

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

IN THE MATTER OF	:	
AQUA NEW JERSEY, INC.'S	:	PETITION
2022 DISTRIBUTION SYSTEM	:	
IMPROVEMENT CHARGE	:	BPU DKT. NO. WR2205 _____
FOUNDATIONAL FILING	:	

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

PETITIONER, Aqua New Jersey, Inc. (hereinafter "Petitioner," "Aqua" or the "Company"), respectfully submits this Petition pursuant to N.J.A.C. 14:9-10.1 *et seq.* to enable the implementation of a Distribution System Improvement Charge ("DSIC") and shows that:

1. Petitioner is a public utility corporation of the State of New Jersey subject to the jurisdiction of the New Jersey Board of Public Utilities (the "Board"). Petitioner's principal business office is located at 10 Black Forest Road, Hamilton, New Jersey 08691.

2. Petitioner is engaged in the business of collecting, treating and distributing water for retail service to approximately 55,000 customers.¹ The Company's customers are located in several municipalities in Warren, Hunterdon, Mercer, Morris, Burlington, Monmouth, Camden, Atlantic, Ocean, Sussex and Gloucester Counties, New Jersey. The Company has generally organized its business by the following Divisions: Northern Division (based in Phillipsburg), Central Division (based in Hamilton), Eastern Division (based in Berkeley) and the Southern Division (based in Blackwood).

¹ Petitioner is also engaged in the wastewater collection, treatment and transmission business and currently serves approximately 6,500 wastewater customers. Accelerated wastewater investments are not the subject of this Petition.

3. The purpose of this Petition is to satisfy the foundational filing requirement specified in the DSIC regulations at N.J.A.C. 14:9-10.4. As required at N.J.A.C. 14:9-10.4(c), the Company concluded a base rate proceeding and implemented base rates pursuant to an Order of the Board effective June 1, 2019 in BPU Docket No. WR18121351.

4. Pursuant to N.J.A.C. 14:9-10.4(b)(1), attached as Exhibit P-1 is an engineering evaluation report which identifies the rationale for the DSIC-eligible work to be performed; demonstrates that the proposed plan is cost-effective; identifies elements of the distribution system that require investment including assets which are susceptible to failure; and identifies efforts to extend the life of the distribution system assets. Pursuant to N.J.A.C. 14:9-10.4(b)(2), also included with Exhibit P-1 is DSIC project information which includes the following elements:

- a. a list of DSIC-eligible projects;
- b. project descriptions (with unique project identification numbers) including the nature, location, estimated duration of work (including estimated in-service dates, as well as the vintage and condition of the facilities being replaced or rehabilitated), estimated project costs, and a description and reason for the project; and
- c. aggregate information capturing blanket-type, DSIC-eligible infrastructure projects and the estimated annual cost of such blanket-type replacement programs.

5. Pursuant to N.J.A.C. 14:9-10.4(b)(3), attached as Exhibit P-2 is a calculation of Aqua's base infrastructure spending. As shown on Exhibit P-2, Aqua has calculated that its base spending requirement is approximately \$4,648,617. Please note that Aqua utilized the authorized depreciation rates and balances for utility plant accounts 343, 345 and 348 as reported in its 2021 BPU Annual Report.

6. Pursuant to N.J.A.C. 14:9-10.4(b)(3), attached as Exhibit P-3 is a proposed DSIC rate assessment schedule showing the maximum dollar amount of the proposed DSIC rate assessment by customer class and meter size (or service connection) over the entire DSIC period, as well as the estimated maximum rate impact on customers for the entire DSIC period. As noted on Exhibit P-3, the maximum amount of annual DSIC revenues Aqua may be authorized to recover through the DSIC is capped at five percent of Aqua's total revenues established in its most recent base rate proceeding, which is approximately \$2,173,362.

7. Pursuant to N.J.A.C. 14:9-10.4(b)(4), attached as Exhibit P-4 is a proposed form of public notice. Aqua intends to consult with Board Staff and the Division of Rate Counsel to finalize a form of public notice acceptable to all parties.

8. Included in the list of DSIC-eligible projects are certain projects that are currently under way, or that may commence, during the pendency of this filing. Aqua fully intends that any spending associated with these DSIC-eligible projects will be used either to meet Aqua's base spending requirement or will be recoverable in Aqua's DSIC mechanism consistent with the Board's DSIC regulations.

9. Annexed hereto and made a part hereof as if fully set forth herein are the following exhibits:

Exhibit P-1 – Engineering Evaluation Report & DSIC Project Information

Exhibit P-2 – DSIC Base Spending Schedule

Exhibit P-3 – DSIC Rate Assessment Schedule

Exhibit P-4 - Proposed Form of Public Notice

10. The Company will supplement this Petition as needed, and as may be required by the Board for the processing of this application. Petitioner believes that it has provided all of the

information required by N.J.A.C. 14:9-10.4, and that its filing is complete at this time. Therefore, consistent with the provisions of N.J.A.C. 14:9-10.4(c), Aqua anticipates that the Board will act on its request on, or before, September 28, 2022. Further, the Company respectfully requests that the Board retain this matter for hearing and that the Board also permit the required public comment hearing to be conducted virtually to facilitate public input given the continued presence of COVID-19.

11. In addition to the Secretary of the Board, copies of this filing and all annexed exhibits are being served upon the Division of Rate Counsel and the Office of the Attorney General. Notice of the filing, a statement of its effect and of the scheduling of a public comment hearing will be furnished to Petitioner's customers by a public notice placed in newspapers published and circulated in Petitioner's service areas pursuant to the rules of the Board after the Parties have concurred on its substance. Copies of an approved form of Notice and the proposed DSIC rates will be served upon the respective municipalities, County Executives and Clerks of the Boards of County Commissioners pursuant to the Board's regulations. Proof of service of the notices referred to herein will be filed with the Board in accordance with the Board's regulations.

12. Correspondence in this matter should be addressed to the following:

Colleen A. Foley, Esq.
Saul Ewing Arnstein & Lehr LLP
One Riverfront Plaza, 15th Floor
Newark, New Jersey 07102
Colleen.Foley@saul.com

Courtney L. Schultz, Esq.
Saul Ewing Arnstein & Lehr LLP
Centre Square West
1500 Market Street, 38th Floor
Philadelphia, PA 19102-2186
Courtney.Schultz@saul.com

Lawrence R. Carson
President
Aqua New Jersey, Inc.
10 Black Forest Road
Hamilton, New Jersey 08691
LRCarson@aquaamerica.com

Dawn Peslak
Controller
Aqua New Jersey, Inc.
10 Black Forest Road
Hamilton, New Jersey 08691
DPeslak@aquaamerica.com

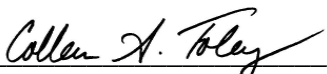
Adam Burger
Director of Operations
Aqua New Jersey, Inc.
10 Black Forest Road
Hamilton, New Jersey 08691
ABurger@aquaamerica.com

Kimberly A. Joyce, Esq.
Aqua America, Inc.
762 West Lancaster Avenue
Bryn Mawr, PA 19010
KAJoyce@essential.co

WHEREFORE, Petitioner, Aqua New Jersey, Inc., respectfully requests that the Board approve this Foundational Filing and authorize the projects and investments described herein to be eligible for inclusion in the DSIC pursuant to N.J.A.C. 14:9-10.1 *et seq.*, and that such other relief as described herein be granted by the Board.

Respectfully submitted,

Dated: May 31, 2022

By: 

Colleen A. Foley
Saul Ewing Arnstein & Lehr LLP
Attorneys for Aqua New Jersey, Inc.

CERTIFICATION

STATE OF NEW JERSEY)
 :
COUNTY OF MERCER)

 DAWN PESLAK, of full age, being duly sworn, upon her oath deposes and says:

 1. I am Controller of Aqua New Jersey, Inc., the Petitioner in the foregoing Petition, and in that capacity I am authorized to make this Certification on behalf of Aqua New Jersey, Inc. in this matter.

 2. I have reviewed the within Petition and exhibits thereto, and the same are true and correct to the best of my knowledge, information and belief.

 3. I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Dated: May 31, 2022



Dawn Peslak

Exhibit P-1

AQUA NEW JERSEY FOUNDATIONAL DSIC FILING REPORT

MAY 2022

Prepared by:



Entech Engineering, Inc.
500 North Centre Street | PO Box 389 | Pottsville, PA 17901-1764
(p) 570.628.5655 (f) 570.628.5097

Project No. 4101.003

Dated: May 2022



Charles M. Suerink

**AQUA NEW JERSEY FOUNDATIONAL DSIC FILING REPORT
May 2022**

Contents

Transmission and Distribution Assessment.....	1
Water Main Background.....	3
System Analysis.....	6
System Improvement Plan	14
Macro-Level Planning.....	15
Micro-Level Planning.....	16
Rehabilitation Projects.....	17
Hydraulic Improvements.....	18
Cleaning and Lining Projects.....	19
Service/Hydrant/Valve Renewals	19
Un-reimbursed Utility Relocations	20
Conclusions.....	20

➤ **Transmission and Distribution Assessment**

Introduction

Aqua owns and operates water systems throughout the State of New Jersey. There are three main operating divisions, which serve approximately 41,000 customers in Warren, Mercer, and Camden counties. Other satellite operating divisions serving customers in Sussex, Ocean, and Gloucester Counties include numerous smaller systems. Aqua distribution systems have approximately 830 miles of pipe, serving more than 61,000 customers.

