

BEFORE THE  
STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

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

BPU Docket No. WR2201 \_\_\_\_\_

**Direct Testimony of**  
**MARK K. McDONOUGH**

January 14, 2022

**Exhibit P-3**

NEW JERSEY-AMERICAN WATER COMPANY, INC.

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NEW JERSEY-AMERICAN WATER COMPANY, INC.

1 **I. INTRODUCTION, SUMMARY AND PRESENTATION OF WITNESSES**

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

3 A. My name is Mark McDonough, and my business address is 1 Water Street,  
4 Camden, New Jersey 08102.

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

6 A. I am the President of New Jersey-American Water Company, Inc. (“New Jersey-  
7 American Water”, “NJAWC” or the “Company”).

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

9 A. As President of NJAWC, I am responsible for all aspects of its business, including  
10 financial, operations, production, distribution, customer service, engineering and  
11 capital investment planning, employee relations, environmental, and regulatory  
12 affairs. I lead a team of dedicated professionals who are devoted to providing safe  
13 and reliable service to approximately 660,000 water and fire service customers and  
14 49,900 wastewater service customers throughout the State of New Jersey. My goal  
15 is to ensure that all activities of the Company are carried out in compliance with all  
16 local, state and federal laws and regulations, and standards of good business  
17 practice.

18 **4. Q. Please describe your educational background and business experience.**

19 A. Please refer to Appendix A for a summary of my educational background and  
20 business experience.

21

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1 **5. Q. Have you previously testified in regulatory proceedings?**

2 A. I have not previously testified before any public utility commission.

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

4 A. The purpose of my testimony in this proceeding is to describe the reasons why the  
5 Company is seeking the requested relief in this filing, including the request to  
6 increase base rates and implement other regulatory tariff changes. Specifically, I  
7 will explain the primary reasons for the proposed revenue increase, the Company's  
8 regulatory proposals and how our cost recovery proposals in this case will support  
9 the efficient use of water and investment in our system. I believe that it is important  
10 that the Board of Public Utilities ("Board" or "BPU") and all of our stakeholders  
11 understand the Company's contributions to the State of New Jersey in providing  
12 water and wastewater service -- critical services that are vital to our health, welfare  
13 and economic well-being.

14 **7. Q. Please list NJAWC's witnesses in this case and a brief summary of their**  
15 **testimony.**

16 A. In addition to my Direct Testimony, the following witnesses provide testimony in  
17 support of the Company's Request:

18 Thomas Shroba: will testify on the Company's operations, its  
19 commitment to water quality, environmental  
20 compliance, safety, improving water efficiency, as  
21 well as the Company's proposed staffing levels and  
22 compensation philosophy.

23 Donald C. Shields: will testify on the Company's capital investment  
24 planning process, the recovery of capital expenditures  
25 incurred since the Company's last rate case, the plan

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1 for the engineered coating of steel structures, and some  
2 of the risks and challenges for water and wastewater  
3 utilities associated with increased regulation and  
4 climate variability.

5 John S. Tomac: will testify on the Company’s revenue requirement,  
6 rate base and capital structure, among other regulatory  
7 policy issues.

8 Jamie D. Hawn: will testify on the Company’s request for recovery of  
9 expenses in this proceeding, including the Company’s  
10 pro forma adjustments to various items, as well as the  
11 Company’s request for an uncollectible expense  
12 adjustment clause, recovery of its COVID-19 deferral  
13 and the proposed tariff modifications.

14 Charles B. Rea: will testify on NJAWC’s cost of service study and  
15 proposed rate design for both water and wastewater  
16 service, the determination of Post-Test Year revenues  
17 at present and proposed rates, the Company’s analysis  
18 of residential, commercial, and public authorities water  
19 consumption as it relates to the impact of the COVID-  
20 19 pandemic on water usage and long-term trends in  
21 water usage and the Company’s affordability analyses  
22 for water and wastewater service.

23 Ann E. Bulkley: will testify on the reasonableness of the Company’s  
24 cost of equity and its capital structure.

25 Patrick L. Baryenbruch: will testify on the reasonableness of Service Company  
26 costs.

27  
28 Robert Mustich will testify on the reasonableness of the Company’s  
29 compensation program and benchmarks the  
30 Company’s compensation expense against national  
31 and regional peer groups.

