,016	91,802	93,375	1,117,154	
28	PSE&G - Reg. GMS	9,580	14,700	14,696	27,762	47,810	69,174	46,587	20,483	22,327	26,110	22,245	22,245	349,081	
29	Total Exempt Customer Actual Water Sales	251,670	241,725	261,520	255,265	295,179	324,287	262,684	237,074	247,217	245,878	247,921	244,326	3,114,755	
30	Exempt PWAC Rate per 1000 gals. (7)	\$0.4453	\$0.4453	\$0.4453	\$0.4453	\$0.4453	\$0.4453	\$0.4453	\$0.4453	\$0.4453	\$0.4453	\$0.4453	\$0.4453	\$0.4453	\$0.4453
31	Exempt PWAC Revenue	\$112,069	\$107,640	\$116,455	\$113,670	\$131,443	\$144,409	\$116,973	\$105,569	\$110,086	\$108,490	\$110,399	\$108,736	\$1,387,001	

Notes: (1) March 2019 represents Total PWAC True-up balance per Schedule JDH-2a.
 (2) Billed PWAC water revenues are based on actuals, except for estimates utilized for activity from October 2019 through March 2020. Estimates are based on prior year, same month revenues, adjusted by the rate change effective 04/01/19.
 (3) GRFT and uncollectible based on settlement Docket #WR1709085. BPU and Rate Counsel expense factor per actual 2018 assessment rates.
 (4) Line 22 of the current month plus line 26 of the prior month less line 15 of the current month.
 (5) The ROR is based on BPU Docket #WR1709085.
 (6) Water sales for all entities were based upon actual monthly water sales, except for estimates utilized for activity from October 2019 through March 2020. The estimated activity is based on a 3-year average of 2017, 2018, and 2019 usage for the same month.
 (7) Exempt rate reflects \$0.4453 effective 4/1/19 per BPU Docket #WR18111241.

New Jersey American Water Company
Statement of PWAC True Up Schedule - Revenue and Operating Expense - PWAC Water Service

Line No.	Purchased Water	Note (1) Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Total
1	Total Billed PWAC Revenue (non-expt. & exempt) (2)		\$2,651,080	\$2,904,098	\$3,269,659	\$4,015,860	\$3,844,911	\$3,913,428	\$3,124,923	\$2,872,998	\$2,788,103	\$2,807,598	\$2,763,041	\$2,693,032	\$37,648,731
2	Less: Exempt PWAC Revenue (from ln. 49)		98,092	92,469	91,588	93,915	100,746	103,873	100,395	95,839	99,578	95,120	98,135	98,575	1,169,585
3	Non-Exempt PWAC Revenue		\$2,552,988	\$2,811,629	\$3,178,071	\$3,921,945	\$3,744,165	\$3,809,555	\$3,024,528	\$2,777,099	\$2,688,525	\$2,712,478	\$2,664,906	\$2,594,457	\$36,480,146
4	GRFT tax rate (3)		13.76%	13.76%	13.76%	13.76%	13.76%	13.76%	13.73%	13.45%	13.45%	13.45%	13.45%	13.45%	13.64%
5	PWAC Non-exempt Rev. net of GRFT (ln. 4 * (100% - ln. 6))		\$2,201,697	\$2,424,749	\$2,740,768	\$3,382,286	\$3,228,968	\$3,285,360	\$2,609,088	\$2,403,579	\$2,326,978	\$2,347,650	\$2,306,476	\$2,245,503	\$31,503,042
6	Add Back Exempt PWAC Revenue (ln. 3)		98,092	92,469	91,588	93,915	100,746	103,873	100,395	95,839	99,578	95,120	98,135	98,575	1,169,585
7	PWAC Revenue net of GRFT		\$2,299,789	\$2,517,218	\$2,832,356	\$3,476,201	\$3,329,714	\$3,389,233	\$2,709,683	\$2,499,478	\$2,426,496	\$2,442,770	\$2,404,611	\$2,344,078	\$32,671,627
8	Less: Uncollectible & BPU Div. Rate Counsel Exp Factor (3)		0.9923	0.9923	0.9923	0.9923	0.9923	0.9923	0.9923	0.9923	0.9926	0.9926	0.9926	0.9926	0.9924
9	PWAC Rev. net of GRFT, Uncoll. BPU/DRC exp. (ln. 9*1)		\$2,282,081	\$2,487,835	\$2,810,547	\$3,449,434	\$3,304,075	\$3,363,136	\$2,668,897	\$2,481,102	\$2,408,656	\$2,424,811	\$2,386,932	\$2,326,844	\$32,424,350
10	Less: PWAC True-up Over-recovery of \$432,254		(36,023)	(36,021)	(36,021)	(36,021)	(36,021)	(36,021)	(36,021)	(36,021)	(36,021)	(36,021)	(36,021)	(36,021)	(432,254)
11	Total PWAC Revenues net of Cost recoveries detailed above		\$2,318,104	\$2,533,856	\$2,846,568	\$3,485,455	\$3,340,096	\$3,399,157	\$2,724,918	\$2,517,123	\$2,444,677	\$2,460,832	\$2,422,953	\$2,362,865	\$32,856,604
12	Total Purchased Water Exp as Adjusted - (per Sch. DMD-1, ln. 46)		1,551,482	2,871,214	2,902,324	3,210,667	1,949,206	3,375,865	3,978,570	1,422,844	4,736,668	2,657,725	1,472,714	4,488,210	34,717,488
13	Total PWAC True-Up Balance		(\$766,622)	\$437,356	\$55,756	(\$274,788)	(\$1,330,850)	(\$23,292)	\$1,253,652	(\$1,094,279)	\$2,291,991	\$196,893	(\$950,239)	\$2,125,345	\$1,860,884
14	(Over-Recovered) / Under-Recovered (ln. 21 - 19)		(\$432,254)	(\$689,474)	(\$597,697)	(\$836,464)	(\$2,191,333)	(\$2,178,604)	(\$888,931)	(\$1,947,190)	\$380,822	\$613,736	(\$300,482)	\$1,860,884	
15	Interest Calculation		(797,554)	(926,163)	(643,585)	(717,080)	(1,513,898)	(2,184,968)	(1,533,768)	(1,418,060)	(783,184)	497,279	156,627	780,201	
16	Average of the Current & Prior months Cumulative True-up Balances (Over rec.) / Under rec		7.5496%	7.5496%	7.5496%	7.5496%	7.5496%	7.5496%	7.5410%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%
17	Overall ROR Per Docket BPU#WR15010035 (5)		0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%
18	Monthly Overall Rate of Return		(\$5,025)	(\$5,835)	(\$4,055)	(\$4,518)	(\$9,538)	(\$13,765)	(\$9,663)	(\$8,792)	(\$4,856)	\$3,083	\$971	\$4,837	(\$57,156)
19	Interest on True-up Balances - (Over) / Under														
20	Total PWAC (Over-Recov.) / Under-Recov. including interest														\$1,803,728
21	Exempt (from GRFT) Customers Actual Water Sales (1000 gals): (6)		121,748	111,762	104,686	114,126	127,721	135,014	131,005	116,026	129,015	114,594	121,853	133,982	1,461,532
22	Cogen (Bayway) -- OIW		21,390	20,700	21,390	20,700	21,390	20,700	20,700	20,700	20,700	21,390	21,390	19,320	251,850
23	Aqua NJ Water Co. -- SFR-CD		0	0	0	0	0	0	0	0	0	0	0	0	0
24	Lawrenceville Water Co. -- SFR-SOS		93,000	90,141	94,404	91,257	93,417	93,652	90,459	93,443	90,000	93,000	93,000	84,000	1,099,773
25	Middlesex Water Co. -- SFR-SOS		0	0	0	0	0	0	0	0	0	0	0	0	0
26	Roxiticus Water Co. -- SFR Reg. GMS		236,138	222,603	220,480	226,083	242,528	250,056	242,164	230,859	239,715	228,984	236,243	237,302	2,813,155
27	Total Exempt Customer Actual Water Sales		\$0.4154	\$0.4154	\$0.4154	\$0.4154	\$0.4154	\$0.4154	\$0.4154	\$0.4154	\$0.4154	\$0.4154	\$0.4154	\$0.4154	\$0.4154
28	Exempt PWAC Rate per 1000 gals. (7)		\$98,092	\$92,469	\$91,588	\$93,915	\$100,746	\$103,873	\$100,395	\$95,839	\$99,578	\$95,120	\$98,135	\$98,575	\$1,169,585
29	Exempt PWAC Revenue														

Notes: (1) March 2018 represents Total PWAC True-up balance per Schedule DMD-2a.
 (2) Billed PWAC water revenues are based on actuals.
 (3) GRFT and uncollectible based on settlement Docket #16111065. Updated 10/29/18 per Docket #WR17090985. BPU and Rate Counsel expense factor per actual 2018 assessment rates.
 (4) Line 22 of the current month plus line 26 of the prior month less line 15 of the current month.
 (5) The ROR utilized for 04/01/18-3/31/19 is based on BPU Docket #WR17090985.
 (6) Water sales for all entities were based upon actual monthly water sales from April 2018 through March 2019.
 (7) Exempt rate reflects \$0.4154 effective 4/1/18 per BPU Docket #WR171145.

**New Jersey-American Water Company, Inc.
Statement of Pro Forma PWAC**

New Jersey-American Water Company, Inc.
BPU Docket No. WR1911 _____
Witness Responsible: Jamie D. Hawn

Schedule JDH-3
PWAC Filing Year: 4/1/2019 - 3/31/2020
Page 1

Line	CALCULATION of PWAC Rates for Year 4/1/2020-3/31/2021 Without Compression (regular calc.)	
1	(1)	(2)
2		<u>Regular Calc.</u>
3	Pro forma Purchased Water Exp.- PWAC Year 4/01/20-3/31/21 (Schd. RRS-1)	\$35,679,632
4	PWAC True-up from PWAC Year 4/01/18-3/31/19 (Schedule JDH-2)	2,741,833
5		
6		
7	sub-total (lines 3+4)	\$38,421,464
8		
9	Gross-up factor for Uncollect. Exp. & Actual BPU / Div. Rate Counsel Assessments (1)	0.9922
10		
11	PWAC for Recovery 4/1/20-3/31/21 pre-GRFT (line 7 / 9)	\$38,722,102
12		
13	Total Projected Water Sales subject to PWAC (1000 gallons) (line 46) (3)	80,562,972
14		
15	PWAC Exempt Rate per 1000 gallons (line 11 / 13)	<u>\$0.4806</u>
16		
17	PWAC Non-Exempt Rate per 1000 gals. (line 15 / grossed up for GRFT @ 13.45%) (2)	<u>\$0.5553</u>
18		
19		
20		
21	<u>Pricing</u>	
22	<u>Exempt Sales</u>	
23	Projected Exempt Water Sales subject to PWAC (1000 gallons) (line 46) (3)	2,825,421
24	PWAC Exempt Rate per 1000 gallons (line 15)	\$0.4806
25	PWAC Exempt Revenue	\$1,357,897
26		
27	<u>Non-Exempt Sales</u>	
28	Non-Exempt PWAC recovery pre-GRFT (line 11 - 25)	\$37,364,205
29	Non-Exempt PWAC recovery grossed-up for GRFT (line 28 / (100% - 13.45%))	\$43,170,659
30		
31	Projected Non-exempt Water Sales subject to PWAC (1000 gallons) (line 46) (3)	77,737,551
32	PWAC Non-Exempt Rate per 1000 gallons (line 17)	\$0.5553
33	PWAC Non-Exempt Revenue	\$43,167,662
34		
35	Total PWAC Revenue (ln. 24 + 32)	<u>\$44,525,559</u>
36		
37		

38 Notes:

- 39 (1) Uncollectible rate @ 0.49% per 3-year average of 2014-2016 uncollectible rates and actual 2019 assessment rates
40 @ 0.286397% (combined) (BPU = 0.231133%, Rate Counsel = 0.055264%)
41 Gross-up factor (100% - (0.49% + 0.286397%)) or 99.22%.
42 (2) NJAWC Authorized GRFT rate is 13.45% per Docket #WR17090985.
43 (3) Projected water sales are an average of calendar years 2017, 2018 and 2019 actual water usage.

	<u>Exempt</u>	<u>Non-Exempt</u>	<u>Total</u>
46 Water Sales (in 1000 gallons)	2,825,421	77,737,551	80,562,972

47
48

New Jersey American Water Company
 Statement of Lakewood Sewer Service PSTAC True Up Schedule - Revenue and Operating Expense - PSTAC Sewer Service
 PSTAC Year 4/1/18 - 3/31/19

Line	Purchased Wastewater Treatment	Note (1) Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Total
1	Lakewood Sewer Service														
2	Total Billed PSTAC Revenue (2)		\$529,789	\$551,147	\$552,628	\$554,461	\$555,096	\$559,277	\$556,050	\$540,761	\$572,442	\$574,411	\$570,439	\$519,941	\$6,636,442
3	GRFT tax rate (N/A) (3)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4	Billed PSTAC Revenues net of GRFT		\$529,789	\$551,147	\$552,628	\$554,461	\$555,096	\$559,277	\$556,050	\$540,761	\$572,442	\$574,411	\$570,439	\$519,941	\$6,636,442
5	Less Uncollectibles & BPU/Div Rate Counsel Exp Factor (3)		0.9923	0.9923	0.9923	0.9923	0.9923	0.9923	0.9923	0.9926	0.9926	0.9926	0.9926	0.9926	0.9924
6	PSTAC Rev net of GRFT, Uncoll., BPU/DRC exp. (line 6*8)		\$525,710	\$546,903	\$548,373	\$550,192	\$550,822	\$554,971	\$551,785	\$536,785	\$568,233	\$570,188	\$566,245	\$516,118	\$6,586,325
7	Less PSTAC True-up Under-recovery of \$652,137 from PSTAC Year 4/1/18-3/1/18 divided by 12 mos. (1)		54,342	54,345	54,345	54,345	54,345	54,345	54,345	54,345	54,345	54,345	54,345	54,345	652,137
8	Total PSTAC Revenue net of Cost recoveries detailed above		\$471,368	\$492,558	\$494,028	\$495,847	\$496,477	\$500,626	\$497,440	\$482,440	\$513,888	\$515,843	\$511,900	\$461,773	\$5,934,188
9	Total Purch. Wastewater Treat. Exp. As Adjusted - (per Schedule JDH-4, ln. 23)		1,415,700	0	0	1,415,700	0	0	1,415,700	0	0	0	2,257,004	0	6,504,104
10	Total PSTAC True-up Balance (Over-Recovered) / Under-Recovered (ln. 19 - 17)		\$844,332	(\$492,558)	(\$494,028)	\$919,853	(\$496,477)	(\$500,626)	\$918,260	(\$482,440)	(\$513,888)	(\$515,843)	\$1,745,104	(\$461,773)	\$569,916
11	Interest Calculation														
12	Total PSTAC Cumulative True-up Balance (Over-Recov.) / Under-Recov. (4)		\$652,137	\$1,542,127	\$446,851	\$1,312,359	\$761,537	\$206,566	\$1,070,481	\$533,696	(\$34,537)	(\$604,725)	\$1,086,034	\$569,916	
13	Average of the Current & Prior months Cumulative True-up Balances		1,097,132	1,268,675	721,037	879,605	1,036,948	484,051	638,523	802,088	249,579	(319,631)	240,654	827,975	
14	Overall ROR Per Docket (6)		7.5496%	7.5496%	7.5496%	7.5496%	7.5496%	7.5496%	7.5410%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%
15	Monthly Overall Rate of Return		0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%
16	Interest on True-up Balances - (Over) / Under		\$6,812	\$7,993	\$4,543	\$5,542	\$6,533	\$3,050	\$4,023	\$4,973	\$1,547	(\$1,982)	\$1,492	\$5,133	\$49,759
17	Total PSTAC (Over-Recov.) / Under-Recov. including Interest														\$669,916

Notes:
 (1) March 2018 represents the Total PSTAC True-up balance for Lakewood Sewer per Schedule JDH-5a.
 (2) Billed PSTAC revenues are based on actuals.
 (3) The GRFT rate is not applicable to wastewater treatment costs. Uncollectible rate based on settlement Docket #18111065. Updated 10/29/18 per Docket #WR17090985 and BPU/rate counsel expense factor per actual assessment rates.
 (4) Line 23 of the current month plus line 27 of the prior month less line 12 of the current month.
 (5) The ROR utilized for 04/01/18 - 10/28/18 based on BPU Docket #WR15010035. ROR for 10/29/18 - 3/31/19 based on BPU Docket #WR17090985.

New Jersey-American Water Company, Inc.
 Statement of Adelpia Sewer Service Actual Purchased Wastewater Treatment Operating Expense - PSTAC Sewer Service
 PSTAC Year 4/1/19 - 3/31/20

Schedule JH-6
 PWAC Filing Year: 4/1/2019 - 3/31/2020
 Page 1

New Jersey-American Water Company, Inc.
 BPU Docket No. WR1911
 Witness Responsible: Jamie D. Hawn

Line No.	Purchased Wastewater Treatment	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Total
3	Adelpia Sewer Service													
5	Accruals (2)	\$91,916	\$91,916	\$91,916	\$91,916	\$91,916	\$91,916	\$91,916	\$91,916	\$91,916	\$91,916	\$91,916	\$91,916	\$1,102,997
6	Total Bal. Purch. Wastewater Treatment	\$91,916	\$91,916	\$91,916	\$91,916	\$91,916	\$91,916	\$91,916	\$91,916	\$91,916	\$91,916	\$91,916	\$91,916	\$1,102,997
9	Adjustments													
10	Additions/Vouchers													
11	Howell Twp - Vouchers Paid in PSTAC Year(1)	\$275,749	\$0	\$0	\$275,749	\$0	\$0	\$275,749	\$0	\$0	\$275,749	\$0	\$0	\$1,102,997
12	Howell - Adjustment (3)												6,413	6,413
14	Total of Additions	\$275,749	\$0	\$0	\$275,749	\$0	\$0	\$275,749	\$0	\$0	\$275,749	\$0	\$6,413	\$1,109,410
17	Eliminations													
18	Eliminate Accruals for Account	(\$91,916)	(\$91,916)	(\$91,916)	(\$91,916)	(\$91,916)	(\$91,916)	(\$91,916)	(\$91,916)	(\$91,916)	(\$91,916)	(\$91,916)	(\$91,916)	(\$1,102,997)
20	Total of Eliminations	(\$91,916)	(\$91,916)	(\$91,916)	(\$91,916)	(\$91,916)	(\$91,916)	(\$91,916)	(\$91,916)	(\$91,916)	(\$91,916)	(\$91,916)	(\$91,916)	(\$1,102,997)
22	Total Purch. Wastewater Treat. Exp. As Adjusted	\$275,749	\$0	\$0	\$275,749	\$0	\$0	\$275,749	\$0	\$0	\$275,749	\$0	\$6,413	\$1,109,410

25 Notes
 26 (1) The 1/2020 quarterly payment is estimated based upon 2019's payments. The actual quarterly payment will be updated in March 2020, see Note 3.
 27 (2) Journal Entries/accruals are based on actuals.
 28 (3) Estimated March 2020 true-up.
 29

New Jersey-American Water Company, Inc.
 Statement of Adelpia Sewer Service PSTAC True Up Schedule - Revenue and Operating Expense - PSTAC Sewer Service
 PSTAC Year 4/1/19 - 3/31/20

New Jersey-American Water Company, Inc.
 BPU Docket No. WR1911
 Witness Responsible: Jamie D. Hawn

Line No	Purchased Wastewater Treatment	Note (1)	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Total
2	Adelpia Sewer Service															
3	Total Billed PSTAC Revenue (2)		\$82,235	\$87,447	\$101,158	\$92,420	\$90,568	\$97,547	\$91,290	\$91,290	\$91,290	\$91,290	\$91,290	\$91,290	\$91,290	\$1,099,105
4	GRFT tax rate (N/A) (3)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5	Billed PSTAC Revenues net of GRFT		\$82,235	\$87,447	\$101,158	\$92,420	\$90,568	\$97,547	\$91,290	\$91,290	\$91,290	\$91,290	\$91,290	\$91,290	\$91,290	\$1,099,105
6	Less Uncollectible & BPU/Div Rate Counsel Exp Factor (3)		0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926
7	PSTAC Rev net of GRFT, Uncoll., BPU/DRG exp (line 6*8)		\$81,630	\$86,804	\$100,414	\$91,741	\$89,892	\$96,830	\$90,619	\$90,619	\$90,619	\$90,619	\$90,619	\$90,619	\$90,619	\$1,091,025
8	Less PSTAC True-up Under-recovery of \$20,152		1,683	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679	20,152
9	from PSTAC Year 4/18-3/19 divided by 12 mos (1)															
10	Total PSTAC Revenue net of Cost recoveries detailed above		79,947	85,125	98,735	90,062	88,213	95,151	88,940	88,940	88,940	88,940	88,940	88,940	88,940	1,070,873
11	Total Purch. Wastewater Treat. Exp As Adjusted -		275,749	0	0	275,749	0	0	275,749	0	0	0	275,749	0	6,413	1,109,410
12	(per Schedule JDIH-6, ln. 22)															
13	Total PSTAC True-up Balance		\$195,802	(\$85,125)	(\$98,735)	\$185,687	(\$88,213)	(\$95,151)	\$166,809	(\$88,940)	(\$88,940)	(\$88,940)	\$186,809	(\$88,940)	(\$82,527)	\$38,537
14	(Over-Recovered) / Under-Recovered (ln. 17 - 16)															
15	Interest Calculation															
16	Total PSTAC Cumulative True-up Balance		\$20,152	\$214,271	\$127,467	\$27,053	\$211,062	\$121,170	\$24,340	\$209,470	\$118,851	\$28,232	\$213,362	\$122,743	\$38,537	
17	(Over-Recov) / Under-Recov (4)															
18	Average of the Current & Prior months Cumulative True-up Balances		117,212	170,869	77,280	119,057	168,116	72,755	116,905	164,160	73,541	120,797	168,053	80,640		
19	Overall ROR Per Docket (6)		7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	
20	Monthly Overall Rate of Return		0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	
21	Interest on True-up Balances - (Over) / Under		\$727	\$1,059	\$479	\$738	\$1,030	\$451	\$725	\$1,018	\$456	\$749	\$1,042	\$500		\$8,974
22	Total PSTAC (Over-Recov.) / Under-Recov. including Interest															\$38,537

Notes:
 40 (1) Total PSTAC True-up balance for Adelpia Sewer, per Schedule DWD-7a
 41 (2) Billed PSTAC revenues are based on actuals, except estimates utilized for October, 2019 through March 2020
 42 (3) The GRFT rate is not applicable to wastewater treatment costs. Uncollectible rate based on settlement Docket #WR17090985 and BPU and Rate Counsel expense factor per actual 2018 assessment rates
 43 (4) Line 23 of the current month plus line 27 of the prior month less line 12 of the current month.
 44 (5) ROR based on BPU Docket #WR17090985

New Jersey American Water Company
Statement of Adelphia Sewer Service PSTAC True Up Schedule - Revenue and Operating Expense - PSTAC Sewer Service
 PSTAC Year 4/1/18 - 3/31/19

Schedule JDH-7a
 PWAC Filing Year: 4/1/2018 - 3/31/2019
 Page 1

Line No.	Description	Note (1)												Total				
		Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19		Mar-19			
1	Purchased Wastewater Treatment																	
2	<u>Adelphia Sewer Service</u>																	
3	Total Billed PSTAC Revenue (2)		\$87,872	\$84,555	\$94,913	\$111,057	\$91,823	\$105,703	\$80,106	\$85,195	\$95,911	\$92,481	\$97,934	\$77,237	\$1,104,787			
4	GRFT tax rate (N/A) (3)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
5	Billed PSTAC Revenues net of GRFT		\$87,872	\$84,555	\$94,913	\$111,057	\$91,823	\$105,703	\$80,106	\$85,195	\$95,911	\$92,481	\$97,934	\$77,237	\$1,104,787			
6	Less: Uncollectible & BPU/Div Rate Counsel Exp. Factor (3)		0.9923	0.9923	0.9923	0.9923	0.9923	0.9923	0.9923	0.9926	0.9926	0.9926	0.9926	0.9926	0.9924			
7	PSTAC Rev net of GRFT, Uncoil., BPU/DRG exp. (line 6'6)		\$87,195	\$83,904	\$94,182	\$110,202	\$91,116	\$104,889	\$79,492	\$84,569	\$95,206	\$91,801	\$97,214	\$76,669	\$1,096,439			
8	Less: PSTAC True-up Under-recovery of \$39,105 from PSTAC Year 4/17-3/18 divided by 12 mos. (1)		3,256	3,259	3,259	3,259	3,259	3,259	3,259	3,259	3,259	3,259	3,259	3,259	39,105			
9	Total PSTAC Revenue net of Cost recoveries detailed above		83,939	80,645	90,923	106,943	87,857	101,630	76,233	81,310	91,947	88,542	93,955	73,410	1,057,334			
10	Total Purch Wastewater Treat. Exp As Adjusted - (per Schedule JDH-6, ln 22)		267,246	0	0	0	0	534,491	0	0	0	267,246	0	8,504	1,077,486			
11	Total PSTAC True-up Balance		\$183,307	(\$80,645)	(\$90,923)	(\$106,943)	(\$87,857)	(\$101,630)	\$458,258	(\$81,310)	(\$91,947)	\$178,704	(\$93,955)	(\$64,906)	\$20,152			
12	Interest Calculation																	
13	Total PSTAC Cumulative True-up Balance		\$219,156	\$135,252	\$41,070	(\$69,132)	(\$160,248)	(\$265,137)	\$189,862	\$105,293	\$10,087	\$185,531	\$88,317	\$20,152				
14	(Over-Recov) / Under-Recov (4)		129,131	177,204	88,161	(14,031)	(114,690)	(212,693)	(37,638)	147,577	57,690	97,809	136,924	54,235				
15	Average of the Current & Prior months Cumulative True-up Balances		7,5496%	7,5496%	7,5496%	7,5496%	7,5496%	7,5496%	7,5410%	7,4612%	7,4612%	7,4612%	7,4612%	7,4612%				
16	Overall ROR Per Docket (5)		0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.62%	0.62%	0.62%	0.62%	0.62%				
17	Monthly Overall Rate of Return		\$814	\$1,116	\$555	(\$88)	(\$723)	(\$1,340)	(\$237)	\$915	\$358	\$606	\$849	\$336				
18	Interest on True-up Balances - (Over) / Under																	
19	Total PSTAC (Over-Recov) / Under-Recov, including Interest																	
20																		

Notes:
 (1) March 2018 represents the Total PSTAC True-up balance for Adelphia Sewer per Schedule JDH-7a.
 (2) Billed PSTAC revenues are based on actuals.
 (3) The GRFT rate is not applicable to wastewater treatment costs. Uncollectible rate based on settlement Docket #16111065 prior to 10/29/2018. Updated 10/29/18 per Docket #WR17090985 and BPU rate counsel expense factor per actual assessment rates.
 (4) Line 23 of the current month plus line 27 of the prior month less line 12 of the current month.
 (5) The ROR utilized for 04/01/18 - 10/28/18 based on BPU Docket #WR15010035. ROR for 10/29/18 - 3/31/19 based on BPU Docket #WR17090985.

New Jersey-American Water Company, Inc.
 Statement of Ocean City Sewer Service Actual Purchased Wastewater Treatment Operating Expense - PSTAC Sewer Service
 PSTAC Year 4/1/19 - 3/31/20

New Jersey-American Water Company, Inc.
 BPU Docket No. WR1911
 Witness Responsible: Jamie D. Hawn

Line No.	Purchased Wastewater Treatment	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Total
1	Ocean City Sewer Service													
2	Accruals (2)	\$701,139	\$701,139	\$701,139	\$701,139	\$701,139	\$701,139	\$701,139	\$701,139	\$701,139	\$709,950	\$709,950	\$709,950	\$8,440,102
3	Total Bal. Purch. Wastewater Treatment	\$701,139	\$701,139	\$701,139	\$701,139	\$701,139	\$701,139	\$701,139	\$701,139	\$701,139	\$709,950	\$709,950	\$709,950	\$8,440,102
4	Adjustments													
5	Additions/Vouchers	\$0	\$0	\$2,103,417	\$0	\$2,103,417	\$0	\$2,103,417	\$0	\$0	\$0	\$0	\$2,129,850	\$8,440,102
6	Cape May County Municipal Utilities Authority - Vouchers												\$56,476	\$8,440,102
7	CMCMUA - 2019 Deficiency Charge Voucher (1)												\$0	\$8,440,102
8	Total of Additions	\$0	\$0	\$2,103,417	\$0	\$2,103,417	\$0	\$2,103,417	\$0	\$0	\$0	\$0	\$2,186,326	\$8,496,578
9	Eliminations													
10	Eliminate Accruals for Account	(\$701,139)	(\$701,139)	(\$701,139)	(\$701,139)	(\$701,139)	(\$701,139)	(\$701,139)	(\$701,139)	(\$701,139)	(\$709,950)	(\$709,950)	(\$709,950)	(\$8,440,102)
11	Total of Elimination	(\$701,139)	(\$701,139)	(\$701,139)	(\$701,139)	(\$701,139)	(\$701,139)	(\$701,139)	(\$701,139)	(\$701,139)	(\$709,950)	(\$709,950)	(\$709,950)	(\$8,440,102)
12	Total Purch. Wastewater Treat. Exp. As Adjusted	\$0	\$0	\$2,103,417	\$0	\$2,103,417	\$0	\$2,103,417	\$0	\$0	\$0	\$0	\$2,186,326	\$8,496,578

23 Notes
 24 (1) March 2020 Deficiency Charge per CMCMUA letter dated November 2019.
 25 (2) Journal Entries/accruals are based on actuals.

New Jersey-American Water Company, Inc.
 Statement of Ocean City Sewer Service PSTAC True Up Schedule - Revenue and Operating Expense - PSTAC Sewer Service
 PSTAC Year 4/1/19 - 3/31/20

New Jersey-American Water Company, Inc.
 BPU Docket No. WR1911
 Witness Responsible: Jamie D. Hawn

Line No.	Purchased Wastewater Treatment	Note (1) Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Total
1	Ocean City Sewer Service														
2	Total Billed PSTAC Revenue (2)		\$644,332	\$629,629	\$641,461	\$638,483	\$648,031	\$644,601	\$637,170	\$637,170	\$637,170	\$637,170	\$637,170	\$637,170	\$7,669,557
3	GRFT tax rate (N/A) (3)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4	Billed PSTAC Revenues net of GRFT		\$644,332	\$629,629	\$641,461	\$638,483	\$648,031	\$644,601	\$637,170	\$637,170	\$637,170	\$637,170	\$637,170	\$637,170	\$7,669,557
5	Less: Uncollectibles & BPU/Div. Rate Counsel Exp. Factor (3)		0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926
6	PSTAC Rev. net of GRFT, Uncoll., BPU/DRG exp (line 6*8)		\$639,595	\$625,000	\$636,745	\$633,789	\$643,267	\$639,862	\$632,485	\$632,485	\$632,485	\$632,485	\$632,485	\$632,485	\$7,613,168
7	Less: PSTAC True-up Over-recovery of (\$795,374) from PSTAC Year 4/18-3/19 divided by 12 mos (1)		(66,283)	(66,281)	(66,281)	(66,281)	(66,281)	(66,281)	(66,281)	(66,281)	(66,281)	(66,281)	(66,281)	(66,281)	(795,374)
8	Total PSTAC Revenue net of Cost recoveries detailed above		705,878	691,281	703,026	700,070	709,548	706,143	698,766	698,766	698,766	698,766	698,766	698,766	8,408,542
9	Total Purch. Wastewater Treat. Exp. As Adjusted - (per Schedule J-DH-8, ln. 19)		0	0	2,103,417	0	2,103,417	0	2,103,417	0	0	0	0	2,196,326	8,496,578
10	Total PSTAC True-up Balance		(\$795,374)	(\$2,059,969)	(\$593,297)	(\$1,227,086)	(\$233,065)	(\$406,798)	\$1,064,135	\$431,650	(\$200,835)	(\$833,320)	(\$1,465,805)	\$68,036	
11	(Over-Recovered) / Under-Recovered (ln. 17 - 16)		(1,115,172)	(1,747,469)	(1,326,633)	(910,191)	(497,011)	(86,867)	328,669	747,892	115,407	(517,078)	(1,149,563)	(688,885)	
12	Average of the Current & Prior months Cumulative True-up Balances		7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	
13	Overall ROR Per Docket (6)		0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	
14	Monthly Overall Rate of Return		(\$6,914)	(\$10,634)	(\$8,225)	(\$5,643)	(\$3,061)	(\$539)	\$2,038	\$4,637	\$716	(\$3,206)	(\$7,127)	(\$4,271)	(\$42,449)
15	Interest on True-up Balances - (Over) / Under														
16	Total PSTAC (Over-Recov.) / Under-Recov. including Interest														\$46,587

Notes:
 (1) March 2019 represents the Total PSTAC True-up balance for Ocean City Sewer per Schedule J-DH-9a
 (2) Billed PSTAC revenues are based on actuals except estimates utilized for October 2019 and March 2020.
 (3) The GRFT rate is not applicable to wastewater treatment costs. Uncollectible rate based on settlement Docket #WR17090985 and BPU and Rate Counsel expense factor per actual 2018 assessment rates.
 (4) Line 23 of the current month plus line 27 of the prior month less line 12 of the current month.
 (5) The ROR utilized based on BPU Docket #WR17090985.