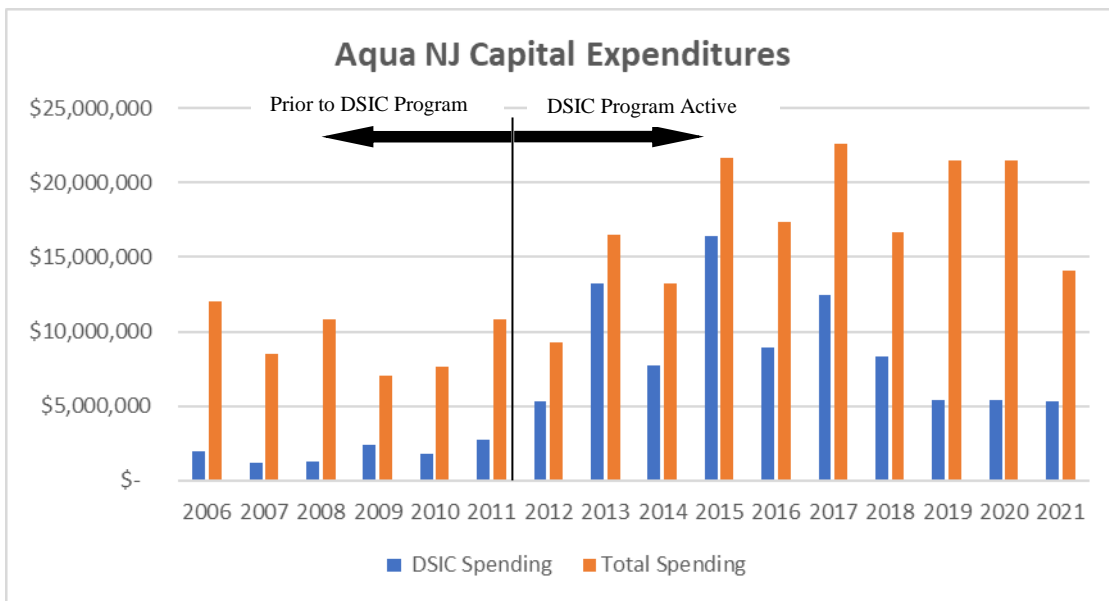
The characteristics of Aqua's systems vary across the state. The oldest three systems include the original Garden State Water Company, which was derived primarily through the previous acquisitions of People's Water Company (Phillipsburg), Hamilton Square Water Company, and Blackwood Water Company. These companies, now identified as the Northern, Central, and Southern Divisions, have expanded over the years. Still, these original companies contain the largest share of the distribution assets and the oldest assets. The other systems are much smaller and are scattered throughout the state. The largest of these other systems are the Berkeley Water Company, Lawrenceville Water Company, and Woolwich Water Company. Aqua acquired these systems within the last ten years. Lawrenceville is typical of an older community with deteriorating infrastructure. The Woolwich Water Company is a newer system that has seen tremendous growth over the past fifteen years. The water distribution systems in some of these acquired systems are in poor condition and have high water loss. Corrective measures, including water main replacement, are needed to curb the ongoing system losses.

Aqua NJ's ongoing water main renewal program includes replacing aged pipes and cleaning and lining unlined cast iron pipes when deemed appropriate. The renewal program is both reactive and proactive. The reactive renewal includes targeting specific pipes that have experienced performance issues or exhibit customer service problems. For example, pipes with multiple main breaks are targeted for a replacement to eliminate service interruptions and mitigate the risk of water quality problems associated with main breaks. Similarly, dirty or red water complaints due to unlined cast iron pipes can typically be addressed by cleaning and lining that pipe. The renewal program is also proactive by targeting broad categories of pipe that have historically been problematic. An example of proactive renewal at Aqua NJ is targeting undersized water mains and asbestos cement water mains for replacement. Undersized Water mains, typically 2", 4" and 6" water mains, do not meet the current Safe Drinking Water regulations for systems with an average demand greater than 1 MGD. Asbestos Cement (AC) water mains tend to have a higher incidence of main breaks, hence demonstrating a shorter life expectancy than cast iron or ductile iron. Asbestos cement pipe failures often require extensive repair efforts and recur over time in adjacent, compromised pipe segments. Targeting this category of pipe for proactive replacement is more cost-effective to

our customers and less disruptive to communities than dealing with emergency response measures associated with main breaks.

The proposed water main renewal program for 2023 and 2024 will be primarily funded through the Distribution System Improvement Charge (DSIC) mechanism. If the NJ State legislation for the DSIC is extended, Aqua NJ will continue funding infrastructure improvements through the DSIC mechanism. All projects previously approved under the last foundational filing may start construction until this foundational filing is approved in a Board Order. The DSIC spending would be in addition to a base level of spending required by the rule-making process. On average, Aqua New Jersey has renewed just over one mile of pipe per year before implementing the NJ DSIC program. Figure 1 is a Capital Expenditure Chart showing total DSIC expenditures (covering all DSIC-eligible categories) and total capital expenditures over the period the DSIC program has been in place. Aqua has increased its investment in DSIC-related assets to improve infrastructure.

Figure 1: Capital Expenditure History



The DSIC program contains a spending limit of a 5% surcharge "ceiling" between rate cases, which creates the regulatory framework needed to increase the rate of capital investment in the water main infrastructure. The regulations require both a base level of spending and the DSIC eligible spending to ensure that water utility companies increase their investment in the DSIC eligible spending categories and not just receive the 5% surcharge on capital each company had already planned to spend. For Aqua New Jersey, the base spending will be approximately \$4.65 million/year. The increase in expenditures above the base will include increasing the number of water main replacement projects, water main cleaning and lining projects, service line renewal projects, and fire hydrant and valve replacement efforts. Projects may be accelerated or deferred depending on the field conditions and the

ability to complete a specific project within the allowed time. Also, projects from new acquisitions may be added to this schedule as needed. The details of this engineering analysis will identify the rationale for accelerating the particular work needed, demonstrate that the accelerated work is the most cost-effective, identify possible failure mechanisms and identify practices that will extend the life of the distribution system assets.

➤ **Water Main Background**

Aqua NJ initiated coordination of the water main infrastructure records in 2009. Aqua NJ has created mapping to centrally track the location of all water main and service leaks/breaks across all operating divisions. Each division has an AutoCAD map that contains the location of all the pipes, hydrants, and valves and is updated regularly to show main rehabilitation projects and developer main extension projects. This type of tracking allows Aqua to target the most problematic areas of the system with "needle mapping" so that the most problematic areas are addressed on a priority basis for the most prudent expenditure of DSIC funds.

The following tables describe the Aqua pipe inventory in terms of material, diameter, and age.

**Table 1
Breakdown of Water Pipe in Aqua NJ**

Area	Length (Miles)	% Of Total
Berkeley Eastern System	57.57	6.93
Blackwood System	186.63	22.47
Hamilton System	240.25	28.92
Lawrenceville System	44.29	5.33
Miscellaneous Systems	80.06	9.64
Phillipsburg System	221.78	26.70
Total	830.59	100

Table 2
Breakdown of Aqua NJ Water Pipe by Material

Material	Phillipsburg System		Hamilton System		Blackwood System		All Others	
	Length (Miles)	% of Total	Length (Miles)	% of Total	Length (Miles)	% of Total	Length (Miles)	% of Total
Asbestos Cement	0.00	0.00	12.69	5.28	6.32	3.38	34.74	19.09
Cast Iron	102.33	46.14	25.05	10.43	29.75	15.94	23.42	12.88
Ductile Iron	118.36	53.37	201.95	84.06	145.85	78.15	99.68	54.79
Other (PVC, HDPE, GALV)	0.95	0.43	0.52	0.21	4.24	2.27	23.67	13.01
Unknown	0.14	0.06	0.04	0.02	0.47	0.25	0.41	0.23
Total	221.78	100	240.25	100	186.63	100	181.92	100

Table 3
Breakdown of Aqua NJ Water Pipe by Diameter

Size	Phillipsburg System		Hamilton System		Blackwood System		All Others	
	Length (Miles)	% of Total	Length (Miles)	% of Total	Length (Miles)	% of Total	Length (Miles)	% of Total
<=4	8.86	3.99	10.51	4.37	16.71	8.95	14.85	8.16
6	53.45	24.10	34.70	14.44	30.22	16.19	61.53	33.82
8	67.38	30.38	108.84	45.30	90.10	48.28	73.52	40.41
10	11.15	5.03	2.17	0.90	0.08	0.04	3.60	1.98
12	49.32	22.24	70.88	29.50	47.64	25.53	26.30	14.46
>12	31.63	14.26	13.15	5.47	1.88	1.01	2.12	1.17
Total	221.79	100.00	240.25	99.98	186.63	100.00	181.92	100.00

**Table 4
Breakdown of Aqua NJ Water Pipe by Vintage**

Year	Phillipsburg System		Hamilton System		Blackwood System		All Others	
	Length (Miles)	% of Total	Length (Miles)	% of Total	Length (Miles)	% of Total	Length (Miles)	% of Total
1885-1899	4.87	2.20	0.00	0.00	0.00	0.00	0.00	0.00
1900-1930	39.61	17.86	1.65	0.69	0.00	0.00	3.11	1.71
1931-1950	9.59	4.32	1.09	0.45	3.45	1.85	3.17	1.74
1951-1980	51.91	23.41	76.71	31.93	76.63	41.06	49.32	27.11
1981-2000	67.38	30.38	82.45	34.32	69.04	36.99	35.32	19.41
>=2001	35.86	16.17	68.34	28.45	33.58	17.99	7.91	4.35
Unknown Year	12.56	5.66	10.01	4.17	3.93	2.11	83.09	45.67
Total	221.78	100	240.25	100	186.63	100	181.92	100

Table 1 shows that most of the water mains within Aqua NJ, approximately 78% of the 831 miles, are located within the three core Aqua Systems of Phillipsburg, Hamilton, and Blackwood. Table 2 breaks down the pipe inventory by material. Of particular interest in the "All Others" systems is the 35 miles of AC pipe. AC pipe has shown to be more problematic than other types of pipe from this vintage. Typically used during the years preceding and immediately following World War II and up into the late 1950s, this material has proven to be more susceptible to main breaks than other pipes of the same age in New Jersey. Much of this pipe is now over 60 years of age and considered problematic due to the frequency and severity of main breaks.

Table 3 provides a breakdown of the pipe inventory by size and shows that between 5% and 10% of all the main systems are \leq 4-inch diameter. Over 8% of the pipe in the "Other" systems is also this small diameter pipe. This small-diameter pipe continues to be problematic because it has a high break frequency (see Table 8) and often results in severe hydraulic restrictions, limiting the potential for fire protection. Again, both 4-inch and 6-inch diameter mains do not meet the minimum standards of NJAC 7:10-11.10 for systems with an average demand of 1.0 MGD or higher.

Table 4 provides a breakdown of pipe age. The installation date for most of the pipes is known and presented in the table. Some assumptions were made regarding the installation years based on pipe material to gather this information.

➤ System Analysis

Unlike treatment plants or other above-ground facilities, it is not practical or technically feasible to accurately assess the condition of buried assets like the pipe. However, pipe conditions can be assessed indirectly by examining specific performance measures. Examples of pipe performance measures include water main breaks and leaks, reduced hydraulic capacity (typically due to tuberculation), higher than acceptable non-revenue water levels, and customer water quality complaints.