32  
33 Harold Walker will testify on the Company’s cash working capital  
34 and the lead/lag study.  
35

NEW JERSEY-AMERICAN WATER COMPANY, INC.**II. REASONS FOR RELIEF REQUESTED****8. Q. Why is the Company filing this rate case?**

A. New Jersey-American Water has provided service to our customers for over 130 years. Our customers rely on the Company to provide them with safe and reliable water and wastewater services. Providing these services, however, requires us to make ongoing, significant capital investments, as well as to incur a substantial amount of operations and maintenance (“O&M”) expenses. This filing is primarily driven by the capital investment required to maintain and improve our infrastructure. As Company witness Mr. Donald Shields explains, since the effective date of rates in the Company’s last base rate case, the Company has invested, or will invest, approximately \$985 million in capital expenditures through the end of 2022.

**9. Q. The basis of this case, then, is fundamentally about investment in New Jersey infrastructure, is that correct?**

A. Yes. Nearly 68% of the Company’s proposed revenue increase is driven by investment in New Jersey’s infrastructure. NJAWC has and continues to manage its operations responsibly and effectively to uphold its continued commitment to provide safe and reliable water and wastewater services to our customers at reasonable rates. Moreover, every \$1 million we spend in capital is expected to create or sustain approximately 16 jobs in New Jersey.<sup>1</sup> The benefits of our infrastructure investment are vital to the health and welfare of our customers and

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<sup>1</sup> For every \$1 million spent, five direct jobs and 11 indirect jobs are created. <https://www.bafuture.org/sites/default/files/key-topics/attachments/impacts-of-water-utility-sector.pdf>

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1 the state. The investments we make include improving the resiliency of the  
2 Company's distribution system and treatment plants, treatment changes to maintain  
3 regulatory compliance, technology investments that will integrate with existing  
4 systems to enhance service to customers, and management of source of supply and  
5 system demands. The Company has invested, or plans to invest, over \$454 million  
6 during the twelve months ending June 30, 2022 (the "Test Year"), and projects that  
7 an additional \$272 million will be added to its plant in service balance by December  
8 31, 2022. Of that \$726 million, \$301 million is DSIC-eligible investment. As  
9 noted, the Company will have invested approximately \$985 million in capital  
10 improvements since the effective date of rates in the Company's last rate case. By  
11 doing so, the Company has created or sustained over 15,000 jobs during that time  
12 period.

13 **10. Q. Are O&M expenses driving the Company's proposed rate increase?**

14 A. No, they are not. Although the Company is seeking an increase in O&M expenses,  
15 as Company witness Tomac explains, New Jersey-American's O&M expense is not  
16 much higher than it was more than a decade ago and, moreover, the Company's  
17 O&M expense over that period has increased at a rate significantly less than the  
18 rate of inflation over that period.

19 **11. Q. When were NJAWC's current rates approved?**

20 A. The Board approved NJAWC's base rates in its Order issued and effective October  
21 28, 2020, in Docket No. WR19121516. Those rates were based on a test year ended

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1 June 30, 2020. As noted above, the Test Year in this case is the 12 months ending  
2 June 30, 2022.

3 **12. Q. What amount of rate relief is the Company seeking in this case?**

4 A. NJAWC is seeking an increase of \$94.7 million over revenues authorized in our  
5 last base rate case. The proposed increase will provide the Company with an  
6 opportunity to recover its cost of service and earn a reasonable return on the capital  
7 invested in the system. NJAWC is fully committed to continued investment in the  
8 Company's operations at the level and in the manner necessary to continue to  
9 provide safe and reliable service for our customers over the long run and is simply  
10 seeking the revenues to support doing so.

11 **13. Q. How will the proposed rate increase impact the Company's existing rates?**

12 A. As Mr. Tomac explains, under our proposal the average customer's water bill - who  
13 uses 5,520 gallons per month - would increase about \$6.78 per month or \$.23 cents  
14 per day. Therefore, in total, the average customer would pay \$2.28 per day for all  
15 the water they need for drinking, cooking, cleaning and sanitation. As I explain  
16 below, Mr. Rea provides an analysis of the affordability of the Company's water  
17 and wastewater services demonstrating that the proposed rate increase has not  
18 adversely affected the range of affordability of our service over the past decade.