New Jersey American Water Company
 Statement of Ocean City Sewer Service PSTAC True Up Schedule - Revenue and Operating Expense - PSTAC Sewer Service
 PSTAC Year 4/1/18 - 3/31/19

Line No.	Purchased Wastewater Treatment	Note (1) Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Total
2	Ocean City Sewer Service														
3	Total Billed PSTAC Revenue (2)		\$666,762	\$713,914	\$723,548	\$727,581	\$742,253	\$731,912	\$735,746	\$699,142	\$726,226	\$703,006	\$716,850	\$714,038	\$8,600,978
4	GRFT tax rate (N/A) (3)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5	Billed PSTAC Revenues net of GRFT		\$666,762	\$713,914	\$723,548	\$727,581	\$742,253	\$731,912	\$735,746	\$699,142	\$726,226	\$703,006	\$716,850	\$714,038	\$8,600,978
6	Less: Uncollectibles & BPU/Div Rate Counsel Exp Factor (3)		0.9923	0.9923	0.9923	0.9923	0.9923	0.9923	0.9923	0.9926	0.9926	0.9926	0.9926	0.9926	0.9924
7	PSTAC Rev. net of GRFT, Uncoll., BPU/Div exp. (line 6*8)		\$661,628	\$708,417	\$717,977	\$721,979	\$736,538	\$726,276	\$730,102	\$694,002	\$720,887	\$697,837	\$711,580	\$708,788	\$8,536,011
8	Less: PSTAC True-up Over-recovery of (\$347,724) from PSTAC Year 4/1/18-3/1/18 divided by 12 mos. (1)		(28,977)	(28,977)	(28,977)	(28,977)	(28,977)	(28,977)	(28,977)	(28,977)	(28,977)	(28,977)	(28,977)	(28,977)	(347,724)
9	Total PSTAC Revenue net of Cost recoveries detailed above		690,605	737,394	746,954	750,956	765,515	755,253	759,079	722,979	745,864	726,814	740,557	737,765	8,883,735
10	Total Purch. Wastewater Treat. Exp. As Adjusted - (per Schedule JDH-8, ln. 19)		0	0	2,195,280	0	2,195,280	0	2,195,280	0	0	0	0	1,534,395	8,120,235
11	Total PSTAC True-up Balance														
12	(Over-Recovered) / Under-Recovered (ln. 17 - 15)		(\$690,605)	(\$737,394)	\$1,448,326	(\$750,956)	\$1,425,765	(\$755,253)	\$1,436,201	(\$722,979)	(\$745,864)	(\$726,814)	(\$740,557)	(\$737,765)	(\$763,500)
13	Interest Calculation														
14	Total PSTAC Cumulative True-up Balance														
15	(Over-Recov) / Under-Recov (4)		(\$347,724)	(\$1,009,352)	(\$240,466)	(\$982,445)	\$496,297	(\$229,979)	\$1,235,199	\$541,197	(\$179,690)	(\$877,527)	(\$1,589,107)	(\$763,500)	
16	Average of the Current & Prior months Cumulative True-up Balances		(678,538)	(1,363,560)	(979,117)	(601,455)	(233,074)	133,159	502,610	888,198	180,753	(628,609)	(1,233,317)	(1,176,304)	
17	Overall ROR Per Docket (6)		7.5496%	7.5496%	7.5496%	7.5496%	7.5496%	7.5410%	7.5412%	7.4612%	7.4612%	7.4612%	7.4612%	7.4612%	
18	Monthly Overall Rate of Return		0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.62%	0.62%	0.62%	0.62%	0.62%	
19	Interest on True-up Balances - (Over) / Under		(\$4,275)	(\$8,590)	(\$6,168)	(\$3,789)	(\$1,468)	\$639	\$3,166	(\$5,507)	\$1,121	(\$3,277)	(\$7,647)	(\$7,293)	(\$31,874)
20	Total PSTAC (Over-Recov.) / Under-Recov. including Interest														
21															(\$796,374)

37 Notes
 38 (1) March 2018 represents the Total PSTAC True-up balance for Ocean City Sewer per Schedule DMD-9a
 39 (2) Billed PSTAC revenues are based on actuals.
 40 (3) The GRFT rate is not applicable to wastewater treatment costs. Uncollectible rate based on settlement Docket #18111065. Updated 10/29/18 per Docket #WR17090985 and BPU rate counsel expense factor per actual assessment rates per Actual Assessment Rates.
 41 (4) Line 23 of the current month plus line 27 of the prior month less line 12 of the current month
 42 (5) The ROR utilized for 04/01/18 - 10/28/18 based on BPU Docket #WR15010035. ROR for 10/29/18 - 3/31/19 based on BPU Docket #WR17090985

New Jersey-American Water Company, Inc.
Summary Statement of Pro Forma Purchased Wastewater Treatment Expense
PSTAC Year 4/1/2019-3/31/2020

New Jersey-American Water Company, Inc.
 BPU Docket No. WR1911
 Witness Responsible: Jamie D. Hawn

Schedule JDH-10
 PWAC Filing Year: 4/1/2019 - 3/31/2020
 Page 1

Line No.	Sewer Service Tariff Area / Vendor	Calendar Year 2020 Annual Charge	Projected Increase Effective 1/1/2021	Projected Calendar Year 2021 Annual Charge	Pro Forma PSTAC Year 4/1/20-3/31/21 Expense
	(1)	(2)	(3)	(4)	(5)
1	<u>Adelphia Sewer Service</u>				
2	Howell Township	\$1,128,649 (1)	2.13% (1a)	\$1,152,651	
3	<u>Annual Charge:</u>				
4	@ 9/12ths	846,486			
5	@ 3/12ths			288,163	
6	Pro forma Annual Cost PSTAC				\$1,134,649
7					
8					
9	Total Pro forma Costs PSTAC				<u>\$1,134,649</u>
10					
11	<u>Lakewood Sewer Service</u>				
12	Ocean County Utilities Authority	\$5,789,233 (2)	3.02% (2a)	\$5,963,875	
13					
14	<u>Annual Charge:</u>				
15	@ 9/12ths	4,341,925			
16	@ 3/12ths			1,490,969	
17	Pro forma Annual Cost PSTAC				\$5,832,894
18	OCUA's 2019 Estimated True-Up Deficiency Chg.				433,424 (3)
19					
20					
21	Total Pro forma Costs PSTAC				<u>\$6,266,318</u>
22					
23	<u>Ocean City Sewer Service</u>				
24	Cape May County Municipal Utilities Authority	8,519,399 (4)	0.23% (4a)	\$8,538,710	
25	<u>Annual Charge:</u>				
26	@ 9/12ths	6,389,549			
27	@ 3/12ths			2,134,678	
28	Pro forma Annual Cost PSTAC				\$8,524,227
29	CMCUA's 2019 Estimated True-Up Deficiency Chg.				0 (5)
30					
31					
32	Total Pro forma Costs PSTAC				<u>\$8,524,227</u>
33					
34					
35					
36	Total PSTAC Costs for Year				<u>\$15,925,194</u>

- Notes:
- (1) Actual consumption through September 2019 and estimated consumption based on a 3-year average for October 2019 thru February 2020
 - (1a) Reflects 3-year average of increases in total expenses for 2017, 2018, and 2019.
 - (2) Rate per OCUA letter dated July 2019 for 2020 Rate \$4,039 per million gallons times 3-year average usage.
 - (2a) Reflects 3-year average of increases in total expenses for 2017, 2018 and 2019.
 - (3) Estimate equal to 3-year average of 2016, 2017 and 2018 deficiency charge.
 - (4) Reflects 2020 amount per letter dated November 2019 from CMCMAA.
 - (4a) Reflects 3-year average in total expenses for 2017, 2018, and 2019.
 - (5) Estimating deficiency charge at \$0.

New Jersey-American Water Company, Inc.
Statement of Pro Forma PSTAC
PSTAC Year 4/1/2019-3/31/2020

New Jersey-American Water Company, Inc.
BPU Docket No. WR1911
Witness Responsible: Jamie D. Hawn

Schedule JDH-11
PWAC Filing Year: 4/1/2019 - 3/31/2020
Page 1

Line No.	(1)	(2) Regular Calc.
	CALCULATION of PSTAC Rates for Year 4/1/20-3/31/21 Without Compression (regular calc.)	
	<u>Lakewood Sewer Service</u>	
1	Pro Forma Purchased Wastewater Treatment Expense - PSTAC Year 4/01/2020-3/31/2021 (Schedule JDH-10)	\$6,266,318
2	PSTAC True-up from PSTAC Year 4/01/19-3/31/20 (Schedule JDH-5)	<u>325,349</u>
3	sub-total (lines 1 + 2)	\$6,591,667
4	Gross-up factor for Uncollectibles Exp. & Actual BPU / Div. Rate Counsel Assessments (1)	<u>0.9922</u>
5	PSTAC for Recovery 4/1/2020-3/31/2021 (line 3 / 4)	\$6,643,245
6	Total Projected Sewer Service Sales subject to PSTAC (1000 gallons) (2)	<u>1,405,578</u>
7	PSTAC per 1000 gallons (line 5 / 6) (3)	<u>\$4.7263</u>
	<u>Adelphia Sewer Service</u>	
8	Pro Forma Purchased Wastewater Treatment Expense - PSTAC Year 4/01/2020-3/31/2021 (Schedule JDH-10)	\$1,134,649
9	PSTAC True-up from PSTAC Year 4/01/19-3/31/20 (Schedule JDH-7)	<u>38,537</u>
10	sub-total (lines 8 + 9)	\$1,173,186
11	Gross-up factor for Uncollectibles Exp. & Actual BPU / Div. Rate Counsel Assessments (1)	<u>0.9922</u>
12	PSTAC for Recovery 4/1/2020-3/31/2021 (line 10 / 11)	\$1,182,366
13	Total Projected Sewer Service Sales subject to PSTAC (1000 gallons) (2)	<u>160,371</u>
14	PSTAC per 1000 gallons (line 12 / 13) (3)	<u>\$7.3727</u>
	<u>Ocean City Sewer Service</u>	
15	Pro Forma Purchased Wastewater Treatment Expense - PSTAC Year 4/01/2020-3/31/2021 (Schedule JDH-10)	\$8,524,227
16	PSTAC True-up from PSTAC Year 4/01/19-3/31/20 (Schedule JDH-9)	<u>45,587</u>
17	sub-total (lines 15 + 16)	\$8,569,814
18	Gross-up factor for Uncollectibles Exp. & Actual BPU / Div. Rate Counsel Assessments (1)	<u>0.9922</u>
19	PSTAC for Recovery 4/1/2020-3/31/2021 (line 17 / 18)	\$8,636,870
20	Total Projected Sewer Service Sales subject to PSTAC (1000 gallons) (2)	<u>320,489</u>
21	PSTAC per 1000 gallons (line 19 / 20) (3)	<u>\$26.9490</u>

Notes:

- (1) Uncollectible rate @ 0.49% per 3-year average of 2014-2016 uncollectible rates and actual 2019 assessment rates @ 0.286397% (combined) (BPU = 0.231133%, Rate Counsel = 0.055264%)
 Gross-up factor (100% - (0.49% + 0.286397%)) or 99.22%.
- (2) See Schedule JDH-11, page 2 for explanation of Projected Sewer Sales.
- (3) Gross-up for GRFT not applicable - wastewater treatment costs are deductible from Gross Receipts when computing GRFT.

New Jersey-American Water Company, Inc.
Pro Forma PSTAC-Supporting Sewer Service Sales Worksheet
PSTAC Year 4/1/2019-3/31/2020

New Jersey-American Water Company, Inc. Schedule JDH-11
BPU Docket No. WR1911 PWAC Filing Year: 4/1/2019 - 3/31/2020
Witness Responsible: Jamie D. Hawn Page 2

Pro forma Lakewood Sewer Service Sales:

Total Sales Lakewood
1,405,578 (1)
1,405,578

Pro forma Adelpia Sewer Service Sales:

Total Sales Adelpia
160,371 (2)
160,371

Pro forma Ocean City Sewer Service Sales:

Total Sales Ocean City
320,489 (3)
320,489

Notes:

- (1) Source: Average of customers' 2017, 2018 & 2019 actual wastewater consumption during the winter quarter, annualized. Also included is a usage adjustment to account for Lakewood minimum usage charges, which began 1/1/2011 as approved in Docket #WVR10040260. This usage adjustment is consistent with that exhibited in SIR-14, Workpaper 5S, page 2 of 10 in Docket #WVR17090985.
- (2) Source: Average of customers' 2017, 2018 & 2019 actual wastewater consumption.
- (3) Source: Average of 2017, 2018 and 2019 actual summer wastewater consumption.

Schedule JDH-15

New Jersey-Amecian Water Company, Inc.
 PWAC/PSTAC Filing Year 4/1/2019-3/31/2020
 Calculation of Revenue Increase

TOTAL REVENUES (Base + PWAC/PSTAC)

Base Rate Revenues per BPU Order Doc. #WR17090985

	Water	Sewer	Total
Water - Schedule C, page 2 - note (3)	601,248,677		\$601,248,677
Sewer - Schedule C, page 2			
Adelphia Sewer - Sch. C, page 18		1,167,889	1,167,889
Lakewood Sewer - Sch. C, page 17		7,850,592	7,850,592
Ocean City Sewer - Sch. C, page 16		5,154,251	5,154,251
Other Sewer Service not subject to PSTAC - Sch. C, pages 19-20		6,097,944	6,097,944
Total Base Rate Revenues per BPU Order	\$601,248,677	\$20,270,676	\$621,519,353

DSIC Rate Revenues per BPU Order Doc #WR17090985

	\$0	\$0	\$0
Total DSIC Rate Revenues per BPU Order	\$601,248,677	\$20,270,676	\$621,519,353

Pro Forma PWAC/PSTAC Present Rate Revenues per Current Filing

PWAC per Schedule JDH-3, Col.2, (In 22 * \$0.4453) + (In 30 * \$0.5145) - note (1)

PSTAC per Schedule JDH-11 (ref. cols and lines below) - note (2)

	Water	Sewer	Total
Adelphia Sewer - Col. 2, In 14 * \$6.8309		1,095,478	1,095,478
Lakewood Sewer - Col. 2, In 7 * \$4.6587		6,548,166	6,548,166
Ocean City Sewer - Col. 2, In 21 * \$23.8574		7,646,034	7,646,034
Total Pro Forma PWAC/PSTAC Revenue Increase	\$41,254,130	\$15,289,678	\$56,543,808

Total Present Rate Revenues (Base + DSIC + PWAC/PSTAC) per above

Water	\$642,502,807		\$642,502,807
Adelphia Sewer		2,263,367	2,263,367
Lakewood Sewer		14,398,758	14,398,758
Ocean City Sewer		12,800,285	12,800,285
Other Sewer Service not subject to PSTAC		6,097,944	6,097,944
Total Present Rate Revenues	\$642,502,807	\$35,560,354	\$678,063,161

Pro Forma PWAC/PSTAC Proposed Revenue Increase per Current Filing

PWAC	\$3,271,429		\$3,271,429
PSTAC Adelphia Sewer		86,888	86,888
PSTAC Lakewood Sewer		95,079	95,079
PSTAC Ocean City Sewer		990,836	990,836
Total Pro Forma PWAC/PSTAC Revenue Increase	\$3,271,429	\$1,172,803	\$4,444,232

Pro Forma PWAC/PSTAC Proposed Rev. Incr. % over current Total Present Rev.

PWAC	0.51%		0.51%
PSTAC Adelphia Sewer		3.84%	3.84%
PSTAC Lakewood Sewer		0.66%	0.66%
PSTAC Ocean City Sewer		7.74%	7.74%
Total Pro Forma PWAC/PSTAC Revenue Increase %	0.51%	3.30%	0.66%

Notes: (1) Present Rates on an Uncompressed basis per Schedule JDH-3 - Per Settlement, #WR1811241. Usage per JDH-3 lines 22 and 30.
 (2) Present Rates on an Uncompressed basis per Schedule JDH-11 - Per Settlement, #WR1811241. Usage per JDH-11.
 (3) Approx. \$60.6 mil. Of Base Revenues are not subject to PWAC (Fire Service, Uninter. Manasquan Serv., Emergency/Backup Bulk Rates and Other Operating Revenues)

New Jersey-American Water Company, Inc.
 PWAC & PSTAC Rate Filing - Bill Comparisons
 Usage in Gallons, Usage Rates in 1000 gallons
 Proposed Rates are Un-Compressed Rates

Service Area	Present Rates										6/8" Customer			
	Base Rates Eff. 10/29/18		PWAC Eff. 4/1/19		DSIC Eff. 10/29/18		PWAC (1)		Proposed		Monthly	Annual		
	Mon.Fix Serv. Chg. 5/8"	Usage Chg Rate	Usage Chg Rate	Usage Chg. 5/8"	Usage Chg Rate	Usage Chg. 5/8"	Usage Chg Rate	Usage Chg Rate	Monthly Bill	Annual Bill				
Statewide - GMS	6,000	\$16.85	\$6.1005	\$0.5145	\$0.00	\$6.54	\$678.48				\$0.24	0.42%	\$2.88	0.42%
Statewide - SFR	6,000	16.85	6.0505	0.5145	0.00	56.24	674.88				0.24	0.43%	2.88	0.43%
SA1-B, SA1-C	6,000	16.85	5.3000	0.5145	0.00	51.74	620.88				0.24	0.46%	2.88	0.46%
SA1-E*	6,000	8.00	6.1005	0.5145	0.00	50.66	607.92				0.24	0.47%	2.88	0.47%

* Block rates first 2,700 gallons at \$0.61005, over 2,700 gallons at \$0.70000.

Adelphia Sewer Rates	Present Rates										5/8" Customer			
	Base Rates Eff. 10/29/18		PSTAC Eff. 4/1/19		Present		Proposed		Present		Monthly	Annual		
	Mon.Fix Serv. Chg Rate	Usage Chg Rate	Mon.Fix Serv. Chg Rate	Usage Chg Rate	Monthly Bill	Annual Bill	Monthly Bill	Annual Bill	Monthly	Annual				
Monthly Bill Calculation	4,000	\$10.38	\$4.0340	\$6.8303	\$27.32	\$63.84	\$646.08				\$2.17	4.03%	\$26.04	4.03%

Ocean City Sewer Rates	Present Rates										5/8" Customer			
	Base Rates Eff. 10/29/18		PSTAC Eff. 4/1/19		Present		Proposed		Present		Monthly	Annual		
	Mon.Fix Serv. Chg Rate	Usage Chg Rate	Mon.Fix Serv. Chg Rate	Usage Chg Rate	Monthly Bill	Annual Bill	Monthly Bill	Annual Bill	Monthly	Annual				
Annual Usage	44,000	\$11.8980	\$11.2690	\$23.8574	\$477.16	\$65.50	\$786.04				\$5.16	7.88%	\$61.92	7.88%

Notes (1) Applicable to each month's current usage
 (2) Applicable to prior year's summer quarter usage.

Lakewood Sewer Rates	Present Rates										5/8" Customer			
	Base Rates Eff. 10/29/18		PSTAC Eff. 4/1/19		Present		Proposed		Present		Monthly	Annual		
	Mon.Fix Serv. Chg Rate	Usage Chg Rate	Mon.Fix Serv. Chg Rate	Usage Chg Rate	Monthly Bill	Annual Bill	Monthly Bill	Annual Bill	Monthly	Annual				
Monthly Bill Calculation	6,000	\$14.17	\$3.6390	\$4.6597	\$27.95	\$63.96	\$767.40				\$0.41	0.64%	\$4.92	0.64%

(1) Exempt PWAC rate of \$0.4806 per 1000 gallons

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STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE PETITION OF NEW	)	ORDER ADOPTING ORDER TO
JERSEY-AMERICAN WATER COMPANY, INC.	)	BIFURCATE PARTIAL INITIAL
FOR APPROVAL OF INCREASED TARIFF	)	DECISION SETTLEMENT AND
RATES AND CHARGES FOR WATER AND	)	REMANDING THE PROPOSED
WASTEWATER SERVICE, CHANGE IN	)	PLANT ACQUISITION ADJUSTMENT
DEPRECIATION RATES AND OTHER TARIFF	)	ISSUES
MODIFICATIONS)	
)	
)	
	)	DOCKET NO. WR17090985
	)	OAL DOCKET NO. PUC 14251-2017S

Parties of Record:

Ira G. Megdal, Esq., Cozen O'Connor, P.C., on behalf of New Jersey-American Water Company, Inc.
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
William R. Holzapfel, Esq., City Attorney, City of Elizabeth
Jay L. Kooper, Esq., Middlesex Water Company
Stephen B. Genzer, Esq., Saul Ewing Arnstein & Lehr, on behalf of Aqua NJ
Bradford M. Stern, Esq., Rothfelder Stern, LLC, on behalf of Phillips 66 Company, Cogen Technologies Linden Venture L.P., Johanna Foods, Inc., Princeton University, and Rutgers, The State University of New Jersey
Anthony R. Francioso, Esq., Fornaro Francioso, LLC, on behalf of the Mount Laurel Township Municipal Utilities Authority

BY THE BOARD:

BACKGROUND/PROCEDURAL HISTORY

On September 14, 2017, New Jersey-American Water Company ("NJAWC," "Company," or "Petitioner") filed with the New Jersey Board of Public Utilities ("Board") a petition, testimony and exhibits (collectively, "Petition") requesting an increase in operating revenues of \$129.3 million, or approximately 17.54% over projected pro-forma rate revenues.

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Petitioner serves approximately 631,000 water and fire service customers and approximately 41,000 sewer service customers. The increase in rates was proposed to become effective on October 15, 2017.¹ In the Petition, NJAWC proposed a test-year ending March 31, 2018. The Petition as originally filed was based upon five months of actual and seven months of estimated data. On January 15, 2018, NJAWC filed an update based on nine months actual and three months estimated data. NJAWC filed an additional update on April 23, 2018 based on 12 months actual data. Both updates included supplemental testimony.

On September 27, 2017, the Board transmitted this matter to the Office of Administrative Law ("OAL") as a contested case and on October 20, 2017, the Board issued an Order suspending NJAWC's proposed rate increase until February 15, 2018. By a second suspension order dated January 31, 2018, the proposed rate increase was suspended until June 15, 2018. This matter was assigned to Administrative Law Judge ("ALJ") Jacob S. Gertsman. On December 18, 2017, ALJ Gertsman issued a Prehearing Order establishing procedures and hearing dates for the conduct of this case. ALJ Gertsman issued an Order Establishing Revised Prehearing Submission Deadlines on May 23, 2018.

Motions to intervene were filed by the following parties (collectively, "Intervenors") and were unopposed: Rutgers, the State University ("Rutgers"), Princeton University, Phillips 66 Company, Johanna Foods, Inc., and Cogen Technologies Linden Venture, L.P. (collectively, "OIW"); Middlesex Water Company ("Middlesex"); Mount Laurel Township Municipal Utilities Authority ("Mount Laurel"); Aqua New Jersey, Inc. ("Aqua"); and City of Elizabeth. The motions to intervene filed by the OIW, with the exception of Rutgers, Middlesex, Aqua, and the City of Elizabeth, were granted by Orders dated December 18, 2017, which were subsequently amended on January 16, 2018. Rutgers and Mount Laurel were granted intervenor status by Orders dated January 16, 2018 and February 28, 2018, respectively. On May 31, 2018, AARP filed a motion to participate, which was unopposed. ALJ Gertsman granted AARP leave to participate on June 8, 2018. On July 2, 2018, the New Jersey Utility Shareholders Association ("NJUSA") filed a motion to participate. On August 1, 2018, ALJ Gertsman entered an Order granting NJUSA's motion to participate, which Order was amended on August 3, 2018 to correct a typographical error.

After proper notice to the general public in newspapers of general circulation and after service of notice upon affected municipalities and counties within NJAWC's service area, four public hearings were held. One public hearing was held on January 8, 2018 at 1:00 p.m. in Westfield, New Jersey; two public hearings were held on January 10, 2018 at 1:00 p.m. in Ocean City, New Jersey and at 6:00 p.m. in Howell Township, New Jersey; and one public hearing was held on January 16, 2018 at 6:00 p.m. in Haddonfield, New Jersey. A representative of NJUSA attended the hearing in Haddonfield and entered a statement on the record that requested that the process for granting NJAWC new rates be fair and balanced, taking into account the interests of New Jersey utility shareholders and ratepayers. Members of the public also attended and spoke at the Howell Township hearing in general opposition to the proposed rate

¹ On September 22, 2017, the Company filed a letter with the Board via electronic mail stating that it would not implement rates on an interim basis prior to the effective date of the Board's suspension Order resulting from the Board's October 20, 2017 agenda meeting. However, the Company stated that it did not waive its "right to implement the proposed rates at the conclusion of the eight month suspension period on June 15, 2018 should the Board not issue a final Decision and Order by that date." Id.

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increase. No members of the public attended the Westfield or Ocean City hearings. In addition, the Board received over 100 written comments in opposition to the Petition.

On February 8, 2018, NJAWC filed supplemental direct testimony related to the Tax Cuts and Jobs Act of 2017. On April 13, 2018, the New Jersey Division of Rate Counsel ("Rate Counsel") and certain Intervenors filed direct testimony and on May 11, 2018, NJAWC filed rebuttal testimony. Evidentiary hearings took place on June 11, 13, 14, and 18, 2018. Prior to the expiration of the second suspension period, NJAWC provided notice that it would implement interim rates. On May 18, 2018, Rate Counsel filed a motion requesting the Board issue an Order rejecting the Company's proposed provisional Rates. The motion was opposed by the Company. The Board issued an Order denying Rate Counsel's request on June 22, 2018. The Company implemented interim rates that included a \$75 million increase, effective June 15, 2018, in accordance with N.J.A.C. 14:1-5.12(f). This resulted in a 12.323% increase applied equally to all rate classes using the existing rate design for the utility approved by the Board, pursuant to N.J.A.C. 14:1-5.12(e)(2).

On July 3, 2018, Rate Counsel submitted a letter to ALJ Gertsman alerting him of a report that the Staff of the New York Public Service Commission ("PSC"), Department of Public Service ("DPS") had issued ("Staff Report") regarding certain oral testimony and discovery responses that employees of American Water Works Service Company, Inc. ("Service Company") submitted to the PSC in connection with the base rate case of New York-American Water Company, Inc. ("NYAWC"). One Service Company employee had submitted pre-filed testimony, answered discovery, and testified at the evidentiary hearings in this case. Another had submitted pre-filed testimony and answered discovery, and his pre-filed testimony was adopted by a different witness in this case. Both such employees separated from the Service Company before the conclusion of the evidentiary hearings here. In its letter, Rate Counsel requested that, as a result of the Staff Report, ALJ Gertsman order NJAWC to review the testimonies of the two witnesses and provide a certification that their testimonies were complete and free of errors or omissions. Board Staff sent a separate letter on July 10, 2018 requesting that ALJ Gertsman order NJAWC to verify all testimony and discovery responses submitted in evidence in this case (collectively, Board Staff and Rate Counsel letters are referenced as "Letters").

On July 25, 2018, the Board held its regularly scheduled Board meeting at which time President Joseph L. Fiordaliso ordered NJAWC to conduct an independent certification of the numbers that NJAWC had submitted in support of its Petition.

ALJ Gertsman held a limited-purpose hearing on August 1, 2018 regarding the issues raised by Rate Counsel and Board Staff in the Letters. At the August 1, 2018 hearing, NJAWC moved additional exhibits into evidence, including a certification of the accuracy of the record by NJAWC President Deborah A. Degillio, which appended supporting certifications. Ms. Degillio also provided direct testimony and was cross-examined. Thereafter, NJAWC retained its auditor, Price Waterhouse Coopers ("PwC"), to perform an Agreed Upon Procedures Engagement regarding the Schedules, applicable SIRs, and utility plant asset records in Power Plant for the Haddonfield and Shorelands acquisitions for which NJAWC claimed recognition in connection with the Petition. PwC subsequently agreed to include in its engagement those discovery responses received in evidence in this proceeding. PwC agreed to reconcile all of these items to NJAWC's general ledger to the extent applicable. It also determined the extent to which NJAWC's proposed post-test year plant additions recorded on NJAWC's books and records. As to Haddonfield and Shorelands, PwC agreed to verify that correct amounts were

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transposed when entered into NJAWC's books and records. On August 31, 2018, PwC issued a Report of Independent Accountants, which was subsequently admitted into the record.

PARTIAL STIPULATION

After discovery and comprehensive settlement discussions, on October 16, 2018, the Company, Board Staff, Rate Counsel, and OIW (collectively, "Parties") reached a stipulation of settlement with regard to the revenue requirement and rate and tariff design ("Partial Stipulation"), among other items. The Parties were unable to reach an agreement with regard to certain plant acquisition adjustments and agreed to brief the issue before ALJ Gertsman. The key elements of the Partial Stipulation are as follows:²

The Parties agree that the test year ending March 31, 2018, adjusted for known and measurable changes, is appropriate for use in this case.

The Parties agree that NJAWC's revenues from base rates should be increased by \$40.0 million, and provisional rates that were effective June 15, 2018 will decrease by \$35.0 million effective for service rendered on and after October 29, 2018, or on such other date as the Board deems appropriate. The Parties stipulate that \$642.2 million is the pro forma revenues to which the \$40.0 million increase will apply. The revenue requirement is portrayed on Schedule A to the Partial Stipulation.

The Parties agree that NJAWC's new Distribution Service Improvement Charge ("DSIC") Foundational Filing, submitted on November 16, 2017 in Docket No. WR17111183 must be approved by the Board before any new DSIC investment and/or DSIC rate recovery can occur and that the DSIC rate shall be reset to zero with Partial Settlement.

The Parties agree to a rate base of approximately \$2.95 billion. The Parties agree that an appropriate overall rate of return is 7.4612%, based upon a 54% common equity component of the capital structure with a cost rate of 9.60%. The long-term debt component of the capital structure is 46% with a cost rate of 4.9504%. The stipulated revenue requirement reflects an adjustment for consolidated federal income taxes.

The Parties agree that NJAWC's rate case expenses will be shared 50/50 between NJAWC and ratepayers, and normalized over two and one half years.

The Parties agree that any costs incurred as a consequence of the PSC investigation, including but not limited to severance payments and legal fees, or the PwC Report, shall not be borne by ratepayers in this or any subsequent proceeding.

The Parties agree that NJAWC's water composite depreciation rate will be established at 2.45% and the sewerage composite depreciation rate will be established at 1.86%. This water depreciation rate reflects the continued return

² Although summarized in this Order, the detailed terms of the Partial Stipulation control, subject to the findings and conclusions of this Order.

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to customers of a Non-Legal Asset Retirement Obligation of \$48,000,000 at \$1,200,000 a year over a 40 year period as established in the Stipulation of Settlement in NJAWC's 2008 base rate proceeding at Docket No. WR08010020. This rate further reflects a net negative salvage utilizing the Average Net Salvage Allowance method calculated over three years.

PLANT ACQUISITION ADJUSTMENTS

Before the filing of the Petition in this Docket, NJAWC had acquired Shorelands and the water and wastewater assets of Haddonfield. The acquisition price for Shorelands exceeded the original cost less depreciation of Shorelands. NJAWC also paid a premium over original cost less depreciation for the Haddonfield system assets. As a result, NJAWC proposed full rate base recognition of the Shorelands purchase price in this case, including an acquisition adjustment and full rate base recognition of the Haddonfield system assets, including rate base recognition of an acquisition adjustment. NJAWC proposed to amortize both acquisition adjustments over a period of 40 years.

The Parties agree that the Partial Stipulation does not resolve the issue of whether NJAWC is permitted to recognize the proposed acquisition adjustments for Shorelands and Haddonfield ("Acquisition Adjustments"). It is understood and agreed that the Parties will continue to litigate the proposed Acquisition Adjustments before Judge Gertsman. Evidentiary hearings have been concluded, and a briefing schedule has been established by Judge Gertsman.

PROVISIONAL RATE CREDIT

NJAWC implemented provisional rates in accordance with N.J.A.C. 14:1-5.12(f) on June 15, 2018. In further accordance with those regulations, once final Board-approved base rates and the effective date are determined, NJAWC will return any over-recovery, plus interest over a period of 30 days from the date of a Board Order accepting the Partial Stipulation utilizing the following methodology: the Company will calculate the amount due to each customer as applicable, for the period provisional rates were effective. The calculation of the difference between the implemented provisional annual rate increase totaling \$75 million and the final annual rate increase in the Partial Stipulation totaling \$40 million will be prepared for each customer bill and each applicable charge within the bill. The Company will calculate interest on the over-recovery balance consistent with N.J.A.C. 14:3-13.3. The Company will then allocate the total interest accrued on the over-recovery across the customer refunds based on the proportion due each customer to the total Company over-recovery. The resulting customer credit will be reflected as a unique line item on applicable customer bills. Should a customer who has been subject to provisional rates terminate service before the credits are issued, and if the customer does not have an outstanding balance due, the customer will receive a check for the amount of the credit.