Several mechanisms cause failures in water distribution system assets. One key mechanism causing failures is the mechanical degradation of the water main infrastructure over time. Mechanical degradation can affect all types of water infrastructure and manifests itself in various forms depending on the component. For instance, valves may become dysfunctional depending on the traffic loading and underlain soil conditions. Hydrants will fail and/or leak over time requiring repairs and/or replacement. Service laterals will develop leaks at the corporation and/or the curb stop due to traffic loading and soil conditions and require replacement. Water mains will also experience mechanical degradation based on the soil bedding techniques used, the corrosivity of the soil, quality of the construction techniques, type of construction joints, etc. This does not necessarily mean that the oldest water mains should be rehabilitated first.

Further analysis on a case-by-case basis is needed on all the indirect measures to properly assess when a water main should be rehabilitated or replaced. A scoring matrix has been created by Aqua NJ, utilizing the AWWA framework, on an approximate scale of 0-25 to prioritize water main rehabilitation projects. The indirect measures are only one set of reasons why water main infrastructure needs to be rehabilitated. Other reasons such as adequate original hydraulic capacity, inadequate fire protection coverage, and non-conformance with NJDEP Safe Drinking Water sizing standard are accepted principles for upgrading the water main infrastructure.

Aqua NJ maintains a detailed database of main breaks for the main water distribution systems. This database includes the available records of water main breaks, some dating back to the 1990s. These data provide a valuable resource for analyzing main break trends. In acquired systems, Aqua has started tracking water main breaks to ascertain the needs of those systems since the acquisition date.

Table 5 shows break occurrences in the main Aqua systems by pipe material. The table compares the percentage of total breaks represented by each material and the percentage of the total length of pipe represented by each material. If all pipe materials were performing equally well, these percentages would be approximately equal. For example, if 20% of the pipe length were "Material A," we would expect 20% of the main breaks to occur on "Material A". When these percentages differ, it indicates that, in general, pipes of that material are either performing well (% of

breaks < % of length) or poorly (% of breaks > % of length). Table 5 shows that pipes in the AC and Other categories are particularly problematic in the Berkeley System. Furthermore, Cast Iron pipe is more prone to main breaks in the Phillipsburg, Hamilton, and Blackwood systems.

Table 5
Main Breaks in Major Aqua NJ Water Systems by Pipe Material

Material	Phillipsburg System		Hamilton System		Blackwood System		Berkeley System	
	% of Breaks	% of Length	% of Breaks	% of Length	% of Breaks	% of Length	% of Breaks	% of Length
Asbestos Cement	0.00	0.00	9.09	5.28	12.50	3.38	60.00	59.78
Cast Iron	47.83	46.14	48.48	10.43	37.50	15.94	0.00	0.00
Ductile Iron	30.43	53.37	33.33	84.06	37.50	78.16	0.00	11.89
Other (PVC, HDPE, GALV, Unknown)	21.74	0.49	9.09	0.23	12.50	2.52	40.00	28.34
Total	100	100	100	100	100	100	100	100

Although Table 5 focuses on the pipe material, pipe age is also generally viewed as a contributing factor in how often a pipe fails, which is reflected in the data. Cast iron pipe and AC pipe are the two oldest types of pipe in the Aqua NJ systems. As previously mentioned, Table 5 clearly shows that some cast iron pipes and AC pipes are performing poorly in terms of break frequency. AC pipe represents about 60% of the total length of pipe in the Berkeley system and accounts for 60% of the main breaks in that system. Breaks on AC pipes tend to be more serious when they occur, resulting in more prolonged water outages and requiring more extensive repairs to community roads or immediate emergency replacement. Alternate pipe materials, such as galvanized steel and plastics, also fail at a high rate in the Berkeley System and account for 40% of all the breaks within that system.

Cast iron pipes also appear to be failing at a higher rate than their length percentage would indicate. This is not unexpected since the cast iron pipe represents some of the oldest pipes in the system. Most notably in the Hamilton System, cast iron pipes amount to roughly 10% of the total length of all pipe in the system but yet account for almost half of the system's main breaks.

Cast iron pipe also warrants a more detailed analysis due to changes in manufacturing processes and joint types over the years. The oldest cast iron pipes were produced using a "pit cast" method, where molten iron was poured into vertical molds suspended in sandpits. This resulted in a pipe with non-uniform wall thicknesses. To compensate for the variations in thickness, the walls were thicker (0.75 inches or more depending on diameter and pressure rating). In late 1920, a new casting process was introduced using centrifugally spun molds. This allowed for thinner and more uniform pipe walls. It should be noted that the "thin" wall is

somewhat of a misnomer, given that the pipe walls were still approximately 0.5 inches or more in thickness.

A more detailed analysis of cast iron main breaks was conducted for the Phillipsburg system break data using breaks occurring between 1998 and 2021. The data was segregated into four categories based on the installation year of the pipe. The categories represented the different pit and spun cast pipe combinations with various joint types. The results are presented in the figure below. This figure presents the percentage of all cast iron pipes represented by each category and the percentage of all cast iron breaks represented by each category. As noted previously, if all the material/joint combinations were performing equally, these percentages would be the same. However, this is not the case, indicating that certain categories of cast iron pipes are performing better than others. For example, approximately 48% of the cast iron pipe in Phillipsburg is pit cast, yet only 28% of the cast iron breaks are from this category. This indicates that this category of cast iron pipe, although the oldest category, is performing reasonably well. This can be attributed to the thicker pipe walls, which provide additional strength to the pipe. On the other hand, spun cast iron pipe represents nearly 72% of the cast iron main breaks even though it only accounts for 52% of the evaluated cast iron pipe. This is believed to be due to the "new" spun cast manufactured pipe combined with the continued use of rigid joints during this period.

Figure 2: Phillipsburg System Main Breaks

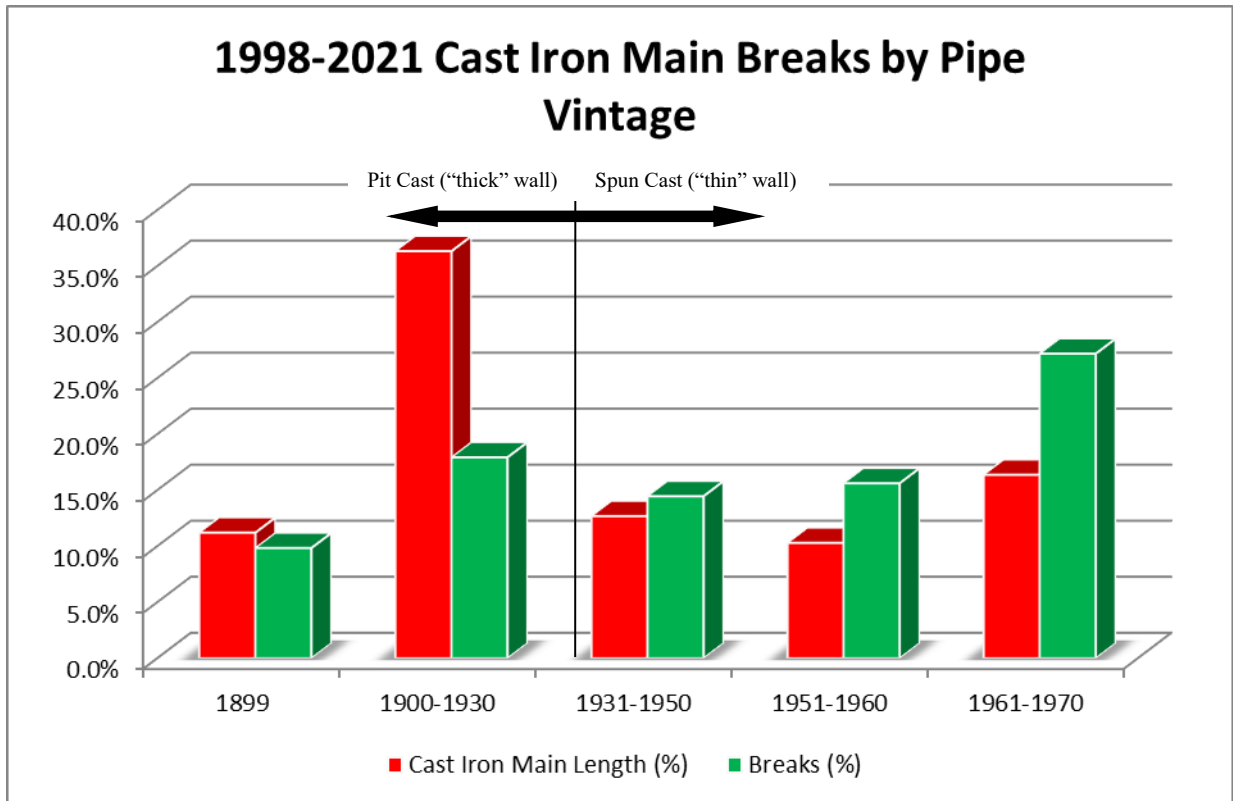


Table 6 presents data comparing breaks and pipe diameter. The table shows that smaller diameter pipes tend to break more often than larger diameter pipes. The table shows that pipes 6-inch in diameter and smaller account for most main breaks in the Aqua NJ systems listed. All of the main breaks within the Berkeley System were experienced on the 6-inch pipe. Also, note that although the 8-inch pipe in Blackwood also has experienced the highest percentage of mains breaks, it constitutes the majority of the pipe within that distribution system.

**Table 6
Main Breaks in Major Aqua NJ Water Systems by Pipe Diameter**

Diameter	Phillipsburg System		Hamilton System		Blackwood System		Berkeley System	
	% of Breaks	% of Length	% of Breaks	% of Length	% of Breaks	% of Length	% of Breaks	% of Length
<=4	26.09	3.99	12.12	4.37	26.56	8.84	0.00	0.00
6	43.48	24.10	57.58	14.44	21.88	16.19	100.00	61.74
8	26.09	30.38	21.21	45.30	43.75	48.28	0.00	24.61
10	0.00	5.03	0.00	0.90	0.00	0.04	0.00	2.99
12	4.35	22.24	9.09	29.5	7.81	25.53	0.00	10.65
>12	0.00	14.26	0.00	5.47	0.00	1.01	0.00	0.00
Unknown	0.00	0.00	0.00	0.00	0.00	0.12	0.00	0.00
Total	100	100	100	100	100	100	100	100

Leakage from pipes is a measure that can be used to ascertain the condition of a distribution system generally and when quantified, is one component of the calculation of unaccounted-for water (UAW). In a small system with low water demand, even a single small leak that goes undetected can result in a high UAW percentage. Distribution system infrastructure, including services, valves, and mains in systems with excessive UAW, warrants further investigation as candidates for replacement. In 2009, the Delaware River Basin Commission (DRBC) amended its Comprehensive Plan and Water Code to implement an updated water audit approach to identify and control water loss in the Basin. The new approach is consistent with the International Water Association (IWA) and American Water Works Association (AWWA) Water Audit Methodology, considered a best management practice in water loss control. NJDEP is also expected to adopt the

same practice in the near future. Once the NJDEP formally adopts the audit approach as the metric for water loss, future versions of this report will reflect that change.