19 **14. Q. Please describe the importance of the Company's capital investment program.**

20 A. As Mr. Shield's explains in his testimony, the Company's capital investment plan  
21 can be divided into two distinct areas: recurring projects ("RPs" or "RP") and  
22 investment projects ("IPs" or "IP"). IPs represent investments made to meet



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1 environmental or water quality regulations, infrastructure capacity expansion or  
2 rehabilitation or replacement of aging facilities. These projects allow the Company  
3 to meet the service demands of the community, maintain regulatory compliance and  
4 reduce asset failure. RPs are critical investments for both the Company and  
5 customers as these investments support the backbone of NJAWC's water and  
6 wastewater systems by increasing both system resiliency and reliability. As Mr.  
7 Shields explains in his Direct Testimony, many of New Jersey-American Water's  
8 capital projects are necessary to anticipate and meet the needs of new  
9 environmental, health and safety regulations and to address the effects of climate  
10 variability. As Mr. Shields explains there are a host of emerging compounds that  
11 must be addressed. These include perfluorooctanoic acid ("PFOA"), 1,4-dioxane,  
12 and hexavalent chromium (chromium (VI)). PFOA is prevalent in New Jersey,  
13 particularly in groundwater sources that have a history of contamination from other  
14 volatile organic compounds. Our customers rely on us to keep current with  
15 investment needs so that we can anticipate and treat water to achieve ever-  
16 tightening water quality standards and to anticipate situations that might disrupt  
17 water or wastewater service reliability. We must also address the effect of climate  
18 variability on our system and its reliability. For example, the Raritan Millstone  
19 Flood Wall upgrade that our engineering staff planned for was instrumental when  
20 the remnants of Hurricane Ida severely impacted the central NJ region and the flood  
21 of record resulting from Ida was held back by the recently completed flood wall. In  
22 addition, the newly installed backup generators worked to maintain power after loss  
23 of the main power feed during power grid failures after Tropical Storm Isaias.

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1        These carefully planned investments kept millions of people in the region with safe  
2        drinking water and reliable sanitation. It is often said that “a picture is worth 1,000  
3        words.” The following photo of the clear blue water in a sea of brown floodwaters  
4        from the remnants of Hurricane Ida is a testament to the wisdom of the Company’s  
5        proactive capital program and the beneficial result made possible by the new  
6        Raritan Millstone Flood Wall.



7

8        **15. Q. You mentioned that investments made also help the Company’s employees to**  
9        **work more efficiently and productively. Please explain.**

10        A. Mr. Shroba’s testimony chronicles the many ways our investments have allowed us  
11        to work smarter and more efficiently. In the following section involving Water  
12        Efficiency, I will explain some of the ways capital spending is employed to allow  
13        our people to work smarter and more efficiently and discuss the various programs  
14        and initiatives we follow to maintain a safe and productive workplace.

NEW JERSEY-AMERICAN WATER COMPANY, INC.**16. Q. Is the Company seeking to recover its full employee compensation costs?**

A. Yes, we are. There is approximately \$10 million of the Company's market-based total compensation costs that historically has not been recognized in rates even though this practice is now well established in both the utility industry and other industries as well. Nevertheless, the Company must pay these costs to remain competitive in the job market so as to attract and retain skilled employees. The testimony of Messrs. Mustich and Shroba establish that New Jersey-American Water's market-based compensation is designed to keep the organization focused on delivering clean, safe, reliable and affordable service while increasing efficiency, decreasing waste, and boosting overall productivity. Mr. Mustich further demonstrates that the market based total compensation paid by the Company to its employees is in line with industry norms and is at, or below, the median for companies and utilities of similar size in the region in which NJAWC must compete to attract and retain a talented workforce. Consequently, the Company's market-based total compensation is a manifestly just, reasonable and prudent expense required to operate our business and it should be reflected fully in rates.