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

Class Revenue Increases:

The Parties stipulate the General Metered Service ("GMS") rates for a typical residential customer using 6,000 gallons per month (includes PWAC) for Service Area-1 ("SA-1") shall increase by \$2.76 per month; for SA-2, SA-3 Main, SA-1A by \$3.59 per month; for SA-2 Manville by \$6.04 per month; for SA-3 Southampton by \$8.16 per month; for SA-1B Pennsgrove by \$7.56 per month; for SA-1C Shorelands by \$7.01 per month; and for SA-1E Haddonfield by \$4.99 per month. Rates of commodity-demand shall increase 6.41% overall. Rates for the OIW customers will increase 6.41% overall. Rates for the Manasquan customers shall increase approximately 1.86% overall. Rates for the Sales to Other Systems ("SOS") customers will increase 6.41% overall.

Private Fire Protection Service:

The overall revenue increase for Private Fire Protection Service is 3.90%. The rate increases will vary within the rate classification depending upon the rate schedules and the type of service contracted for.

Public Fire Protection Service:

The overall revenue increase for Public Fire Protection Service is 6.03%. The rate increases will vary within the rate classification depending upon the rate schedules and the type of service contracted for.

Customer Charges (Fixed Service Charges):

The monthly customer charges for all service areas will be set at \$16.85 per month (non-exempt) for a 5/8 inch meter.

Sewer Service Revenue:

The Parties stipulate that sewer service revenues based on 5/8 inch meter (6,000 gallons per month) for the Company's Adelpia Sewer Service Area shall decrease by \$1.87 per month; the Lakewood Sewer Service Area shall increase by \$2.57 per month; the Ocean City Service Area shall increase by \$1.65 per month; and the Haddonfield Sewer Service Area will see an increase of \$2.70 per month. The Parties stipulate that the Jensen's Deep Run sewer customers will see an increase of \$2.16 per month.

Aqua, Middlesex, Mount Laurel and the City of Elizabeth indicated that they did not object to the Stipulation by correspondence dated October 16, 2018.

On October 18, 2018, ALJ Gertsman issued his Order To Bifurcate Partial Initial Decision Settlement ("Initial Decision") in this matter recommending adoption of the Partial Stipulation executed by the Parties, finding that the Parties had voluntarily agreed to the Partial Stipulation

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and that the Partial Stipulation fully disposes of all issues, except for the acquisition adjustments, and is consistent with the law.

DISCUSSION AND FINDINGS

The Board is mindful of the impact any rate increase has on its customers. However, having reviewed the record in this matter, including ALJ Gertsman's Initial Decision and the Partial Stipulation, the Board **FINDS** that the Parties have voluntarily agreed to the Partial Stipulation, and that the Partial Stipulation fully disposes of all issues, except for the acquisition adjustments in this proceeding, and is consistent with the law. In reaching this decision, the Board must balance the needs of the ratepayer to receive safe, adequate and proper service at reasonable rates, while allowing the utility the opportunity to earn a fair rate of return. See FPC v. Hope Natural Gas, 320 U.S. 591 (1944); N.J.S.A. 48:2-21 and N.J.S.A. 48:3-1. Therefore, the Board **FINDS** the Initial Decision, which adopts the Partial Stipulation, to be reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Initial Decision and the Partial Stipulation, attached hereto, including all attachments and schedules, as its own, incorporating by reference the terms and conditions of the Partial Stipulation, as if they were fully set forth at length herein, subject to the following:

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

The Board notes that pursuant to N.J.A.C. 14:9-10.1 et seq., NJAWC's new DSIC Foundational Filing, submitted on November 16, 2017 in Docket No. WR17111183, is being approved today by a separate Board Order and that the current DSIC rate shall be reset to zero.

Based upon the forgoing, the Board **HEREBY APPROVES** an overall increase in revenues in the amount of \$40,000,000 representing a 6.23% increase above Company revenues.

The Board **HEREBY ORDERS** the Company to submit complete revised tariffs conforming to the terms and conditions of the Partial Stipulation and this Order within ten (10) days from the date of this Order.

The Board **HEREBY REMANDS** this matter to the OAL for any appropriate proceedings on the outstanding issues concerning the plant acquisition adjustments.

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This Order shall be effective on October 29, 2018.


DATED: 10/29/18

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT


MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER


ROBERT M. GORDON
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
SECRETARY

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

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**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 14251-2017S**

SERVICE LIST

Ira G. Megdal, Esq.
Cozen O'Connor
457 Haddonfield Road, Suite 300
Post Office Box 5459
Cherry Hill, NJ 08002
imegdal@cozen.com

Anthony R. Francioso, Esq.
Fornaro Francioso, LLC
98 Franklin Corner Road
Lawrenceville, NJ 08648
afrancioso@fornarofrancioso.com

Jay L. Kooper
VP, General Counsel and Secretary
Middlesex Water Company
1500 Ronson Road
Iselin, NJ 08830
jkooper@middlesexwater.com

Bradford M. Stern, Esq.
Rothfelder Stern, LLC
22 Lakeview Hollow
Cherry Hill, NJ 08003
bstern@rothfelderstern.com

William R. Holzapfel, City Attorney
City of Elizabeth – City Hall
50 Winfield Scott Plaza
Elizabeth, NJ 07201
wholzapfel@elizabethnj.org

Stephen B. Genzer, Esq,
Saul Ewing Arnstein & Lehr
1037 Raymond Blvd, Suite 1520
Newark, NJ 07102-5426
Stephen.genzer@saul.com

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
sbrand@rpa.nj.gov

Alex Moreau, Esq.
Deputy Attorney General
Department of Law & Public Safety
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029
alex.moreau@law.njoag.gov

Aida Camacho-Welch
Secretary of the Board
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Board.secretary@bpu.nj.gov

Maria L. Moran, Director
Division of Water
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Maria.moran@bpu.nj.gov



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

ORDER TO BIFURCATE
PARTIAL INITIAL DECISION
SETTLEMENT

OAL DKT. NO. PUC 14251-17
AGENCY DKT. NO. WR17090985

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

Ira G. Megdal, Esq., for petitioner, New Jersey American Water Company, Inc. (Cozen
O'Connor, attorneys)

Andrew Kuntz and Emma Xiao, Deputy Attorneys General, for Staff of the Board of
Public Utilities (Gurbir S. Grewal, Attorney General of New Jersey, attorney)

Susan E. McClure and Christine Juarez, Assistant Deputies Rate Counsel, for
Division of Rate Counsel (Stefanie A. Brand, Director)

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

OAL DKT. NO. PUC 14251-17

Jay L. Kooper, Vice President, General Counsel and Secretary, for intervenor, Middlesex Water Company

Stephen B. Genzer, Esq., for intervenor, Aqua New Jersey, Inc. (Saul Ewing Arnstein & Lehr, attorneys)

William R. Holzapfel, Esq., City Attorney, for intervenor, City of Elizabeth

Anthony R. Francioso, Esq., for intervenor, Mount Laurel Municipal Utilities Authority, (Fomaro Francisco, attorneys)

Janine G. Bauer, Esq., for participant, AARP (Szaferman, Lakind, Blumstein & Blader, attorneys)

James H. Laskey, Esq., for participant, New Jersey Utility Shareholders Association (NJUSA) (Norris McLaughlin & Marcus, attorneys)

Record Closed: October 16, 2018

Decided: October 18, 2018

BEFORE **JACOB S. GERTSMAN**, ALJ *vs*:

This proceeding involves a petition by the New Jersey American Water Company (Company) for an increase in tariff rates and charges for water and wastewater service, to change its depreciation rates, and to implement certain other tariff revisions pursuant to N.J.S.A. 48-2-18; N.J.S.A. 48-2-21; N.J.S.A. 48-2-21.1; N.J.A.C. 14:1-5.7 and N.J.A.C. 14:1-5.12, with the Board of Public Utilities.

The matter was transmitted to the Office of Administrative Law on September 28, 2017, for determination as a contested case, pursuant to N.J.S.A. 52:14B-1 to -15 and N.J.S.A. 52:14F-1 to -13, and assigned to the undersigned, who conducted the initial case management conference on November 2, 2017.

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Motions to intervene were filed by: Cogen Technologies Linden Venture, L.P., (Cogen) on October 23, 2017; Middlesex Water Company (Middlesex) on October 23, 2017; Princeton University (Princeton) on October 25, 2017; Phillips 66 Company (Phillips) on October 30, 2017; Johanna Foods, Inc. (Johanna) on November 1, 2017; Aqua New Jersey, Inc. (Aqua) on November 9, 2017; the City of Elizabeth (Elizabeth) on November 13, 2017; Rutgers, the State University of New Jersey (Rutgers) on December 20, 2017; and Mount Laurel Municipal Utilities Authority (Mount Laurel) on January 26, 2018. Cogen, Middlesex, Princeton, Phillips, Johanna, Aqua, Elizabeth, Rutgers and Mount Laurel were granted intervenor status.

Motions to participate were filed by AARP on May 31, 2018, and the New Jersey Utility Shareholders Association (NJUSA) on July 2, 2018. AARP and NJUSA were granted participation status.

Duly-noticed public hearings were held in Westfield, New Jersey, on January 8, 2018; Howell, New Jersey, on January 10, 2018; Ocean City, New Jersey, on January 10, 2018; and Haddonfield, New Jersey on January 16, 2018. Several members of the public appeared at the Howell hearing, and spoke in general opposition to the Company's proposed increase. No members of the public spoke in support to the Company's proposed increase. All comments were transcribed and made a part of the record. No members of the public appeared at the Westfield, Ocean City, or Haddonfield, New Jersey hearings.

Evidentiary hearings were held on June 11, 13, 14, 18, 19, 21, and 25, 2018, August 1, 2018, and September 25, 2018.

Following settlement conferences and continued discussion, the parties filed on October 16, 2018, a Stipulation of Settlement (J-1) which resolves all issues in dispute with the exception of whether the company is permitted to recognize the proposed acquisition adjustments of Shorelands and Haddonfield (the "Acquisition Adjustments").

Said Stipulation of Settlement has been signed by petitioner, respondents, Staff of the Board of Public Utilities, Division of Rate Counsel, intervenors, Cogen, Phillips, Johanna, Princeton, and Rutgers, which indicates the terms of settlement, and is attached and fully

OAL DKT. NO. PUC 14251-17

incorporated herein. Intervenors, Elizabeth, Middlesex, Mount Laurel, and Aqua, filed letters of no objection on October 16, 2018.

On an October 10, 2018 phone conference, and reiterated in the stipulation, the parties requested that the issues resolved in the stipulation be returned to the Board for final action, while the Acquisition Adjustments would be the subject of further litigation.

N.J.A.C. 1:1-14.6 (e) provides:

The judge may bifurcate hearings whenever there are multiple parties, issues or claims, and the nature of the case is such that a hearing of all issues in one proceeding may be complex and confusing, or whenever a substantial saving of time would result from conducting separate hearings or whenever bifurcation might eliminate the need for further hearings.

Here, the parties have come to a resolution on the majority of the issues in this matter, which will have a direct and immediate impact not only on the parties, but on the ratepayers as well. The terms of the stipulation states that any impact from the Acquisition Adjustments would be deferred upon the company's books, and recovered in the company's next rate case, and would therefore have no impact on the issues settled in the stipulation. Accordingly, I **CONCLUDE** that the bifurcation of the issues agreed to in the stipulation from the Acquisition Adjustment issue would result in a substantial saving of time in the final resolution of the settled issues in this matter.

Therefore, I hereby **ORDER** that the issues agreed to in the stipulation be bifurcated from the Acquisition Adjustment issue, which will be subject to continued litigation.

I have reviewed the record and terms of settlement, and with respect to the issues agreed to in the stipulation, I **FIND**:

1. The parties have voluntarily agreed to the settlement as evidenced by their signatures on the settlement agreement, attached hereto as Exhibit J-1.

OAL DKT. NO. PUC 14251-17

2. The settlement fully disposes of all issues in controversy set forth in the stipulation between the parties and is consistent with the law.

I hereby **FILE** my partial initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

October 18, 2018
DATE



JACOB S. GERTSMAN, ALJ t/a

Date Received at Agency: October 18, 2018

Date Mailed to Parties: October 18, 2018

nd

OAL DKT. NO. PUC 14251-17

APPENDIX

EXHIBITS

Jointly Submitted:

J-1 Settlement Agreement

**SAUL EWING
ARNSTEIN
& LEHR^{LLP}**

Stephen B. Genzer
Phone: (973) 286-6712
Fax: (973) 286-6812
Stephen.Genzer@saul.com
www.saul.com

October 17, 2018

VIA FACSIMILE and FED.EX.

Honorable Jacob S. Gertsman, ALJ
Office of Administrative Law
3444 Quakerbridge Road
Quakerbridge Plaza, Building 9
Mercerville, NJ 08619

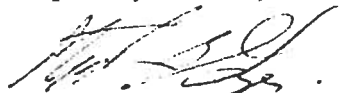
Re: In the Matter of the Petition of New Jersey-American Water Company, Inc.
for Approval of Increased Tariff Rates and Charges for Water and Wastewater
Service, Change in Depreciation Rates, and Other Tariff Modifications
BPU Docket No. WR17090985
OAL Docket No. PUC 14251-17 S

Dear Judge Gertsman:

This firm represents Aqua New Jersey, Inc. ("Aqua"), an intervenor in the above-referenced matter. While Aqua will not be signing the Stipulation submitted to Your Honor, we do not object to its approval.

Thank you for your attention to this matter.

Respectfully submitted,



Stephen B. Genzer

SBG/jg
cc: Attached Service List (via email only)

FORNARO FRANCIOSO LLC
COUNSELLORS AT LAW

RICHARD D. FORNARO*
ANTHONY R. FRANCIOSO*

Of Counsel
KATHI FEN A. FRANCIOSO*

1540 KUSER ROAD, A-1
HAMILTON, NEW JERSEY 08619
TELEPHONE 609-584-6104 ♦ TELEFAX 609-584-2709

*MEMBERS OF THE NEW JERSEY & PENNSYLVANIA BAR

October 16, 2018

The Honorable Jacob S. Gertsman, ALJ
Office of the Administrative Law
P.O. Box 049
Trenton, New Jersey 08625

RE: I/M/O 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 Provisions
BPU Docket No. WR17090985
OAL Docket No. PUC 14251-2017 S

Dear Judge Gertsman:

Please accept this letter on behalf of the Mount Laurel Township Municipal Utilities Authority.
The purpose of this letter is to advise Your Honor that the Mount Laurel Township Municipal Utilities
Authority will not be a signatory to the Stipulation of Settlement but will not oppose same.

Thank you for Your Honor's consideration of this correspondence.

Very truly yours,
FORNARO FRANCIOSO LLC

Anthony R. Francioso, Esq.

ARF/id

c: Service List (Via Electronic Mail)



THE MIDDLESEX WATER ENTERPRISE

Middlesex Water Company • Pinelands Water & Wastewater Company • Southern Shores Water Company • Tidewater Utilities, Inc. • Tidewater Environmental Services, Inc.
Twin Lakes Utilities, Inc. • Utility Service Affiliates, Inc. • Utility Service Affiliates (Anston) • Utility Service Affiliates (Perth Amboy) Inc. • White Marsh Environmental Systems, Inc.

October 16, 2018

The Honorable Jacob S. Gertsman
Administrative Law Judge
New Jersey Office of Administrative Law
3444 Quakerbridge Road
Quakerbridge Plaza, Building 9
Mercerville, NJ 08619

**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 14251-2017S**

Dear Judge Gertsman:

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

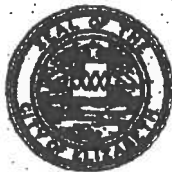
Respectfully submitted,



Jay L. Kooper
Vice President, General Counsel & Secretary

JLK:sm

cc: Service List (via e-mail)



CITY OF ELIZABETH, NEW JERSEY
DEPARTMENT OF LAW
City Hall
50 Winfield Scott Plaza
Elizabeth, New Jersey 07201-2462
Phone: (908) 820-4009 Fax (908) 352-8658

J. CHRISTIAN BOLLWAGE
Mayor

RAYMOND T. BOLANOWSKI
First Assistant City Attorney

ROCCO DIPAOLA
Second Assistant City Attorney

WILLIAM R. HOLZAPFEL
City Attorney

ROBERT J. LENAHAN, JR.
Special Counsel

JORGE A. ESTRADA
Special Counsel

October 16, 2018

The Honorable Jacob S. Gertsman,
Administrative Law Judge
New Jersey Office of the Administrative Law
3444 Quakerbridge Road
Quakerbridge Plaza, Building 9
Mercerville, New Jersey 08619

**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 14251-2017 S**

Dear Judge Gertsman:

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

Respectfully submitted,

Handwritten signature of William R. Holzappel in cursive script.

William R. Holzappel
City Attorney

WRH:pmd
cc: Service List via electronic email

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

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

APPEARANCES:

Ira G. Megdal, Esquire, Cozen O'Connor, P.C. for Petitioner, New Jersey-American Water Company, Inc.;

Stefanie A. Brand, Esquire, Director, Division of Rate Counsel, **Brian O. Lipman**, Litigation Manager, Division of Rate Counsel, **Debra F. Robinson**, Deputy Rate Counsel, **Susan E. McClure** and **Christine Juarez, Esquires**, Assistant Deputies, Division of Rate Counsel;

Andrew Kuntz and **Emma Xiao, Esquires**, Deputy Attorneys General for Staff of the New Jersey Board of Public Utilities (**Gurbir S. Grewal**, Attorney General of New Jersey);

Stephen B. Genzer, Esquire, Saul Ewing Arnstein & Lehr LLP for Intervenor, Aqua New Jersey, Inc.;

Bradford M. Stern, Esquire, Rothfelder Stern, L.L.C. for Intervenor, Cogen Technologies Linden Venture, L.P., Phillips 66 Company, Johanna Foods, Inc., Princeton University, and Rutgers, the State University of New Jersey;

Anthony R. Francioso, Esquire, Fornaro Francioso for Intervenor, the Mount Laurel Township Municipal Utilities Authority;

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

William R. Holzapfel, Esquire, City Attorney for Intervenor, City of Elizabeth.

TO: THE HONORABLE JACOB S. GERTSMAN, ALJ

BACKGROUND

On September 14, 2017, New Jersey-American Water Company (“NJAWC”) filed with the New Jersey Board of Public Utilities (“Board”) a petition, testimony and exhibits (the “Petition”) requesting an increase in operating revenues of \$129.3 million, or approximately 17.54% over projected pro-forma rate revenues.

In the Petition, NJAWC proposed a test-year ending March 31, 2018. The Petition as originally filed was based upon five months of actual and seven months of estimated data. On January 15, 2018, NJAWC filed an update based on nine months actual and three months estimated data. NJAWC filed an additional update on April 23, 2018 based on 12 months actual data. Both updates included supplemental testimony.

On September 27, 2017, the Board transmitted this matter to the Office of Administrative Law (“OAL”) as a contested case and on October 20, 2017, the Board issued an Order suspending NJAWC’s proposed rate increase until February 15, 2018. By a second suspension order issued January 31, 2018, the proposed rate increase was suspended until June 15, 2018. This matter was assigned to Administrative Law Judge (“ALJ”) Jacob S. Gertsman. On December 18, 2017, ALJ Gertsman issued a Prehearing Order establishing procedures and hearing dates for the conduct of this case. ALJ Gertsman issued an Order Establishing Revised Prehearing Submission Deadlines on May 23, 2018.

Motions to intervene filed by the following parties (collectively, the “Intervenors”) were unopposed: Rutgers, the State University (filed December 20, 2017); Princeton University (filed October 25, 2017); Phillips 66 Company (filed October 30, 2017); Johanna Foods, Inc. (filed November 1, 2017); and Cogen Technologies Linden Venture, L.P. (filed October 23, 2017) (collectively, the “OIW”); Middlesex Water Company (“Middlesex”) (filed October 23, 2017);

Mount Laurel Township Municipal Utilities Authority ("Mount Laurel") (filed January 26, 2018); Aqua New Jersey, Inc. ("Aqua") (filed November 9, 2017); and City of Elizabeth (filed November 13, 2017). These motions were granted by Orders dated December 18, 2017, subsequently amended on January 16, 2018 (as to OIW except Rutgers, Middlesex, Aqua and City of Elizabeth), January 16, 2018 (as to Rutgers) and February 28, 2018 (as to Mount Laurel). On May 31, 2018, AARP filed a Motion for leave to participate, which none of the parties opposed. ALJ Gertsman granted AARP leave to participate on June 8, 2018. On July 2, 2018, the New Jersey Utility Shareholders Association ("NJUSA") filed a Motion for participant status. On August 1, 2018, ALJ Gertsman entered an Order granting the Motion to participate, which Order was amended on August 3, 2018 to correct a typographical error. The signatory parties ("Parties") to this agreement include NJAWC, the Division of Rate Counsel ("Rate Counsel"), Board Staff ("Staff") and the OIW.

Aqua, Middlesex, Mount Laurel, and the City of Elizabeth are not signatory parties to this agreement but have noted that they will be submitting letters to the OAL indicating that they do not object to this Stipulation of Settlement.

After proper notice to the general public in newspapers of general circulation and after service of notice upon affected municipalities and counties within NJAWC's service area, four public hearings were held. One public hearing was held on January 8, 2018 at 1:00 p.m. in Westfield, New Jersey; two public hearings were held on January 10, 2018 at 1:00 p.m. in Ocean City, New Jersey and at 6:00 p.m. in Howell Township, New Jersey; and one public hearing was held on January 16, 2018 at 6:00 p.m. in Haddonfield, New Jersey. A representative of NJUSA attended the hearing in Haddonfield and entered a statement on the record that requested that the process for granting NJAWC new rates be fair and balanced taking into account the interests of

New Jersey utility shareholders and ratepayers. Members of the public also attended and spoke at the Howell Township hearing in general opposition to the proposed rate increase. No members of the public attended the Westfield or Ocean City hearings. In addition, the Board received over 100 written comments expressing opposition to the Petition.

Discovery was propounded on NJAWC by Rate Counsel, Staff, and Intervenors. Discovery was also propounded upon other Parties. All such discovery was answered in full.

On February 8, 2018, NJAWC filed supplemental direct testimony related to the Tax Cuts and Jobs Act of 2017. On April 13, 2018, Rate Counsel, OIW and Middlesex filed direct testimony and on May 11, 2018, NJAWC, OIW and Middlesex filed rebuttal testimony.

Evidentiary hearings took place on June 11, 13, 14, and 18, 2018. On May 18, 2018, Rate Counsel filed a motion requesting the Board to issue an Order rejecting the Company's proposed provisional Rates. The motion was opposed by the Company. The Board issued an Order denying Rate Counsel's request on June 22, 2018. The Company implemented interim rates that included a \$75 million increase, effective June 15, 2018, after complying with the requirements of N.J.A.C. 14:1-5.12.

On July 3, 2018, Rate Counsel submitted a Comment Letter to ALJ Gertsman alerting him of a report that the Staff of the New York Public Service Commission ("PSC"), Department of Public Service ("DPS") issued (the "Staff Report") regarding certain oral testimony and discovery responses that employees of American Water Works Service Company, Inc. ("Service Company") submitted to the PSC in connection with the base rate case of New York-American Water Company, Inc. ("NYAWC"). One Service Company employee submitted pre-filed testimony, answered discovery and testified at the evidentiary hearings in this case. Another had submitted pre-filed testimony and answered discovery, and his pre-filed testimony was adopted

by a different witness in this case. Both such employees separated from the Service Company before the conclusion of the evidentiary hearings in this case. In its letter, Rate Counsel requested that, as a result of the Staff Report, ALJ Gertsman order NJAWC to review the testimonies of the two witnesses and provide a certification that their testimonies were complete and free of errors or omissions. Board Staff sent a letter on July 10, 2018 requesting that ALJ Gertsman order NJAWC to verify all testimony and discovery responses submitted in evidence in this case (collectively, Board Staff and Rate Counsel letters are the "Letters").

On July 25, 2018, the Board held its regularly scheduled Board meeting at which time Board President Joseph L. Fiordaliso ordered NJAWC to conduct an independent certification of the numbers that NJAWC submitted in support of its Petition.

ALJ Gertsman held a limited purpose hearing on August 1, 2018 regarding the issues raised by Rate Counsel and Board Staff in the Letters. At the August 1, 2018 hearing, NJAWC moved additional exhibits into evidence, including a certification of the accuracy of the record by NJAWC President Deborah A. Degillio, which appended supporting certifications. Ms. Degillio also provided direct testimony and was cross-examined. Thereafter, NJAWC retained its auditor, Price Waterhouse Coopers ("PwC") to perform an Agreed Upon Procedures Report (the "PwC Report") regarding the Schedules, applicable Standard Information Requests ("SIRs") and utility plant asset records in Power Plant for the Borough of Haddonfield ("Haddonfield") and Shorelands Water Company ("Shorelands") acquisitions for which NJAWC claimed recognition in connection with the Petition. PwC was subsequently asked to and agreed to include in the PwC Report those discovery responses received in evidence in this proceeding. PwC reconciled all of these items to NJAWC's General Ledger to the extent applicable. It also determined the extent to which NJAWC's proposed post-test year plant additions were recorded

on NJAWC's books and records. As to Haddonfield and Shorelands, PwC verified that correct amounts were transposed when entered into NJAWC's books and records.

The PwC Report was transmitted to the Parties on August 31, 2018. The PwC Report was received in evidence at a hearing on September 25, 2018, and at the hearing, Rate Counsel and Staff agreed that the record in this case is now verified to the extent possible.

Throughout this proceeding the Parties have engaged in various settlement and discovery conferences. As a result, the undersigned Parties **AGREE AND STIPULATE AS FOLLOWS:**

REVENUE REQUIREMENTS

1. The Parties agree that the test year ending March 31, 2018, adjusted for known and measurable changes, is appropriate for use in this case.
2. The Parties agree that NJAWC's revenues from base rates should be increased by \$40.0 million, and provisional rates that were effective June 15, 2018 will decrease by \$35.0 million effective for service rendered on and after October 29, 2018, or on such other date as the Board deems appropriate. The Parties stipulate that pro forma revenues to which the \$40.0 million increase will apply is \$642.2 million. The revenue requirement is portrayed on Schedule A to this Stipulation.
3. The Parties agree that NJAWC's new DSIC Foundational Filing, submitted on November 16, 2017 in Docket No. WR17111183 must be approved by the Board before any new DSIC investment and/or DSIC rate recovery can occur and that the DSIC rate shall be reset to zero at the conclusion of this base rate case.
4. The Parties agree to a rate base of approximately \$2.95 billion.

5. The Parties agree that an appropriate overall rate of return is 7.4612%, based upon a 54% common equity component of the capital structure with a cost rate of 9.60%. The long-term debt component of the capital structure is 46% with a cost rate of 4.9504%

6. The stipulated revenue requirement reflects an adjustment for consolidated federal income taxes.

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

<u>Account</u>	<u>Balance at 3/31/2018</u>	<u>Monthly Amortization</u>	<u>Amortization Start / Revised Date</u>	<u>Amortization Ending Date</u>
Deferred Pension Expense	\$2,796,699.52	\$39,390.14	3/1/2004	1/31/2024
FAS 109 (SA-1)	7,624,959.00	48,878.00	Various	3/31/2031
FAS 109 (SA-2)	4,458,264.96	38,105.00	Various	12/31/2027
FAS 109 (SA-3)	19,805.00	346.00	Various	12/31/2022
FAS 112	16,674.00	2,084.25	12/1/2008	11/30/2018
Gain on Land Sales	(2,505,230.73)	(104,384.61)	10/1/2018	9/30/2020
Acquisition Adjustments (excludes Haddonfield, Roxicus and Shorelands)	2,910,420.06	20,688.41	Various	Various
South Jersey Services	3,623,935.20	9,847.65	12/1/2008	11/30/2048
Mt Ephraim	45,256.64	122.98	12/1/2008	11/30/2048
Pelican Island	5,700.32	15.49	12/1/2008	11/30/2048
Sick Bank Amortization - 2008	148,160.32	18,520.04	12/1/2008	11/30/2018
Sick Bank Amortization - 2010	62,874.24	1,905.28	1/1/2011	12/31/2020
2017-18 Rate Case Expense	714,643.00	23,821.43	10/1/2018	3/31/2021
Pre 1971 Investment Credit	294,579.64	1,492.42	Various	Various
Regulatory Liability/Asset for Excess/Deficit Deferred Income Taxes	(2,480,336.00)	(13,321.00)	Various	Various
MTBE	(8,924,287.23)	(22,708.11)	1/1/2011	12/31/2050
Refund of COR	(36,800,000.00)	(100,000.00)	12/1/2008	11/30/2048
DSIC Revenue Overcollection	(120,870.00)	(5,036.25)	10/1/2018	9/30/2020
Reg Asset - AFUDC Equity	27,533,975.11	59,198.94	Various	Various

Notes:

- (a) Including pending land sale subject to true-up. Amortization to begin starting 10/1/2018 for 24 months.
 (b) 50% of pro forma rate case expenses of \$1,429,286. Amortization to begin on 10/1/2018 for 30 months.
 (c) Subject to true-up. Pro Forma projected to 12/31/18. Amortization starting 10/1/2018 for 24 months.

8. The Parties agree that NJAWC's rate case expenses will be shared 50/50 between NJAWC and ratepayers, and normalized over two and one half years.

9. The Parties agree that any costs incurred as a consequence of the PSC investigation, including but not limited to severance payments and legal fees, or the PwC Report shall not be borne by ratepayers in this or any subsequent proceeding.

10. The Parties agree that NJAWC's water composite depreciation rate will be established at 2.45% and the sewerage composite depreciation rate will be established at 1.86%. This water depreciation rate reflects the continued return to customers of a Non-Legal Asset Retirement Obligation of \$48,000,000 at \$1,200,000 a year over a forty year period as established in the Stipulation of Settlement in NJAWC's 2008 base rate proceeding at Docket No. WR08010020. This rate further reflects a net negative salvage utilizing the Average Net Salvage Allowance method calculated over three years. Attached as Schedule B is a schedule detailing the agreed upon depreciation rates.

11. NJAWC withdraws its request for amortization of a cost of removal regulatory asset, and the revenue increase stipulated in this case does not include any recognition of such amortization.

12. NJAWC withdraws its request to capitalize and seek rate base recognition of \$440,000 of costs associated with customer owned lead service lines. The revenue requirement agreed upon in this Stipulation does not reflect such recognition. NJAWC will not seek recognition of these specific lead service lines in any future proceeding. However, all Parties are free to take any positions that they choose concerning other customer owned lead service line costs in any future proceeding.

13. NJAWC will not capitalize tank coating expenses without further order of the Board.

PLANT ACQUISITION ADJUSTMENTS

14. Before the filing of the Petition in this Docket, NJAWC had acquired Shorelands and the water and wastewater assets of Haddonfield.

15. The acquisition price for Shorelands exceeded the original cost less depreciation of Shorelands.

16. NJAWC also paid a premium over original cost less depreciation for the Haddonfield system assets.

17. As a result, NJAWC proposed full rate base recognition of the Shorelands purchase price in this case, including an acquisition adjustment and full rate base recognition of the Haddonfield system assets, including rate base recognition of an acquisition adjustment.

18. NJAWC proposed to amortize both acquisition adjustments over a period of 40 years.

19. The Parties agree that this Stipulation does not resolve the issue of whether NJAWC is permitted to recognize the proposed acquisition adjustments for Shorelands and Haddonfield (the "Acquisition Adjustments").

20. It is understood and agreed that the Parties will continue to litigate the proposed Acquisition Adjustments before Judge Gertsman. Evidentiary hearings have been concluded, and a briefing schedule has been established by Judge Gertsman.

21. The Parties agree that if the Board grants NJAWC the proposed Acquisition Adjustments as a result of this litigation, in whole or in part, NJAWC will immediately begin deferring the revenue impact of any such acquisition adjustment and simultaneously commence amortization thereof over a period of 40 years.

22. The Parties agree that if the Board grants NJAWC the proposed Acquisition Adjustments as a result of this litigation, in whole or in part, NJAWC will immediately begin to accrue carrying costs with respect to the acquisition adjustment permitted by the Board.

23. These impacts will be deferred upon NJAWC's books, and recovered in NJAWC's next rate case.

24. In calculating the deferrals, NJAWC will utilize the return on rate base agreed to in this Stipulation of 7.4612%.

TARIFF AND RATE DESIGN

25. The Parties agree that the pro forma present rate revenues to be used by rate class are those reflected on the attached Schedule C, which includes the agreed upon revenue increases by customer class.

26. Attached as Schedule D is the tariff depicting changes implementing the revenue increase and other tariff changes agreed upon in this Stipulation, in clean and black-line format. The Parties agree that within ten days of an Order accepting this Stipulation, NJAWC will make a compliance filing relative to said tariff.

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

PROVISIONAL RATE CREDIT

28. NJAWC implemented provisional rates in accordance with N.J.A.C. 14:1-5.12(f) on June 15, 2018. In further accordance with those regulations, once final Board-approved base rates and the effective date are determined, NJAWC will return any over-recovery, plus interest over a period of 30 days from the date of a Board Order accepting this Stipulation, utilizing the

following methodology: The Company will calculate the amount due to each customer as applicable, for the period provisional rates were effective. The calculation of the difference between the implemented provisional annual rate increase totaling \$75 million and the final annual rate increase in this stipulation, totaling \$40 million will be prepared for each customer bill and each applicable charge within the bill. The Company will calculate interest on the over-recovery balance consistent with N.J.A.C. 14:3-13.3. The Company will then allocate the total interest accrued on the over-recovery across the customer refunds based on the proportion due each customer to the total Company over-recovery. The resulting customer credit will be reflected as a unique line item on applicable customer bills. Should a customer who has been subject to provisional rates terminate service before the credits are issued, and if the customer does not have an outstanding balance due, the customer will receive a check for the amount of the credit within 30 days from the date of a Board Order accepting this Stipulation.