NJDEP regulation NJAC 7:19-6.4, as part of its water conservation policy, requires systems to maintain the unaccounted-for water below 15%. While most of Aqua's systems meet the NJDEP's requirements, the DSIC program will provide the incentive to continue to reduce the unaccounted-for water in the smaller systems recently purchased by Aqua and help address the long-standing issues in Phillipsburg. The high unaccounted-for water in Phillipsburg has been isolated to the low side service gradient covering an area of 40 miles. This specific 40-mile stretch is an area that needs to be addressed given the collection of points on the needle maps; it contains the oldest water main and the largest collection of the small diameter water mains.

The hydraulic capacity of the pipe is typically evaluated using fire hydrant flow tests. Computer hydraulic models of the system are also utilized to evaluate hydraulic capacity issues. These tools help Aqua NJ identify candidate water mains with reduced hydraulic carrying capacity for replacement. Small diameter pipe serving areas with insufficient flow, low pressure, or fire hydrants is another priority for water main rehabilitation.

Finally, the additional data requested during a previous foundational filing submission is presented below. The statistic of breaks/100 miles/year for the main operating division can be found in Tables 7, 8, and 9 below for material, size, and vintage. Table 7 shows that ductile iron pipe continues to perform in this statistical category compared to other pipe materials. The length of the newer ductile iron pipe in each system is driving down the break rate in each division. That does not mean the areas of concern should not be addressed, such as cast-iron pipe installed after 1931 in Phillipsburg, Hamilton, and Blackwood.

Furthermore, other areas of concern, such as AC pipes in Blackwood and Eastern, have elevated break rates. Some areas identified in a previous foundational filing can be curtailed given the lower break metric such as the AC pipe in the Blackwood Division, which presented a break rate of 18.08 breaks/100 miles/year. Similarly, other pipe materials (galvanized steel and plastics), which generally tend to be smaller diameter pipes, also show high break rates per 100 miles/year. Much of this AC and other pipes will be considered in the candidate pool for replacement. This is not only for structural integrity reasons but rather NJAC size requirements and availability of fire flows.

**Table 7
Main Breaks in Major Aqua NJ Water Systems by Material**

Material	Phillipsburg System (2015 - 2021)			Hamilton System (2016 - 2021)			Blackwood System (2015 - 2021)			Berkeley System (2015 - 2021)		
	Length (Miles)	Breaks	Brks/100 Mi/Yr	Length (Miles)	Breaks	Brks/100 Mi/Yr	Length (Miles)	Breaks	Brks/100 Mi/Yr	Length (Miles)	Breaks	Brks/100 Mi/Yr
Asbestos Cement	0	0	0.00	12.69	3	3.94	6.32	8	18.08	34.42	3	1.25
Cast Iron	102.33	11	1.54	25.05	16	10.65	29.75	23	11.04	0	0	0.00
Ductile Iron	118.36	7	0.84	201.95	11	0.91	145.85	26	2.55	6.84	0	0.00
Other (PVC, HDPE, GALV)	0.95	5	75.19	0.52	3	96.15	4.24	7	23.58	16.0	2	1.79
Unknown	0.14	0	0.00	0.04	0	0.00	0.47	0	0.00	0.31	0	0.00
Total	221.78	23	1.48	240.25	33	2.29	186.63	64	4.90	57.57	5	1.24

Table 8
Main Breaks in Major Aqua NJ Water Systems by Diameter

Diameter	Phillipsburg System (2015 - 2021)			Hamilton System (2016 - 2021)			Blackwood System (2015 - 2021)			Berkeley System (2015 - 2021)		
	Length (Miles)	Breaks	Brks/100 Mi/Yr	Length (Miles)	Breaks	Brks/100 Mi/Yr	Length (Miles)	Breaks	Brks/100 Mi/Yr	Length (Miles)	Breaks	Brks/100 Mi/Yr
<=4	8.86	6	9.67	10.51	4	6.34	16.49	16	13.86	0.00	0	0.00
6	53.45	10	2.67	34.7	19	9.13	30.22	12	5.67	35.55	5	2.01
8	67.37	6	1.27	108.84	7	1.07	90.1	32	5.07	14.17	0	0.00
10	11.15	0	0.00	2.17	0	0.00	0.08	0	0.00	1.72	0	0.00
12	49.32	1	0.29	70.88	3	0.71	47.64	4	1.20	6.13	0	0.00
>12	31.63	0	0.00	13.15	0	0.00	1.88	0	0.00	0.00	0	0.00
Unknown	0.00	0	0.00	0.00	0	0.00	0.22	0	0.00	0.00	0	0.00
Total	221.78	23	1.48	240.25	33	2.29	186.63	64	4.90	57.57	5	1.24

**Table 9
Main Breaks in Major Aqua NJ Water Systems by Vintage**

Year	Phillipsburg System (2015 - 2021)			Hamilton System (2016 - 2021)			Blackwood System (2015 - 2021)			Berkeley System (2015 - 2021)		
	Length (Miles)	Breaks	Brks/100 Mi/Yr	Length (Miles)	Breaks	Brks/100 Mi/Yr	Length (Miles)	Breaks	Brks/100 Mi/Yr	Length (Miles)	Breaks	Brks/100 Mi/Yr
1885-1899	4.87	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00
1900-1930	39.61	1	0.36	1.65	0	0.00	0.00	0	0.00	0.00	0	0.00
1931-1950	9.59	2	2.98	1.09	0	0.00	3.45	5	20.70	0.00	0	0.00
1951-1980	51.91	13	3.58	76.71	24	5.21	76.63	51	9.51	35.41	2	0.81
1981-2000	67.38	2	0.42	82.45	6	1.21	69.04	5	1.03	15.52	2	1.84
>=2001	35.86	5	1.99	68.34	2	0.49	33.58	3	1.28	5.31	1	2.69
Unknown Year	12.56	0	0.00	10.01	1	1.67	3.93	0	0.00	1.33	0	0.00
Total	221.78	23	1.48	240.25	33	2.29	186.63	64	4.90+	57.57	5	1.24

➤ System Improvement Plan

Recognizing the need for continual renewal of the distribution system to maintain quality service to customers, Aqua has rehabilitated the water main, services, hydrants, and valves in its systems for many years. Between 2005 and 2010, Aqua replaced approximately 8 miles of pipe in its systems, equating to approximately a 400-year renewal rate (or a 0.25% renewal rate). This rate is longer than expected for any pipe materials, notwithstanding the specific issues outlined above. The creation of the DSIC rule has allowed the company to accelerate the replacement of certain assets based on macro and micro information. During the first year of the DSIC, Aqua has rehabilitated 8 miles of water main, or 1.2% of the overall system. Since the last DSIC filing in 2019, Aqua has rehabilitated eleven (11) miles of water main or 1.3% per year. This equates to an approximate 76-year renewal rate. This means that the DSIC effort has successfully accelerated rehabilitation to a rate of approximately 1%, which will maintain the current system status. A rate greater than 1% is required to reduce the candidate pool for rehabilitation.

Aqua has prioritized water main rehabilitation "candidates" at both a macro and micro level. At the macro level, general categories of pipe (for example, thin-walled cast iron from 1936-1960 and AC and galvanized pipe of all vintages) and geographic areas within a system have been identified as areas of concern. Any pipe meeting this criterion is considered a potential candidate for rehabilitation. The macro examination also eliminates certain pipes from consideration for rehabilitation. For example, ductile iron pipe less than 30 years old is typically unlikely to need rehabilitation.

Micro-level main replacement planning addresses the order in which specific pipes within the broader categories are replaced. This requires considering existing performance characteristics of the pipe, such as main break history, customer complaints, size, criticality, and other performance criteria. Needle maps have been developed for all major systems to evaluate trends and identify unique failure mechanisms causing main breaks or other operational issues. All listed water mains have been scored based on the included matrix to properly prioritize the work and create minimum standards for mains needing rehabilitation. The minimum score for a water main that will be considered for replacement is a 7 out of 20+. During the first DSIC interval, the lowest score for a project is a 7, and the highest score is a 24. Since its original inception, the Aqua NJ scoring matrix was improved to include more weight on water quality projects that would further enhance and demonstrate that cleaning and lining projects are an important component of the DSIC program as it extends the useful life of a water main in specific circumstances.

➤ Macro-Level Planning

It is helpful to define the pool of potential candidate pipes for rehabilitation at the macro level. From the previous discussion, there are two broad categories of pipe that Aqua is targeting for rehabilitation based on main break trends. These are the problematic areas of AC pipe and cast-iron pipe installed between 1931 and 1950. The total length of AC pipe in all systems equals 54.06 miles. Cast Iron pipe installed between 1931 and 1950 totals 17.3 miles of main. By 2025, the "youngest" of these cast iron pipes will be approximately 75 years old, *i.e.*, installed in 1950, while the oldest thin-walled Cast Iron will be around 95 years old. AC pipe was typically installed between 1940 and 1980 and continues to show a significantly higher break rate than other materials even if those pipes are older. Berkeley AC pipe breaks account for 60% of all system breaks, with 40% of breaks occurring on other pipe materials. These potential candidates have demonstrated that the renewal rate for these classes should be shorter than one hundred years based on their ability to stand the test of time versus older materials and new ductile iron materials.

Another candidate pool is all pipes installed before 1900, regardless of material. This category has been reduced in the candidate pool to reflect the performance of this category over time. The Phillipsburg systems have approximately 40 miles of pipe installed prior to 1930 but only 5 miles were installed before 1900. Mains in these vintages will remain in the candidate pool for replacement. Much of this pipe is already over 100 years old, and over the next 15 years, the remainder will reach the 100-year age. Any pipe reaching a 100-year service life at a macro level should be considered a candidate for rehabilitation.

The last broad category of pipes to be considered are the smaller pipes (≤ 6 -inch). As shown in Table 8, these pipes are experiencing some elevation in break rate and can contribute to hydraulic issues, *i.e.*, low pressure or low flow. Some of this pipe was already accounted for in the Pre-1900 and AC pipe categories, so they are not included in the total pipe in Table 10. Each specific pipe identified will be shown in the micro section and the appendices.