**17. Q. Is the attraction and retention of dedicated and talented employees important to the Company's customers?**

A. Yes, it is of critical importance. New Jersey-American Water was recently honored by being named Number One in residential customer satisfaction for large Northeast water utilities.<sup>2</sup> Such an achievement would not have been possible

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<sup>2</sup> <https://www.jdpower.com/business/press-releases/2021-us-water-utility-residential-customer-satisfaction-study>

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1 without the efforts of dedicated and talented employees who focus on providing  
2 exceptional service and reliability to our customers. Instilling the drive for  
3 excellence exhibited by this award is a key objective of the Company's  
4 performance compensation philosophy and it translates directly into benefits to our  
5 customers.

6 **18. Q. Is the Company requesting recovery for all its post-test year capital additions?**

7 A. Yes. As demonstrated by Mr. Shields, the Company has a track record of delivering  
8 its planned capital investment consistently with projections on a year-to-year basis.  
9 All these capital additions are important components of continuing to provide safe  
10 and reliable service to our customers. Since these investments will be completed by  
11 the time new rates go into effect or shortly thereafter, the Company should have the  
12 ability to recover its costs for these investments. In addition, as discussed by Mr.  
13 Tomac, it is appropriate to include all post-test year capital investments because  
14 they will match the capital structure proposed to fund these investments.

15 **19. Q. Was the Company challenged by the COVID-19 pandemic?**

16 A. Yes, we were. Right from the very start, New Jersey-American Water faced  
17 significant challenges from the pandemic. Unlike some businesses that chose, or  
18 were forced to shut down, the Company provides essential services that did not  
19 make doing so an option. A significant portion of New Jersey's population relies  
20 on us to provide water and wastewater service for drinking, cooking, bathing and  
21 basic sanitation – all of vital importance during a pandemic. From the very  
22 beginning of the pandemic, the well-being of our customers was foremost. New

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1 Jersey-American Water took action to help protect all customers, including its most  
2 vulnerable customers, during the COVID-19 emergency, including the suspension  
3 of shut-offs of residential customers for non-payment and reconnection of  
4 residential customers who were previously disconnected for non-payment,<sup>3</sup> as well  
5 as implementing safety protocols for work in the field to service customers. In the  
6 face of these challenging conditions, we managed to keep our operations running  
7 smoothly and our construction activities on course, with very little preparation time  
8 during the onset of this unprecedented event. Again, our J.D. Power Number One  
9 standing shows how successful we were in navigating the difficult shoals of the  
10 pandemic. Not only were we operating successfully but, in keeping our  
11 construction program on course, we continued to provide jobs and investment to  
12 the New Jersey economy. At the same time, the Company faced exceptionally  
13 difficult operating conditions, with employees required to maintain safe distances  
14 and stay at home and with normal operations difficult to achieve. New Jersey-  
15 American Water implemented social distancing measures and instructed employees  
16 who could perform their jobs remotely to work from home for the safety of its  
17 employees and customers. In addition to providing our field employees performing  
18 essential work with appropriate personal protective equipment, we also took  
19 measures to limit their interaction, including but not limited to:

- 20 • Conducting virtual safety meetings
- 21 • Staggering shift start times
- 22 • Having only one employee per vehicle
- 23 • Limiting access to treatment plant control rooms to plant operators

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<sup>3</sup> The Company also temporarily waived certain eligibility requirements for its H2O Help to Others Program (“H2O Program”) to further help those customers who were economically impacted by COVID-19.

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- Creating back up treatment plant control rooms

We also required all employees to report personal domestic travel in addition to international travel to American Water's safety hotline to assess whether or not self-quarantine measures were warranted. To date, because of these safety measures, no employee in New Jersey contracted the COVID-19 virus at work. All in all, the pandemic imposed significant challenges to our ability to operate and maintain our water and wastewater systems and our Company and its employees rose to that challenge.

**III. IMPROVING WATER EFFICIENCY****20. Q. Please explain the concept of water efficiency.**

A. Water efficiency means using improved practices and technologies to deliver safe, reliable and adequate water service more effectively. The Company's water efficiency efforts include supply-side practices, such as reducing non-revenue water losses, using more efficient motors and pumps, pursuing purchasing economies and employing GIS technology, as well as demand-side strategies, such as rate design and public education programs. For example, leak detection programs can reduce the amount of water, pressure, and energy required to deliver the same amount of water to consumers and more efficient pumps and motors reduce power costs; the expanded use of technology helps our crews to be more efficient in locating water and wastewater facilities and quickly access system and customer information on a real-time basis. Improving efficiency saves customers money in the long run, enhances the economy, and protects the environment.