MISCELLANEOUS

29. The Parties agree that service of the Board Order approving this Stipulation shall be in accordance with N.J.S.A. 48:2-40, and will be effective in 10 days from a Board Order accepting this Stipulation or on service of said Order on all parties, whichever is sooner.

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

31. The Parties agree that this Settlement contains a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Settlement is not accepted and approved in its entirety by the Board, or modified by the Board, each party that is adversely affected by the

modification can either accept the modification or declare this Settlement to be null and void, and the Parties shall be placed in the same position that they were in immediately prior to its execution.

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

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

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

35. The Parties anticipate that this matter will be on the agenda for Open Public Meeting on October 29, 2018.

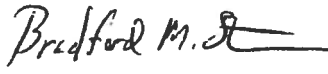
**NEW JERSEY-AMERICAN WATER
COMPANY, INC.**

By: 
Ira G. Megdal, Esq.

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

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

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

By: 
Bradford M. Stern, Esq.

**GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW
JERSEY
Attorney for the Staff of the Board of
Public Utilities**

By: _____
Andrew Kuntz, Esq.
Deputy Attorney General

DATED: October 16, 2018

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

By: _____
Ira G. Megdal, Esq.

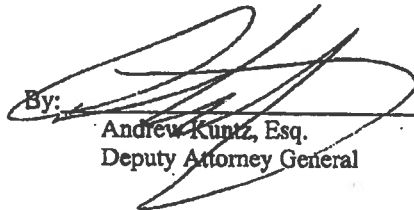
**STEFANIE A. BRAND, ESQ., DIRECTOR,
DIVISION OF RATE COUNSEL.**

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

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

By: _____
Bradford M. Stern, Esq.

**GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW
JERSEY
Attorney for the Staff of the Board of Public
Utilities**

By: 
Andrew Kuntz, Esq.
Deputy Attorney General

DATED: October 6, 2018

Schedule A

New Jersey American Water Company
Calculation of Revenue Deficiency

Rate Base	\$ 2,950,471,277
Rate of Return	<u>7.4612%</u>
Operating Income Requirement	220,140,563
Pro Forma Operating Income	<u>193,056,440</u>
Income Deficiency	27,084,123
Revenue Conversion Factor	<u>1.476880</u>
Revenue Deficiency	<u>\$ 40,000,000</u>

SCHEDULE B

New Jersey - American Water Company
Summary of Original Cost of Utility Plant in Service as of September 30, 2018
and Related Annual Depreciation Expense Under Present and Proposed Rates

UTILITY ACCOUNT	ACCOUNT NAME	MARUC ACCOUNT	STIPULATED BALANCE	UNDER PRESENT RATES				UNDER PROPOSED RATES				TOTAL DEPRECIATION EXPENSE		
				LIFE RATE	ACCUMULATED	COR RATE	ACCUMULATED	LIFE RATE	ACCUMULATED	COR RATE	ACCUMULATED			
304100	Struct & Imp-Supply	311	41,197,644	3.00%	1,235,928	0.05%	20,599	0.05%	642,683	1.56%	181,270	0.44%	181,270	\$ 833,953
304200	Struct & Imp-Supply	321	70,580,280	3.00%	2,191,485	0.05%	35,291	0.05%	1,166,876	1.55%	388,115	0.14%	388,115	1,889,312
304300	Struct & Imp-Treatment	331	255,374,650	2.65%	6,792,966	0.01%	25,537	0.01%	4,609,511	1.81%	141,724	0.06%	141,724	4,782,737
304400	Struct & Imp-Treatment-Handl	341	7,851,735	2.65%	208,856	0.01%	785	0.01%	209,641	1.81%	141,724	0.06%	141,724	146,435
304500	Struct & Imp-T&D	350	18,130,689	4.47%	815,392	0.00%	0	0.00%	815,392	1.45%	262,129	1.45%	262,129	527,924
304600	Struct & Imp-General	360	48,794,853	3.93%	1,544,328	0.06%	29,271	0.06%	1,674,199	3.32%	1,617,218	0.13%	51,420	1,680,638
304700	Struct & Imp-Offices	370	7,393	3.32%	289	0.06%	5	0.06%	274	3.32%	264	0.13%	10	274
304800	Struct & Imp-HVAC	380.1	18,115,675	4.05%	652,485	0.04%	6,446	0.04%	659,151	1.16%	186,136	0.10%	16,116	202,252
304900	Struct & Imp-Store,Shop,Gar	390.2	6,777	4.05%	274	0.04%	3	0.04%	277	1.16%	78	0.10%	7	85
305000	Struct & Imp-HVAC	390.3	9,856,393	0.89%	88,077	0.00%	59,378	0.00%	147,455	2.06%	205,843	0.01%	990	206,833
305100	Collect & Impound Reservoirs	312	5,404,099	3.16%	170,770	0.02%	1,081	0.02%	171,850	0.92%	48,448	0.00%	0	49,448
306000	Lake, River & Other Inlets	313	22,296,963	1.23%	289,993	-0.14%	(31,216)	0.00%	238,578	1.45%	321,191	0.26%	62,431	384,623
307000	Weirs & Springs	314	1,448,165	2.90%	33,308	0.00%	0	0.00%	33,308	2.47%	35,770	0.00%	0	35,770
308000	Infiltration Galleries & Tunn	315	53,989,255	2.61%	1,409,120	0.19%	102,560	0.19%	1,511,699	1.49%	801,740	0.65%	350,910	1,827,671
309000	Supply Mains	316	9,745,357	2.68%	261,176	0.03%	2,924	0.03%	264,099	1.14%	111,097	0.00%	0	111,097
310000	Power Generation Equip	323	38,407,621	2.60%	995,998	0.01%	3,831	0.01%	999,829	2.05%	785,306	0.03%	79,088	359,681
311000	Boiler Plant Equip P	322	396,607	0.59%	1,768	0.00%	0	0.00%	1,768	4.88%	14,606	0.00%	0	14,606
312000	Pump Exp Electric	325	133,496,708	2.70%	3,694,411	0.08%	106,797	0.08%	3,711,208	2.09%	2,783,406	0.25%	333,742	3,117,148
313000	Pump Exp Diesel	326	6,711,408	2.81%	188,591	0.00%	0	0.00%	188,591	2.57%	172,148	0.04%	539,597	711,746
314000	Pump Exp Hydraulic	327	2,538,683	0.82%	20,817	0.00%	0	0.00%	20,817	2.28%	57,882	1.16%	29,449	87,331
315000	Pump Exp Other	328	9,479,451	5.74%	544,121	0.00%	0	0.00%	544,121	1.37%	139,858	0.11%	10,427	140,286
315500	Pumping Equipment WT	328	114,419	5.74%	6,568	0.00%	0	0.00%	6,568	1.37%	1,568	0.11%	126	1,693
320100	WT Equip Non-Media	332.1	419,176,661	3.49%	14,419,677	0.03%	135,753	0.03%	14,645,430	2.07%	8,676,957	0.13%	544,930	9,221,887
320200	WT Equip Filter Media	332.2	13,401,649	0.00%	0	0.07%	9,381	0.07%	9,381	13.25%	1,775,054	0.78%	104,533	1,879,587
320300	Dist Reservoirs & Standpipes	342	32,149,702	2.00%	642,394	0.06%	19,290	0.06%	662,284	0.89%	285,541	0.10%	64,299	349,841
320400	Tank Original Painting	342	99,272	2.00%	1,985	0.06%	60	0.06%	2,045	0.89%	882	0.10%	159	1,080
320500	Elevated Tanks & Standpipes	342	85,806,260	2.00%	1,316,125	0.06%	39,484	0.06%	1,355,609	0.89%	584,466	0.10%	131,613	716,079
320600	Ground Level Tanks	342	9,887,633	2.00%	197,543	0.06%	5,933	0.06%	203,645	0.89%	87,818	0.10%	19,775	107,593
320700	Below Ground Tanks	342	5,427,926	2.00%	108,559	0.06%	3,257	0.06%	111,815	0.89%	48,709	0.10%	10,856	59,065
320800	Clearwell	342	85,696	2.00%	1,714	0.06%	51	0.06%	1,765	0.89%	761	0.10%	171	933
321001	TD Mains Not Classified	343	497,874,376	0.89%	4,431,082	0.07%	99,575	0.07%	4,530,657	0.78%	3,883,420	0.02%	96,575	3,982,995
321100	TD Mains 6in & Less	343.1	44,223,231	1.05%	464,344	0.07%	207,849	0.07%	672,193	0.85%	375,197	0.51%	844,664	1,220,561
321200	TD Mains 6in to 16in	343.2	744,347,636	0.90%	7,815,650	0.09%	669,913	0.09%	8,485,563	0.84%	6,252,220	0.07%	5,954,781	12,207,303
321300	TD Mains 16in to 24in	343.3	480,558,516	0.90%	4,325,037	0.09%	96,112	0.09%	4,421,138	0.84%	4,012,664	0.07%	1,297,508	5,310,172
321400	TD Mains 24in & Grtr	343.4	220,299,524	0.86%	1,894,576	0.01%	21,930	0.01%	1,916,605	0.81%	1,773,911	0.45%	991,348	2,764,759
322000	Fire Mains	344	2,187,397	1.47%	32,155	0.11%	2,406	0.11%	34,561	1.30%	28,327	0.82%	192,928	221,255
323000	Services	345	529,946,031	1.63%	8,638,120	0.19%	1,006,897	0.19%	9,645,018	1.17%	6,200,369	0.52%	4,875,593	11,075,872
324000	Meters	346	218,117,183	11.63%	25,367,028	0.77%	548,916	0.77%	25,955,945	2.54%	5,540,176	1.42%	3,097,264	8,637,440
324100	Meter Installations	347	147,447,831	1.84%	853,773	0.18%	74,241	0.18%	928,014	7.69%	11,342,141	0.61%	918,921	12,271,062
324200	Hydrants	348	46,405,683	1.52%	2,195,830	0.18%	78,659	0.18%	2,274,028	1.43%	2,065,114	1.49%	283,324	3,861,608
325000	Backflow Prevention Devices	345	144,462,515	1.52%	2,195,830	0.18%	78,659	0.18%	2,274,028	1.43%	2,065,114	1.49%	283,324	3,861,608
326000	Other PVE-Intangible	303	1,442,669	3.44%	49,628	0.19%	433	0.19%	50,061	3.40%	48,979	0.00%	0	48,979
327000	Other PVE-Supply	317	641,353	2.82%	18,086	0.00%	0	0.00%	18,086	3.40%	21,066	0.00%	0	21,066
328000	Other PVE-Treatment	322.1	1,702,170	3.46%	41,363	0.01%	361	0.01%	41,721	1.92%	23,085	0.00%	0	23,085
329000	Other PVE-WT Res Hand Equip	322.1	3,405,227	3.44%	117,140	0.03%	1,032	0.03%	118,161	3.18%	108,116	0.00%	0	108,116
330000	Other PVE-TD	346	10,100	-8.00%	(71,359)	4.58%	14,239	4.58%	14,239	17.46%	54,283	0.00%	0	1,567,527
331000	Other PVE-PDS	346	9,193,705	20.00%	1,838,741	0.00%	0	0.00%	1,838,741	17.46%	54,283	0.00%	0	1,893,024
332000	Office Furniture & Equip	391	13,466,975	2.67%	395,684	0.03%	4,040	0.03%	400,000	0.00%	1,567,527	0.00%	0	1,567,527
333000	Comp & Periph Equip	391.1	11,072,048	7.85%	356,756	0.01%	1,667	0.01%	358,423	0.01%	1,347	0.01%	1,347	727,217
334000	Comp & Software	391.2	102,321,881	8.27%	8,467,891	0.00%	1,267	0.00%	986,023	12.25%	12,535,128	0.01%	10,235	13,566,265
335000	Other Office Equip	391.3	441,166	-1.13%	(6,998)	0.00%	0	0.00%	(6,998)	0.00%	0	0.00%	0	11,593,367
336000	Data Handling Equipment	391.4	392,375	7.89%	30,396	0.00%	0	0.00%	30,396	0.00%	0	0.00%	0	30,396
337000	Other Office Equip	391.5	128,181	7.34%	9,468	0.00%	51	0.00%	9,519	0.72%	923	0.00%	0	923
338000	Trans Equip Not Classified	392.1	1,901,995	5.03%	65,230	0.00%	0	0.00%	65,230	1.24%	67,964	-1.24%	(16,145)	51,819
339000	Trans Equip 11 Dkly 15k	392.1	11,028,076	13.29%	1,465,691	0.00%	0	0.00%	1,465,691	0.49%	54,038	-1.13%	(24,698)	1,440,993
340000	Trans Equip HV Dkly 15k	392.1	14,093,123	4.12%	580,637	0.00%	0	0.00%	580,637	7.03%	980,042	-1.20%	(189,117)	890,924

SCHEDULE B
New Jersey - American Water Company
Summary of Original Cost of Utility Plant in Service as of September 30, 2018
and Retired Annual Depreciation Expense Under Present and Proposed Rates

UTILITY ACCOUNT	ACCOUNT NAME	MARUC ACCOUNT	UNDER PRESENT RATES					UNDER PROPOSED RATES					TOTAL DEPRECIATION EXPENSE	
			STIPULATED BALANCE	LIFE RATE	ACCUMULATED	COR RATE	ACCUMULATED	DEPRECIATION EXPENSE	LIFE RATE	ACCUMULATED	COR RATE	ACCUMULATED		
341300	Trans Equip Autos	392.3	2,474,106	7.18%	177,641	0.00%	0	177,641	0.00%	0	0.00%	0	177,641	0
341400	Trans Equip Other	392.4	6,032,487	5.01%	302,228	0.00%	0	302,228	0.00%	0	-1.48%	(36,617)	231,690	156,073
342000	Stores Equipment	393	1,864,263	3.63%	67,673	0.18%	3,356	71,028	0.18%	3,356	0.18%	(10,858)	249,009	179,000
343000	Tools, Shop, Garage Equip	394	16,130,800	2.84%	454,115	0.15%	24,196	478,311	0.15%	24,196	0.25%	40,327	149,700	149,700
344000	Laboratory Equipment	395	3,899,285	4.41%	163,138	0.00%	0	163,138	0.00%	0	0.05%	86,000	86,000	86,000
345000	Power Operated Equipment	396	2,594,607	4.92%	127,655	0.00%	0	127,655	0.00%	0	0.31%	1,850	125,805	125,805
346000	Comm Equip Not Classified	397	5,850,733	11.59%	678,100	0.03%	1,755	679,855	0.03%	1,755	0.08%	3,510	204,923	204,923
346100	Comm Equip Non-Telephone	397	4,242,727	11.59%	491,732	0.03%	9,272	491,000	0.03%	9,272	0.08%	3,510	146,718	146,718
346190	Remote Control & Instrument	397	31,905,902	11.59%	3,697,894	0.03%	9,272	3,707,166	0.03%	9,272	0.08%	3,510	1,096,468	1,096,468
347000	Comm Equip Telephone	397	1,447,893	11.59%	167,811	0.03%	434	168,245	0.03%	434	0.08%	859	40,735	40,735
347000	Misc Equipment	398	12,464,226	3.55%	442,480	0.18%	23,682	466,162	0.18%	23,682	0.25%	31,151	636,951	636,951
348000	Other Tangible Property	399	469,936	6.25%	29,721	0.35%	1,645	31,016	0.35%	1,645	0.72%	33	34,387	34,387
354300	WW Struct & Imp Collection	374	11,881,417	1.32%	156,835	0.00%	0	156,835	0.00%	0	0.06%	10,693	319,018	319,018
354300	WW Struct & Imp Pumping	390	3,131,138	2.64%	82,662	0.00%	0	82,662	0.00%	0	0.10%	3,131	80,531	80,531
354400	WW Struct & Imp Treatment	340	2,843,729	2.64%	75,074	0.43%	19,819	94,893	0.43%	19,819	0.15%	6,914	36,306	36,306
354500	WW Struct & Imp General	340	4,609,118	2.83%	130,438	0.43%	19,819	150,257	0.43%	19,819	0.15%	6,914	1,000,888	1,000,888
355200	WW Pwr Gen Equip Collection	388	484,138	5.42%	26,351	0.00%	0	26,351	0.00%	0	0.16%	424	20,366	20,366
355400	WW Pwr Gen Equip Treatment	389	264,745	5.42%	14,349	0.00%	0	14,349	0.00%	0	0.16%	424	10,335	10,335
355600	WW Pwr Gen Equip Other	389	2,795,539	1.32%	36,814	0.00%	0	36,814	0.00%	0	0.15%	260	35,796	35,796
361100	WW Collecting Main	321	153,414,358	1.32%	2,031,670	0.00%	0	2,031,670	0.00%	0	0.18%	226,872	1,368,358	1,368,358
361200	WW Collecting Mains	322	5,483,404	1.32%	73,911	0.00%	0	73,911	0.00%	0	0.18%	9,870	109,120	109,120
362000	WW Special Coll Struct	324	189,077	3.96%	7,713	0.00%	0	7,713	0.00%	0	0.00%	0	5,998	5,998
362000	WW Sewer	320	42,717,195	2.17%	926,963	0.43%	183,684	1,110,647	0.43%	183,684	0.81%	346,009	961,137	961,137
364000	WW Flow Measuring Devices	349	131,330	5.42%	7,118	0.00%	0	7,118	0.00%	0	0.00%	0	3,303	3,303
371000	WW Receiving Weir	325	620,092	5.42%	33,609	0.00%	0	33,609	0.00%	0	0.06%	372	24,494	24,494
371100	WW Pump Equip Elect	331	1,052,486	2.64%	44,787	0.00%	0	44,787	0.00%	0	0.24%	40,344	87,604	87,604
371300	WW Pump Equip Oth Pwr	332	85,189	2.64%	2,355	0.00%	0	2,355	0.00%	0	0.05%	526	43,274	43,274
380000	WW TD Equipment	396	4,018,583	8.27%	365,417	0.00%	0	365,417	0.00%	0	0.49%	21,651	170,557	170,557
381000	WW Plant Sewers	381	89,972	5.42%	4,874	0.00%	0	4,874	0.00%	0	0.10%	899	16,496	16,496
382000	WW Outfall Sewer Lines	349	61,563	2.64%	1,638	0.00%	0	1,638	0.00%	0	0.00%	0	923	923
383000	WW Other P/E - CP	389	3,546,796	5.42%	192,236	0.00%	0	192,236	0.00%	0	0.00%	0	162,798	162,798
390000	WW Office Furniture & Equip	389.1	19,839	20.00%	3,968	0.00%	0	3,968	0.00%	0	0.00%	0	2,059	2,059
390200	WW Computers & Peripherals	390	17,580	13.20%	2,321	0.00%	0	2,321	0.00%	0	0.00%	0	311	311
391000	WW Trans Equipment	398	5,279	6.97%	368	0.00%	0	368	0.00%	0	3.66%	193	1,640	1,640
391200	WW Trans Equip Hwy Dly Tlrs	392	647,759	22.00%	142,507	-0.03%	(14,116)	128,391	-0.03%	(14,116)	0.02%	130	31,967	31,967
392000	WW Trans Equip Hwy Dly Tlrs	392	350,263	20.15%	70,578	-0.03%	(14,116)	56,462	-0.03%	(14,116)	0.02%	130	9,159	9,159
393000	WW Tool Shop & Garage Equip	394	287,255	2.64%	7,584	0.00%	0	7,584	0.00%	0	0.00%	701	40,302	40,302
394000	WW Laboratory Equipment	398	96,322	2.64%	2,543	0.00%	0	2,543	0.00%	0	0.21%	202	3,217	3,217
395000	WW Power Operated Equip	396	495,117	2.64%	13,071	0.00%	0	13,071	0.00%	0	0.00%	0	19,532	19,532
396000	WW Communication Equip	398	894,625	2.64%	23,618	0.00%	0	23,618	0.00%	0	0.22%	3,968	77,877	77,877
397000	WW Misc Equipment	398	867,266	2.64%	21,895	0.00%	0	21,895	0.00%	0	0.11%	25,845	26,799	26,799
398000	WW Other Tangible Plant	398	71,825	8.27%	5,940	0.00%	0	5,940	0.00%	0	0.11%	79	2,101	2,101
			4,921,368,893		177,275,421		5,840	177,275,421		5,840		24,105,199	121,011,165	121,011,165
			215,595,871		4,175,832		0	4,175,832		0		4,175,832	4,175,832	4,175,832
			39,777,102		0		0	0		0		0	0	0
TOTALS			5,176,741,864		124,639,592		1,200,000	124,639,592		1,200,000		(5,611,651)	(1,200,000)	(1,200,000)
TOTALS														118,375,336

Total depreciable plant - UOP
Non-depreciable plant - Water
Less: Depreciation on balance of CAK and CIAC
Less: Cost of Removal Amortization

Schedule C

NEW JERSEY AMERICAN WATER COMPANY

COMPARISON OF REVENUES UNDER PRESENT AND SETTLEMENT RATES INCLUDING PWAC AND PSTAC
FOR THE PRO FORMA POST TEST YEAR PERIOD ENDED SEPTEMBER 30, 2018

Customer Classification (1)	Revenues, Present Rates			Revenues, Stipulated Rates			RPA Stipulated Revenue Increase without PWAC/PSTAC			NEW RPA TARGET INCREASE w/o PWAC	Index	% Index		
	Amount (6)	PWAC/PSTAC (7)	Total (8)	Percent of Total (9)	Amount (10)	PWAC/PSTAC (11)	Total (12)	Percent of Total (13)	Amount (14)				Percent Increase (15)	
WATER														
General Metered Service	\$ 516,634,983	\$ 30,317,619	\$ 546,952,583	83.28%	\$ 549,770,903	\$ 30,317,619	\$ 580,088,522	83.40%	\$ 33,135,939	6.41%	102	33,133,397	6.41%	102
Manasquan	1,629,235	-	1,629,235	0.25%	1,659,463	-	1,659,463	0.24%	30,228	1.86%	30	30,732	1.89%	30
Optional Industrial Wholesale	12,694,765	1,879,263	14,574,028	2.22%	13,508,991	1,879,263	15,388,254	2.21%	814,226	6.41%	102	814,155	6.41%	102
Sales For Resale - CD	13,003,067	2,672,560	15,675,627	2.39%	13,896,132	2,672,560	16,568,691	2.37%	883,064	6.41%	102	883,927	6.41%	102
Sales For Resale - SOS	22,883,601	4,460,869	27,344,470	4.16%	24,350,426	4,460,869	28,811,295	4.14%	1,466,825	6.41%	102	1,467,588	6.41%	102
Private Fire Protection	23,883,531	-	23,883,531	3.64%	24,814,143	-	24,814,143	3.57%	930,612	3.90%	62	931,048	3.90%	62
Public Fire Protection	26,668,714	-	26,668,714	4.05%	28,277,201	-	28,277,201	4.07%	1,608,488	6.03%	96	1,609,738	6.04%	96
Subtotal	617,397,876	39,330,311	656,728,187	100.0%	656,217,259	39,330,311	695,547,570	100.0%	38,819,383	6.29%	100	38,820,593	6.29%	100
DSIC Revenue	\$19,830	-	\$19,830	-	-	-	-	-	(19,830)	-100.00%		(19,830)	-100.00%	
Other Revenue	\$5,711,651	-	\$5,711,651	-	\$5,711,651	-	5,711,651	-	-	0.00%		-	0.00%	
Total Water	\$ 623,129,357	\$ 39,330,311	\$ 662,459,668		\$ 661,928,910	\$ 39,330,311	\$ 701,259,221		\$ 38,799,553	6.23%		\$ 38,800,763	6.23%	
SEWER														
Total Water & Sewer	\$ 642,199,635	\$ 55,170,537	\$ 697,370,172		\$ 682,199,586	\$ 55,170,537	\$ 737,370,123		\$ 39,999,951	6.23%		\$ 40,000,000	6.23%	

Schedule C

NEW JERSEY-AMERICAN WATER COMPANY

SUMMARY OF REVENUES UNDER PRESENT AND STIPULATED RATES

Classification	Revenues, Excluding PWAC		Stipulated Increase	
	Present Rates	Stipulated Rates	Amount	Percent
GMS				
SA-1, 1B	\$ 309,289,405	\$ 326,443,687	\$ 17,154,282	5.55%
SA-1, Regular SFR	5,680,209	5,958,033	277,824	4.89%
SA-2, SA-3, SA-1A	191,186,692	205,340,310	14,153,619	7.40%
SA-1C, SA-1D, SA-1E	10,478,658	12,028,873	1,550,214	14.79%
Subtotal GMS	516,634,963	549,770,903	33,135,939	6.41%
Manasquan	1,629,235	1,659,463	30,228	1.86%
OIW	12,694,765	13,508,991	814,226	6.41%
Sales for Resale				
Commodity-Demand	13,003,067	13,836,132	833,064	6.41%
SOS	22,883,601	24,350,426	1,466,825	6.41%
Subtotal SFR	35,886,669	38,186,558	2,299,889	6.41%
Private Fire	23,883,531	24,814,143	930,612	3.90%
Public Fire	26,668,714	28,277,201	1,608,488	6.03%
Total Sales of Water	617,397,876	656,217,259	38,819,383	6.29%
DSIC Revenue	19,830		(19,830)	
Other Water Revenues	5,711,651	5,711,651	-	0.00%
Total Water	\$ 623,129,357	\$ 661,928,910	\$ 38,799,553	6.23%
Sewer	19,070,278	20,270,676	1,200,398	6.29%
Total	642,199,635	682,199,586	39,999,951	6.23%

Comparative GMS Bills @ 6,000 Gal./Mo. (Includes PWAC)

SA-1	\$ 53.58	\$ 56.34	\$2.76	5.15%
SA-2, 3 & 1a	52.75	56.34	3.59	6.80%
SA-2, Manville	50.30	56.34	6.04	12.02%
SA-3, S. Hampton	48.18	56.34	8.16	16.94%
SA-1B, Pennsgrove	43.98	51.54	7.56	17.20%
SA-1E, Haddonfield*	42.58	47.57	4.99	11.73%
SA-1C, Shorelands*	41.64	48.65	7.01	16.85%

*Excludes PWAC.

Schedule C

NEW JERSEY-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND SETTLEMENT RATES TO BILL ANALYSIS

Classification	Number of Bills/Usage	Present	Present Revenues	Settlement Rate	Settlement Revenue
		Rate 4/1/2018			
<u>SA-1 w/ Homestead</u>					
5/8" Monthly	4,048,080.2	\$ 15.68	\$ 63,474,055	\$ 16.85	\$ 68,210,320
3/4" Monthly	47,811.3	23.51	1,124,044	25.30	1,209,627
1" Monthly	321,975.0	39.19	12,618,201	42.10	13,555,149
1 1/2" Mthly	20,129.7	78.38	1,577,766	84.30	1,696,934
2" Monthly	90,246.9	125.40	11,316,957	134.80	12,165,278
3" Monthly	967.1	235.13	227,394	252.80	244,483
4" Monthly	2,111.4	391.88	827,421	421.30	889,539
6" Monthly	940.6	783.76	737,230	842.50	792,483
8" Monthly	220.3	1,254.02	276,204	1,348.00	296,903
10" Monthly	143.8	1,567.52	225,444	1,685.00	242,340
12" Monthly	-	1,959.40	-	2,106.00	-
Subtotal Service Charges	4,532,636		\$ 92,404,717		\$ 99,303,055
All Usage	35,802,447	5.8352	208,914,439	6.1005	218,412,829
Incremental EDP Rider A Adjustment	-		(18,628)		(19,475)
Subtotal Usage	35,802,447		208,895,811		218,393,354
Revenue Credit for Exempt Consumption Growth			(1,438)		(1,503)
			5,419,671		5,714,593
Total GMS			\$ 306,718,761		\$ 323,409,499
<u>Commodity-Demand</u>					
2" Monthly		125.40	-	134.80	-
3" Monthly	24	235.13	5,643	252.80	6,067
4" Monthly	151	391.88	59,162	421.30	63,604
6" Monthly	76	783.76	59,566	842.50	64,030
8" Monthly	31	1,254.02	38,875	1,348.00	41,788
10" Monthly	12	1,567.52	18,810	1,685.00	20,220
4" Monthly Exempt	24	337.92	8,110	363.29	8,719
6" Monthly Exempt		622.76	-	726.50	-
Subtotal Service Charges	318		190,166		204,428
Volumes - Nonexempt	5,097,524	0.4954	2,525,313	0.5270	2,686,395
Volumes - Exempt	251,850	0.4272	107,590	0.4544	114,441
Demand - Nonexempt	12,184	58.81	8,598,492	62.57	9,148,235
Demand - Exempt	690	50.72	419,962	53.96	446,789
Off-Peak Demand Nonexempt	3,068	54.09	1,161,544	57.55	1,235,845
Off-Peak Demand Exempt		46.64	-	49.63	-
Subtotal Volume/Demand	5,349,374		12,812,801		13,631,704
Total Commodity-Demand			13,003,067		13,836,132

Schedule C

NEW JERSEY-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND SETTLEMENT RATES TO BILL ANALYSIS

Classification	Number of Bills/Usage	Present	Present Revenues	Settlement Rate	Settlement Revenue
		Rate 4/1/2018			
<u>Mansquan Customer Group</u>					
1" Monthly	24	39.19	941	42.10	1,010
2" Monthly	24	125.40	3,010	134.80	3,235
3" Monthly	12	235.13	2,822	252.80	3,034
4" Monthly	24	391.88	9,405	421.30	10,111
6" Monthly	48	783.76	37,620	842.50	40,440
8" Monthly	24	1,254.02	30,096	1,348.00	32,352
4" Monthly Keyport	12	\$341.72	4,101	421.30	5,056
6" Monthly Keyport	12	683.43	8,201	842.50	10,110
Subtotal Service Charges	180		96,196		105,348
Uninterruptible - Nonexempt	508,680	1.77400	902,398	1.7850	907,994
Interruptible - Nonexempt	51,634	5.78810	298,863	6.0505	312,412
Uninterruptible - Keyport	130,000	2.55214	331,778	2.5670	333,710
Subtotal Usage	690,314		1,533,039		1,554,115
Total MCG			1,629,235		1,659,463
<u>Regular Sales for Resale</u>					
5/8" Monthly	-	15.68	-	16.85	-
3/4" Monthly	-	23.51	-	25.30	-
1" Monthly	-	39.19	-	42.10	-
1 1/2" Mthly	-	78.38	-	84.30	-
2" Monthly	-	125.40	-	134.80	-
3" Monthly	12.0	235.13	2,822	252.80	3,034
4" Monthly	-	391.88	-	421.30	-
6" Monthly	92.1	783.76	72,208	842.50	77,820
8" Monthly	24.0	1,254.02	30,096	1,348.00	32,352
6" Monthly	12.0	683.43	8,201	842.50	10,110
Subtotal Service Charges	140.1		113,327		123,115
All Water (Thousands)	815,598	5.7881	4,720,763	6.0505	4,934,776
All Water (Thousands) "H"	76,780	8.5019	652,776	8.8873	682,367
All Water "I"	41,481	4.6610	193,343	5.2500	217,775
Subtotal Usage	933,859		5,566,882		5,834,918
Total Regular SFR			5,680,209		5,958,033

Schedule C

NEW JERSEY-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND SETTLEMENT RATES TO BILL ANALYSIS

Classification	Number of Bills/Usage	Present	Present Revenue	Settlement Rate	Settlement Revenue
		Rate 4/1/2018			
<u>Pennsgrove Non-Exempt (SA-1B)</u>					
5/8" Monthly	46,852.1	15.68	\$ 734,640	\$ 16.85	789,457
3/4" Monthly	-	23.51	-	25.30	-
1" Monthly	1,625.3	39.19	63,695	42.10	68,425
1 1/2" Mithly	805.5	78.38	63,136	84.30	67,905
2" Monthly	837.3	125.40	104,992	134.80	112,863
3" Monthly	84.0	235.13	19,751	252.80	21,235
4" Monthly	120.3	391.88	47,148	421.30	50,688
6" Monthly	-	783.76	-	842.50	-
8" Monthly	12.0	1,254.02	15,048	1,348.00	16,176
Subtotal Service Charges	50,336		1,048,412		1,126,749
All Usage	366,266	4.2342	1,550,843	5.3000	1,941,209
Subtotal Usage	366,266		1,550,843		1,941,209
Growth			(28,611)		(33,770)
Total Pennsgrove			2,570,644		3,034,188
<u>SA-1D Applied Water</u>					
5/8" Monthly	15.0	\$ 15.68	\$ 235	16.85	\$ 252
3/4" Monthly	-	\$ 23.51	-	25.30	-
1" Monthly	-	\$ 39.19	-	42.10	-
1 1/2" Mithly	-	\$ 78.38	-	84.30	-
2" Monthly	25.7	\$ 125.40	3,224	134.80	3,466
Subtotal Service Charges	40.7		\$ 3,459		\$ 3,718
All Usage	3,618	7.2113	26,090	6.1005	22,072
Irrigation Water			-		-
Subtotal Usage	3,618		26,090		22,072
Growth					-
Total SA-1d			29,549		25,789