Table 10 summarizes these broad categories of pipes for rehabilitation or replacement. Together this totals approximately 96 miles of pipe. The additional ≤ 6 -inch not contained in other categories is listed separately to demonstrate the need to still address these sizes of pipe for structural and/or hydraulic reasons. Over the four major systems (Phillipsburg, Hamilton, Blackwood, and Berkeley), there are roughly 190 miles of pipe ≤ 6 -inch. This macro approach yields general categories of pipes that are candidates for rehabilitation but doesn't prioritize specific pipes within those categories. At the same time, there may be legitimate reasons for not rehabilitating individual pipes in one of these categories. For example, a 4-inch PVC pipe installed in the 1980s serving a small residential cul-de-sac with no fire hydrants may be perfectly acceptable. The selection of specific pipes for replacement is addressed later in this report.

Table 10
Aqua NJ Candidate Pool of Water Pipe for Replacement

Pipe Category	Miles of Pipe			
	Phillipsburg System	Hamilton System	Blackwood System	Berkeley System
Asbestos Cement Pipe	0	12.69	6.32	34.42
Cast Iron 1931-1950	9.59	2	4	0
1885-1899 pipe	4.87	0	0	0
Other (Galvanized, Plastics)	0.95	0.52	4.24	16
Total	15.41	15.21	14.56	50.42
≤ 6-inch pipe (partially included in above)	62.31	45.21	46.71	35.55

This macro approach suggests that Aqua NJ has a near-term need to replace approximately 96 miles of pipe and up to 190 miles of smaller diameter mains that are potentially undersized.

As noted earlier, Aqua had rehabilitated 8 miles of the pipe over the five years before implementing DSIC. During the past DSIC filing period, 6.5 miles were replaced each year, increasing the replacement rate considerably, showing the increased investment. Virtually all of the mains in the 96-mile "Candidate Pool" shown in Table 10 will require rehabilitation over the next 20 years. At the original 1.6 mile-per-year average pace that Aqua replaced pipe between 2005 and 2010, it would take approximately 60 years to replace just the 96 miles of pipe, or 12% of the system's pipe, identified as candidates for near term replacement and, over this time, the other 88% of Aqua's pipe inventory will continue to age adding to the "Candidate Pool". However, the DSIC program has allowed this rate to increase significantly, thereby showing a path forward to address these areas of concern at the increased rate of 6.5 miles per year. Assuming the DSIC program is renewed, the entire "Candidate Pool" could be addressed over the next fifteen years. The following foundational filing template includes approximately 39 miles of water main that will be addressed from the candidate pool. This represents that 41% of the candidates will be addressed over the next six years of the DSIC program, assuming the program is renewed.

➤ **Micro-Level Planning**

Per the previous Foundational Filings, increased weight has been given to low-pressure conditions and customer water quality complaints. The weight of these categories has increased from 2 possible points to 10 possible points. This would increase the relative value of these issues by 25%. Aqua has developed and is applying detailed mapping tools to help identify and prioritize specific pipes for replacement. Material, diameter, age, the criticality of the main, hydrant coverage,

water quality complaints, and main break history are used to assign scores to pipe segments based on the pipe's characteristics. Generally speaking, the higher the score, the greater the need for rehabilitation. The individual scores are developed from the needle mapping and are created for all the main breaks, discolored water complaints, and inventory information. This information targets the streets/areas in the most need of rehabilitation. The complete listing of all projects for the Aqua DSIC program is contained in the attached document. The needle mapping for the major company divisions is also attached to this foundation filing. The major categories conform to the macro-level planning outlined above and are further subdivided into Rehabilitation Projects, Hydraulic Improvement Projects, Service/Hydrant/Valve Renewal Programs, and Un-reimbursed Relocations. The issue of UAW is primarily captured in the hydraulic improvement sections below. The attached listing of projects outlines the specific nature of the rehabilitation project, including the information on the existing main, the proposed main the estimated cost for the individual project. For all types of projects, Aqua performs several critical functions to extend the life of the water utility's distribution network assets. At many of our well stations, the corrosion inhibitor is added to provide a film on the water main to protect the pipe from internal corrosion. Flushing is performed on a semiannual basis in all systems to minimize tuberculation accumulation. All systems are surveyed for leaks at various intervals depending on the amount of non-revenue water in the system. The water main rehabilitation scoring system ensures that the water mains in the most need of capital investment are addressed first.

➤ **Rehabilitation Projects**

Water mains are identified as rehabilitation type projects when: the water main has a history of leakage or breaks and/or history of water quality complaints, the system was created with obsolete material, poor construction standards were in place at the time the system was constructed, or in many cases, all of these factors combined. Historical main break records are reviewed to identify categories of mains with higher break rates. The elevated break rates compared to length are indicators of the aging infrastructure issue that is well recognized and widely accepted across the utility industry. Higher break rates per mile also indicate pockets of issues that will lead to higher rates in the next decade. Needle mapping surveys identify main break clusters and areas to be analyzed for either replacement or rehabilitation. Appendices 1-4 contain detailed lists of all the projects that fit each category; a scoring matrix that outlines the need for each project is individually listed in the appendix. In certain instances, main rehabilitation projects are spread out so that only certain township areas are affected at any one construction season to lessen community impacts. In addition, in some systems, even one main break can cause significant disruption to the system if the wells are sized only to handle the system demands. A criticality component has been incorporated into the scoring matrix to address this issue. Aqua has purchased several systems over the years that experienced periods of no water pressure because one main break usually occurred due to poor craftsmanship at the time of construction. These systems need to be upgraded to provide safe and reliable service to those customers.

By accelerating these rehabilitation projects, customers will benefit from a more reliable water system that is less likely to fail and sustain the existing customer base over a longer period. The proposed rehabilitation projects are the most cost-effective solution because the program targets specific regions of the water system in which targeted rehabilitation is needed. With continuation of the DSIC program, particular areas of Aqua NJ's service area are expected to continue to experience noticeable improvements in system reliability with fewer service interruptions due to water main breaks and service breaks. As shown on Table 11, unplanned outages have significantly decreased since implementation of the DSIC program. Acceleration of Aqua NJ's main replacement program brought about with the help of DSIC funding can be credited with improved system reliability.

Table 11 – Aqua NJ Unplanned Service Outages

Year	Unplanned Outages	Unplanned Outages/ 10,000 Customers
2016	35	6
2017	25	4
2018	25	4
2019	29	5
2020	17	3
2021	26	4

Several mechanisms are causing the failures in the targeted areas of the distribution system. The mechanisms typically found are poor construction practices at the time of original installation, such as improper bedding, poor joint connection, and mismatched and random materials. Also, inferior materials utilized at the time of construction are a failure mechanism. Thin-walled cast iron has been shown to have a shorter service life than a thick-walled pipe but is less likely to break compared to the specific vintages outlined in Figure 2. Asbestos cement pipe, in certain instances, can have a shorter service life than typically expected.

➤ **Hydraulic Improvements**

The system hydraulic model identifies mains requiring improvements within the following areas: Transmission, fire flow, undersized mains, and criticality/redundancy. Improvements can involve installing a new main, replacing the existing main, and/or cleaning/lining. These projects aim to remedy existing deficiencies, and they all have a relatively high priority to complete. Projects to improve fire flow, water quality, and transmission problems are generally given higher priority and scheduled earliest. Hydraulic Bottlenecks are used as an analysis criterion when hydraulic modeling demonstrates that the fire flow conditions are restrained due to high-pressure drop sections of the distribution system in accordance with NJAC 7:10-11.10. The undersized pipe is an analysis criterion when water mains do not meet the criteria set forth in NJAC 7:10-11.10. The timing of renewal projects may coincide with a municipal paving project. Appendix 1

contains a detailed list of all projects that fit this category and a scoring matrix that outlines the need for each project. The scoring matrix comprises age, the main size, break history, water quality complaints, dead ends, inferior pipe materials, and divergence from the acceptable distribution main size regulations. These criteria provide a solid basis for the water main selection process. By accelerating these hydraulic improvements, customers will benefit from higher pressure and higher fire flow availability, sustaining the water distribution system. The ISO rating score for the water supply section typically can also be positively affected when distribution system assets are upgraded. The specific hydraulic improvements proposed are the most cost-effective solution because the program targets specific regions of the water system in which hydraulic improvements are needed. Over the DSIC program life, entire neighborhoods in Phillipsburg, Hamilton, Lawrenceville, and Gloucester Township will experience noticeable increases in flow and fire protection. To increase the amount of flow, the water main must be replaced in all cases to increase cross-sectional surface area. In reference to the statistics above, many of the smaller water mains, 4" and 6" are more susceptible to leakage and failure. By replacing these sections due to hydraulic limitations, two issues are addressed simultaneously.

➤ **Cleaning and Lining Projects**

The decision to select a lining is based on the protocol outlined in AWWA Manual M-28. Internal pipe corrosion, known as tuberculation, reduces hydraulic capacity and can produce red water complaints in metallic water mains. Mains in this structurally sound category have no graphitization or external corrosion evidence, have specific service issues and are candidates for nonstructural cement mortar linings. Mains with structural issues are candidates for fully structural lining or replacement per the matrix presented in AWWA Manual M-28. The needle mapping documents the locations of all discolored water complaints and taste and odor complaints for the past three years. Per the recommendations of a previous foundational filing, the scoring matrix has been re-evaluated, and cleaning lining projects are now presented in the Appendices of this report.

➤ **Service/Hydrant/Valve Renewals**

The renewal of services, hydrants, and valves are integral to sustainable infrastructure. Aqua replaces all these components on a routine basis to maintain safe and reliable service. Service replacement also reduces leakage and prevents future breaks. Service connections of lead and galvanized are obsolete and need to be replaced. Aqua NJ intends to be very aggressive in replacing galvanized service lines to eliminate lead fittings sometimes found on galvanized service lines. Hydrants support community fire protection and need to be replaced when deteriorated or obsolete. Proper fire protection saves lives, reduces property damage, and lowers insurance rates.

Valves are critical components of distribution systems and need to be replaced when broken. Valves are used to isolate mains when repairs are needed. If valves are not operational, shutdowns take longer to execute, and a larger customer area is impacted. As part of the DSIC program, regularly scheduled leak surveys for all divisions will continue to identify service renewal areas better. The highest focus areas will come from known problem areas identified on the needle mapping.

➤ **Un-reimbursed Utility Relocations**

Counties and Townships often require water mains to be relocated at the cost of the utility to accommodate community improvement projects such as road construction and storm and sanitary sewer improvement projects. Notification for this work varies widely and is often relayed to the utility after funding decisions on water main projects have already been reached. Because this work cannot be postponed, the priority and timing will often result in the shifting of other priorities. Rehabilitations of water utility infrastructure in coordination with these activities of others are beneficial to the community and general public by minimizing multiple disruptions of the same area. The foundation filing template captures all known water main relocation projects.