NEW JERSEY-AMERICAN WATER COMPANY, INC.1 **21. Q. How is the concept of water efficiency relevant to this case?**

2 A. Improving water efficiency requires achieving a cost-effective mix of prudent  
3 investments and improved operations and maintenance management capabilities  
4 targeting safety, customer satisfaction, environmental compliance, sustainability,  
5 asset performance and operational efficiency. New Jersey-American Water  
6 continually strives to develop and implement efficiency measures that deliver  
7 steady or improved levels of service to consumers while mitigating cost increases.  
8 As discussed in the Direct Testimony of witnesses Messrs. Shields and Shroba, the  
9 investments we are making to better serve our customers are primarily in non-  
10 revenue producing investments – replacing aging infrastructure, compliance with  
11 environmental regulations, and efficiency investments. As we plan our investments,  
12 however, we know how important it is to balance the need for system improvements  
13 with what our customers pay for water and wastewater service. Consequently, the  
14 Company continually strives to find more efficient and cost-effective ways to  
15 operate and maintain its business. Our intense focus on controlling expenses  
16 produces direct benefits to our customers.

17 **22. Q. Can regulation support New Jersey-American Water's efforts to improve**  
18 **water efficiency?**

19 A. Yes, it can. Our ratemaking proposals are intended to support efforts to improve  
20 water efficiency. As mentioned above and explained in the Direct Testimonies of  
21 Company Witnesses Shroba and Shields, NJAWC is requesting approval of new  
22 rates that reflect the Company's total market-based employee compensation costs

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1 and the recognition of its capital investment through the post test-year period. The  
2 Company's ratemaking proposals support the more efficient use of water, more  
3 effective maintenance of our system, and more efficient investment in our system.

4 Ultimately, it is our customers who will benefit because these ratemaking tools will:  
5 allow New Jersey-American Water to anticipate and plan for a consistency in  
6 regulatory oversight necessary to attract capital; properly match cost incurrence  
7 with cost recovery; support the Company's continued efforts to use market-based  
8 total compensation to drive efficiencies and improve our service to customers; and  
9 support more consistent planning and deployment of the most efficient resources.

10 Removing barriers to improving efficiency and needed investment is also in our  
11 customers' interests because, over time, it reduces the cost of providing water and  
12 wastewater service to customers and promotes the sustainability of our natural  
13 resources.

14 **23. Q. What is the Company's ultimate goal with regard to water efficiency?**

15 A. Our goal is to provide quality water and wastewater services as efficiently as  
16 possible, and by doing so, to increase the value of the services that we provide our  
17 customers.

18 **IV. VALUE OF WATER AND AFFORDABILITY**

19 **24. Q. Do the Company's customers receive good value for the water service the**  
20 **Company provides?**

21 A. Absolutely. Most Americans are unaware of the cost of the vast infrastructure  
22 required to treat and deliver clean, safe and reliable water to their homes. Americans



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1 pay less for tap water than do residents of most other developed nations. Water is  
2 also typically the utility that makes up the lowest percentage of household budgets  
3 – less than gas, oil, telephone, cable, and electricity.

4 When customers appreciate the true value of water, it not only helps water utilities  
5 to continue to provide customers with safe, clean and reliable water service, but it  
6 also has the added benefit of encouraging more conservation and helping ensure a  
7 sustainable supply for future generations. American Water has joined with other  
8 water resource companies and organizations in an industry-wide initiative to  
9 enhance customer awareness of what is involved in providing high quality, reliable  
10 water service and the relative value of the service as part of the Value of Water  
11 Coalition. The Coalition’s aim is to educate the public on the importance of clean,  
12 safe, and reliable water to and from every home and community and to ensure  
13 quality water service for future generations.