Schedule C

NEW JERSEY-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND SETTLEMENT RATES TO BILL ANALYSIS

Classification	Number of Bills/Usage	Present	Present Revenues	Settlement Rate	Settlement Revenue
		Rate 4/1/2018			
SA-2, SA-3 Main, & SA-1A					
5/8" Monthly	2,235,308.6	\$ 15.68	\$ 35,049,639	\$ 16.85	\$ 37,664,950
3/4" Monthly	159,219.0	23.51	3,743,238	25.30	4,028,240
1" Monthly	167,267.0	39.19	6,555,193	42.10	7,041,940
1 1/2" Mthly	27,510.7	78.38	2,156,290	84.30	2,319,153
2" Monthly	47,195.0	125.40	5,918,248	134.80	6,361,881
3" Monthly	9,778.7	235.13	2,299,265	252.80	2,472,055
4" Monthly	5,855.8	391.88	2,294,755	421.30	2,467,031
6" Monthly	1,178.3	783.76	923,508	842.50	992,721
8" Monthly	468.5	1,254.02	587,503	1,348.00	631,532
10" Monthly	70.0	1,567.52	109,692	1,685.00	117,913
12" Monthly	24.0	1,959.40	47,026	2,106.00	50,544
16" Monthly	12.0	3,135.05	37,621	3,370.00	40,440
4" Monthly SOS	12.0	391.88	4,703	421.30	5,056
6" Monthly SOS	24.0	783.76	18,810	842.50	20,220
8" Monthly SOS	24.0	1,254.02	30,096	1,348.00	32,352
5/8" Manville	48,376.7	15.68	758,546	16.85	815,147
3/4" Manville	1,257.0	23.51	29,553	25.30	31,803
1" Manville	288.4	39.19	11,301	42.10	12,141
1 1/2" Manville	102.0	78.38	7,995	84.30	8,599
2" Manville	123.0	125.40	15,424	134.80	16,580
3" Manville	24.0	235.13	5,643	252.80	6,067
4" Manville	36.2	391.88	14,185	421.30	15,250
6" Manville	-	783.76	-	842.50	-
8" Manville	12.0	1,254.02	15,048	1,348.00	16,176
Subtotal Service Charges	2,704,167		\$ 60,633,282		\$ 65,167,791
All Usage except PSE&G	21,902,626	5.6973	124,785,833	6.1005	133,616,972
PSE&G	481,014	4.9129	2,363,174	5.2806	2,530,422
GMS-SOS	104,412	5.6502	589,949	6.0505	631,745
GMS-SOS Peaking	2,366	8.5019	20,115	8.8873	21,027
Subtotal Usage	22,490,418		127,759,071		136,800,166
Manville All Usage	254,229	5.2881	1,344,389	6.1005	1,550,925
Subtotal Manville Usage	254,229		1,344,389		1,550,925
Subtotal	22,744,647		129,103,460		138,351,091
Revenue Credit for Exempt Consumption			(73,615)		(93,838)
Growth			1,305,768		1,662,856
Total SA-2, SA-3, SA-1A			\$ 190,968,895		\$ 205,087,900

Schedule C

NEW JERSEY-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND SETTLEMENT RATES TO BILL ANALYSIS

Classification	Number of Bills/Usage	Present	Present Revenues	Settlement Rate	Settlement Revenue
		Rate 4/1/2018			
OIW					
5/8" Monthly	132.2	\$ 15.68	\$ 2,073	16.85	2,227
3/4" Monthly	48.0	23.51	1,128	25.30	1,214
1" Monthly	84.0	39.19	3,292	42.10	3,536
1 1/2" Mthly	168.0	78.38	13,168	84.30	14,162
2" Monthly	840.0	125.40	105,336	134.80	113,232
3" Monthly	468.2	235.13	110,084	252.80	118,357
4" Monthly	403.3	391.88	158,026	421.30	169,889
6" Monthly	132.0	783.76	103,456	842.50	111,210
8" Monthly	36.0	1,254.02	45,145	1,348.00	48,528
10" Monthly	60.4	1,567.52	94,627	1,685.00	101,719
12" Monthly	24.0	1,959.40	47,026	2,106.00	50,544
10" Monthly Exempt	24.0	1,351.71	32,441	1,453.00	34,872
Subtotal Service Charges	2,420		\$ 715,801		\$ 769,491
All Water (Thousands)	2,744,803				
Rutgers	640,910	3.3077	2,119,938	3.5177	2,254,529
Phillips 66	1,505,230	3.3077	4,978,849	3.5177	5,294,948
Princeton	195,972	3.3077	648,217	3.5177	689,371
Merck	213,841	3.3077	707,322	3.5177	752,228
Johanna Foods	188,850	3.3077	624,659	3.5177	664,318
Cogen Exempt	1,016,716	2.8523	2,899,979	3.0334	3,084,106
Subtotal Usage	3,761,519		11,978,964		12,739,500
Total OIW			\$ 12,694,765		\$ 13,508,991
Sales to Other Systems					
All Water (Thousands)	7,833,841	2.6069	20,422,041	2.7740	21,731,076
Edison	1,874,577				
Elizabeth	2,825,277				
Franklin	1,752,000				
Monroe	-				
S. Brunswick	1,381,988				
All Water Exempt	1,095,000	2.2480	2,461,560	2.3921	2,619,350
Lawrenceville	1,095,000				
Middlesex	-				
Subtotal Usage	8,928,841		22,883,601		24,350,426
Total SOS			22,883,601		24,350,426

Schedule C

NEW JERSEY-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND SETTLEMENT RATES TO BILL ANALYSIS

Classification	Number of Bills/Usage	Present	Present Revenues	Settlement Rate	Settlement Revenue
		Rate 4/1/2018			
SA-3					
5/8" S. Hampton	5,134.6	\$ 15.68	80,510	\$ 16.85	86,517
3/4" S. Hampton	35.8	23.51	841	25.30	905
1" S. Hampton	264.7	39.19	10,373	42.10	11,143
1 1/2" S. Hampton	35.6	78.38	2,789	84.30	2,999
2" S. Hampton	47.8	125.40	5,993	134.80	6,442
3" S. Hampton	23.6	235.13	5,544	252.80	5,961
Subtotal Service Charges	5,542		\$ 108,049		\$ 113,967
All Usage	23,433	4.9349	115,641	6.1005	142,955
Subtotal Usage	23,433		115,641		142,955
Growth			(3,893)		(4,512)
Total SA-3 GMS			\$ 217,797		\$ 252,411
Haddonfield Tariff (SA-1E)					
5/8" Monthly	44,773.1	\$ 4.160	186,256	\$ 8.00	358,185
3/4" Monthly	3,489.3	4.160	14,515	8.00	27,914
1" Monthly	7,355.3	4.160	30,598	8.00	58,842
1 1/2" Monthly	463.0	4.160	1,926	8.00	3,704
2" Monthly	556.8	4.160	2,316	8.00	4,455
3" Monthly	48.2	4.160	200	8.00	385
4" Monthly	36.0	4.160	150	8.00	288
6" Monthly	-	4.160	-	8.00	-
8" Monthly	-	4.160	-	8.00	-
10" Monthly	-	4.160	-	8.00	-
Subtotal Service Charges	56,721.6		235,962	8.00	453,773
First 2,700 gallons	127,548	5.6000	714,270	6.1005	778,108
Next 10,700 gallons	154,949	7.0600	1,093,940	7.0000	1,084,643
Over 13,400 gallons	64,431	7.8400	505,137	7.0000	451,015
Subtotal	346,928		2,313,347		2,313,766
Base Year Growth			(1,873)		(2,458)
Normalization Adjustment - Residential (2	(8,122)	6.6681	(54,158)	6.6693	(54,186)
Normalization Adjustment - Commercial (	(572)	6.6681	(3,814)	6.6693	(3,815)
Total Haddonfield			2,489,464		2,707,100

Schedule C

NEW JERSEY-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND SETTLEMENT RATES TO BILL ANALYSIS

Classification	Number of Bills/Usage	Present	Present Revenues	Settlement Rate	Settlement Revenue
		Rate 4/1/2018			
Shorelands Non-Exempt (SA-1C)					
5/8" Monthly	101,352.0	\$13.67	\$ 1,385,482	\$ 16.85	1,707,781
3/4" Monthly	8,268.0	20.50	169,494	25.30	209,180
1" Monthly	18,672.0	34.17	638,022	42.10	786,091
1 1/2" Mthly	828.0	68.34	56,586	84.30	69,800
2" Monthly	1,908.0	109.35	208,640	134.80	257,198
3" Monthly	204.0	205.03	41,826	252.80	51,571
4" Monthly	180.0	341.72	61,510	421.30	75,834
6" Monthly	24.0	683.43	16,402	842.50	20,220
8" Monthly	-	1,093.50	-	1,348.00	-
Subtotal Service Charges	131,436		2,577,961		3,177,677
All Usage	1,162,841	4.6610	5,420,001	5.3000	6,163,056
Subtotal Usage	1,162,841		5,420,001		6,163,058
Growth			(38,317)		(44,750)
Total Shorelands			7,959,646		9,295,983

Schedule C

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

<u>Service Area</u>	<u>Quantity</u>	<u>Present Annual Rate</u>	<u>Present Revenue</u>	<u>Quantity</u>	<u>Stipulated Annual Rate</u>	<u>Stipulated Revenue</u>	<u>Increase (Decrease)</u>	<u>Percent</u>
SA-1 - Private Fire								
Rate L-1								
2-INCH	280.0	\$225.24	\$ 63,067	280	\$ 239.52	\$ 67,066	\$ 3,999	6.3%
3-INCH	-	\$506.76	-	-	538.92	-	-	-
4-INCH	1,404.0	\$900.84	1,264,779	1,404	958.08	1,345,144	80,365	6.4%
6-INCH	2,756.0	\$2,026.92	5,586,192	2,756	2,155.68	5,941,054	354,862	6.4%
8-INCH	800.0	\$3,603.36	2,882,688	800	3,832.32	3,065,856	183,168	6.4%
10-INCH	27.0	\$5,630.16	152,014	27	5,988.00	161,676	9,662	6.4%
12-INCH	29.0	\$8,107.44	235,116	29	8,622.72	250,059	14,943	6.4%
Subtotal L-1			10,183,856			10,830,855	646,999	6.4%
Rate L-2								
Sprinkler Heads	161,053	\$10.39	1,673,341	161,053	11.16	1,797,351	124,010	7.4%
Private Hydrants	307	\$325.92	100,057	307	387.84	119,067	19,010	19.0%
Subtotal L-2			1,773,398			1,916,418	143,020	
Mount Holly (SA-3) & Harrison (SA-1A) L-7								
2-INCH	9.0	\$225.24	2,027	9	239.52	2,156	129.00	6.4%
3-INCH	4.0	506.76	2,027	4	538.92	2,156	129.00	6.4%
4-INCH	55.0	900.84	49,546	55	958.08	52,694	3,148.00	6.4%
6-INCH	87.0	2,026.92	176,342	87	2,155.68	187,544	11,202.00	6.4%
8-INCH	31.0	3,603.36	111,704	31	3,832.32	118,802	7,098.00	6.4%
10-INCH	1.0	\$5,630.16	5,630	1	5,988.00	5,988	358.00	6.4%
12-INCH								
Private Hydrants	141.0	\$117.60	16,582	141	139.92	19,729	3,147	19.0%
Subtotal L-8			363,858			389,069	25,211	

Schedule C

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

<u>Service Area</u>	<u>Quantity</u>	<u>Present Annual Rate</u>	<u>Present Revenue</u>	<u>Quantity</u>	<u>Stipulated Annual Rate</u>	<u>Stipulated Revenue</u>	<u>Increase (Decrease)</u>	<u>Percent</u>
Pennsgrove SA-1B - L-9								
2-INCH	-	\$310.68	-	-	\$ 310.68	-	-	-
3-INCH	-	\$699.00	-	-	699.00	-	-	-
4-INCH	4	\$1,242.72	4,971	4	1,242.72	4,971	-	-
6-INCH	8	\$2,796.96	22,376	8	2,796.96	22,376	-	0.0%
8-INCH	2	\$4,970.88	9,942	2	4,970.88	9,942	-	0.0%
10-INCH	2	\$7,767.00	15,534	2	7,767.00	15,534	-	0.0%
12-INCH	3	\$11,184.48	33,553	3	11,184.48	33,553	-	0.0%
16-INCH	1	\$19,885.20	19,885	1	19,885.20	19,885	-	0.0%
Private Hydrants	53	\$325.92	17,274	53	387.84	20,556	3,282	19.0%
Subtotal L-9			123,535			126,817	3,282	
Total SA-1			12,444,647			13,263,159	818,512	6.6%
SA-2 Private Fire Rate L-3								
2-INCH	181.0	\$457.08	82,731	181	457.08	82,731	\$ -	0.0%
3-INCH	113.0	\$897.72	101,442	113	897.72	101,442	-	0.0%
4-INCH	1,145.0	\$1,447.68	1,657,594	1,145	1,447.68	1,657,594	-	0.0%
6-INCH	1,632.0	\$2,685.24	4,382,312	1,632	2,685.24	4,382,312	-	0.0%
8-INCH	689.0	\$4,586.28	3,159,947	689	4,586.28	3,159,947	-	0.0%
10-INCH	82.0	\$5,641.44	462,598	82	5,988.00	491,016	28,418	6.1%
12-INCH	8.0	\$8,123.76	64,990	8	8,622.72	68,982	3,992	6.1%
16-INCH	1.0	\$16,943.40	16,943	1	16,943.40	16,943	-	0.0%
Consumption Revenue			220,922			236,557	15,635	7.1%
Private Hydrants	1,662.0	\$382.56	635,815	1,662	420.84	699,436	63,621	10.0%
Total SA-2, L-3			10,785,294			10,896,960	111,666	1.0%

Schedule C

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

<u>Service Area</u>	<u>Quantity</u>	<u>Present Annual Rate</u>	<u>Present Revenue</u>	<u>Quantity</u>	<u>Stipulated Annual Rate</u>	<u>Stipulated Revenue</u>	<u>Increase (Decrease)</u>	<u>Percent</u>
SA-1C Private Fire								
Rate L-10								
2-INCH w/ Hose		\$0.00	\$ -	-	\$ 1,757.40	\$ -	\$ -	-
3-INCH w/ Hose		\$1,757.40	-	-	2,928.96	8,787	-	-
4-INCH w/ Hose	3.0	\$2,928.96	8,787	3	5,858.04	52,722	8,787	-
6-INCH w/ Hose	9.0	\$5,858.04	52,722	9	9,372.84	65,610	52,722	-
8-INCH w/ Hose	7.0	\$9,372.84	65,610	7	14,527.92	14,528	65,610	-
10-INCH w/ Hose	1.0	\$14,527.92	14,528	1	585.84	1,758	14,528	-
2-INCH w/o Hose	3.0	\$585.84	1,758	3	1,230.24	2,460	1,758	-
3-INCH w/o Hose	2.0	\$1,230.24	2,460	2	2,050.32	90,214	2,460	-
4-INCH w/o Hose	44.0	\$2,050.32	90,214	44	4,100.64	200,931	90,214	-
6-INCH w/o Hose	49.0	\$4,100.64	200,931	49	6,561.00	91,854	200,931	-
8-INCH w/o Hose	14.0	\$6,561.00	91,854	14	10,251.48	-	91,854	-
10-INCH w/o Hose		\$10,251.48	-					
Private Hydrants	190.0	\$644.40	122,436	190	644.40	122,436	-	-
Total SA-1C, L-10			<u>651,300</u>			<u>651,300</u>		
SA-4 Applied								
2-INCH		\$225.24	-		\$ 239.52	-	-	-
3-INCH		\$506.76	-		538.92	-	-	-
4-INCH		\$900.84	-		958.08	-	-	-
6-INCH		\$2,026.92	-		2,155.68	-	-	-
8-INCH		\$3,603.36	-		3,832.32	-	-	-
Rate L-11								
Private Hydrants	8	\$286.20	2,290	8	340.56	2,724	434	19.0%
Subtotal Applied			<u>2,290</u>			<u>2,724</u>	<u>434</u>	
Total Private Fire			<u>\$ 23,883,531</u>			<u>\$ 24,814,143</u>	<u>930,612</u>	

Schedule C

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

<u>Service Area</u>	<u>Quantity</u>	<u>Present Annual Rate</u>	<u>Present Revenue</u>	<u>Quantity</u>	<u>Stipulated Annual Rate</u>	<u>Stipulated Revenue</u>	<u>Increase (Decrease)</u>	<u>Percent</u>
SA-1 - Public Fire								
Rate M-1	24,536.0	\$509.37	\$ 12,497,902	24,536	\$ 552.00	\$ 13,543,872	1,045,970	8.37%
Rate M-2	288.00	\$455.88	131,293	288	494.04	142,284	10,991	8.37%
Rate M-3	209.0	\$458.88	95,906	209	497.28	103,932	8,026	8.37%
Harrison - M-7	430.0	\$362.04	155,677	430	392.40	168,732	13,055	8.39%
Pennsgrove - M-8	464.0	\$288.48	133,855	464	312.60	145,046	11,191	8.36%
Total SA-1	25,927.0		13,014,633	25,927		14,103,866	1,089,233	8.37%
SA-2 - M-5								
Fire Hydrants Zone 2A	73.3	\$445.08	\$ 32,602	73	\$ 482.28	\$ 35,327	2,725	8.36%
Fire Hydrants Zone 2B	489.0	\$509.40	249,097	489	\$ 552.00	269,928	20,831	8.36%
Fire Hydrants Zone 2C	1,307.8	\$522.84	683,744	1,308	566.64	741,023	57,279	8.38%
Fire Hydrants Zone 2D	149.8	\$561.84	84,136	150	608.88	91,180	7,044	8.37%
Fire Hydrants Zone 2E	1,743.3	\$607.08	1,056,292	1,743	657.84	1,146,780	88,488	8.36%
Fire Hydrants Zone 2F	2,497.5	\$657.72	1,642,656	2,498	712.80	1,780,218	137,562	8.37%
Fire Hydrants Zone 2G	4,277.8	\$705.84	3,019,407	4,278	764.88	3,271,965	252,558	8.36%
Fire Hydrants Zone 2H	1,179.5	\$753.00	888,164	1,180	789.36	931,050	42,886	4.83%
Fire Hydrants Zone 2I	3,297.0	\$800.04	2,637,732	3,297	800.04	2,637,732	(0)	0.00%
Fire Hydrants Zone 2J	562.8	\$847.08	476,694	563	847.08	476,694	0	0.00%
Fire Hydrants Zone 2K	1,341.3	\$894.00	1,199,078	1,341	894.00	1,199,078	(1)	0.00%
Total SA-2	16,918.8		11,971,602	16,919		12,560,975	609,373	5.09%

Schedule C

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

<u>Service Area</u>	<u>Quantity</u>	<u>Present Annual Rate</u>	<u>Present Revenue</u>	<u>Quantity</u>	<u>Stipulated Annual Rate</u>	<u>Stipulated Revenue</u>	<u>Increase (Decrease)</u>	<u>Percent</u>
<u>SA-3 - M-6</u>								
Fire Hydrants Zone 3A	153.0	\$265.92	40,686	153.0	\$ 288.12	44,082	3,397	8.35%
Fire Hydrants Zone 3B	71.3	\$315.60	22,487	71.3	342.00	24,368	1,881	8.37%
Fire Hydrants Zone 3C	109.0	\$365.40	39,829	109.0	396.00	43,164	3,335	8.37%
Fire Hydrants Zone 3D	246.3	\$415.20	102,243	246.3	450.00	110,813	8,570	8.38%
Fire Hydrants Zone 3G	790.5	\$489.72	387,124	790.5	530.76	419,566	32,442	8.38%
Fire Hydrants Zone 3I								
Total SA-3	1,370.0		592,368	1,370.0		641,992	49,625	8.38%
<u>SA-1d M10</u>								
Fire Hydrants	31.0	\$237.24	7,354	31	\$ 257.04	7,968	614	8.35%
<u>SA-1c M9 - Shorelands</u>								
Hazlet Fire Hydrants	433.0	\$322.20	139,513	433.0	\$ 1,119.24	484,631	345,118	247.37%
Hazlet Inch Foot	273,397.8	0.1052	345,132	273,397.8	-	-	(345,132)	-100.00%
Holmdel Fire Hydrants	409.0	322.20	131,780	409.0	1,119.24	457,769	325,989	247.37%
Holmdel Inch Foot	369,405.5	0.1052	466,332	369,405.5	-	-	(466,332)	-100.00%
Total			\$ 1,082,757	842.0		\$ 942,400	\$ (140,357)	
Total Public Fire	45,089		26,668,714	45,089		28,277,201	1,608,488	6.03%

NEW JERSEY-AMERICAN WATER COMPANY

CALCULATION OF GMS RATES BY SERVICE AREA

	SA-1	SA-2, 1a	SA-2 Manville	SA-3 S. Hampton	SA-1B Pennsgrove
SA-1 Settlement Rate	\$ 6.1005				
SA-1 Existing Rate	5.8352				
Increase	0.2653				
Existing Rate	\$ 5.6973	\$ 5.2881	\$ 4.9349	\$ 4.2342	
Plus: SA-1 increase	0.2653	0.2653	0.2653	0.2653	
Subtotal	5.9626	5.5534	5.2002	4.4995	
Difference Remaining from SA-1	0.1379	0.5471	0.9003	1.6010	
Percent of Remaining Difference to Close Gap	100.0%	100.0%	100.0%	50.0%	
Additional to Close to SA-1	0.1379	0.5471	0.9003	0.8005	
Total Settlement Rate	\$ 6.1005	\$ 6.1005	\$ 6.1005	\$ 5.3000	
Rate used	6.1005	6.1005	6.1005	6.1005	5.3000

Schedule C

Summary of Bill Analysis Under Present and Proposed Rates by Class
Ocean City Sewer Service - Rate Schedule "1-A"
UPDATED 4/23/2018

New Jersey American Water Company
Docket No. WR1709025
Witness Responsible: D. DeStefano

Line No.	Class/Description	Customers	Under Present Rates			Under Proposed Rates			Normalized Post Test Year Twelve Months Ended 9/30/2018			
			Sales (1,000 Gal)	Present Rate	Total Revenue	% Revenue To Total	Sales (1,000 Gal)	Proposed Rate	Total Revenue	% Revenue To Total	Dollar Change	% Change
1	Ocean City Sewer Service - Rate Schedule "1-A"											
2	Base Year (FY) Summer Quarter Usage:											
3	Residential	12,885	220,968	\$10.4508	\$2,309,288	48.79%	220,968	\$11.2690	\$2,490,094			
4	Commercial	2,347	104,748	10.4508	1,094,695	23.13%	104,748	11.2690	1,180,400			
5	Other Public Authority	43	6,341	10.4508	66,263	1.40%	6,341	11.2690	71,451			
6	Base Year (FY) Annual Usage:											
7	Residential	409,954	17,758	1.7598	711,437	15.24%	409,954	\$1.8980	778,092			
8	Commercial	216,535	1,758	1.7598	381,058	8.05%	216,535	1.8980	410,983			
9	Other Public Authority	12,861	1.7598	1.7598	21,633	0.46%	12,861	1.8980	24,410			
10	5 Year Average											
11	2012-16 Note (1)											
12	Summer Quarter Normalization Adjust.:											
13	Normalization Adjust. - Residential	17.2	1.167	10.4508	12,196	0.26%	1,167	11.2690	13,151			
14	Normalization Adjust. - Commercial	46.5	4.406	10.4508	46,046	0.97%	4,406	11.2690	49,651			
15	Normalization Adjust. - OPA	150.4	126	10.4508	1,317	0.03%	126	11.2690	1,420			
16	Total Summer Quarter As Normalized		397,725				397,725					
17	Annual Usage Normalization Adjust.:											
18	Normalization Adjust. - Residential	34.3	32,459	1.7598	57,121	1.21%	32,459	1.8980	61,607			
19	Normalization Adjust. - Commercial	97.2	11,512	1.7598	20,259	0.43%	11,512	1.8980	21,850			
20	Normalization Adjust. - OPA	307.6	367	1.7598	646	0.01%	367	1.8980	697			
21	Total Annual Usage As Normalized	425,691	683,680	11.1183	\$4,732,959	100.00%	683,680		\$5,103,796			
22	Base Year Growth - Sch 6	776	1,246		13,857		1,246		14,943			
23	Post Test Year Growth - Sch 6	1,217	1,954		21,717		1,954		23,429			
24	Total with Growth	628	1,008		11,205		1,008		12,083			
25	Total with Growth	428,311	687,696		\$4,779,748		687,696		\$5,154,251			7.84%
26	{} Per Workpapers 51, Page 3 of 6.				5,070,849							
27	Notes: (1) UPDATED 4/23/2018: The Present Rate reflects the the BPU approved tariff rates effective 4/1/2018.											

Schedule C

Summary of Bill Analysis Under Present and Proposed Rates by Class
 Adolphus Sewer Service - Rate Schedule "3-A"
 UPDATED 4/23/2018

New Jersey American Water Company
 DocId: No. W117090185
 Witness Responsible: D. DeStefano

Line No.	Description	Customer Meter Billing	Under Present Rates			Under Proposed Rates			Total Revenue	Dollar Change	% Change
			Sales (1,000 Gal)	Present Rate	Total Revenue	Proposed Rate	Total Revenue				
1	Adolphus Sewer Service - Rate Schedule "3-A"										
2	Service Charge:										
3	5/8" Monthly	42,909		\$5.36	\$229,993					18.99%	
4	3/4" Monthly	0		\$8.04	0					0.00%	
5	1" Monthly	3,104		\$13.99	41,563					3.61%	
6	1 1/2" Monthly	36		\$26.78	964					0.08%	
7	2" Monthly	78		\$42.84	3,370					0.29%	
8	3" Monthly	0		\$80.33	0					0.00%	
9	4" Monthly	12		\$133.88	1,607					0.14%	
10	6" Monthly	0		\$267.77	0					0.00%	
11	8" Monthly	0		\$428.43	0					0.00%	
12	10" Monthly	0		\$535.54	0					0.00%	
13	12" Monthly	0		\$669.42	0					0.00%	
14	Fired Service Charge	46,139.9						\$10.38	478,932		
15											
16											
17	Base Year ("BY") Total Usage 1,000 Gal		169,246	\$5.1822	877,065		169,246	\$4.0340	682,737	76.21%	
18											
19											
20											
21	5 Year Average 2012-16 Rate [1]										
22	Normalization Adjustment - Residential		(307)	5.1822	(1,591)		(307)	\$4.0340	(1,239)	-0.14%	
23	Normalization Adjustment - Commercial		(441)	5.1822	(2,385)		(441)	\$4.0340	(1,779)	-0.20%	
24											
25											
26											
27											
28	Total As Normalized		169,498	6.8121	\$1,150,686		169,246	\$4.0340	1,158,651	0.69%	
29											
30	Base Year Growth - Sch 6		654		4,464				4,495		
31	Test Year Growth - Sch 6		460		3,140				3,162		
32	Post Test Year Growth - Sch 6		230		1,570				1,581		
33	Total with Growth		169,842		\$1,159,850				\$1,167,889		
34											
35	[1] Per Worksheet ST, Page 1 of 6.										
36	UPDATED 1/15/2018: Additional Usage of 4,728 TG added to Base Year for Commercial on line 17. Please Refer to RCR-A-38.										
37	Notes: [1] UPDATED 4/23/2018: The Present Rate reflects the the BPU approved tariff rates effective 4/1/2018.										
38											
39											

Schedule C

Summary of Bill Analysis Under Present and Proposed Rates by Class
Statewide Sewer Service Systems -- Rate Schedules "5-A", "6-A", "7-A", "8-A", "9-A", "10-A"
UPDATED 4/23/2018
New Jersey-American Water Company
Docket No. W1117090945
Witness: Joseph D. DeStefano

Line No.	Class/Description	Customer Meter Billing	Under Present Rates			Under Proposed Rates			Normalized Post Test Year: Twelve Months Ended 8/30/2018			
			Sales (1,000 Gal)	Present Rate	Total Revenue	Sales (1,000 Gal)	Proposed Rate	Total Revenue	% Revenue To Total	Dollar Change	% Change	
1	Statewide Sewer Service Systems -- Rate Schedules "5-A", "6-A", "7-A", "8-A", "9-A", "10-A"											
2	Fixed Service Charge - Rate Schedule 5-A											
3												
4	Class A Fixed charge - Monthly	6,301		\$76.42	\$481,506							
5	Class B Fixed charge - Monthly	14,949		\$92.99	1,390,066							
6												
7	Fixed Service Charge - Rate Schedules 6-A, 7-A, 8-A	36,085		43.29	1,552,125							
8	Fixed Charge - Monthly Residential	340		43.29	14,703							
9	Fixed Charge - Monthly Commercial	2,920		18.82	54,555							
10	Fixed Charge - Monthly - Jensen's											
11												
12	Base Year ("90") Total Usage 1,000 Gal - Residential		129,381	\$ 8.2825	1,071,600							
13	Base Year ("90") Total Usage 1,000 Gal - Commercial		5,518	\$ 8.2825	45,705							
14												
15	3 Year Avg. Winter Qtr. 2015-2017											
16	Winter Quarter Normalization Adjustments:											
17	Normalization Adjust. - Residential		9.5		(9,543)							
18	Normalization Adjust. - Commercial		36.0		(629)							
19												
20	Annualized Winter Qtr. normalization adjust.		(9,171)		(75,967)							
21												
22	Winter Qtr. Usage Adjust. - Minimum 2.00M DDD (1)		3,347		27,984							
23	Rate Adjust. - Residential											
24	Rate Adjust. - Commercial											
25												
26	Annualized Winter Qtr. Minimum usage adjust.		10,042		83,171							
27												
28	Total As Normalized		135,769	\$34.09	\$4,627,864							
29												
30	Base Year Growth - Sch 6		404		13,255							
31	Test Year Growth - Sch 6		1,125		38,354							
32	Post Test Year Growth - Sch 6		614		20,931							
33	Total w/gh Growth		1,377,522		\$4,700,908							
34												
35												
36												
37												
38												
39	(1) Adjustment to reflect incremental additional billable usage based on the Minimum Monthly Usage Constant of 2,000 gallons. The Minimum Monthly Usage constant based on average usage from Winter Qtr. Months January, February and March. This adjustment reflects the 2017 Winter Qtr. Average monthly usage below the minimum monthly usage constant											
40												
41												
42	(2) Per Worspapers 57, Page 4 of 6.											
43												
44	UPDATED 3/15/2018: Formula Error on Line 20 Annualized Winter Qtr normalization Adjustment should have had sales of -9,172 not -35,586. Please Refer to RCN-A-160.											
45	Notes: (1) UPDATED 4/23/2018: The Present Rate reflects the BPU approved tariff miss effective 4/1/2018.											
46												

Schedule C

Summary of Bill Analysis Under Present and Proposed Rates by Class
Applied Sewer Service - Sewer (SA-ID) - Rate Schedule "E-A" Other Contracts
UPDATED 4/23/2018

New Jersey-American Water Company
Docket No. W117090985
Witness Responsible: O. DeStefano

Normalized Post Test Year: Twelve Months Ended 9/30/2018
Worksheet 55 Page 6 of 6

Line No.	Class/Description	Billings Determinants	Sales (1,000 Gal)	Under Present Rates		Under Proposed Rates		Total Revenue	Dollar Change	Total Revenue % Change
				Present Rate	Total Revenue	Proposed Rate	Total Revenue			
1	Applied Sewer Service - Sewer (SA-ID) - Rate Schedule "E-A" Other Contracts									
2										
3										
4	Other Contracts - Present Rate Schedule E-A (Note 1)									
5	Beacon Hill Clubhouse - (note 2)	24.00		94.05	\$2,257	94.05	\$95.00	2,280		
6	Northern Burlington School - (note 3)	1,902.73		94.05	169,547	94.05	\$95.00	171,259		
7	Mansfield Township Elementary - (note 4)	249.96		94.05	23,509	94.05	\$95.00	23,746		
8										
9										
10										
11										
12										
13										
14										
15										
16										
17										
18										
19										
20										
21										
22	Total As Normalized		150,250		\$195,813			\$197,765		1.01%
23										
24										
25										
26										
27										
28										
29	Notes:									
30	(1) Rate Schedule E-A is applicable to all sewer system customers classified as (D) on Sheet No. 79 of the tariff									
31	(2) Beacon Hill billing units reflect 2 Equivalent Dwelling units, multiplied by 12 months. See SIR-14, Worksheet 57, page 6 of 6.									
32	(3) Northam Burlington High School billing units reflect 150,227 monthly units, multiplied by 12 months. See SIR-14, Worksheet 57, page 6 of 6.									
33	(4) Mansfield Township Elementary School billing units reflect 20.63 monthly billing units, multiplied by 12 months. See SIR-14, Worksheet 57, page 6 of 6.									
34	Note: (1) UPDATED 4/23/2018: The Present Rate reflects the BPU approved tariff rates effective 4/1/2018.									
35										
36										
37										
38										
39										
40										

Schedule C

Summary of Bill Analysis Under Present and Proposed Rates by Class
Haddonfield Sewer - Rate Schedule "11-A"
UPDATED 4/23/2018

New Jersey-American Water Company
Docket No. WPA21090915
Witness Responsible: D. DeStefano

Normalized Post Test Year Twelve Months Ended 3/30/2018
Worksheet 55 Page 5 of 6

Line No.	Class/Description	Customer Meter Billings	Under Present Rates			Under Proposed Rates			Total Revenue	Dollor Change	Percent Increase
			Sales (1,000 Gal)	Present Rate	Total Revenue	% Revenue To Total	Sales (1,000 Gal)	Proposed Rate				Total Revenue
1	Haddonfield Sewer - Rate Schedule "11-A"		19,944	\$2,881.5	\$7,469	5.64%	19,944	\$2,880.00	\$7,418	0.69%	
2	General Metered Service Charge	50,665		\$0.00	0	0.00%		\$3.25	\$164,661	18.96%	
3	Fired Service Charge										
4	Municipal Contracts										
5	Base Year ("BY") Total Usage 1,000 Gal										
6	Residential:										
7	Block 1 - 0 to 2,700 monthly		11,025	\$2,690.00	298,638	29.30%	11,025	\$2,600.00	\$286,666	9.74%	
8	Block 2 - 2,700 to 13,400 monthly		123,837	\$3,900.00	419,887	41.15%	123,837	\$3,250.00	\$403,470	4.51%	
9	Block 3 - over 13,400 monthly		30,476	\$3,770.00	77,196	7.57%	30,476	\$3,600.00	\$73,715	4.51%	
10	Normalization Adjustment:										
11	Block 1 - 0 to 2,700 monthly	28.5	(876)	\$2,690.00	(2,357)	-0.23%	(876)	\$2,600.00	(\$2,278)	-0.84%	
12	Block 2 - 2,700 to 13,400 monthly	31.8	(977)	\$3,900.00	(3,313)	-0.33%	(977)	\$3,250.00	(\$3,176)	-0.94%	
13	Block 3 - over 13,400 monthly	5.3	(162)	\$3,770.00	(609)	-0.06%	(162)	\$3,600.00	(\$582)	-0.16%	
14	Comments:										
15	Block 1 - 0 to 2,700 monthly	8,581		\$2,690.00	23,082	2.26%	8,581	\$2,600.00	\$22,910	0.75%	
16	Block 2 - 2,700 to 13,400 monthly	12,622		\$3,900.00	42,788	4.20%	12,622	\$3,250.00	\$41,021	0.94%	
17	Block 3 - over 13,400 monthly	18,749		\$4,770.00	70,685	6.94%	18,749	\$3,600.00	\$67,498	0.94%	
18	Normalization Adjustment:										
19	Block 1 - 0 to 2,700 monthly	33.8	39	\$2,690.00	105	0.01%	39	\$2,600.00	101	0.04%	
20	Block 2 - 2,700 to 13,400 monthly	34.9	57	\$3,900.00	194	0.02%	57	\$3,250.00	186	0.04%	
21	Block 3 - over 13,400 monthly	51.9	85	\$4,770.00	321	0.03%	85	\$3,600.00	307	0.04%	
22	Other Public Suburbity										
23	Block 1 - 0 to 2,700 monthly	985		\$1,690.00	2,649	0.26%	985	\$2,600.00	2,560	0.03%	
24	Block 2 - 2,700 to 13,400 monthly	2,634		\$3,900.00	8,928	0.88%	2,634	\$3,250.00	8,559	0.43%	
25	Block 3 - over 13,400 monthly	6,825		\$3,770.00	25,730	1.53%	6,825	\$3,600.00	24,570	0.61%	
26	Normalization Adjustment:										
27	Block 1 - 0 to 2,700 monthly	16.2	(56)	\$2,690.00	(150)	-0.01%	(56)	\$2,600.00	(145)	-0.05%	
28	Block 2 - 2,700 to 13,400 monthly	70.2	(149)	\$3,900.00	(504)	-0.05%	(149)	\$3,250.00	(483)	-0.14%	
29	Block 3 - over 13,400 monthly	181.8	(385)	\$3,770.00	(1,453)	-0.14%	(385)	\$3,600.00	(1,387)	-0.09%	
30	Total As Normalized	323,254		\$1,019,225	1,000,000%			\$1,146,011	12.46%		
31	Base Year Growth - Sch 6	24		78							
32	Test Year Growth - Sch 6	(549)		(1,731)							
33	Post Test Year Growth - Sch 6	(365)		(1,154)							
34	Total With Growth	322,363		\$1,018,416							
35	Per Worksheets 57, Page 5 of 6.										