➤ **Conclusions**

Aqua will maximize, to the extent possible, the amount of water main renewal possible using the new DSIC mechanism of 5%. However, a pool of 96 miles of pipe (or 12% of the system) is in near-term need of renewal. This pool targets:

- Asbestos Cement pipe can have a high main break frequency and creates severe customer service disruptions and peripheral property damage when failures occur,
- Cast iron pipe installed between 1931 and 1950 exhibits a much greater frequency of breaks than other cast iron pipe in the system,
- Pipe of all materials installed before 1900 that is over 100 years old and at the end of its expected service life,
- Alternate pipe materials, such as galvanized steel and plastics that are of smaller diameter, aged have a higher break frequency, and sources of water quality and low-pressure complaints,
- Pipe in small, troubled systems where wholesale replacement of pipe may be the best remedy to excessive lost water due to leaks and service outages,
- Cleaning and Lining projects that meet the necessary criteria and will extend the useful life of the infrastructure,
- Smaller mains, especially in the larger systems, to increase system pressure and fire flows.

At the pre-DSIC historical average pace of 1.6 miles per year, it would take about 60 years to replace this targeted 96 miles of pipe and 115 years to replace the potentially undersized pipe. At average historic replacement costs, the requested increase to the DSIC cap may allow Aqua NJ to replace pipe at a pace nearly four times the pre-DSIC average pace and achieve the level of system renewal necessary to address this current backlog in 20 years. A 5% DSIC cap will also help offset the inordinately high-cost escalation for necessary materials and increased costs for municipal permitting, which have had, and will continue to have, a direct impact on Aqua NJ's main replacement program.

Figure 3 below illustrates the makeup of Aqua's distribution system in 2009 before the DSIC program. Figure 4 below shows the current makeup of Aqua's distribution after eleven years of rehabilitation under the DSIC program. The requested main replacement program will allow Aqua to continue to address the 96-mile backlog of distribution system water mains requiring near-term replacement on a timely basis. When the DSIC period work is completed over the next two (2) years, the makeup of Aqua's distribution system will be as shown in Figure 5. Over 69% of the mains would be ductile iron pipes. The problematic AC pipe would be reduced to approximately 6% in the system, and cast-iron water mains would be reduced to under 22%. Also, the Other (galvanized and plastic) mains would be reduced to about 3% of all pipe.

The benefits of the DSIC program are apparent from the tables below. Re-adopting the program would further improve these values and allow continued focus on the other areas of need to decrease service interruptions and make improvements to water quality and fire flows.

Figure 3: Prior to the DSIC Program, Miles of Main (by Material)

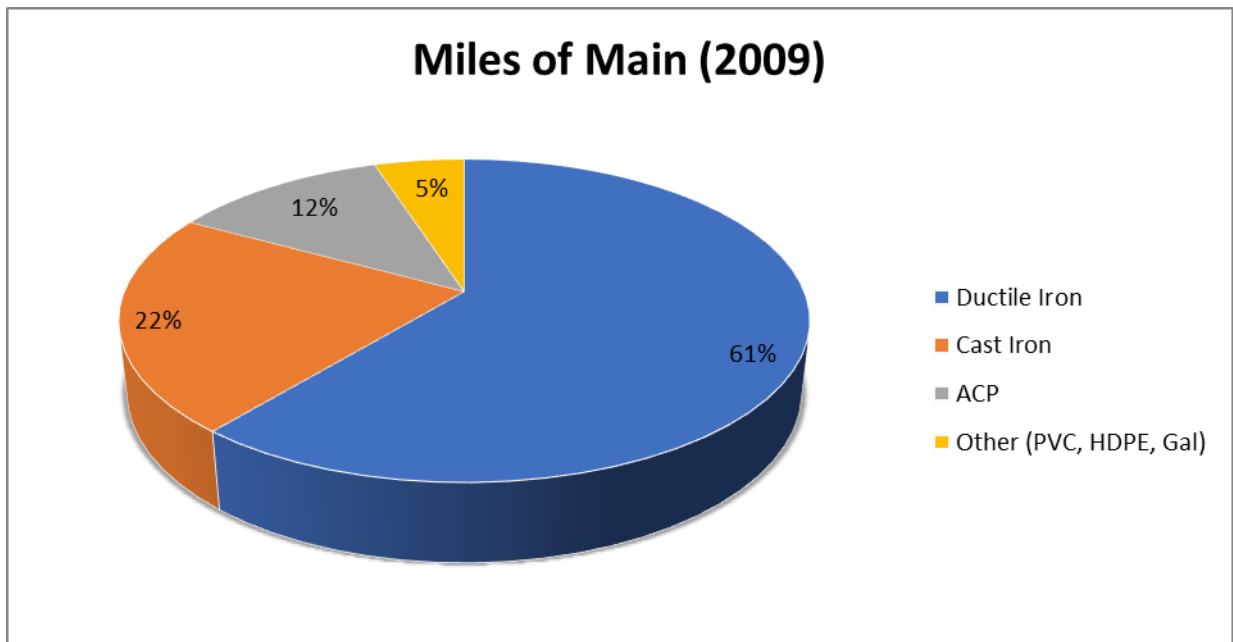


Figure 4: Current Miles of Main (by Material)

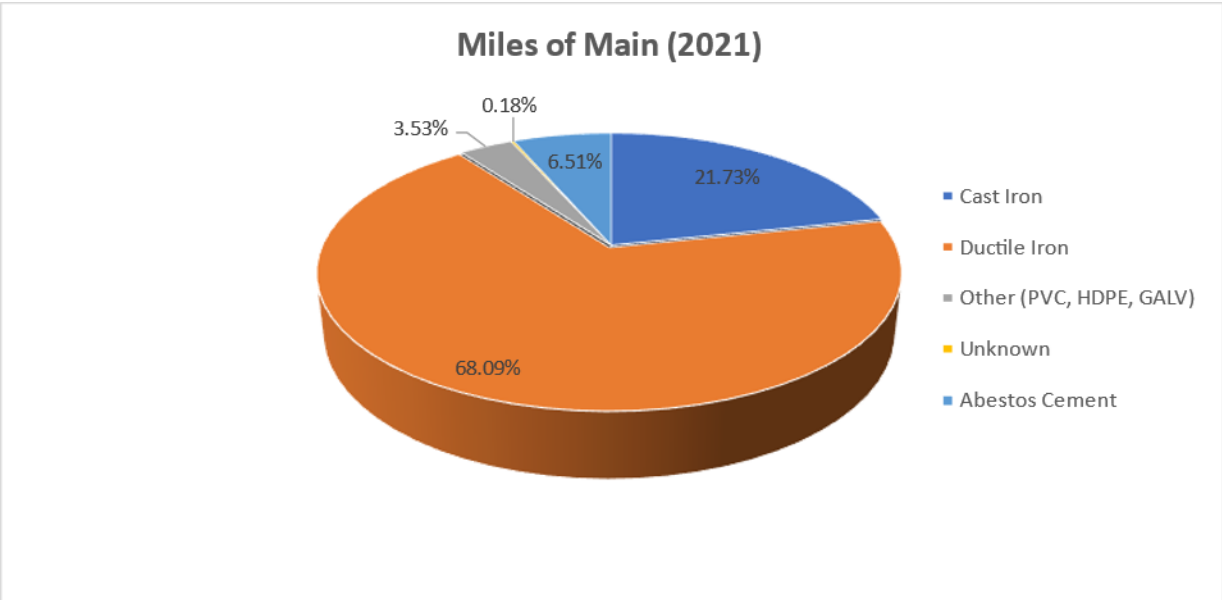
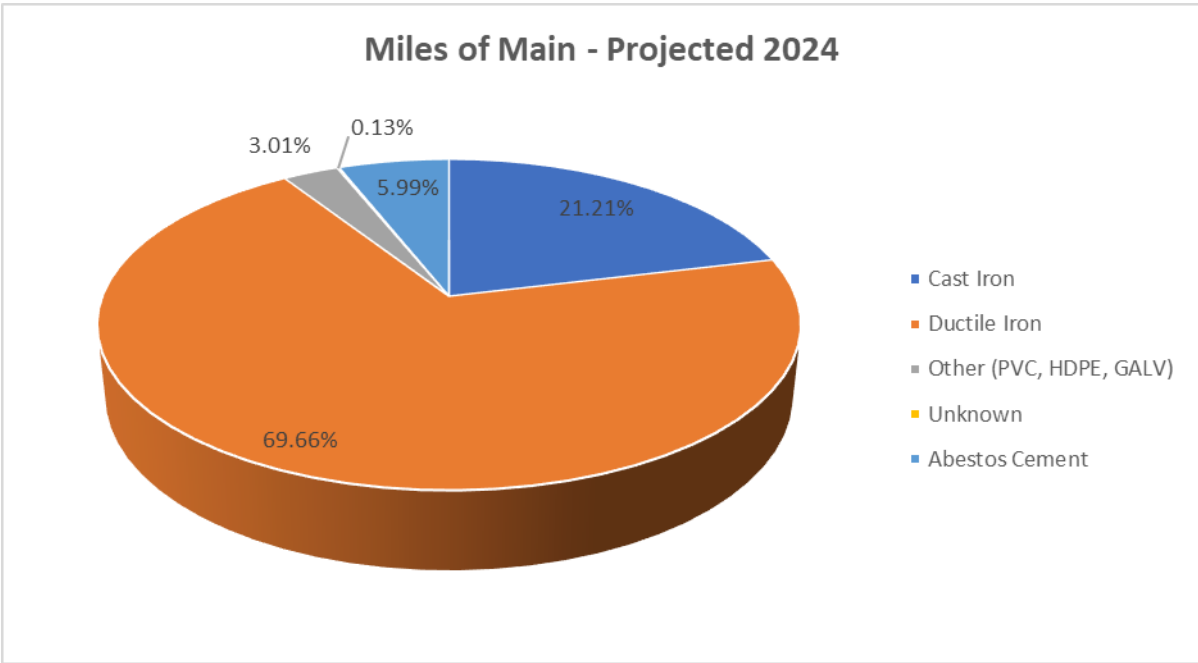


Figure 5: Projected Miles of Main (by Material)



