

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

**IN THE MATTER OF THE PETITION OF :  
NEW JERSEY-AMERICAN WATER : CASE SUMMARY  
COMPANY, INC. FOR APPROVAL OF :  
INCREASED TARIFF RATES AND : BPU DOCKET NO.  
CHARGES FOR WATER AND :  
WASTEWATER SERVICE, AND OTHER :  
TARIFF MODIFICATIONS :**

By this Petition, New Jersey-American Water Company, Inc. (“NJAWC”, “New Jersey-American Water” or the “Company”) proposes to increase its base tariff rates and implement certain other tariff revisions as detailed further in its Petition and supporting Exhibits.

New Jersey-American Water has provided high quality, reliable water and wastewater services to its customers for over 130 years. In fact, in 2021, the Company was rated Number One in Customer Satisfaction of all large water utilities in the Northeast. In order to provide this level of service to its customers, the Company must make ongoing, significant capital investments, as well as incur a substantial amount of operations and maintenance (“O&M”) expenses.

NJAWC’s proposed rate increase is driven primarily by the capital investment required to maintain and improve the Company’s infrastructure. Since the effective date of rates in the Company’s last base rate case, NJAWC has invested, or will invest, approximately \$985 million in capital expenditures through the end of 2022. Nearly 68% of the Company’s proposed revenue increase is driven by investment in New Jersey’s infrastructure.

The investments the Company makes include improving the resiliency of its distribution system and treatment plants, treatment changes to maintain regulatory compliance, technology investments that will integrate with existing systems to enhance service to customers, and

management of source of supply and system demands. The Company has invested, or plans to invest, over \$454 million during the twelve months ending June 30, 2022 (the “Test Year”), and an additional \$272 million by December 31, 2022. Of that \$726 million, \$301 million are distribution system improvement charge (“DSIC”) eligible investments. As noted above, by the end of 2022 the Company will have invested approximately \$985 million in capital improvements since the effective date of rates in the Company’s last rate case. NJAWC has made and will continue to make these capital investments to continue to provide safe and reliable water and wastewater service to its customers. Moreover, every \$1 million the Company spends in capital is expected to create or sustain approximately 16 jobs in New Jersey. By doing so, the Company will have created or sustained over 15,000 jobs during the time period since the last rate case. NJAWC’s infrastructure investment provides vital benefits to the health and welfare of our customers and the state – vital service that continued in the face of the floodwaters spawned by Hurricane Ida and power outages from Tropical Storm Isaias.

In terms of expenses, NJAWC has managed and continues to manage its operations responsibly and effectively to uphold its continued commitment to provide safe and reliable water and wastewater services to its customers at reasonable rates. Although the Company is seeking an increase in O&M expenses, NJAWC’s O&M expense level is not much higher than it was more than a decade ago. Moreover, the Company’s O&M expense over that period has increased at a rate significantly less than the rate of inflation. Because each dollar saved in O&M expenses permits \$8 dollars to be invested in plant at no impact to rates, the Company’s cost containment efforts provided significant benefits to customers beyond mere cost savings.

The Company is requesting an increase in base rates because its existing rates will not afford NJAWC the opportunity to earn a reasonable return on its investments or to recover its

reasonable operating costs in the period during which rates are effective. Additionally, the Company requests certain other relief to serve the long-term interests of its customers while allowing the Company to continue to provide safe, reliable and proper service. Those include recovery of the regulatory asset authorized by the Board for prudently-incurred incremental expenses related to COVID-19, and an Uncollectible Adjustment Clause to address fluctuations in bad debt expense on a going forward basis to protect both our customers and the Company.

The rates proposed in this filing would yield additional total operating revenues of \$94.7 million, representing an increase of 11.22% over existing annual revenues. The impact of the proposed increase on the bill of an average residential customers using 5,520 gallons of water per month would be \$6.78 or 10.86%.<sup>1</sup> This represents a daily cost of only \$2.28 cents for all the water necessary for drinking, cooking, cleaning, bathing and basic sanitation.

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<sup>1</sup> The actual percentage increase applicable to specific customers will vary according to the pertinent rate schedule and the level of each customer's usage.