UPDATED 1/15/2018; Note Formula Error On As Filed Exhibit P-3, Schedule 6,
Page 2 of 3 Line 33 & 34.

Schedule E

NEW JERSEY-AMERICAN WATER COMPANY

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

Customer Charges, per Month:

Meter Size	Present Rates		Stipulated Rates	
	Non-Exempt*	Exempt	Non-Exempt	Exempt
5/8	\$ 15.68	\$ 13.52	\$ 16.85	\$ 14.53
3/4	23.51	20.28	25.30	21.82
1	39.19	33.80	42.10	36.30
1-1/2	78.38	67.59	84.30	72.69
2	125.40	108.14	134.80	116.24
3	235.13	202.78	252.80	217.99
4	391.88	337.96	421.30	363.29
6	783.76	675.91	842.50	726.50
8	1,254.02	1,081.47	1,348.00	1,162.40
10	1,567.52	1,351.83	1,685.00	1,453.00
12	1,959.40	1,689.79	2,106.00	1,816.04
16	3,135.05	2,703.67	3,370.00	2,906.01

**Consumption Charges,
per Thousand Gallons:**

All Usage - GMS	\$ 5.8352	\$ 5.0591	\$ 6.1005	\$ 5.2606
All Usage - Regular SFR	5.7881	5.3031	6.0505	5.2174
All Usage - Peaking Rate SFR - Rate "H"	8.5019	7.3711	8.8873	7.6637
All Usage - Aberdeen - Rate "I"	4.6610		5.2500	4.5272

Private Fire Connections (Monthly):

Size	Present Monthly Rates		Stipulated State-Wide
	Sch. L-1, L-8, L-7	Schedule L-2	
2-inch	\$ 18.77		\$ 19.96
3-inch	42.23		44.91
4-inch	75.07		79.84
6-inch	168.91		179.64
8-inch	300.28		319.36
10-inch	469.18		499.00
12-inch	675.62		718.56
16-inch	1,201.11		1,277.14
Sprinkler Heads		\$0.87	0.93
Private Hydrant - L-2		27.16	32.32
Private Hydrant - L-1, L=8, L-7	168.91		179.64

* Includes DSIC

Schedule E

NEW JERSEY-AMERICAN WATER COMPANY

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

<u>Public Fire Hydrant (Annually):</u>		<u>Present</u>	<u>Stipulated</u>
State-Wide	M-1	\$ 509.37	\$ 552.00
Logan/Ortley	M-2	455.88	494.04
Adelphia	M-3	458.88	497.28

Sales for Resale

	<u>Present Rates</u>		<u>Stipulated Rates</u>	
	<u>Non-Exempt</u>	<u>Exempt</u>	<u>Non-Exempt</u>	<u>Exempt</u>
<u>Rates Applicable to Commodity-Demand Tariff:</u>				
Customer Charges, per Month:				
By Meter Size	Same as GMS		Same as GMS	
Consumption Charges, per Thousand:				
All Usage	\$ 0.4954	\$ 0.4272	\$ 0.5270	\$ 0.4544
Demand Charge per Month:				
Per Thousand Gallons of Maximum Day Nomination	\$ 58.81	\$ 50.72	\$ 62.57	\$ 53.96
Off-Peak Demand Charge per Month:				
Per Thousand Gallons of Maximum Day Nomination	\$ 54.09	\$ 46.64	\$ 57.55	\$ 49.63

Rates Applicable to Manasquan:

Customer Charges, per Month:				
By Meter Size	Same as GMS		Same as GMS	
Consumption Charges, per Thousand:				
Uninterruptible Sales	\$ 1.7740		\$ 1.7850	
Uninterruptible Sales - Keyport	\$ 2.5521		\$ 2.5670	
Regular Sales	5.7881	5.0183	6.0505	5.2174

Schedule E

NEW JERSEY-AMERICAN WATER COMPANY

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

Customer Charges, per Month:

<u>Meter Size</u>	<u>Present Rates Non-Exempt*</u>	<u>Stipulated Rates Non-Exempt</u>
5/8	\$ 15.68	\$ 16.85
3/4	23.51	25.30
1	39.19	42.10
1-1/2	78.38	84.30
2	125.40	134.80
3	235.13	252.80
4	391.88	421.30
6	783.76	842.50
8	1,254.02	1,348.00
10	1,567.52	1,685.00
12	1,959.40	2,106.00
16	3,135.05	3,370.00

**Consumption Charges,
per Thousand Gallons:**

	<u>Present Rates</u>		<u>Stipulated Rates</u>	
	<u>Non-Exempt</u>	<u>Exempt</u>	<u>Non-Exempt</u>	<u>Exempt</u>
All Non-seasonal Usage - GMS	\$ 5.6973	\$ 4.9134	\$ 6.1005	\$ 5.2606
All Usage - GMS, Manville	5.2881	4.5605	\$ 6.1005	\$ 5.2606
All Usage - OIW	3.3077	2.8523	\$ 3.5177	\$ 3.0334
All Usage - GMS SOS	5.6502	2.2480	6.0505	5.2174
All Usage - GMS-SOS Peaking	8.5019	7.3313	8.8873	7.6637
All Usage - SOS Rate G - Non-Exempt	2.6069	2.2480	2.7740	2.3921

* Includes DSIC

Schedule E

NEW JERSEY-AMERICAN WATER COMPANY
 COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
 SERVICE AREA SA-2

Private Fire Connections (Monthly):

<u>Size</u>	<u>Present Rates</u>	<u>Stipulated Rates</u>
2-inch	\$ 38.09	\$ 38.09
3-inch	74.81	74.81
4-inch	120.64	120.64
6-inch	223.77	223.77
8-inch	382.19	382.19
10-inch	470.12	499.00
12-inch	676.98	718.56
16-inch	1,411.95	1,411.95
20-inch	2,573.18	2,573.18
Private Hydrant	31.88	35.07
Private Hydrant, SA-1A	9.80	11.66

Public Fire Hydrant (Annually):

Fire Hydrants Zone 2A	\$445.08	\$482.28
Fire Hydrants Zone 2C	509.40	552.00
Fire Hydrants Zone 2D	522.84	566.64
Fire Hydrants Zone 2E	561.84	608.88
Fire Hydrants Zone 2F	607.08	657.84
Fire Hydrants Zone 2G	657.72	712.80
Fire Hydrants Zone 2H	705.84	764.88
Fire Hydrants Zone 2I	753.00	789.36
Fire Hydrants Zone 2J	800.04	800.04
Fire Hydrants Zone 2K	847.08	847.08
Fire Hydrants Zone 2L	894.00	894.00

Schedule E

NEW JERSEY-AMERICAN WATER COMPANY
COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-3, SOUTH HAMPTON

Customer Charges, per Month:

<u>Meter Size</u>	<u>Present Rates Non-Exempt*</u>	<u>Stipulated Rates Non-Exempt</u>
5/8	\$ 15.68	\$ 16.85
3/4	23.51	25.30
1	39.19	42.10
1-1/2	78.38	84.30
2	125.40	134.80
3	235.13	252.80
4	391.88	421.30
6	783.76	842.50
8	1,254.02	1,348.00
10	1,567.52	1,685.00
12	1,959.40	2,106.00
16	3,135.05	3,370.00

**Consumption Charges,
per Thousand Gallons:**

All Usage - South Hampton GMS	\$ 4.9349	\$ 6.1005
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* Includes DSIC

Schedule E

NEW JERSEY-AMERICAN WATER COMPANY
COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-3

Private Fire Connections (Monthly):

<u>Size</u>	<u>Present Rates</u>	<u>Stipulated Rates</u>
2-inch	\$ 18.77	\$ 19.96
3-inch	42.23	44.91
4-inch	75.07	79.84
6-inch	168.91	179.64
8-inch	300.28	319.36
10-inch	469.18	499.00
12-inch	\$ 675.62	718.56
Private Hydrant - Monthly	9.80	11.66

Public Fire Hydrant (Annually):

Fire Hydrants Zone 3A	\$265.92	\$288.12
Fire Hydrants Zone 3B	315.60	342.00
Fire Hydrants Zone 3C	365.40	396.00
Fire Hydrants Zone 3D	415.20	450.00
Fire Hydrants Zone 3G	489.72	530.76

Schedule E

NEW JERSEY-AMERICAN WATER COMPANY
COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-1A

Private Fire Connections (Monthly):

<u>Size</u>	<u>Present Rates</u>	<u>Stipulated Rates</u>
2-inch	\$ 18.77	\$ 19.96
3-inch	42.23	44.91
4-inch	75.07	79.84
6-inch	168.91	179.64
8-inch	300.28	319.36

Public Fire Hydrant (Annually) M-7:

362.04	392.40
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Schedule E

NEW JERSEY-AMERICAN WATER COMPANY
COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-1B, PENNSGROVE

Customer Charges, per Month:

<u>Meter Size</u>	<u>Present Rates Non-Exempt</u>	<u>Stipulated Rates Non-Exempt</u>
5/8	\$ 15.68	\$ 16.85
3/4	23.51	25.30
1	39.19	42.10
1-1/2	78.38	84.30
2	125.40	134.80
3	235.13	252.80
4	391.88	421.30
6	783.76	842.50
8	1,254.02	1,348.00
10	1,567.52	1,685.00
12	1,959.40	2,106.25

Consumption Charges, per Thousand Gallons:

All Non-seasonal Usage - GMS	\$ 4.2342	\$ 5.3000
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* Includes DSIC

Private Fire Connections (Monthly):

<u>Size</u>	<u>Present Rates</u>	<u>Stipulated Rates</u>
2-inch	\$ 25.89	\$ 25.89
3-inch	58.25	58.25
4-inch	103.56	103.56
6-inch	233.08	233.08
8-inch	414.24	414.24
10-inch	647.25	647.25
12-inch	932.04	932.04
Private Hydrant	27.16	32.32

Public Fire Hydrant (Annually) M-8

	\$288.48	312.60
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Schedule E

NEW JERSEY-AMERICAN WATER COMPANY
COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-1D, APPLIED

Customer Charges, per Month:

<u>Meter Size</u>	<u>Present Rates Non-Exempt*</u>	<u>Stipulated Rates Non-Exempt</u>
5/8	\$ 15.68	\$ 16.85
3/4	23.51	25.30
1	39.19	42.10
1-1/2	78.38	84.30
2	125.40	134.80

* Includes DSIC

**Consumption Charges,
per Thousand Gallons:**

All Sales - Irrigation	\$ 7.2113	\$ 6.1005
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Private Fire Connections (Annually):

<u>Size</u>	<u>Present Rates</u>	<u>Stipulated Rates</u>
Private Hydrant	\$ 286.20	\$ 340.56

Public Fire Hydrant (Annually): M10

	\$ 237.24	\$ 257.04
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Schedule E

NEW JERSEY-AMERICAN WATER COMPANY
 COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
 SERVICE AREA SA-1E, HADDONFIELD

Customer Charges, per Month:

<u>Meter Size</u>	<u>Present Rates Non-Exempt</u>	<u>Stipulated Rates Non-Exempt</u>
5/8	\$ 4.16	\$ 8.00
3/4	4.16	8.00
1	4.16	8.00
1-1/2	4.16	8.00
2	4.16	8.00
3	4.16	8.00
4	4.16	8.00

**Consumption Charges,
per Thousand Gallons:**

First Block	\$ 5.6000	\$ 6.1005
Second Block	\$ 7.0600	\$ 7.0000
Third Block	\$ 7.8400	\$ 7.0000

Schedule E

NEW JERSEY-AMERICAN WATER COMPANY
COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-1C, SHORELAND

Customer Charges, per Month:

<u>Meter Size</u>	<u>Present Rates Non-Exempt</u>	<u>Stipulated Rates Non-Exempt</u>
5/8	\$13.67	\$ 16.85
3/4	20.50	25.30
1	34.17	42.10
1-1/2	68.34	84.30
2	109.35	134.80
3	205.03	252.80
4	341.72	421.30

Consumption Charges, per Thousand Gallons:

All Usage	\$ 4.6610	\$ 5.3000
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Private Fire Connections (Monthly) L10:

<u>Size</u>	<u>Present Rates</u>		<u>Present Rates</u>	
	<u>w/ Hose</u>	<u>w/o Hose</u>	<u>w/ Hose</u>	<u>w/o Hose</u>
1-inch		\$ 15.08		\$ 15.08
2-inch		48.82		48.82
3-inch	\$ 146.45	102.52	\$ 146.45	102.52
4-inch	\$ 244.08	170.86	244.08	170.86
6-inch	\$ 488.17	341.72	488.17	341.72
8-inch	\$ 781.07	546.75	781.07	546.75
10-inch	\$ 1,210.66	-	1,210.66	-
Private Hydrant	53.70	53.70	53.70	53.70

Public Fire (Annually) M9:

Hazlet		
Hydrant	\$ 322.20	\$ 1,119.24
Inch Foot	\$ 0.1052	\$ -
Holmdel		
Hydrant	\$ 322.20	\$ 1,119.24
Inch Foot	\$ 0.1052	\$ -

Schedule E

NEW JERSEY-AMERICAN WATER COMPANY
COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SEWER SERVICE

ADELPHIA

Customer Charges, per Month:

<u>Meter Size</u>	<u>Present Rates Non-Exempt</u>	<u>Stipulated Rates Non-Exempt</u>
5/8	\$5.36	
3/4	8.04	\$10.38
1	13.39	10.38
1-1/2	26.78	10.38
2	42.84	10.38
3	80.33	10.38
4	133.88	10.38
6	267.77	10.38
8	428.43	10.38
10	535.54	10.38
12	669.42	10.38
Sewer Usage Charge, per Thousand Gallons:	\$5.1822	\$4.0340

LAKESWOOD

Customer Charges, per Month:
All meter sizes

**Sewer Usage Charge,
per Thousand Gallons:**

<u>Present Rates Non-Exempt</u>	<u>Stipulated Rates Non-Exempt</u>
\$14.17	\$14.17
\$3.2096	\$3.6390

OCEAN CITY

**Minimum Service Charge
per Thousand Gallons:**

**Sewer Usage Charge,
per Thousand Gallons:**

<u>Present Rates Non-Exempt</u>	<u>Stipulated Rates Non-Exempt</u>
\$10.4508	\$11.2690
\$1.7598	\$1.8980

Schedule E

NEW JERSEY-AMERICAN WATER COMPANY

**COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SEWER SERVICE**

<u>Statewide Sewer Service - 5-A, 6-A, 10-A</u>	Present Rates <u>Non-Exempt</u>	Stipulated Rates <u>Non-Exempt</u>
<u>Flat Rate Billed Customers</u>		
Class A - Flat Rate Fixed Service Charge, per Month	\$76.42	\$77.12
Class B - Flat Rate Fixed Service Charge, per Month	\$92.99	\$93.18
<u>General Metered Service Customers</u>		
Fixed Service Charge, per Month	\$43.29	\$45.00
Fixed Service Charge, per Month - Jensen's	\$18.82	\$22.50
Sewer Usage Charge, per Thousand Gallons:	\$8.2825	\$8.0300
<hr/>		
<u>Haddonfield Rate Schedule 11-A</u>		
Fixed Service Charge	\$0.00	\$3.25
Municipal Contracts per 1000 gallons	\$2.8815	\$2.88
Residential and Commercial		
First 2,700 gallons	2.69	2.60
Next 10,700 gallons	3.39	3.25
Over 13,400 gallons	3.77	3.60
<u>Elk Township Schedule 12-A</u>		
Fixed Service Charge	\$14.17	\$14.17
Base Year Annualized Winter Usage	6.4495	6.5000
<u>Rate Schedule 8A - Other Contracts</u>		
	Present Rates <u>Non-Exempt</u>	Stipulated Rates <u>Non-Exempt</u>
<u>Flat Rate Billed Customers</u>		
Schools	\$94.05	\$95.00
Other	\$94.05	\$95.00



Agenda Date: 03/29/19
Agenda Item: 5B

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE PETITION OF NEW	)	DECISION AND ORDER
JERSEY-AMERICAN WATER COMPANY, INC. FOR	)	APPROVING INITIAL DECISION
AUTHORIZATION TO CHANGE THE LEVEL OF ITS	)	AND STIPULATION
PURCHASED WATER ADJUSTMENT CLAUSE AND)	
PURCHASED WASTEWATER TREATMENT	)	BPU DOCKET NO. WR18111241
ADJUSTMENT CLAUSE	)	OAL DOCKET NO. PUC 16622-2018S

Parties of Record:

Christine Soares, Esq., New Jersey-American Water Company, Inc.
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Jay L. Kooper, Esq., Vice President, General Counsel and Secretary, Middlesex Water Company

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities ("Board") considers an Initial Decision executed by the Administrative Law Judge Jacob S. Gertsman ("ALJ") and Stipulation of Settlement ("Stipulation") executed by New Jersey-American Water Company, Inc. ("Petitioner" or "Company"), the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively, the "Signatory Parties") intended to resolve the Company's requests related to the above docketed matter.

BACKGROUND/PROCEDURAL HISTORY

By Order dated April 2, 2007 in I/M/O New Jersey American Water Company, Elizabethtown Water Company, and Mount Holly Water Company, Docket No. WR06030257, the Board required that all purchased water costs and purchased wastewater treatment costs be removed from base rates and recovered through the Purchased Water Adjustment Clause ("PWAC") and Purchased Wastewater (sewerage) Treatment Adjustment Clause ("PSTAC") as applicable. On November 15, 2018, Petitioner, a public utility of the State of New Jersey, filed a petition with the Board pursuant to N.J.S.A. 48:2-21, N.J.A.C. 14:9-7.1 et seq., and N.J.A.C. 14:9-8.1 et seq., for authorization to change the levels of its existing PWAC and PSTAC charges, with respect to increased purchased water expense and increased purchased wastewater treatment expense.

Agenda Date: 03/29/19
Agenda Item: 5B

On January 25, 2019, the Company filed an amended petition. The total amount requested in the amended petition was an increase of annual revenues by \$1,946,639 or 0.29% above estimated total Company revenues of \$676,800,000.

The Petitioner services approximately 631,000 general metered water customers and approximately 41,000 sewer customers in all or part of 188 municipalities in 18 of the State's 21 counties.

The Company purchases water on a routine basis from seven separate entities and purchases wastewater treatment services from three separate entities, each of which adjusts its rates for service, and, in the case of wastewater treatment service providers, issues sewerage deficit/credit adjustments, at different times throughout the year. The seven water purveyors are: Passaic Valley Water Commission; Morris County Municipal Utilities Authority; Montclair Water Bureau; New Jersey Water Supply Authority; City of Wildwood; City of Newark; and Marlboro Township Municipal Utilities Authority. The three sewerage treatment purveyors are: Cape May County Municipal Utilities Authority for the Petitioner's Ocean City Sewer tariff group; Ocean County Utilities Authority for the Petitioner's Lakewood Sewer tariff group; and Howell Township for the Petitioner's Adelpia Sewer tariff group.

In this petition, Petitioner proposed to increase its PWAC rate in PWAC Rate Schedule O-1 from \$0.4817 per thousand gallons of water to \$0.5145 per thousand gallons of water for Non-Exempt customers. Petitioner proposed to increase its PWAC rate from \$0.4154 per thousand gallons of water to \$0.4453 per thousand gallons for exempt customers. It also proposed to address its PSTAC charges as follows:

For Lakewood Township, Ocean County, the rate per thousand gallons of prior year's winter quarter usage (January, February and March meter readings), as reflected upon PSTAC Rate Schedule 2-B, would change from \$4.7362 per thousand gallons to \$4.6587 per thousand gallons.

For customers in Ocean City, Cape May County, the rate per thousand gallons of prior year's summer water quarter usage (July, August and September meter readings), as reflected upon PSTAC Rate Schedule 1-B, would change from \$25.6889 per thousand gallons to \$23.8574 per thousand gallons.

For customers in the Adelpia section of Howell Township, Monmouth County, the rate per thousand gallons of water, as reflected upon PSTAC Rate Schedule 3-B, would change from \$6.9369 per thousand gallons to \$6.8309 per thousand gallons.

This matter was transmitted to the Office of Administrative Law ("OAL") on November 16, 2018, as a contested case and was assigned to Administrative Law Judge ("ALJ") Jacob S. Gertsman. A telephonic prehearing conference was held on December 12, 2018, with ALJ Gertsman, during which the ALJ directed that public hearings be held on this matter.

On November 26, 2018, Middlesex Water Company ("Middlesex Water") filed a motion to intervene in the instant proceeding, and no party opposed the motion. After proper notice, a public hearing was held on February 28, 2019 in Howell Township at 5:30 p.m. No members of the public attended the public hearing and no written comments were received.

Agenda Date: 03/29/19
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STIPULATION¹

As a result of settlement discussions, the Signatory Parties agreed to the amount requested in the amended petition and executed the Stipulation on March 15, 2019. Based upon and subject to the terms and conditions set forth in the Stipulation, the Signatory Parties stipulated and agreed as follows:

The Signatory Parties recommended that the Board approve a change to Petitioner's PWAC rate on PWAC Rate Schedule O-1 from \$0.4817 per thousand gallons of water for Non-Exempt customers to \$0.5145 per thousand gallons of water for Non-Exempt customers and from 0.4154 per thousand gallons of water for Exempt customers to \$0.4453 per thousand gallons of water for Exempt customers.

The Signatory Parties further recommended that the Board permit Petitioner to change its effective PSTAC charges as follows:

- For Lakewood Township, Ocean County, the rate per thousand gallons of prior year's winter quarter as reflected within PSTAC Rate Schedule 2-B from \$4.7362 per thousand gallons to \$4.6587 per thousand gallons.
- For customers in Ocean City, Cape May County, the rate per thousand gallons of prior year's summer water quarter usage (July, August and September meter readings) as reflected upon PSTAC Rate Schedule 1-B, from \$25.6889 per thousand gallons to \$23.8574 per thousand gallons.
- For customers in the Adelpia section of Howell Township, Monmouth County, the rate per thousand gallons of water as reflected upon PSTAC Rate Schedule 3-B, from \$6.9369 per thousand gallons to \$6.8309 per thousand gallons.

The effective PWAC rate change would result in an increase in the annual bill of an average residential customer utilizing 6,000 gallons per month as follows:

	<u>Present Per Month</u>	<u>Proposed Per Month</u>	<u>Amount Increase</u>	<u>Percentage Increase</u>
Statewide - GMS	\$56.34	\$56.54	\$0.20	0.35%
Statewide - SFR	\$56.04	\$56.24	\$0.20	0.36%
SA1-B, SA1-C	\$51.54	\$51.74	\$0.20	0.39%
SA-1E	\$47.57	\$50.66	\$3.09	6.50%

The PSTAC rate changes will result in: a decrease for a typical residential sewer service customer in Lakewood Township, Ocean County utilizing 18,000 gallons of water in the winter quarter, of \$0.47 per month or 0.73%; a decrease to an average sewer service customer in Ocean City, Cape May County utilizing 20,000 gallons in the summer quarter and 44,000 gallons of water annually, of \$3.06 per month or 4.46%; and a decrease to an average sewer

¹ Although described in this Order at some length, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions in this Order.

Agenda Date: 03/29/19
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service customer in the Adelphia section of Howell Township, Monmouth County utilizing 48,000 gallons of water annually, of \$0.43 per month or 0.79%.

These PWAC and PSTAC rates are calculated with an effective date of April 1, 2019.

NJAWC plans to file its next PWAC/PSTAC petition on or before November 15, 2019.

By the Stipulation, the Signatory Parties have agreed to a methodology for calculating the amount of interest to be applied to over-recoveries within the PWAC. This method is described as follows: Total PWAC True-up Balance (Over)/Under-recovered of the current month (which is the adjusted total purchased water expense minus total PWAC revenues net of cost recoveries for the current month), plus the total PWAC Cumulative True-Up Balance (Over/Under-recovery) of the prior month, minus the amortization of the PWAC True-Up from the previous PWAC year of the current month. The Signatory Parties agree to review this methodology and adjust it as necessary and appropriate in future PWAC proceedings.

The PWAC/PSTAC rates established in the Stipulation will increase annual revenues by \$1,946,639 or 0.29%.

On March 15, 2019, Middlesex Water submitted a letter indicating it did not object to the Stipulation. On March 20, 2019, ALJ Gertsman issued his Initial Decision/Settlement recommending adoption of the Stipulation executed by the Signatory Parties, finding that they had voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues and is consistent with the law. In addition, by letter dated March 14, 2019, the Company requested an expedited Board Order to become effective on April 1, 2019, to allow the subject rates to become effective to avoid any compression of the resulting rates.

DISCUSSIONS AND FINDINGS

Having reviewed the record in this matter, including the Initial Decision and the Stipulation, the Board **HEREBY FINDS** that the Signatory Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. The Board **FURTHER FINDS** the Initial Decision, which adopts the Stipulation, to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board **HEREBY ADOPTS** the Initial Decision and the Stipulation, attached hereto, including all attachments and schedules, as its own, incorporating by reference the terms and conditions of the Stipulation, as if they were fully set forth at length herein, subject to the following:

In accordance with the provisions of N.J.A.C. 14:9-7.3(c) and 14:9-8.3(c), the Petitioner shall file with the Board, no later than 45 days after the adjustment clause has been in effect for one year, a PWAC true-up schedule in connection with this proceeding. Copies of the true-up schedule shall be served upon all parties to the present proceeding.

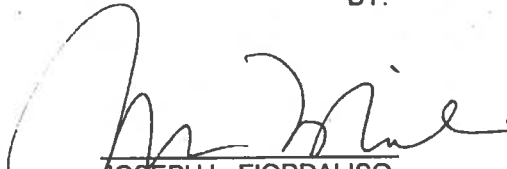
The Board **HEREBY DIRECTS** the Company to file tariff pages conforming to the terms and conditions of the Initial Decision, which adopts the Stipulation, and this Order within 10 days from the effective date of this Order.

Agenda Date: 03/29/19
Agenda Item: 5B

The effective date of this Order is March 29, 2019 with rates to become effective on April 1, 2019.

DATED: 3/29/19

BOARD OF PUBLIC UTILITIES
BY:

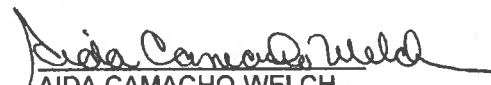

JOSEPH L. FIORDALISO
PRESIDENT


MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER


ROBERT M. GORDON
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
SECRETARY

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

Agenda Date: 03/29/19
Agenda Item: 5B

IN THE MATTER OF THE PETITION OF NEW JERSEY-AMERICAN WATER COMPANY, INC.
FOR AUTHORIZATION TO CHANGE THE LEVEL OF ITS PURCHASED WATER
ADJUSTMENT CLAUSE AND PURCHASED WASTEWATER (SEWERAGE) TREATMENT
ADJUSTMENT CLAUSE

BPU DOCKET NO. WR18111241
OAL DOCKET NO. PUC 16622-2018S

SERVICE LIST

David Peterson
Chesapeake Regulatory Consultants, Inc.
10351 Southern Maryland Blvd., Suite 202
Dunkirk, MD 20754-9500
davep@chesapeake.net

Bruce O'Connor, Senior Vice President and CFO
Middlesex Water Company, Inc.
1500 Ronson Road
Iselin, NJ 08830
boconnor@middlesexwater.com

Jay L. Kooper, Esq., Vice President,
General Counsel & Secretary
Middlesex Water Company, Inc.
1500 Ronson Road
Iselin, New Jersey 08830-3020
jkooper@middlesexwater.com

Christine Soares, Esq., Corporate Counsel
New Jersey-American Water Company, Inc.
1 Water Street
Camden, New Jersey 08030
christine.soares@amwater.com

John S. Tomac
Senior Director of Rates & Regulation
New Jersey American Water
One Water Street
Camden, NJ 08102
john.tomac@amwater.com

Jamie Hawn, Sr. Manager Regulatory Services
New Jersey American Water
One Water Street
Camden, NJ 08102
jamie.hawn@amwater.com

Board of Public Utilities
Post Office Box 350
Trenton, NJ 08625-0350

Aida Camacho-Welch
Secretary of the Board
Board.secretary@bpu.nj.gov

Mike Kammer, Director
Division of Water
Mike.Kammer@bpu.nj.gov

Kyle Felton
Division of Water
kyle.felton@bpu.nj.gov

Suzanne Patnaude, Esq.
Counsel's Office
suzanne.patnaude@bpu.nj.gov

Department of Law & Public Safety
Division of Law
Post Office Box 45029
Newark, NJ 07101-45029

Patricia Krogman, DAG
patricia.krogman@law.njoag.gov

Andrew Kuntz, DAG
andrew.kuntz@law.njoag.gov

Emma Xiao, DAG
emma.xiao@law.njoag.gov

Agenda Date: 03/29/19
Agenda Item: 5B

Donna Carney
New Jersey American Water
One Water Street
Camden, NJ 08102
donna.carney@amwater.com

Robert R. Schaefer, P.E.
Senior Director of Operations
New Jersey American Water
P.O. Box 102
Bound Brook, NJ 08805
robert.shcafer@amwater.com

Division of Rate Counsel
Post Office Box 003
Trenton, NJ 08625-0003

Stefanie A. Brand, Esq., Director
sbrand@rpa.state.nj.us

Brian Lipman, Esq.
blipman@rpa.nj.gov

Debra F. Robinson, Esq.
drobenson@rpa.nj.gov

Susan McClure, Esq.
smcclure@rpa.nj.gov

Kathryn Hart, Legal Assistant
kart@rpa.nj.gov



Christine Soares, Corporate Counsel P 856.955.4879
christine.soares@amwater.com
One Water Street
Camden, NJ 08102

March 15, 2019

Via Facsimile and Regular Mail

Hon. Jacob S. Gertsman, ALJ
Office of Administrative Law
P.O. Box 049
Trenton, New Jersey 08625-0049

**Re: I/M/O the Petition of New Jersey American Water Company, Inc. to
Change the Levels of its Purchased Water Adjustment Clause and
Purchased Wastewater Treatment Adjustment Clause
OAL DOCKET NO. PUC 16622-2018S**

Dear Judge Gertsman:

Attached to this letter is a signed stipulation, representing the parties' settlement of the above-captioned matter. Staff of the Board of Public Utilities (the "BPU") has represented that the settlement is on the BPU's agenda for the March 29, 2019 Board Meeting, on an expedited basis. An original stipulation with wet signatures will follow via first class, regular mail.