Northern	WMR-N88	WARREN	MARSHALL TO HECKMAN	Replacement	2023	Phillipsburg	Phillipsburg			700	4	CI	1900	8	CLDIP	Undersized	\$175,000
Northern	WMR-N89	GRANT AND STOCKTON	HECKMAN TO STOCKTON	Replacement	2024	Phillipsburg	Phillipsburg			450	4	CI	1980	6	CLDIP	Undersized	\$114,500
Northern	WMR-N90	BELT	BEST TO CENTER	Replacement	2023	Phillipsburg	Phillipsburg			650	4	CI	1951	8	CLDIP	Undersized	\$152,500
Northern	WMR-N91	BEST	NO. RIVERVIEW TO ELMHERST	Replacement	2025	Phillipsburg	Phillipsburg			900	4	CI	1951	8	CLDIP	Undersized	\$225,000
Northern	WMR-N92	DHIO	RUSSEK TO PASSIAC	Replacement	2024	Phillipsburg	Phillipsburg			550	6	CI	1965	8	CLDIP	Undersized	\$187,500
Northern	WMR-N93	INVERSIDE WAY	INVERSIDE WAY	Replacement	2024	Phillipsburg	Phillipsburg			425	2	CI	1980	6	CLDIP	Undersized	\$106,250
Northern	WMR-N94	E. SHORE TRAIL 6" PIPE	E. SHORE TRAIL	Replacement	2023	Summit Lake	Summit Lake			1300	6	ACP	1950	6	CLDIP	Material & Age	\$325,000
Northern	WMR-N95	E. SHORE TRAIL 2" PIPE	E. SHORE TRAIL	Replacement	2022	Summit Lake	Summit Lake			390	2	GAL	1950	2	7	Age	\$97,500
Northern	WMR-N96	W. SHORE TRAIL 4" PIPE	W. SHORE TRAIL	Replacement	2022	Summit Lake	Summit Lake			420	4	ACP	1950	4	7	Age	\$105,000
Northern	WMR-N97	DAK AND W. SHORE TRAIL 2" PIPE	DAK AND W. SHORE TRAIL	Replacement	2022	Summit Lake	Summit Lake			700	2	GAL	1960	2	7	Age	\$175,000
Northern	WMR-N98	W. SHORE TRAIL 6" PIPE	W. SHORE TRAIL	Replacement	2022	Summit Lake	Summit Lake			1020	6	CI	1950	6	CLDIP	Age	\$355,000
Northern	WMR-N99	BEACH PLAZA	BEACH PLAZA	Replacement	2022	Summit Lake	Summit Lake			310	2	GAL	1950	7	7	Age	\$77,500
Southern	WMR-S26	4" Line	Between Fairmount & Asyla	Replacement	2024	Gloucester	Gloucester			570	4	ACP	1963	8	CLDIP	Undersized	\$142,500
Southern	WMR-S33	Service to B'Wood Sch	Theresa to School	Replacement	2024	Gloucester	Gloucester			510	6	ACP	1957	8	CLDIP	Undersized	\$177,500
Southern	WMR-S35	Theresa	Church to South	Replacement	2025	Gloucester	Gloucester			440	4	ACP	1957	8	CLDIP	Undersized	\$110,000
Southern	WMR-S35	Barbara	Barbara	Replacement	2024	Gloucester	Gloucester			320	6	ACP	1963	8	CLDIP	Undersized	\$80,000
Southern	WMR-S36	Carol	Carol	Replacement	2023	Gloucester	Gloucester			1570	6	ACP	1957	8	CLDIP	Undersized	\$392,500
Southern	WMR-S38	Cornell	Cornell	Replacement	2024	Gloucester	Gloucester			810	6	ACP	1957	8	CLDIP	Undersized	\$202,500
Southern	WMR-S40	Dearbourne	High to End	Replacement	2024	Gloucester	Gloucester			2570	6	ACP	1963	8	CLDIP	Undersized	\$642,500
Southern	WMR-S43	Fairmount	High to State	Replacement	2026	Gloucester	Gloucester			1800	6	ACP	1963	8	CLDIP	Undersized	\$450,000
Southern	WMR-S44	Fay Ann	Fay Ann	Replacement	2026	Gloucester	Gloucester			1070	6	ACP	1963	8	CLDIP	Undersized	\$267,500
Southern	WMR-S45	Grand	High to State	Replacement	2025	Gloucester	Gloucester			1490	6	ACP	1957	8	CLDIP	Undersized	\$450,000
Southern	WMR-S46	Hillcrest	Hortman to Frankford	Replacement	2026	Gloucester	Gloucester			2450	6	ACP	1957	8	CLDIP	Undersized	\$612,500
Southern	WMR-S47	Hortman	Drexel to Hillcrest	Replacement	2024	Gloucester	Gloucester			650	4	ACP	1957	8	CLDIP	Undersized	\$146,250
Southern	WMR-S48	Jerome	Jerome	Replacement	2026	Gloucester	Gloucester			810	6	ACP	1957	8	CLDIP	Undersized	\$202,500
Southern	WMR-S51	Lehigh	Fairmount to End	Replacement	2026	Gloucester	Gloucester			650	6	ACP	1963	8	CLDIP	Undersized	\$162,500
Southern	WMR-S52	Linda	Barbara to 4" p	Replacement	2023	Gloucester	Gloucester			1370	6	ACP	1963	8	CLDIP	Undersized	\$342,500
Southern	WMR-S54	Mathews	Drexel to Hillcrest	Replacement	2026	Gloucester	Gloucester			500	6	ACP	1957	8	CLDIP	Undersized	\$125,000
Southern	WMR-S55	Pennsylvania	Pennsylvania	Replacement	2025	Gloucester	Gloucester			930	6	ACP	1957	8	CLDIP	Undersized	\$232,500
Southern	WMR-S56	South	South	Replacement	2026	Gloucester	Gloucester			1320	6	ACP	1957	8	CLDIP	Undersized	\$330,000
Southern	WMR-S57	State	Lake to Carol	Replacement	2024	Gloucester	Gloucester			1100	6	ACP	1957	8	CLDIP	Undersized	\$275,000
Southern	WMR-S58	State	Carol to Hillcrest	Replacement	2026	Gloucester	Gloucester			1350 (B)	ACP	1963	8	CLDIP	Undersized	\$337,500	
Southern	WMR-S59	Theresa	South to the end	Replacement	2026	Gloucester	Gloucester			660	6	ACP	1957	8	CLDIP	Undersized	\$165,000
Southern	WMR-S60	Trinity	Indiana to Cecilia	Replacement	2024	Gloucester	Gloucester			1150	6	ACP	1957	8	CLDIP	Undersized	\$287,500
Southern	WMR-S66	Vassar	Vassar Pl.	Replacement	2024	Gloucester	Gloucester			100	6	ACP	1957	8	CLDIP	Undersized	\$25,000
Southern	WMR-S68	Presidential	Kings Road to Noble	Replacement	2022	Blackwood	Blackwood			1200	4	DI	1975	8	CLDIP	Undersized	\$300,000
Southern	WMR-S70	LAKELAND ROAD	BLACKHORSE PIKE TO RAILROAD	Replacement	2023	Gloucester	Gloucester			1000	6	CI	1955	12	CLDIP	Undersized	\$250,000
Southern	WMR-S72	Ray Lane & Jarvis Ct.	All	Replacement	2026	Blackwood	Blackwood			600	4	PLASTIC	1975	8	CLDIP	Undersized	\$150,000
Southern	WMR-S73	Glenn and West Railroad	Pine to Marshall	Replacement	2020	Blackwood	Gloucester	Blackwood_Low_Service_Area		1,765	2	CI	1,975	8	CLDIP	Undersized	\$441,250
Southern	WMR-S74	Apple Ave	Cummins to dead end	Replacement	2022	Blackwood	Blackwood			400	2	PLASTIC	1975	6	CLDIP	Undersized	\$100,000
Southern	WMR-S75	Frankford Ave	Black Horse Pike to Hillcrest easement	Replacement	2023	Blackwood	Blackwood			2400	6	ACP	1955	8	CLDIP	Undersized	\$600,000
Southern	WMR-S76	Blackhorse Pike	Black Horse Pike to Hillcrest easement	Replacement	2024	Blackwood	Blackwood			2400	6	ACP	1940	12	CLDIP	Undersized	\$1,080,000
Southern	WMR-S78	Pennsylvania Ave	Lake to End	Replacement	2022	Blackwood	Blackwood			325	2	Gal	1940	6	CLDIP	Undersized	\$81,250
Southern	WMR-S79	Lincoln Ave	Blackhorse Pike to Washington	Replacement	2023	Blackwood	Blackwood			1000	6	CI	1940	8	CLDIP	Undersized	\$250,000
Southern	WMR-S80	Garfield	Blackhorse Pike to Washington	Replacement	2023	Blackwood	Blackwood			1000	6	CI	1930	8	CLDIP	Undersized	\$250,000
Southern	WMR-S81	Lakewood	Prospect to End	Replacement	2022	Blackwood	Blackwood			1000	4	CI	1930	8	CLDIP	Undersized	\$250,000
Southern	WMR-S82	Lehigh	Indiana to Cecilia	Replacement	2024	Blackwood	Blackwood			1000	6	ACP	1957	8	CLDIP	Undersized	\$250,000
Southern	WMR-S85	Cummings Fairview and Graisbury	Almousson Rd to Dak Ave	Replacement	2020	Blackwood	Gloucester	Blackwood_Low_Service_Area		2,310							\$577,500.00
Southern	WMR-S86	Fay Ann Drive & Eva Pl	All	Replacement	2021	Blackwood	Gloucester	Blackwood_Low_Service_Area	446,445.50	1,443	6"			8"			\$285,750
Southern	WMR-S87	Central/Lakeview/Woodlyn?	Franchise boundary/creek to 8" on Woodlyn	Replacement						1,300							
Northern		Route 173 Church St	Under the Bridge	Replacement	2022	Greenwich	Greenwich			200	6	ACP	1956	16	CLDIP	Undersized	\$200,000
Eastern		Ocean Gate Dr to Baview Ave	Berkeley	Replacement	2023	Berkeley	Berkeley			6,300	10	ACP		12	CLDIP		
Eastern		Point Pleasant Ave	Berkeley Dr to Mill Creek Rd	Replacement	2023	Berkeley	Berkeley			1,730	6	ACP		6	CLDIP		
Eastern		Scott Drive	Full length	Replacement	2023	Berkeley	Berkeley			2,350	8	ACP		6	CLDIP		
Eastern		Storm Jib Ct	End to End	Replacement	2023	Berkeley	Berkeley			1,490	6	PVC		6	CLDIP		
Northern		Lawrence Trail	End to End	Replacement	2023	Cliffside Park	Washington			596	4	PVC		4	CLDIP		
Northern		La Bounty Trl	Hillcrest Ave to Lawrence Trl	Replacement	2023	Cliffside Park	Washington			650	4	PVC		4	CLDIP		
Northern		Roosevelt Ave	End to End	Replacement	2022	Cliffside Park	Washington			1,330	4	PVC		4	CLDIP		
Northern		Hillcrest Ave	Lawrence Trl to end of main	Replacement	2023	Cliffside Park	Washington			475	4	PVC		4	CLDIP		
Northern		Cleveland Ave	Hillcrest Ave to River Dr	Replacement	2023	Cliffside Park	Washington			1,007	4	PVC		4	CLDIP		
Northern		To Wells	Roosevelt Ave to Well 1 & 2	Replacement	2023	Cliffside Park	Washington			307	4	PVC		4	CLDIP		
Northern		S River Dr	Cleveland Ave to end of main	Replacement	2023	Cliffside Park	Washington			215	4	PVC		4	CLDIP		
Northern		Sigmeaves St	Stockton St to McKean St	Replacement	2025	Phillipsburg	Phillipsburg			1,380	6	CLDIP		6	CLDIP		
Northern		S Main Street	Stockton St to Abboots St	Replacement	2025	Phillipsburg	Phillipsburg			2,430	10	CI		12	CLDIP		
Northern		Stockton St	Howard St to S Main St	Replacement	2025	Phillipsburg	Phillipsburg			1,025	6	CI		6	CLDIP		
Northern		Mercer St	McKean St to River St	Replacement	2025	Phillipsburg	Phillipsburg			2,270	6	CI		6	CLDIP		