14 **25. Q. How does New Jersey-American Water maintain the affordability of its water**  
15 **and wastewater services?**

16 A. Our water and wastewater services are critical, and we know how important it is  
17 for those services to remain affordable. Company witness Mr. Rea provides an  
18 analysis of the affordability of the Company’s water and wastewater services  
19 demonstrating that, even with the proposed increase, New Jersey-American's  
20 services are, and remain, affordable for most of our customers as our rates have  
21 held steady in the bill to income (“BTI”) range of 0.60%-0.80% since 2010 and are  
22 expected to be 0.73% under the Company’s proposed rates. The BTI percentage

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1 under our rate proposal is well below the 2.0-2.5% range of a BTI ratio that is  
2 generally considered “affordable.” For our more economically vulnerable  
3 customers – those with household incomes at or below 150% of Federal Poverty  
4 Limit - the average BTI Ratio is approximately 3.25%, for Basic Water Service,  
5 which is defined to be 40 gallons of water per household per day. As Mr. Rea  
6 explains, this BTI ratio is within the 3.0 to 4.5% BTI range generally considered  
7 affordable for low-income customers.

8 In fact, NJAWC’s water service is quite affordable when one considers that all of a  
9 customer’s needs for drinking, cooking, cleaning and sanitation are provided for  
10 only \$2.28 per day at proposed rates. An important way that we maintain  
11 affordability is by continuously seeking to improve our business processes and  
12 making investments that improve operational efficiencies, and we have been very  
13 successful in doing so, as witnessed by the cost containment in O&M expenses  
14 discussed previously. With the monumental investment challenges we face,  
15 keeping our costs as low as practicable is paramount.

16 **26. Q. What else is New Jersey-American Water doing to maintain the affordability**  
17 **of its services for its customers?**

18 A. In addition to delivering our services in the most efficient, cost-effective ways to  
19 benefit all of our customers, New Jersey-American Water also offers several  
20 targeted customer assistance programs to help our most vulnerable customers. As  
21 Mr. Rea discusses in his Direct Testimony, the Company makes programs available  
22 to customers that attenuate the impact of rate increases on them, contributing to the

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1 affordability of our rates. NJAWC’s residential customers have the option of  
2 paying bills under the Company’s budget billing plan, and the Company offers its  
3 customers flexible payment arrangements through installment agreements if they  
4 are financially unable to pay a past due water service bill. In response to COVID-  
5 19, the Company offered these payment arrangements for longer periods of time  
6 and with no deposit required and continues to do so in accordance with recently  
7 passed legislation.<sup>4</sup>

8 NJAWC also assists customers who are experiencing financial hardship through  
9 the Company’s Help to Others (“H2O”) Program. As Mr. Rea explains in his  
10 testimony, the H2O Program is available to customers with an annual income at or  
11 below 300% of the federal poverty guidelines and is composed of two main  
12 components: grants and a discount on the service charge. The grant component is  
13 an emergency bill-paying assistance program funded by NJAWC’s shareholders  
14 and donations from customers who want to help other customers in need. The  
15 service charge discount component, funded through rates, provides eligible  
16 customers up to a 100% discount on their monthly fixed service charge for water  
17 and is also available for our wastewater customers. Finally, in response to the  
18 COVID-19 pandemic, NJAWC temporarily waived certain eligibility requirements  
19 for certain of these programs to help those customers that may have been  
20 economically impacted by COVID-19.

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<sup>4</sup> See S4081, available at <https://legiscan.com/NJ/text/S4081/2020> (passed Dec. 21, 2021).

NEW JERSEY-AMERICAN WATER COMPANY, INC.V. CUSTOMER COMMITMENT AND COMMUNITY INVOLVEMENT**27. Q. Please describe the Company's commitment to its customers.**

A. Customers are a top priority for the Company. As I mentioned previously, our focus on customers was validated when New Jersey-American Water was named Number One in residential customer satisfaction for large, Northeast water utilities by J.D. Power. Whether it's helping to ensure their health and safety through the work we do and how we do it, striving to provide service in the most cost-effective manner possible over the long term, or undertaking key initiatives to better serve them, customers are and will continue to be our key focus. This is evidenced throughout the testimony provided in this case, but I do want to highlight two customer-specific items. As explained in more detail by Company witness Shroba, the Company has implemented several technological solutions to better serve our customers. These include improvements to our customer service infrastructure, applications for employee use, and enhancements to our customer portal, all of which make it easier for customers to do business with us. The customer portal, for example, has been enhanced to allow for easier, self-service options (e.g., bill payment, service requests), access to consumption information, and conservation advice. In addition, as explained by Company witness Jamie Hawn, the Company is seeking to eliminate credit card fees on a per customer basis. Providing customers with another payment option without a fee will ease the payment process for customers and increase customer satisfaction.