It is our understanding that Middlesex Water Company will be submitting a letter indicating they have no objection to this matter proceeding by way of the attached settlement.

Thank you for your attention to and handling of this matter. Please do not hesitate to contact me should you have any questions.

Respectfully submitted,

Christine Soares

CS:dlc

Enc.

c: Service list (via email, w/enc.)

**I/M/O the Petition of New Jersey American Water Company, Inc. to
Change the Levels of its Purchased Water Adjustment Clause and
Purchased Wastewater Treatment Adjustment Clause
BPU Docket No. WR18111241
OAL Docket No. PUC 16622-18**

Service List

Mike Kammer, Director
Division of Water and Wastewater
Board of Public Utilities
44 South Clinton Avenue, 3rd Fl.
PO Box 350
Trenton, NJ 08625

Dr. Ben Witherell, Chief Economist
Board of Public Utilities
44 South Clinton Avenue, 3rd Fl.
PO Box 350
Trenton, NJ 08625

Kyle Felton
Division of Water and Wastewater
Board of Public Utilities
44 South Clinton Avenue, 3rd Fl.
PO Box 350
Trenton, NJ 08625

Christine Lin
Office of the Economist
Board of Public Utilities
44 South Clinton Avenue, 3rd Fl.
PO Box 350
Trenton, NJ 08625

Megan Lupo, Esq.
Board of Public Utilities
44 South Clinton Avenue, 3rd Fl.
PO Box 350
Trenton, NJ 08625

Peter Van Brunt, DAG
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Andrew Kuntz, DAG
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Emma Xiao, DAG
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Stefanie A. Brand, Director
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

Brian O. Lipman, Litigation Manager
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

Debra F. Robinson, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

Susan E. McClure, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

Kathryn Hart, Legal Assistant
140 East Front Street, 4th Floor
PO Box 003
Trenton, NJ 08625

**I/M/O the Petition of New Jersey American Water Company, Inc. to
Change the Levels of its Purchased Water Adjustment Clause and
Purchased Wastewater Treatment Adjustment Clause
BPU Docket No. WR1811241
OAL Docket No. PUC 16622-18**

Service List

David Peterson
Chesapeake Regulatory Consultants Inc.
10351 Southern Maryland Blvd.
Suite 202
Dunkirk, MD 20754-9500

Christine Soares, Esq.
New Jersey American Water
One Water Street
Camden, NJ 08102

John S. Tomac
Senior Director of Rates & Regulation
New Jersey American Water
One Water Street
Camden, NJ 08102

Jamie Hawn
Sr. Manager Regulatory Services
New Jersey American Water
One Water Street
Camden, NJ 08102

Robert R. Schaefer, PE
Senior Director of Operations
New Jersey American Water
P.O. Box 102
Bound Brook, NJ 08805

Jay L. Kooper, Esq.
Middlesex Water Company
1500 Ronson Road
Iselin, NJ 08830

Bruce O'Connor
Middlesex Water Company
1500 Ronson Road
Iselin, NJ 08830

03/15/2019 FRI 13:19

FAX 732 363 3763

Lakewood Meter Control

001

*** FAX TX REPORT ***	

TRANSMISSION OK	
JOB NO.	4033
DESTINATION ADDRESS	16096894100
SUBADDRESS	
DESTINATION ID	
ST. TIME	03/15 13:16
TX/RX TIME	02' 31
PGS.	14
RESULT	OK



FAX

DATE: March 15, 2019

TO: Hon. Jacob Gertman, ALJ

FROM: Christine Soares

COMPANY: Office of Admin. Law

PHONE: (856) 955-4879

FAX: (809) 689-4100

FAX: _____

PAGES (including cover): 13

SUBJECT: _____

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE PETITION OF : BPU Docket No. WR18111241
NEW JERSEY-AMERICAN WATER : OAL Docket No. 16622-2018S
COMPANY, INC. FOR AUTHORIZATION :
TO CHANGE THE LEVEL OF ITS : STIPULATION OF SETTLEMENT
PURCHASED WATER ADJUSTMENT :
CLAUSE AND PURCHASED :
WASTEWATER TREATMENT :
ADJUSTMENT CLAUSE :

APPEARANCES:

Christine Soares, Esq., on behalf of New Jersey-American Water Company, Inc.,
Petitioner;

Andrew Kuntz, Peter Van Brunt, and Emma Xiao, Deputy Attorneys General, on behalf
of the Staff of the Board of Public Utilities (Gurbir S. Grewal, Attorney General
of New Jersey);

Susan McClure, Assistant Deputy Rate Counsel, on behalf of the Division of the Rate
Counsel; and

Jay Kooper, Esq., on behalf of Middlesex Water Company.

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

On November 15, 2018, New Jersey-American Water Company, Inc. ("New Jersey-American Water" or "Company"), a public utility of the State of New Jersey, filed a petition with the Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:9-7.1 *et seq.* and other relevant statutes and regulations, for approval to change the levels of its existing purchased water adjustment clause ("PWAC") charge and purchased wastewater (sewerage) treatment adjustment clause ("PSTAC") charges, with respect to increased purchased water expenses and increased purchased wastewater treatment expenses. On January 25, 2019, the Company filed an amended petition ("Amended Petition"). The total amount requested in the Amended Petition was an increase of annual revenues by \$1,946,639 or 0.29% above total

Company revenues of approximately \$676,800,000. As a result of settlement discussions, the Company, the New Jersey Division of Rate Counsel ("Rate Counsel") and Staff of the Board ("Board Staff") (collectively, "Signatory Parties") have agreed to the amount requested in the Amended Petition.

New Jersey-American Water purchases water on a routine basis from seven separate entities and purchases wastewater treatment services from three separate entities, each of which adjusts its rates for service, and, in the case of wastewater treatment service providers, issues sewerage deficit/credit adjustments, at different times throughout the year. The seven water purveyors are: Passaic Valley Water Commission ("PVWC"); Morris County Municipal Utilities Authority; Montclair Water Bureau; New Jersey Water Supply Authority ("NJWSA"); City of Wildwood; City of Newark; and Marlboro Township Municipal Utilities Authority ("MTMUA"). The three wastewater treatment purveyors are: Cape May County Municipal Utilities Authority ("CMCMUA") for the Company's Ocean City Sewer tariff group; Ocean County Utilities Authority ("OCUA") for the Company's Lakewood Sewer tariff group; and Howell Township for the Company's Adelpia Sewer tariff group.

New Jersey-American Water serves approximately 631,000 general-metered water customers and approximately 41,000 sewer customers.

On April 2, 2007, the Board ordered that all purchased water costs and purchased wastewater treatment costs be removed from base rates and recovered through the PWAC and PSTAC as applicable. *In the Matter of the Joint Petition of New Jersey American Water Company, Inc., Elizabethtown Water Company, and the Mount Holly Water Company for Approval of Increased Tariff Rates and Charges for Water and Sewer Services and other Tariff Revisions*, BPU Docket No. WR06030257 (April 2, 2007). The Board last adjusted the Company's base rates

effective October 29, 2018. *In the Matter of New Jersey American Water Company for Approval of Increased Tariff Rates and Charges for Water and Sewer Service, Change in Depreciation Rates and Other Tariff Modifications, Order Adopting Initial Decision/Stipulation*, BPU Docket No. WR17090985 (October 29, 2018). The Company's base rates do not include PWAC or PSTAC pass-through charges to customers.

In the Amended Petition, New Jersey-American Water proposed to increase its PWAC rate upon PWAC Rate Schedule O-1 from \$0.4817 per thousand gallons of water to \$0.5145 per thousand gallons of water for Non-Exempt customers. The Company proposed to increase its PWAC rate from \$0.4154 per thousand gallons of water to \$0.4453 per thousand gallons for Exempt customers. It also proposed to address its PSTAC charges as follows:

For Lakewood Township, Ocean County, the rate per thousand gallons of prior year's winter quarter usage (January, February and March meter readings), as reflected upon PSTAC Rate Schedule 2-B, would change from \$4.7362 per thousand gallons to \$4.6587 per thousand gallons.

For customers in Ocean City, Cape May County, the rate per thousand gallons of prior year's summer water quarter usage (July, August and September meter readings), as reflected upon PSTAC Rate Schedule 1-B, would change from \$25.6889 per thousand gallons to \$23.8574 per thousand gallons.

For customers in the Adelpia section of Howell Township, Monmouth County, the rate per thousand gallons of water, as reflected upon PSTAC Rate Schedule 3-B, would change from \$6.9369 per thousand gallons to \$6.8309 per thousand gallons.

The Board transmitted this matter to the Office of Administrative Law ("OAL") for hearing as a contested case on November 16, 2018. A telephonic prehearing conference was held on December 12, 2018, with the Honorable Jacob S. Gertsman, Administrative Law Judge. On

November 26, 2018, Middlesex Water Company ("Middlesex") filed a motion to intervene, which was not opposed by any party. Middlesex has been included on the service list, received all discovery, and participated in all conferences and meetings. A public hearing was held on February 28, 2019 in Howell Township at 5:30 p.m. with no public attendees. No written comments were received.

Rate Counsel and Board Staff served interrogatories on New Jersey-American Water, which were responded to in full by the Company. During the proceeding, the Company received updated information from the various water and wastewater service purveyors whose costs comprise the Company's requested relief. This information was provided to all parties on a timely basis. The Company, Board Staff, Rate Counsel and Middlesex participated in a discovery/settlement conference on March 1, 2019. As a result of the Company's Amended Petition, discovery responses and negotiations, the Signatory Parties have reached an agreement, the provisions of which are set forth below.

SETTLEMENT AGREEMENT

1. The Signatory Parties recommend that the Board approve a change to the Company's PWAC rate on PWAC Rate Schedule O-1 from \$0.4817 per thousand gallons of water for Non-Exempt customers to \$0.5145 per thousand gallons of water for Non-Exempt customers and from \$0.4154 per thousand gallons of water for Exempt customers to \$0.4453 per thousand gallons of water for Exempt customers.

2. The Signatory Parties further recommend that the Board permit the Company to change its effective PSTAC charges as follows:

- For Lakewood Township, Ocean County, the rate per thousand gallons of prior year's winter quarter as reflected within PSTAC Rate Schedule 2-B from \$4.7362 per thousand gallons to \$4.6587 per thousand gallons.

- For customers in Ocean City, Cape May County, the rate per thousand gallons of prior year's summer water quarter usage (July, August and September meter readings) as reflected upon PSTAC Rate Schedule 1-B, from \$25.6889 per thousand gallons to \$23.8574 per thousand gallons.
- For customers in the Adelpia section of Howell Township, Monmouth County, the rate per thousand gallons of water as reflected upon PSTAC Rate Schedule 3-B, from \$6.9369 per thousand gallons to \$6.8309 per thousand gallons.

3. The effective PWAC rate change would result in an increase in the annual bill of an average residential customer utilizing 6,000 gallons per month as follows:

	<u>Present Per Month</u>	<u>Proposed Per Month</u>	<u>Amount Increase</u>	<u>Percentage Increase</u>
Statewide - GMS	\$56.34	\$56.54	\$0.20	0.35%
Statewide - SFR	\$56.04	\$56.24	\$0.20	0.36%
SA1-B, SA1-C	\$51.54	\$51.74	\$0.20	0.39%
SA-1E	\$47.57	\$50.66	\$3.09	6.50%

4. The PSTAC rate changes will result in: a decrease for a typical residential sewer service customer in Lakewood Township, Ocean County utilizing 18,000 gallons of water in the winter quarter, of \$0.47 per month or 0.73%; a decrease to an average sewer service customer in Ocean City, Cape May County utilizing 20,000 gallons in the summer quarter and 44,000 gallons of water annually, of \$3.06 per month or 4.46%; and a decrease to an average sewer service customer in the Adelpia section of Howell Township, Monmouth County utilizing 48,000 gallons of water annually, of \$0.43 per month or 0.79%.

5. These PWAC and PSTAC rates are calculated with an effective date of April 1, 2019.

6. NJAWC plans to file its next PWAC/PSTAC petition on or before November 15, 2019.

7. Within this Stipulation, the Signatory Parties have agreed on a methodology for calculating the amount of interest to be applied to over-recoveries within the PWAC. This method is described as follows: Total PWAC True-up Balance (Over)/Under-recovered of the current month (which is the adjusted total purchased water expense minus total PWAC revenues net of

cost recoveries for the current month), plus the total PWAC Cumulative True-Up Balance (Over)/Under-recovery) of the prior month, minus the amortization of the PWAC True-Up from the previous PWAC year of the current month. The Signatory Parties agree to review this methodology and adjust it as necessary and appropriate in future PWAC proceedings.

8. The PWAC/PSTAC rates established herein will increase annual revenues by \$1,946,639 or 0.29%.

9. In accordance with the provisions of N.J.A.C. 14:9-7.3(c) and 14:9-8.3(c), the Company shall file with the Board, not later than 45 days after the adjustment clauses have been in effect for one year, PWAC and PSTAC true-up schedules in connection with this proceeding. Copies of the true-up schedules will be served upon Board Staff and Rate Counsel.

10. This Stipulation shall be binding on the Signatory Parties to this proceeding upon approval hereof by the Board. This Stipulation shall bind the Signatory Parties in this matter only and shall not be considered precedential in any other proceeding involving the Signatory Parties hereto.

11. This Stipulation contains terms, each of which is interdependent with the others and essential in its own right to the signing of this Stipulation. Each term is vital to the agreement as a whole, since the Signatory Parties individually and jointly state that they would not have signed the Stipulation had any term been modified in any way. In the event that any modifications whatsoever are made to this Stipulation, each of the Signatory Parties hereto is entitled to certain procedures in the event of such occurrence.

12. If any modification is made to the terms of this Stipulation, the Signatory Parties must be given the right to be placed in the position in which each Signatory Party was before this Stipulation was executed. It is essential that each Signatory Party be given the option to modify

its own position, to accept the proposed change(s), or to resume the proceeding as if no agreement had been reached.

13. The Signatory Parties believe that these procedures are fair to all concerned and, therefore, they are made an integral and essential element of this Stipulation.

14. This Stipulation may be executed in as many counterparts as there are signatories to this Stipulation, each of which counterpart shall be an original, but all of which shall constitute one and the same instrument.

15. The Signatory Parties understand that Middlesex will file a letter with the OAL indicating that it does not object to the terms of the Stipulation.

[SPACE INTENTIONALLY LEFT BLANK]

STEFANIE A. BRAND, DIRECTOR
DIVISION OF RATE COUNSEL

By: _____
Susan McClure
Assistant Deputy Rate Counsel

Dated:

NEW JERSEY-AMERICAN WATER
COMPANY, INC.

By: Christine Soares
Christine Soares
Corporate Counsel

Dated: 3/14/19

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

By: _____
Andrew Kuntz
Deputy Attorney General

Dated:

STEFANIE A. BRAND, DIRECTOR
DIVISION OF RATE COUNSEL

By: _____
Susan McClure
Assistant Deputy Rate Counsel

Dated:

NEW JERSEY-AMERICAN WATER
COMPANY, INC.

By: Christine Soares
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Corporate Counsel


Dated: 3/14/19

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

By: _____
Andrew Kuntz
Deputy Attorney General

Dated: 5/15/19

STEFANIE A. BRAND, DIRECTOR
DIVISION OF RATE COUNSEL

By: 
Susan McClure
Assistant Deputy Rate Counsel

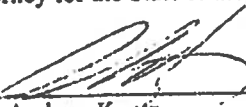
Dated: 3/15/19

NEW JERSEY-AMERICAN WATER
COMPANY, INC.

By: 
Christine Soares
Corporate Counsel

Dated: 3/14/19

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

By: 
Andrew Kuntz
Deputy Attorney General

Dated: 5/15/19



Via Facsimile and E-Mail
March 15, 2019

Honorable Jacob S. Gertsman, ALJ
New Jersey Office of Administrative Law
P.O. Box 049
Trenton, NJ 08625-0049

**RE: IN THE MATTER OF THE PETITION OF NEW JERSEY AMERICAN
WATER COMPANY, INC. FOR APPROVAL TO CHANGE THE LEVELS
OF ITS PURCHASED WATER ADJUSTMENT CLAUSE AND PURCHASED
WASTEWATER (SEWERAGE) TREATMENT ADJUSTMENT CLAUSE**

**BPU Docket No.: WR18111241
OAL Docket No.: PUC 16622-2018S**

Dear Judge Gertsman:

Middlesex Water Company ("Middlesex"), an Intervenor in the above-referenced matter, has reviewed the proposed Stipulation of Settlement ("Stipulation") that has been executed by the signatory parties and forwarded to Your Honor. Please be advised that Middlesex does not object to the Stipulation.

Respectfully submitted,

A handwritten signature in black ink that reads "Jay Kooper".

Jay L. Kooper
Vice President, General Counsel & Secretary

JLK:sm
cc: Service List (via e-mail only)

Updated: 03/15/19

**In the Matter of the Petition of New Jersey American Water Company to
Change the Levels of its Purchased Water Adjustment Clause and Purchased
Wastewater (Sewerage) Treatment Adjustment Clause
BPU Docket No. WR1811241
OAL Docket No. PUC 16622-2018S
~ Service List ~**

MIDDLESEX WATER COMPANY

<p>Jay L. Kooper Middlesex Water Company 485C Route 1 South Suite 400 Iselin, NJ 08830 jkooper@middlesexwater.com</p>	<p>A. Bruce O'Connor Middlesex Water Company 485C Route 1 South Suite 400 Iselin, NJ 08830 abocannon@middlesexwater.com</p>
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BOARD OF PUBLIC UTILITIES

<p>Peter Van Brunt Division of Law Board of Public Utilities 124 Halsey Street, 5th Floor Newark, NJ 07102 Peter.VanBrunt@law.njoag.gov</p>	<p>Emma Xiao, DAG Division of Law Board of Public Utilities 124 Halsey Street, 5th Floor Newark, NJ 07102 Emma.Xiao@law.njoag.gov</p>	<p>Andrew Kuntz Division of Law Board of Public Utilities 124 Halsey Street, 5th Floor Newark, NJ 07102 Andrew.Kuntz@law.njoag.gov</p>
<p>Michael Kammer Board of Public Utilities Division of Water 44 South Clinton Ave., 9th Floor P.O. Box 350 Trenton, NJ 08625 Mike.kammer@bpu.nj.gov</p>	<p>Benjamin Witherell Board of Public Utilities 44 South Clinton Avenue, 9th Floor Trenton, NJ 08625 benjamin.witherell@bpu.nj.gov</p>	<p>Suzanne Patnaude Board of Public Utilities Division of Water 44 South Clinton Avenue, 9th Floor Trenton, NJ 08625 Suzanne.patnaude@bpu.nj.gov</p>
<p>Christine Lin Board of Public Utilities 44 South Clinton Avenue, 9th Floor Trenton, NJ 08625 Christine.Lin@bpu.nj.gov</p>	<p>Kyle Felton Board of Public Utilities 44 South Clinton Avenue, 9th Floor Trenton, NJ 08625 Kyle.Felton@bpu.nj.gov</p>	<p>Megan Lupo Board of Public Utilities 44 South Clinton Avenue, 9th Floor Trenton, NJ 08625 megan.lupo@bpu.nj.gov</p>

DIVISION OF RATE COUNSEL

<p>David Peterson Chesapeake Regulatory Consultants, Inc. 10351 Southern Maryland Boulevard Suite 202 Dunkirk, MD 20754-9500 davep@chesapeake.net</p>	<p>Susan McClure, Esq. Assistant Deputy Rate Counsel Division of Rate Counsel 140 East Front Street - 4th Floor Trenton, NJ 08625 smcclure@rpa.nj.gov</p>	<p>Debra F. Robinson, Esq. Managing Attorney Division of Rate Counsel 140 East Front Street - 4th Floor Trenton, NJ 08625 drobinsoc@rpa.nj.gov</p>
<p>Brian Lipman Litigation Manager Division of Rate Counsel 140 East Front Streets, 4th Floor P.O. Box 003 Trenton, NJ 08625 blipman@rpa.nj.gov</p>	<p>Kathryn A. Hart Legal Assistant Division of Rate Counsel 140 East Front Streets, 4th Floor P.O. Box 003 Trenton, NJ 08625 blipman@rpa.nj.gov</p>	

Updated: 03/15/19

**In the Matter of the Petition of New Jersey American Water Company to
Change the Levels of its Purchased Water Adjustment Clause and Purchased
Wastewater (Sewerage) Treatment Adjustment Clause
BPU Docket No. WR18111241
OAL Docket No. PUC 16622-2018S
~ Service List ~**

NEW JERSEY AMERICAN WATER COMPANY

Robert Schaefer New Jersey American Water Company 1 Water Street Camden, NJ 08102 Bob.Schaefer@amwater.com	Christine Soares New Jersey American Water Company 1 Water Street Camden, NJ 08102 Christine.Soares@amwater.com
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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 16622-18

AGENCY DKT. NO. WR18111241

**IN THE MATTER OF THE PETITION OF
NEW JERSEY AMERICAN WATER COMPANY, INC.,
FOR APPROVAL TO CHANGE THE LEVELS
OF ITS PURCHASED WATER ADJUSTMENT
CLAUSE AND PURCHASED WASTEWATER
TREATMENT ADJUSTMENT CLAUSE.**

Christine Soares, Esq., for petitioner, New Jersey American Water Company, Inc.

Alex Moreau and Andrew Kuntz, Deputy Attorneys General, for Staff of the Board of
Public Utilities (Gurbir S. Grewal, Attorney General of New Jersey, attorney)

Debra F. Robinson and Susan E. McClure, Assistant Deputies Rate Counsel, for
Division of Rate Counsel (Stefanie A. Brand, Director)

Jay L. Kooper, Vice President, General Counsel and Secretary, for intervenor
Middlesex Water Company

Record Closed: March 18, 2019

Decided: March 19, 2019

OAL DKT. NO. PUC 16622-18

BEFORE JACOB S. GERTSMAN, ALJ t/a:

This proceeding involves a petition by New Jersey American Water (Company), pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:9-7.1 et seq., seeking approval to change the levels of its existing Purchase Water Adjustment Clause (PWAC) and Purchased Wastewater (Sewerage) Treatment Adjustment Clause (PSTAC) charges.

The petition was transmitted to the Office of Administrative Law (OAL) on November 21, 2018, for determination as a contested case, and assigned to the undersigned, who conducted the initial case management conference on December 12, 2018. A duly-noticed public hearing was held in Howell, New Jersey, on February 28, 2019. No members of the public appeared at the hearing to provide comments and no written comments were received.

A motion to intervene was filed by Middlesex Water Company (Middlesex) on November 28, 2018. Middlesex was granted intervention by order dated March 19, 2019.

The parties filed on March 15, 2019, a Stipulation of Settlement (J-1) which resolves all issues in this proceeding. Said Stipulation of Settlement has been signed by petitioner, Staff of the Board of Public Utilities and Division of Rate Counsel. It indicates the terms of settlement, and is attached and fully incorporated herein.

I have reviewed the terms of settlement and I **FIND:**

1. The parties have voluntarily agreed to the settlement as evidenced by their signatures or their representatives' signatures on the attached document.
2. The settlement fully disposes of all issues in controversy between the parties and is consistent with the law.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

OAL DKT. NO. PUC 16622-18

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

March 19, 2019 _____
DATE



JACOB S. GERTSMAN, ALJ t/a

Date Received at Agency: _____ 3-20-19

Date Mailed to Parties: _____

JSG/nd

OAL DKT. NO. PUC 16622-18

APPENDIX

EXHIBITS

Jointly Submitted

J-1 Stipulation of Settlement

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE PETITION OF : BPU Docket No. WR1811241
NEW JERSEY-AMERICAN WATER : OAL Docket No. 16622-2018S
COMPANY, INC. FOR AUTHORIZATION :
TO CHANGE THE LEVEL OF ITS : STIPULATION OF SETTLEMENT
PURCHASED WATER ADJUSTMENT :
CLAUSE AND PURCHASED :
WASTEWATER TREATMENT :
ADJUSTMENT CLAUSE :

APPEARANCES:

Christine Soares, Esq., on behalf of New Jersey-American Water Company, Inc.,
Petitioner;

Andrew Kuntz, Peter Van Brunt, and Emma Xiao, Deputy Attorneys General, on behalf
of the Staff of the Board of Public Utilities (Gurbir S. Grewal, Attorney General
of New Jersey);

Susan McClure, Assistant Deputy Rate Counsel, on behalf of the Division of the Rate
Counsel; and

Jay Kooper, Esq., on behalf of Middlesex Water Company.

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

On November 15, 2018, New Jersey-American Water Company, Inc. ("New Jersey-
American Water" or "Company"), a public utility of the State of New Jersey, filed a petition with
the Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:9-7.1 *et seq.*
and other relevant statutes and regulations, for approval to change the levels of its existing
purchased water adjustment clause ("PWAC") charge and purchased wastewater (sewerage)
treatment adjustment clause ("PSTAC") charges, with respect to increased purchased water
expenses and increased purchased wastewater treatment expenses. On January 25, 2019, the
Company filed an amended petition ("Amended Petition"). The total amount requested in the
Amended Petition was an increase of annual revenues by \$1,946,639 or 0.29% above total

Company revenues of approximately \$676,800,000. As a result of settlement discussions, the Company, the New Jersey Division of Rate Counsel ("Rate Counsel") and Staff of the Board ("Board Staff") (collectively, "Signatory Parties") have agreed to the amount requested in the Amended Petition.

New Jersey-American Water purchases water on a routine basis from seven separate entities and purchases wastewater treatment services from three separate entities, each of which adjusts its rates for service, and, in the case of wastewater treatment service providers, issues sewerage deficit/credit adjustments, at different times throughout the year. The seven water purveyors are: Passaic Valley Water Commission ("PVWC"); Morris County Municipal Utilities Authority; Montclair Water Bureau; New Jersey Water Supply Authority ("NJWSA"); City of Wildwood; City of Newark; and Marlboro Township Municipal Utilities Authority ("MTMUA"). The three wastewater treatment purveyors are: Cape May County Municipal Utilities Authority ("CMCMUA") for the Company's Ocean City Sewer tariff group; Ocean County Utilities Authority ("OCUA") for the Company's Lakewood Sewer tariff group; and Howell Township for the Company's Adolphia Sewer tariff group.

New Jersey-American Water serves approximately 631,000 general-metered water customers and approximately 41,000 sewer customers.

On April 2, 2007, the Board ordered that all purchased water costs and purchased wastewater treatment costs be removed from base rates and recovered through the PWAC and PSTAC as applicable. *In the Matter of the Joint Petition of New Jersey American Water Company, Inc., Elizabethtown Water Company, and the Mount Holly Water Company for Approval of Increased Tariff Rates and Charges for Water and Sewer Services and other Tariff Revisions*, BPU Docket No. WR06030257 (April 2, 2007). The Board last adjusted the Company's base rates

effective October 29, 2018. *In the Matter of New Jersey American Water Company for Approval of Increased Tariff Rates and Charges for Water and Sewer Service, Change in Depreciation Rates and Other Tariff Modifications, Order Adopting Initial Decision/Stipulation*, BPU Docket No. WR17090985 (October 29, 2018). The Company's base rates do not include PWAC or PSTAC pass-through charges to customers.

In the Amended Petition, New Jersey-American Water proposed to increase its PWAC rate upon PWAC Rate Schedule O-1 from \$0.4817 per thousand gallons of water to \$0.5145 per thousand gallons of water for Non-Exempt customers. The Company proposed to increase its PWAC rate from \$0.4154 per thousand gallons of water to \$0.4453 per thousand gallons for Exempt customers. It also proposed to address its PSTAC charges as follows:

For Lakewood Township, Ocean County, the rate per thousand gallons of prior year's winter quarter usage (January, February and March meter readings), as reflected upon PSTAC Rate Schedule 2-B, would change from \$4.7362 per thousand gallons to \$4.6587 per thousand gallons.

For customers in Ocean City, Cape May County, the rate per thousand gallons of prior year's summer water quarter usage (July, August and September meter readings), as reflected upon PSTAC Rate Schedule 1-B, would change from \$25.6889 per thousand gallons to \$23.8574 per thousand gallons.

For customers in the Adelphia section of Howell Township, Monmouth County, the rate per thousand gallons of water, as reflected upon PSTAC Rate Schedule 3-B, would change from \$6.9369 per thousand gallons to \$6.8309 per thousand gallons.

The Board transmitted this matter to the Office of Administrative Law ("OAL") for hearing as a contested case on November 16, 2018. A telephonic prehearing conference was held on December 12, 2018, with the Honorable Jacob S. Gertsman, Administrative Law Judge. On

November 26, 2018, Middlesex Water Company ("Middlesex") filed a motion to intervene, which was not opposed by any party. Middlesex has been included on the service list, received all discovery, and participated in all conferences and meetings. A public hearing was held on February 28, 2019 in Howell Township at 5:30 p.m. with no public attendees. No written comments were received.

Rate Counsel and Board Staff served interrogatories on New Jersey-American Water, which were responded to in full by the Company. During the proceeding, the Company received updated information from the various water and wastewater service purveyors whose costs comprise the Company's requested relief. This information was provided to all parties on a timely basis. The Company, Board Staff, Rate Counsel and Middlesex participated in a discovery/settlement conference on March 1, 2019. As a result of the Company's Amended Petition, discovery responses and negotiations, the Signatory Parties have reached an agreement, the provisions of which are set forth below.

SETTLEMENT AGREEMENT

1. The Signatory Parties recommend that the Board approve a change to the Company's PWAC rate on PWAC Rate Schedule O-1 from \$0.4817 per thousand gallons of water for Non-Exempt customers to \$0.5145 per thousand gallons of water for Non-Exempt customers and from \$0.4154 per thousand gallons of water for Exempt customers to \$0.4453 per thousand gallons of water for Exempt customers.

2. The Signatory Parties further recommend that the Board permit the Company to change its effective PSTAC charges as follows:

- For Lakewood Township, Ocean County, the rate per thousand gallons of prior year's winter quarter as reflected within PSTAC Rate Schedule 2-B from \$4.7362 per thousand gallons to \$4.6587 per thousand gallons.

- For customers in Ocean City, Cape May County, the rate per thousand gallons of prior year's summer water quarter usage (July, August and September meter readings) as reflected upon PSTAC Rate Schedule 1-B, from \$25.6889 per thousand gallons to \$23.8574 per thousand gallons.
- For customers in the Adelpia section of Howell Township, Monmouth County, the rate per thousand gallons of water as reflected upon PSTAC Rate Schedule 3-B, from \$6.9369 per thousand gallons to \$6.8309 per thousand gallons.

3. The effective PWAC rate change would result in an increase in the annual bill of an average residential customer utilizing 6,000 gallons per month as follows:

	Present Per Month	Proposed Per Month	Amount Increase	Percentage Increase
Statewide - GMS	\$56.34	\$56.54	\$0.20	0.35%
Statewide - SFR	\$56.04	\$56.24	\$0.20	0.36%
SA1-B, SA1-C	\$51.54	\$51.74	\$0.20	0.39%
SA-1E	\$47.57	\$50.66	\$3.09	6.50%

4. The PSTAC rate changes will result in: a decrease for a typical residential sewer service customer in Lakewood Township, Ocean County utilizing 18,000 gallons of water in the winter quarter, of \$0.47 per month or 0.73%; a decrease to an average sewer service customer in Ocean City, Cape May County utilizing 20,000 gallons in the summer quarter and 44,000 gallons of water annually, of \$3.06 per month or 4.46%; and a decrease to an average sewer service customer in the Adelpia section of Howell Township, Monmouth County utilizing 48,000 gallons of water annually, of \$0.43 per month or 0.79%.

5. These PWAC and PSTAC rates are calculated with an effective date of April 1, 2019.

6. NJAWC plans to file its next PWAC/PSTAC petition on or before November 15, 2019.

7. Within this Stipulation, the Signatory Parties have agreed on a methodology for calculating the amount of interest to be applied to over-recoveries within the PWAC. This method is described as follows: Total PWAC True-up Balance (Over)/Under-recovered of the current month (which is the adjusted total purchased water expense minus total PWAC revenues net of

cost recoveries for the current month), plus the total PWAC Cumulative True-Up Balance (Over)/Under-recovery) of the prior month, minus the amortization of the PWAC True-Up from the previous PWAC year of the current month. The Signatory Parties agree to review this methodology and adjust it as necessary and appropriate in future PWAC proceedings.