Exhibit P-2

Aqua New Jersey, Inc.
 Distribution System Improvement Charge Baseline Depreciation
 Docket No. WR
 Mains, Services, Hydrants

	Plant Balances as of 12/31/2021*	Depreciation Rate	DSIC Base Spending Requirement
Account #343: Mains	\$ 162,534,737	2.15%	\$ 3,494,497
Account #345: Services	\$ 56,735,381	3.87%	\$ 2,195,659
Account #348: Hydrants	\$ 9,070,288	3.00%	\$ 272,109
	\$ 228,340,406		\$ 5,962,265
CIAC & CAC Mains	\$ (56,651,600)	2.23%	\$ (1,263,331)
CIAC & CAC Services	\$ (1,102,066)	4.55%	\$ (50,144)
CIAC & CAC Hydrants	\$ (5,764)	3.00%	\$ (173)
	\$ (57,759,430)		\$ (1,313,648)
Total			\$ 4,648,617

Date of Foundational Filing Submission 5/31/2022
 Date of Most Recent BPU Annual Report at the time the Foundational Filing was Submitted 12/31/2021

Note: The above amounts agree to Aqua New Jersey Inc.'s 2021 Annual Report to the BPU. The depreciation rates utilized were approved in Docket No. WR18121351

Exhibit P-3

Aqua New Jersey, Inc.
Monthly DSIC Assessment Revenues at 5.00%
Docket No. WR

Applicable to General Metered Service Connections noted below:

DSIC Eligible Revenues	\$43,467,248
Maximum Annual DSIC Revenue Surcharge at 5.00%	\$2,173,362
Annual Assessment per Meter Equivalent at 5.00%	\$31.42
Monthly Assessment per Meter Equivalent at 5.00%	\$2.62 **

Class	Size	Customers	Meter Equivalents	Monthly DSIC Assessment \$	Weighted Meter Equivalents	Monthly DSIC Assessment Revenues at 5.00%
Residential						
	5/8x3/4"	45,072	1.0	\$2.62	45,072	\$118,089
	3/4"	5,579	1.5	\$3.93	8,369	\$21,927
	1"	918	2.5	\$6.55	2,295	\$6,013
	1-1/2"	144	5.0	\$13.10	720	\$1,886
	2"	153	8.0	\$20.96	1,224	\$3,207
	3"	5	15.0	\$39.30	75	\$197
	6"	1	50.0	\$131.00	50	\$131
	8"	1	80.0	\$209.60	80	\$210
	Total Base RES	51,873			57,885	\$151,659
Commercial						
	5/8x3/4"	1,294	1.0	\$2.62	1,294	\$3,390
	3/4"	159	1.5	\$3.93	239	\$626
	1"	351	2.5	\$6.55	878	\$2,300
	1-1/2"	179	5.0	\$13.10	895	\$2,345
	2"	494	8.0	\$20.96	3,952	\$10,354
	3"	40	15.0	\$39.30	600	\$1,572
	4"	21	25.0	\$65.50	525	\$1,376
	6"	5	50.0	\$131.00	250	\$655
	8"	10	80.0	\$209.60	800	\$2,096
	Total Base COM	2,553			9,433	\$24,714
Industrial						
	5/8x3/4"	10	1.0	\$2.62	10	\$26
	3/4"	1	1.5	\$3.93	2	\$5
	1"	1	2.5	\$6.55	3	\$8
	1-1/2"	3	5.0	\$13.10	15	\$39
	2"	14	8.0	\$20.96	112	\$293
	3"	0	15.0	\$39.30	0	\$0
	4"	7	25.0	\$65.50	175	\$459
	6"	2	50.0	\$131.00	100	\$262
	8"	1	80.0	\$209.60	80	\$210
	10"	0	115.0	\$301.30	0	\$0
	Total Base IND	39			497	\$1,302
Public Authority						
	5/8x3/4"	20	1.0	\$2.62	20	\$52
	3/4"	0	1.5	\$3.93	0	\$0
	1"	3	2.5	\$6.55	8	\$21
	1-1/2"	10	5.0	\$13.10	50	\$131
	2"	56	8.0	\$20.96	448	\$1,174
	3"	4	15.0	\$39.30	60	\$157
	4"	3	25.0	\$65.50	75	\$197
	6"	9	50.0	\$131.00	450	\$1,179
	8"	3	80.0	\$209.60	240	\$629
	Total Base PUB	108			1,351	\$3,540
Totals		54,573			69,166	\$181,215

Exhibit P-4

NOTICE OF PUBLIC HEARING

AQUA NEW JERSEY, INC. NOTICE OF FILING OF A PETITION FOR APPROVAL OF A DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

BPU DOCKET NO. WR2205 _____

PLEASE TAKE NOTICE that on May 31, 2022 Aqua New Jersey, Inc. (the “Company” or “Aqua”), pursuant to N.J.A.C. 14:9-10.1 *et seq.*, filed a Petition with the New Jersey Board of Public Utilities (the “Board”) seeking approval of a Foundational Filing to implement a Distribution System Improvement Charge (“DSIC”). A DSIC is a mechanism established to accelerate investment in the timely rehabilitation and replacement of certain non-revenue producing critical water distribution system components. Among the infrastructure investments that are eligible to be included in a DSIC are: main replacement and renewal, main cleaning and lining projects, and the renewal of valves, hydrants and service connections. The purpose of DSIC investments is to enhance safety, reliability, water quality, system flows and pressure, and water conservation. A DSIC also includes a rate recovery mechanism that is interim, and subject to refund, until a subsequent base rate case.

The Company’s Petition includes a Foundational Filing that provides an overview of the Company’s water distribution system and proposes a list of projects the Company believes are eligible for recovery through the DSIC surcharge for the period 2022 through 2025. The Company proposes to collect a maximum of \$2,173,362 in DSIC revenues annually, or no more than 5.0% of the Company’s total water revenues established in the Company’s most recently completed base rate case. If approved, the Company will implement the DSIC surcharge if, and when, it achieves specific levels of eligible infrastructure investment and completes and places the facilities into service as required by the DSIC regulations.

The Company has proposed that the monthly DSIC surcharge be assessed to all classes of customers based on the customer’s meter size. The maximum proposed rates shown below are expected to be assessed incrementally over a two to three year period, consistent with the Company’s actual DSIC program capital spending.

Any relief determined by the Board to be just and reasonable may be allocated by the Board to any class or classes of customers of the Company in such manner and in such amounts or percentages, as the Board may deem appropriate. The Board may choose to impose a greater portion of the increase on any present or future classes or classes, group or groups of customers, may exclude from any increase any of the foregoing, or may vary the amount or percentage increase applicable to any of the foregoing. The maximum proposed monthly DSIC rates are included in the Petition filed with the Board, as set forth below. Please note that these proposed rates are estimates and may change, however, Aqua's maximum annual DSIC revenues may not exceed \$2,173,362, or no more than 5.0% of the Company’s total water revenues as established in Aqua’s most recent base rate case.

PROPOSED MONTHLY DSIC SURCHARGE RATES BASED ON METER SIZE

<u>Meter Size</u>	<u>Present DSIC Rate</u>	<u>Proposed DSIC Rate</u>
5/8x3/4"	\$0.00	\$2.62
3/4"	\$0.00	\$3.93
1"	\$0.00	\$6.55
1-1/2"	\$0.00	\$13.10
2"	\$0.00	\$20.96
3"	\$0.00	\$39.30
6"	\$0.00	\$131.00
8"	\$0.00	\$209.60

A copy of this Notice of Filing and Public Hearing on the Petition is being served upon the clerk, executive or administrator of each municipality and county within the Company’s service territory. The Petition and this Notice have also been sent to the New Jersey Division of Rate Counsel (“Rate Counsel”), who will represent the interests of all Aqua customers in this proceeding. Copies of Aqua’s Petition and this Public Notice are posted on Aqua's website at _____.

PLEASE TAKE FURTHER NOTICE that, due to the COVID-19 pandemic, the Board has scheduled a virtual public comment hearing on the following date and time:

[insert hearing info]

Members of the public may participate in the public hearing by following the dial-in instructions set out below:

Call in numbers (callers can use either phone number): .

Upon calling in, the caller will be prompted to enter the meeting **ID of** _____ and press the pound or hashtag button (#).

Press the pound or hashtag button (#) a second time (in response to the second electronic prompt).

The caller will then be prompted to enter the **passcode** for the public meeting of _____ and press the pound or hashtag button (#).

The caller will then be entered into the public hearing. The caller should mute their phone to prevent background noise.

A Hearing Officer will be designated by the Board to preside over the virtual public hearing. Members of the public are invited to participate and express their views on the proposed DSIC program and rate mechanism. Such comments will be made a part of the final record in the proceeding. Whether or not you participate in the virtual public hearing, written comments may be submitted to the Hon. Carmen Diaz, Board of Public Utilities, 44 South Clinton Avenue, Suite 314, Trenton, New Jersey 08625. Please include BPU Docket No. WR2205_____ in your comment letter.

Dated: _____, 2022

Aqua New Jersey, Inc.