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1 **28. Q. Does New Jersey-American Water play an active role in the communities that**  
2 **it serves?**

3 A. Yes. New Jersey-American Water is a responsible corporate citizen and is known  
4 for its community involvement and volunteerism. Our management team  
5 encourages our employees and their families to be active volunteers in the  
6 communities we serve.

7 NJAWC believes that community investment starts with our employees. NJAWC  
8 values community service and we encourage our employees to be equally invested  
9 in the communities we serve through various charitable endeavors and volunteer  
10 activities. NJAWC gives back to the community by supporting innovative,  
11 environmental grant programs that improve, protect or restore drinking water  
12 supplies and surrounding watersheds. We believe in investing in innovative  
13 programs that align with our core business of water and wastewater service and are  
14 committed to working with community partners to develop sustainable solutions to  
15 local environmental issues. As an organization, NJAWC focuses community  
16 investments in four key areas: (1) water and the environment; (2) water and healthy  
17 living; (3) environmental education; and (4) community sustainability. The  
18 following is an overview of the activities the Company and its employees' support:

- 19
- Each year, our employees participate in our AmerICANs in Action Month  
20 of Service – helping neighbors, participating in different community  
21 volunteer projects and providing hours of volunteer service to local  
22 community-based organizations in need of assistance;

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- 1           • Through the American Water Charitable Foundation (the “Foundation”),  
2 NJAWC and American Water support employees in their own charitable  
3 endeavors, provide support for targeted disaster relief efforts and provide  
4 funding for higher level initiatives related to clean water, conservation,  
5 education and sustainability. The Foundation donated more than \$2.1  
6 million through the Employee Volunteer and Matching Gift, Disaster  
7 Relief and Building Better Communities programs in 2020 – and  
8 continues to make a difference every day. Since its inception, the  
9 Employee Volunteer and Matching Gift Program has matched  
10 approximately \$1.7 million to public charities that are important to  
11 American Water employees across the nation and clocked more than  
12 42,000 hours of volunteer time; and
- 13           • Over the past ten years, American Water employees have provided  
14 approximately \$4.7 million to United Way and loyally contributed their  
15 time to this cause.

16 **29. Q. How else does the Company help support the communities it serves?**

- 17           A. In 2021, New Jersey-American Water piloted a new workforce development  
18 program in partnership with the Camden non-profit Hopeworks. The concept of the  
19 new Water Utility Pipeline (Water UP!) training program is to connect individuals  
20 from underserved communities we serve with transformative career opportunities  
21 in the water industry. We launched this 11-week program in Camden with eight

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1 young adults who learned job skills training through hands on experiences with our  
2 employees in the field, as well as other business essentials.

3 The goal is to create a career path for the participants to qualify for entry level  
4 utility jobs, with the potential of career placement at the end of the program either  
5 within New Jersey-American Water, another American Water subsidiary, or with  
6 another company that does business in the utility space. We are aiming to replicate  
7 this training program, as well as others, in additional communities where we  
8 operate, to continue to create opportunities for young people and to help build a  
9 future pipeline of water utility workers.

10 **30. Q. In what other activities has New Jersey-American Water partnered with the**  
11 **communities it serves?**

12 A. Through community giving, in-kind donations, partnerships and volunteering,  
13 NJAWC demonstrates our commitment to programs that address community-  
14 specific needs. We work with a number of community-based partners throughout  
15 our service areas to positively impact the overall quality of life where our  
16 employees, customers and neighbors live and work. It takes more than a one-time  
17 grant or volunteer effort to make a lasting difference – so we seek out and support  
18 organizations that understand how to best meet the needs of the community.

19 A few examples of how we take an active part in the communities we serve include:

- 20 • Environmental Grant Program: Providing grants of \$1,000 to \$10,000 for  
21 community-based projects that improve, restore and protect our source  
22 water and surrounding watersheds.