8. The PWAC/PSTAC rates established herein will increase annual revenues by \$1,946,639 or 0.29%.

9. In accordance with the provisions of N.J.A.C. 14:9-7.3(c) and 14:9-8.3(o), the Company shall file with the Board, not later than 45 days after the adjustment clauses have been in effect for one year, PWAC and PSTAC true-up schedules in connection with this proceeding. Copies of the true-up schedules will be served upon Board Staff and Rate Counsel.

10. This Stipulation shall be binding on the Signatory Parties to this proceeding upon approval hereof by the Board. This Stipulation shall bind the Signatory Parties in this matter only and shall not be considered precedential in any other proceeding involving the Signatory Parties hereto.

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its own position, to accept the proposed change(s), or to resume the proceeding as if no agreement had been reached.

13. The Signatory Parties believe that these procedures are fair to all concerned and, therefore, they are made an integral and essential element of this Stipulation.

14. This Stipulation may be executed in as many counterparts as there are signatories to this Stipulation, each of which counterpart shall be an original, but all of which shall constitute one and the same instrument.

15. The Signatory Parties understand that Middlesex will file a letter with the OAL indicating that it does not object to the terms of the Stipulation.

[SPACE INTENTIONALLY LEFT BLANK]

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

By: _____
**Susan McClure
Assistant Deputy Rate Counsel**

Dated:

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

By: *Christine Soares*
**Christine Soares
Corporate Counsel**

Dated: *3/14/19*

**GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities**

By: _____
**Andrew Kuntz
Deputy Attorney General**

Dated:

STEFANIE A. BRAND, DIRECTOR
DIVISION OF RATE COUNSEL

By: _____
Susan McCluro
Assistant Deputy Rate Counsel

Dated:

NEW JERSEY-AMERICAN WATER
COMPANY, INC.

By: Christine Soares
Christine Soares
Corporate Counsel


Dated: 3/14/19

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

By: _____
Andrew Kuniz
Deputy Attorney General

Dated: 5/15/19

STEFANIE A. BRAND, DIRECTOR
DIVISION OF RATE COUNSEL

By: 
Susan McClure
Assistant Deputy Rate Counsel

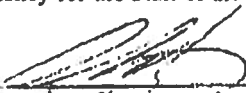
Dated: 3/15/19

NEW JERSEY-AMERICAN WATER
COMPANY, INC.

By: 
Christine Soares
Corporate Counsel

Dated: 3/14/19

OURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

By: 
Andrew Kynfz
Deputy Attorney General

Dated: 5/15/19

NEW JERSEY-AMERICAN WATER COMPANY, INC.
B.P.U. No. 8 – Water

Nineteenth Revised Sheet: No. 65
Superseding Eighteenth Revised Sheet: No. 65

Deleted: Eighteenth
Deleted: Seventeenth

RATE SCHEDULE O-1
PURCHASED WATER ADJUSTMENT CLAUSE (PWAC)

APPLICABILITY

Applicable to all Metered Water Customer classes served by the Company in all service areas for water service, except for Manasquan Uninterruptible Service, and those customer subject to Rate Schedules I and J. The PWAC charge, as defined under the Standard Terms and Conditions of this tariff, is designed to recover the cost of purchased water associated with the normal operations of the Company and allow the Company to achieve a zero or near-zero deferred balance each April 1st on its purchased water costs.

CHARACTER OF SERVICE

Continuous, except as limited by the "Standard Terms and Conditions."

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGE

In addition to all other charges for metered service, the following charges per one hundred gallons, per one thousand gallons, per 10 cubic feet and per 100 cubic feet for all sales will be made to recover purchased water costs not included in the Water Charge or any other Charge:

	Gallons Per Month	Gallons Per Quarter	Rate Per 100 Gallons	Rate Per 1,000 Gallons
Non-Exempt	All	All	\$0.05553	\$0.5553
Exempt	All	All	\$0.04806	\$0.4806
	Cubic Feet Per Month	Cubic Feet Per Quarter	Rate Per 10 Cubic Feet	Rate Per 100 Cubic Feet
Non-Exempt	All	All	\$0.04154	\$0.4154
Exempt	All	All	\$0.03595	\$0.3595

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Deleted: 3331

The PWAC Charge is also applicable to any difference between the quantity of water actually purchased by the customer and any applicable take-or-pay commitment.

FILING

The Company shall endeavor to make an annual PWAC filing no later than December 1st of each year proposing a PWAC rate to be effective on or about the following April 1st.

The notice of filing and of public hearing in the annual PWAC proceedings shall include the specific rate change proposed to be implemented on April 1st. The notice shall also include the impact of such potential increases on a benchmark bill.

The annual PWAC filing shall contain, but not be limited to, the following:

1. A reconciliation of actual versus estimated costs and revenues from the last Board approved PWAC charge for purchased water;
2. Projected rates supported by projected volumes, revenues, and projected purchased water costs;
3. Deferred balances and the timeframe over which they are proposed to be collected or returned;
4. A written explanation of the circumstances that caused the deferred balances in (3) above;
5. A written explanation of any significant activities or trends which may affect costs for the prospective period; and
6. Updated tariff sheets to reflect any change to the PWAC rate.

The benchmark bill shall be the average residential water customer bill for a twelve-month period.

(Continued)

Deleted: April 5, 2019
Deleted: April 1, 2019
Deleted: 18111241
Deleted: March 29, 2019

Issued: November 15, 2019 Effective: _____

By: Cheryl Norton, President
One Water Street, Camden, New Jersey 08102
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR1911, dated _____

NEW JERSEY-AMERICAN WATER COMPANY, INC.
B.P.U. No. 8 – Wastewater

Eighteenth Revised Sheet: No. 81
Superseding Seventeenth Revised Sheet: No. 81

Deleted: Seventeenth

Deleted: Sixteenth

**RATE SCHEDULE 1-A
GENERAL METERED SERVICE**

APPLICABILITY

Applicable for general residential, commercial, industrial and municipal wastewater service in the City of Ocean City. The charge for wastewater service shall consist of the total of the Minimum Service Charge, the Sewer Usage Charge and the Purchased Wastewater Treatment Adjustment Clause (PSTAC) Charge, as defined under the Standard Terms and Conditions in this tariff. The PSTAC charge for the City of Ocean City shown on Rate Schedule 1-B is included within the Minimum Service Charge rates reflected below.

CHARACTER OF SERVICE

Continuous, except as limited by the "Standard Terms and Conditions."

MINIMUM SERVICE CHARGE

All wastewater service customers shall pay a Minimum Service Charge in addition to the Sewer Usage Charge, if any. The Minimum Service Charge for a non-exempt customer is determined for the forth coming calendar year every January 1. The Company shall use the water usage for the prior July, August and September meter readings ("Summer Quarter Consumption") times the rate of ~~\$38.2180~~ per thousand gallons or ~~\$28.5871~~ per CCF (hundred cubic feet). The Minimum Service Charge for an exempt customer is ~~\$36.6665~~ per thousand gallons or ~~\$27.4266~~ per CCF times the summer quarter consumption. In no event will a non-exempt or exempt customer be billed for less than 1,000 CCF per year.

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SEWER USAGE CHARGE

The volume of sewer use is assumed to equal water meter registration. Charges shall be based on water consumption as indicated by water meter readings on a monthly or quarterly basis at the option of the Company.

	Gallons Per Month	Gallons Per Quarter	Rate Per 100 Gallons	Rate Per 1,000 Gallons
Non-Exempt	All	All	\$0.18980	\$1.8980
Exempt	All	All	\$0.16367	\$1.6367
	Cubic Feet Per Month	Cubic Feet Per Quarter	Rate Per 10 Cubic Feet	Rate Per 100 Cubic Feet
Non -Exempt	All	All	\$0.14197	\$1.4197
Exempt	All	All	\$0.12243	\$1.2243

TERMS OF PAYMENT

The following plan for payment of the Annual Minimum Service Charge is offered as a convenience to our customers and, in the case of seasonal service, does not relieve the customer of the liability to pay the entire Annual Minimum Service Charge if wastewater service is rendered for only a portion of the calendar year. In the case of a non-seasonal customer terminating their account, the customer shall be billed for service provided through the date of service termination.

A new customer, initiating service at an existing premises, shall be billed for such service as of the account activation date. The new customer account usage will be based on the existing premises last known summer quarter consumption, until the new customer establishes a summer quarter consumption. A new customer account without established summer quarter consumption data will be required to pay a pro-rata share of the Annual Minimum Service Charge, until the new customer establishes a summer quarter consumption. The proration shall be based on the portion of the calendar year for which the customer receives service.

In addition, in the case of a reactivated account, the customer will be required to pay for the charges as if the account had been active as of January 1. The calculated Annual Minimum Service Charge will therefore be billed across the remaining installment billing periods in that calendar year.

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Deleted: March 29, 2019

Issued: November 15, 2019

Effective:

By: Cheryl Norton, President
One Water Street, Camden, New Jersey 08102
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR1911 dated _____

NEW JERSEY-AMERICAN WATER COMPANY, INC.
B.P.U. No. 8 – Wastewater

Fifteenth Revised Sheet: No. 82
Superseding ~~Fourteenth Revised Sheet: No. 82~~

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RATE SCHEDULE 1-B
PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE (PSTAC)

APPLICABILITY

Applicable to all Wastewater Service customer classes including general residential, commercial, industrial and municipal wastewater service in the City of Ocean City. The PSTAC charge, as defined under the Standard Terms and Conditions in this tariff, is designed to recover the cost of purchased wastewater treatment and disposal costs associated with the normal operations of the Company, and allow the Company to achieve a zero or near-zero deferred balance each April 1st on its purchased wastewater treatment and disposal costs. The PSTAC charges detailed below are included on Rate Schedule 1-A within the Minimum Service Charges and are provided herein only for informational purposes. The customer will not be separately invoiced for the PSTAC charge.

CHARACTER OF SERVICE

Continuous, except as limited by the "Standard Terms and Conditions."

PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE (PSTAC) CHARGE

The following are the PSTAC charges per one hundred gallons, per one thousand gallons, per 10 cubic feet, and per 100 cubic feet that are included within the Minimum Service Charge rates as set forth in Wastewater-Rate Schedule 1-A to recover purchased wastewater treatment and disposal costs.

Non Exempt and Exempt	Gallons Per Month	Gallons Per Quarter	Rate Per 100 Gallons	Rate Per 1000 Gallons	Deleted: 2.38574 Deleted: 23.8574
	All	All	\$2.69490	\$26.9490	
Non Exempt and Exempt	Cubic Feet Per Month	Cubic Feet Per Quarter	Rate Per 10 Cubic Feet	Rate Per 100 Cubic Feet	Deleted: 1.78453 Deleted: 17.8453
	All	All	\$2.01579	\$20.1579	

FILING

The Company shall endeavor to make an annual PSTAC filing no later than December 1st of each year, proposing a PSTAC rate or percentage to be effective on or about the following April 1st.

The notice of filing and of public hearing in the annual PSTAC proceedings shall include the specific rate change proposed to be implemented on April 1st. The notice shall also include the impact of such potential increases on a benchmark bill.

The annual PSTAC filing shall contain, but not be limited to, the following:

1. A reconciliation of actual versus estimated costs and revenues from the last Board approved PSTAC charge for wastewater treatment and disposal;
2. Projected rates supported by projected volumes, revenues, and projected purchased wastewater treatment and disposal costs;
3. Deferred balances and the timeframe over which they are proposed to be collected or returned;
4. A written explanation of the circumstances that caused the deferred balances in (3) above;
5. A written explanation of any significant activities or trends which may affect costs for the prospective period; and
6. Updated tariff sheets to reflect any change to the PSTAC rate.

The benchmark bill shall be the average residential wastewater customer bill for a twelve-month period.

TERMS OF PAYMENT

See Rate Schedule 1-A for applicable customer classes.

(Continued)

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~~Deleted: March 29, 2019~~

Issued: November 15, 2019 Effective: _____

By: Cheryl Norton, President
One Water Street, Camden, New Jersey 08102
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR1911 dated _____

NEW JERSEY-AMERICAN WATER COMPANY, INC.
B.P.U. No. 8 – Wastewater

Fifteenth Revised Sheet: No. 86
Superseding Fourteenth Revised Sheet: No. 86

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RATE SCHEDULE 2-B
PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE (PSTAC)

APPLICABILITY

Applicable to all Wastewater Service customer classes including general residential, commercial, industrial and municipal wastewater service in the Statewide Wastewater Collection Area (Lakewood). The PSTAC charge, as defined under the Standard Terms and Conditions in this tariff, is designed to recover the cost of purchased wastewater treatment and disposal costs associated with the normal operations of the Company, and allow the Company to achieve a zero or near-zero deferred balance each April 1st on its purchased wastewater treatment and disposal costs.

CHARACTER OF SERVICE

Continuous, except as limited by the "Standard Terms and Conditions."

PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE (PSTAC) CHARGE

In addition to all other charges for general metered service, the following charges per one hundred gallons, per one thousand gallons, per 10 cubic feet and per 100 cubic feet for all sales will be made to recover purchased wastewater treatment and disposal costs not included in the Sewer Usage Charge or any other Charge as set forth in Rate Schedule 2-A of the current Tariff:

	Gallons Per Month	Gallons Per Quarter	Rate Per 100 Gallons	Rate Per 1,000 Gallons
Non Exempt and Exempt	All	All	\$0.47263	\$4.7263
	Cubic Feet Per Month	Cubic Feet Per Quarter	Rate Per 10 Cubic Feet	Rate Per 100 Cubic Feet
Non Exempt and Exempt	All	All	\$0.35353	\$3.5353

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FILING

The Company shall endeavor to make an annual PSTAC filing no later than December 1st of each year, proposing a PSTAC rate or percentage to be effective on or about the following April 1st.

The notice of filing and of public hearing in the annual PSTAC proceedings shall include the specific rate change proposed to be implemented on April 1st. The notice shall also include the impact of such potential increases on a benchmark bill.

The annual PSTAC filing shall contain, but not be limited to, the following:

1. A reconciliation of actual versus estimated costs and revenues from the last Board approved PSTAC charge for purchased wastewater treatment and disposal;
2. Projected rates supported by projected volumes, revenues, and projected purchased wastewater treatment and disposal costs;
3. Deferred balances and the timeframe over which they are proposed to be collected or returned;
4. A written explanation of the circumstances that caused the deferred balances in (3) above;
5. A written explanation of any significant activities or trends which may affect costs for the prospective period; and
6. Updated tariff sheets to reflect any change to the PSTAC rate.

The benchmark bill shall be the average residential wastewater customer bill for a twelve-month period.

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Deleted: March 29, 2019

Issued: November 15, 2019

Effective: _____

By: Cheryl Norton, President
One Water Street, Camden, New Jersey 08102
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR1911 dated _____

NEW JERSEY-AMERICAN WATER COMPANY, INC.
B.P.U. No. 8 – Wastewater

Sixteenth Revised Sheet: No. 89
Superseding Fifteenth Revised Sheet: No. 89

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RATE SCHEDULE 3-B
PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE (PSTAC)

APPLICABILITY

Applicable to all Wastewater Service customer classes including general residential, commercial, industrial and municipal wastewater service customers provided service by the Company's Adelpia System (service area of the former Adelpia Sewer Company) and other franchise areas within the Township of Howell in Monmouth County. The PSTAC charge, as defined under the Standard Terms and Conditions in this tariff, is designed to recover the cost of purchased wastewater treatment and disposal associated with the normal operations of the Company, and allow the Company to achieve a zero or near-zero deferred balance each April 1st on its purchased wastewater treatment and disposal costs.

CHARACTER OF SERVICE

Continuous, except as limited by the "Standard Terms and Conditions."

PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE (PSTAC) CHARGE

In addition to all other charges for general metered service, the following charges per one hundred gallons, per one thousand gallons, per 10 cubic feet and per 100 cubic feet for all sales will be made to recover purchased wastewater treatment and disposal costs not included in the Sewer Usage Charge or any other Charge as set forth in Rate Schedule 3-A of the current Tariff:

	Gallons Per Month	Gallons Per Quarter	Rate Per 100 Gallons	Rate Per 1,000 Gallons
Non-Exempt and Exempt	All	All	\$0.73727	\$7.3727

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FILING

The Company shall endeavor to make an annual PSTAC filing no later than December 1st of each year, proposing a PSTAC rate to be effective on or about the following April 1st.

The notice of filing and of public hearing in the annual PSTAC proceedings shall include the specific rate change proposed to be implemented on April 1st. The notice shall also include the impact of such potential increases on a benchmark bill.

The annual PSTAC filing shall contain, but not be limited to, the following:

1. A reconciliation of actual versus estimated costs and revenues from the last Board approved PSTAC charge for purchased wastewater treatment and disposal;
2. Projected rates supported by projected volumes, revenues, and projected purchased wastewater treatment and disposal costs;
3. Deferred balances and the timeframe over which they are proposed to be collected or returned;
4. A written explanation of the circumstances that caused the deferred balances in (3) above;
5. A written explanation of any significant activities or trends which may affect costs for the prospective period; and
6. Updated tariff sheets to reflect any change to the PSTAC rate.

The benchmark bill shall be the average residential wastewater customer bill for a twelve-month period

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Deleted: WR18111241
Deleted: March 29, 2019

Issued: November 15, 2019 Effective: _____

By: Cheryl Norton, President
One Water Street, Camden, New Jersey 08102
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR1911 dated _____

BEFORE THE
STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF
NEW JERSEY-AMERICAN WATER COMPANY, INC.
FOR AUTHORIZATION TO CHANGE THE LEVEL OF ITS
PURCHASED WATER ADJUSTMENT CLAUSE AND
PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE

B.P.U. Docket No. WR1911 _____

Direct Testimony of

ROBERT R. SCHAEFER, PE

Exhibit PT-2

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Direct Testimony of Robert R. Schaefer, PE

1 **1. Q. Please state your name, occupation and business address.**

2 A. My name is Robert R. Schaefer. I am the Senior Director, North Operations of New Jersey-
3 American Water Company, Inc. (hereinafter referred to as "NJAWC" or the "Company"). My
4 business address is 167 John F. Kennedy Parkway, Short Hills, New Jersey 08805.

5 **2. Q. What are your primary responsibilities as they relate to your testimony in this case?**

6 A. I am responsible for business operations associated with production of water and operation and
7 maintenance of all treatment, pumping and storage facilities within the NJAWC service
8 territory.

9 **3. Q. Please summarize your educational background and professional experience.**

10 A. I received a B.S. Degree in Civil Engineering from New Jersey Institute of Technology in 1988
11 and an Associate in Applied Science Degree in Building Construction from Wentworth
12 Institute of Technology in Boston, MA in 1981. From 1981 to 1984, I was an Engineering
13 Technician for Otto H. York Co. in Fairfield, NJ and was involved in the design and
14 construction of air and water pollution control equipment for the chemical and oil industry. I
15 joined Elizabethtown Water Company ("EWC") in 1984 as an Engineering Technician in the
16 Engineering & Planning Department. While at EWC I was promoted to Construction
17 Coordinator in September 1985; Superintendent of Transmission & Distribution in November
18 1993; Director of System Operations in August 1996; Director of Asset Planning in April 2001;
19 and Director of Engineering & Technical Services in April 2002; Manager of Operational
20 Development for NJAWC in April 2004; Senior Director of Production in May 2005; Senior
21 Director-Central Operations in January 2014 and my present role in October of 2019. In
22 summary, I have over thirty-five years of experience in the planning, design and construction
23 of water facilities and supervision of operation and maintenance of those facilities. I am a
24 licensed New Jersey Professional Engineer. I am also a licensed Public Water Treatment Plant
25 Operator (T-3) and a licensed Public Water Supply System Operator (W-4) in the State of New

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Direct Testimony of Robert R. Schaefer, PE

1 Jersey. I am a member of the American Water Works Association (“AWWA”) and the
2 American Society of Civil Engineers (“ASCE”).

3 **4. Q. Have you previously participated in regulatory matters?**

4 A. Yes, I have previously participated in rate cases and Purchased Water Adjustment Clause
5 (“PWAC”)/Purchased Wastewater (Sewerage) Treatment Adjustment Clause (“PSTAC”)
6 filings through the preparation of direct and rebuttal testimony and support documentation. I
7 have testified before the New Jersey Board of Public Utilities (“BPU”) in various proceedings
8 on matters concerning the granting of franchises and other regulatory matters. I have also
9 represented the Company on numerous projects before municipal planning and zoning boards.

10 **5. Q. What is the purpose of your direct testimony in this case?**

11 A. The purpose of my testimony is as follows: (1) to support the projected volume of water
12 purchases for the year ended March 31, 2021; (2) to support the projected cost of purchased
13 water subject to the PWAC for the year ended March 31, 2021; and (3) to explain the manner
14 in which NJAWC manages its water supply contracts, specifically the efforts undertaken by
15 the Company to control the charges on its purchased water.

16 **6. Q. Please provide a general overview of water supplies purchased by the Company.**

17 A. The Company’s primary objective is to produce the water it provides to its customers from
18 surface and ground raw water resources. Approximately 73% of all water supplied by the
19 Company is produced from surface raw water supplies. These raw water supplies are then
20 treated by NJAWC at seven surface water treatment plants. Raw water diverted from our
21 Passaic River basin supply, our Delaware River Basin supply and our Swimming River
22 reservoir system is not purchased. Approximately 22% of all water supplied by NJAWC is
23 groundwater produced at 123 plants of varying capacity throughout the distribution system. It
24 is not always possible for the Company to supply water from either purchased raw water
25 sources, or from groundwater supplies. This may be because of the lack of proximity of our

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Direct Testimony of Robert R. Schaefer, PE

1 customer base to groundwater resources or to transmission infrastructure. As a result,
2 approximately 5% of total water supply to customers is provided from purchased, finished
3 water.

4 **7. Q. Is the Company providing copies of all written agreements related to its PWAC expenses?**

5 A. Yes, copies of all written agreements are attached to the Petition as Appendix A. The
6 Wildwood Purchased Water Agreement expired in May 2019 and has not been renewed. Costs
7 associated with the agreements are recovered through our PWAC, as depicted in Schedule
8 RRS-1.

9 **8. Q. Have you prepared a schedule for water to be purchased during the year ended March**
10 **31, 2021?**

11 A. Yes, I have. Schedule RRS-1 reflects the Company's projected purchased water volume and
12 associated rates. As you can see from Schedule RRS-1, it is anticipated that during the year
13 ended March 31, 2021, NJAWC will purchase approximately 57,571,039 thousand gallons of
14 water subject to the PWAC, at a total cost to the Company of \$35,679,632.

15 **9. Q. How did you calculate the volumes and price of water to be purchased during the year**
16 **ended March 31, 2021?**

17 A. It is based on existing contract purchase requirements with water purveyors, together with
18 known and measurable changes in rates charged for water and modifications to water supply
19 agreements. Purchase of volumes not under contract was based on customer demand during
20 the year ended March 31, 2020 (Schedule RRS-1, column 2), except as indicated in the
21 adjustments within the footnotes on Schedule RRS-1.

22 **10. Q. Please explain the efforts that the Company has undertaken to control costs under its**
23 **water supply agreements.**

24 A. The Company supports a formal process to address future price increases. The Company
25 monitors known proposed rate increases by its purveyors and, where appropriate, reviews

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Direct Testimony of Robert R. Schaefer, PE

1 available financial and operating information which leads to the need for such increases,
2 propounds interrogatories, and attends public meetings where applicable.

3 **11. Q. Did the Company enter into any new water supply agreements during the PWAC year**
4 **ending March 31, 2020?**

5 A. No. However, the Company is including an existing water supply agreement not previously
6 included in the PWAC filing. In preparing the Company's filing, an agreement between
7 NJSWA and the Company for the former Shorelands area was identified and has not previously
8 been requested in PWAC rates or base rates. Thus, the Company has included the expenses
9 associated with this agreement on RRS-1. The resulting rate structures, water volumes, and
10 billing changes have been incorporated into the pro-forma purchased water expense projections
11 in Schedule RRS-1.

12 **12. Q. What has NJAWC done in an effort to control costs incurred under the NJWSA - Raritan**
13 **Basin water supply agreement?**

14 A. The NJWSA Raritan Basin contract is the largest purchased water contract the Company has.
15 The Company is a member of the Raritan Basin User Group ("RBUG"). The RBUG is
16 comprised of water purveyors who contract with the New Jersey Water Supply Authority
17 ("NJWSA") for raw water from the Raritan River basin supply. NJWSA conducts a formal
18 rate review process. The RBUG participates in the annual rate adjustment process, attends
19 associated meetings and has collectively challenged any proposed rate increases.

20 **13. Q. Did NJWSA propose a rate increase for the Raritan Basin supply for FY 2020?**

21 A. No, it has not.

22

NEW JERSEY-AMERICAN WATER COMPANY, INC.
Direct Testimony of Robert R. Schaefer, PE

1 **14. Q. When was the last time NJWSA increased rates for the Raritan supply?**

2 A. Rates increased by 32.8% in FY 2018, effective July 1, 2017, due to implementation of a
3 significant dredging project by NJWSA including dredging of the Delaware and Raritan Canal
4 and structures refurbishment at the Round Valley Reservoir.

5 **15. Q. Please explain how the pro forma charges reflected in Schedule RRS-1 were derived.**

6 A. Pro forma contract purchases are reflected in Schedule RRS-1 based on the contract minimum
7 take requirements. Purchased water volumes are generally based on the Company's contractual
8 requirements or its most recent actual experience absent a contract or where purchases
9 generally exceed the contractual minimum purchase requirement. Water rates are generally
10 based on each purveyor's current rates. In the case of the NJWSA (Manasquan and Raritan
11 supply), Passaic Valley Water Commission, and the Marlboro Township MUA, rates have been
12 prorated to reflect published or estimated rate changes that will occur during the year ended
13 March 31, 2021. The basis of each rate is detailed in footnotes to Schedule RRS-1.

14 **16. Q. Are there any notable adjustments to Schedule RRS-1?**

15 A. Please refer to the RRS-1 Notes for the methodology for each pro forma rate per MGY. Also,
16 the Company incorporated the impacts of new or updated agreements as applicable.

17 **17. Q. Has the Company done anything to encourage water conservation?**

18 A. Yes. The Company has regularly exercised demand side as well as supply side conservation
19 measures. These measures include, but are not limited to, the following: customer education,
20 regionalization and conjunctive use, reuse of process water, water auditing, leak detection
21 programs, infrastructure renewal and pressure management. For over ten years we have
22 implemented a wise water use communications campaign and requested voluntary customer
23 use restrictions to help control demand prior to high demand periods.

24 **18. Q. Does this conclude your testimony?**

25 A. Yes, it does.

**New Jersey-American Water Company, Inc.
Statement of Pro Forma Purchased Water Expense**

New Jersey-American Water Company, Inc. **Schedule RRS-1**
BPU Docket No. WR1911 **PWAC Filing Year: 4/1/2019 - 3/31/2020**
Witness Responsible: Robert R. Schaefer **Page 1**

Purchased Water Vendor (1)	Actual PWAC Year 4/1/19-3/31/20 Purchases (MGY) (2)	Annual Contract Minimum (MGY) (3)	Pro Forma Purchases (MGY) (4)	Pro Forma Rate per MG (5)	Pro Forma PWAC Year 4/1/2020-3/31/2021 Expense (6)
Passaic Valley Water Commission (PVWC): PVWC - power component	4,415.863	3,777.750	4,137.947	\$2,871.69	\$11,882,901 \$604,016
Morris County Municipal Utilities Authority	218.488	220.000	220.000	\$3,059.00	\$672,980
Montclair Water Bureau	85.770	65.000	86.721	\$5,348.66	\$463,841
New Jersey Water Supply Authority (NJWSA)					
Manasquan:	4,562.500				
Contract @ Initial rate		2,943.725	2,943.725	\$1,045.49	\$3,077,635
Contract @ Delayed rate		1,618.775	1,618.775	\$1,139.65	\$1,844,837
Power component					\$177,262
Overdraft service	57.513		52.818		\$69,634
Raw Water Purchase:					
Contract @ Initial rate	732.555	722.335	722.335	\$1,045.49	\$755,194
Contract @ Delayed rate		10.220	10.220	\$1,139.65	\$11,647
Raritan:					
Contract	46,335.60	46,209.00	46,209.00	\$336.00	\$15,526,224
Legislative grant	1,065.06	1,065.06	1,065.06	\$0.00	\$0
Overdraft service	169.96		375.82		\$127,184
Retroactive Debt Service					\$200,301
Credit against Retroactive Debt Serv. Pymts					(\$166,500)
Marlboro Township MUA	92.874	91.250	93.618	\$4,619.60	\$432,476
City of Wildwood (Contract expired in May 201	0.000	35.000	35.000	\$0.00	\$0
			<u>57,571.039</u>		<u>\$35,679,632</u>

**New Jersey-American Water Company, Inc.
Statement of Pro Forma Purchased Water Expense**

New Jersey-American Water Company, Inc.

BPU Docket No. WR1911

Witness Responsible: Robert R. Schaefer

Schedule RRS-1

PWAC Filing Year: 4/1/2019 - 3/31/2020

Page 2

RRS-1 Notes:

- (1) Prorated Rate - 9 months of rate increased by 3% for 2020 and 3 months increase by 3. % effective 1/1/21 .
- (1a) 3 year average of usage for the 12 months ended 3/31/18, 3/31/19 and 3/31/20. See Note 1, JDH-1a for explanation for year ended 3/3
- (2) 3 year average of power costs for the 12 months ended 3/31/18, 3/31/19 and 3/31/20. See Note 1, JDH-1a for explanation for year ende
- (3) Prorated rate effective 1/1/20 rate of \$3,029 for 9 months, plus 3 months of estimated rate effective 1/1/21, estimating 4% increase to 20
- (4) Increased 2020 rates utilizing 2017-19 average increases for peak and non-peak, per Montclair Water Bureau Ordinance and agreement
- (5) Prorated rate - 3 months of actual rate Eff. 7/1/19-6/30/20 of \$1,043.35 per mg and 9 mos. of 7/1/20-6/30/21 rate \$1,046.208 per mg, per
- (5a) Prorated rate - 3 months of actual rate Eff. 7/1/19-6/30/20 of \$1,137.17 per mg and 9 mos. of 7/1/20-6/30/21 proposed rates of \$1,140.2 per notification with 1Q2019 invoice
- (5b) Estimated overdraft service charge based upon average of 12 months ended 3/31/18, 3/31/19 and 3/31/20 actual monthly and annual c
- See Note 2, JDH-1 for explanation for year ended 3/31/20.
- (6) Prorated rate - 3 months of actual rate Eff. 7/1/19-6/30/20 \$336 per mg and 9 months 7/1/20-6/30/21 of proposed rate of \$336 per mg wt change in rates
- (6a) Estimated overdraft service charge based upon 3 year average for the periods ended 3/31/18, 3/31/19 and 3/31/20 actual monthly and
- See Note 2, JDH-1 for explanation for year ended 3/31/19.
- (6b) Actual annual retroactive debt service charge effective January 2008.
- (6c) Estimated prior period credit against the debt service charge is based upon a 3 year average of these credits for the 12 months ended :
- (7) Prorated rate reflects the average of the 12 monthly projected rates during PWAC Yr. 4/1/20 - 3/31/21. The rate incorporates MWC (Mid components. The MWC rate component was based on the actual rates effective 4/1/2019 of \$3,173 per mg.
The MTMUA component was prorated based on 11 months of the current contractual rate of \$1,444.19 and 1 month of a contractual 2 of \$1,473.07. The MTMUA rate increase is effective on the anniversary of the Water Service Effective Date of 3/1/09.
- (8) Wildwood contract expired 5/31/19.

APPENDIX A

Appendix A can be found on the enclosed CD.

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF
NEW JERSEY-AMERICAN WATER COMPANY, INC.
FOR AUTHORIZATION TO CHANGE THE LEVELS
OF ITS PURCHASED WATER ADJUSTMENT CLAUSE (“PWAC”)
AND PURCHASED WASTEWATER TREATMENT
ADJUSTMENT CLAUSE (“PSTAC”)

B.P.U. DOCKET NO. WR1911 _____

APPENDIX A – CONTENTS

1. Passaic Valley Water Commission –Agreement, Amendments – 07/17/2008, 09/26/2007, 07/10/1991
2. Morris County MUA Agreement – 01/06/2012
3. Manasquan Reservoir Water Supply System Consolidated Water Purchase Contract – 05/05/2005
- 3A. Manasquan Reservoir Water Supply System Consolidated Water Purchase Contract Amendment 1 – 12/08/14
4. NJWSA Raritan–First Amendment Delaware and Raritan Canal–Water Purchase Contract– 01/01/2008
- 4A. NJWSA Raritan - Water Purchase Contract RBS-1B – 09/11/2003
5. Marlboro Township MUA Agreement – 02/05/2008
- 5A. Marlboro Township MUA Agreement Amendment No. 1 – 01/14/2015
6. Wildwood Purchased Water Agreement – 11/30/2003, 06/14/2006 & 10/08/2008
7. Montclair Water Bureau Agreement 6/16/2015
8. Howell Township MUA Sewer Service Agreement – 10/12/1988
9. Ocean County Sewerage Authority – 07/21/1976
10. Cape May County Municipal Utilities Authority – 08/18/1976
11. NJWSA Manasquan Water Purchase Agreement with Shorelands and NJAWC – 07/01/2015