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- 1           • Toughbooks for Tough Volunteers: Providing ruggedized Toughbook  
2           computers to non-profit organizations, primarily qualifying volunteer  
3           firefighters and emergency responder departments located within  
4           NJAWC's service areas.
- 5           • Speakers' Bureau: Offering our water industry experts to speak at  
6           conferences, industry events, organizations and schools, with presentations  
7           on all types of water-related topics that can be tailored for audiences of all  
8           ages.
- 9           • First Responder Grant Program: Providing grants of up to \$2,000 each to  
10          assist volunteer emergency service organizations in our service areas with  
11          the purchase of protective gear, lifesaving equipment, tools, training and  
12          related activities/materials to support volunteer firefighter and emergency  
13          responder operations.
- 14          • Community Events: Contributing to community events, activities and  
15          organizations that benefit the growth, sustainability and protection of our  
16          service areas, either through small sponsorships or monetary donations, a  
17          visit from our H2O On the Go Water Education Van, and/or hosting a table  
18          with information for customers.
- 19          • COVID-19 Response Donations: Since the COVID-19 public health  
20          emergency began in 2020, New Jersey-American Water has provided over  
21          \$100,000 in charitable donations to nonprofit organizations in the state that  
22          are providing response, relief and recovery. In 2020, New Jersey-American  
23          Water and the American Water Charitable Foundation together provided



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1 \$65,000 in donations to the COVID-19 emergency funds of four  
2 organizations in New Jersey.<sup>5</sup> Additionally, the American Water Charitable  
3 Foundation provided a \$25,000 grant to the New Jersey Pandemic Relief  
4 Fund, as part of the Foundation's community-focused COVID-19 Response  
5 Fund. NJAWC also provided \$10,000 in donations to the COVID-19  
6 emergency funds of two first responder support organizations in New  
7 Jersey. New Jersey-American Water donated \$5,000 each to the EMS  
8 Council of New Jersey and the New Jersey Firemen's Home. Additional  
9 donations have been and continue to be provided to the Food Bank of South  
10 Jersey, Community Food Bank of New Jersey, United Way of Southeastern  
11 PA and Southern NJ, United Way of Northern NJ, and Urban Promise for  
12 COVID relief programs.

13 **31. Q. Does this conclude your Direct Testimony?**

14 A. Yes, it does.

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<sup>5</sup> NJAWC donated \$15,000 each to Cooper Health Foundation and RWJ Barnabas Health Foundation, and \$10,000 to Inspira Health, to benefit each health provider's COVID-19 Emergency Response Fund.

NEW JERSEY-AMERICAN WATER COMPANY, INC.1 **1. Q. Please describe your educational background.**

2 A. I hold a Bachelor of Science degree from the University of Delaware, a Master of  
3 Science degree from the American University and a Juris Doctor from the Antonin Scalia  
4 Law School George Mason University. I am admitted to practice law in the States of New  
5 Jersey and Maine.

6 **2. Q. What has been your business experience?**

7 A. I have 16 years of experience in the water industry. I joined American Water as a  
8 Corporate Counsel for American Water Enterprises Group in 2005 working with the  
9 Military Services Group on federal contracts for the provision of water and wastewater  
10 services to the United States Department of Defense. I have also served as the Deputy  
11 General Counsel and Division General Counsel to American Water Enterprises. In  
12 2016, I was appointed the Chief Compliance Officer for American Water and oversaw  
13 the compliance and ethics program enterprise-wide. In 2018, I was named President  
14 of the Military and Contract Services Group, where I was responsible for all water and  
15 wastewater services contracts with the United States Department of Defense and  
16 various municipal clients, including the Cities of Camden and North Brunswick, New  
17 Jersey. I held that position until April of 2021, when I was named President of New  
18 Jersey American Water Company. Prior to coming to American Water, I worked as a  
19 trial attorney in private practice in Maine and New Jersey from 1998 to 2005. Between  
20 1988 and 1996, I worked as a Special Agent with the Office of Inspector General at the  
21 United States General Services Administration, the National Railroad Passenger

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1 Corporation, and the United States Department of Energy. My focus was on complex  
2 fraud investigations and environmental and financial crimes.