

New Jersey-American Water Company, Inc.
12&0 Update

Exhibit	Exhibit Description	12&0 Update
Schedule RR	Revenue Requirement Computation	Update Attached
Schedule 1	Comparative Balance Sheet	No Update
Schedule 2	Comparative Income Statement	No Update
Schedule 3	Comparative Balance Sheet	Update Attached
Schedule 4	Operating Income Statement	Update Attached
Schedule 5	Statement of Operating Revenue	Update Attached
Schedule 6	Statement of Operation and Maintenance Expense	Update Attached
Schedule 7	Uncollectible Expense	Update Attached
Schedule 8	Summary of Depreciation and Amortization	Update Attached
Schedule 9	Statement of Depreciation	Update Attached
Schedule 10	Summary of Taxes Other than Income	Update Attached
Schedule 11	Gross Receipts and Franchise Tax	Update Attached
Schedule 12	Utility Assessments	Update Attached
Schedule 13	Water Monitoring Tax	Update Attached
Schedule 14	Federal Income Tax Calculation	Update Attached
Schedule 15	Statement of Rate Base	Update Attached
Schedule 16	Weighted Cost of Capital	Update Attached
Schedule 17	Consolidated Tax Adjustment	No Update
Schedule 18	Schedule of Payments to Affiliated Companies	No Update

New Jersey-American Water Company, Inc.
Revenue Requirement Computation

12&0 Update

New Jersey-American Water Company, Inc.

Docket No. WR22010019

Witness: John S. Tomac

Exhibit No. P-2, Schedule RR

Page 1 of 1

Line No.	Reference Schedule	Revenue Requirement
1		
2	Proposed Rate Base	15 \$4,272,122,768
3		
4	Rate of Return Required	16 <u>7.5018%</u>
5		
6	Utility Operating Income Under Proposed Rates	320,486,106
7		
8	Utility Operating Income at Post-Test Year Present Rates	4 <u>241,530,895</u>
9		
10	Utility Operating Income Deficiency	78,955,210
11		
12	Gross Revenue Conversion Factor ¹	<u>1.47731</u>
13		
14	Revenue Increase Requested	<u><u>\$116,641,659</u></u>
15		
16		
17		
18		
19		
20		
21		
22	<u>¹ Gross Revenue Conversion Factor Calculation</u>	<u>Gross-up Factor</u>
23		100.00000%
24	Less: Uncollectible Expense	7 0.40602%
25	Less: Utility Assessment Fee	12 0.26845%
26	Less: GRAFT Tax	11 <u>13.64147%</u>
27	Sub-total	<u>Statutory Rate 85.68406%</u>
28	Less: FIT	21.00% <u>17.99365%</u>
29	Revenue Income Percent	67.69041%
30	Revenue Gross-up Factor	1.47731
31		

New Jersey-American Water Company, Inc.
Comparative Balance Sheet

12&0 Update

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: John S. Tomac

Exhibit No. P-2, Schedule 3
Page 1 of 2

Line No.	Account Title	Balance As Of June-22
1		
2	Assets and Other Debits	
3		
4	<u>Utility Plant</u>	
5	101-106 Utility Plant	\$6,647,647,157
6	107 Construction Work in Progress	180,563,418
7	111-113 Accumulated Provision for Amort & Depreciation	(1,473,282,417)
8	114-115 Utility Plant Adjustments	34,984,580
9		
10	Net Utility Plant	<u>\$5,389,912,738</u>
11		
12	<u>Other Property & Investments</u>	
13	121 Non-Utility Property	\$594,144
14		
15	Total Other Property and Investments	<u>\$594,144</u>
16		
17	<u>Current and Accrued Assets</u>	
18	123-124 Investments	(\$302,656)
19	131, 135 Cash and Equivalents	2,322,048
20	134 Special Deposits	2,680,000
21	135 Working Funds	0
22	136 Temporary Cash Investments	0
23	142 Customer Accounts Receivable	87,988,399
24	143 Other Accounts Receivable	11,580,968
25	144 Accum. Provision for Uncollectible Accounts	(19,436,879)
26	145-146 Accounts Receivable from Associated Companies	(2,036,987)
27	151-163 Materials and Supplies	21,329,861
28	165 Prepayments	2,567,575
29	173 Accrued Utility Revenue	58,345,291
30	174 Misc. Current and Accrued assets	1,619,825
31		
32	Total Current and Accrued Assets	<u>\$166,657,444</u>
33		
34	<u>Deferred Debits</u>	
35	181 Unamortized Debt Discount and Expense	\$20,209,397
36	183-186 Other Deferred Debits	69,056,063
37		
38	Total Deferred Debits	<u>\$89,265,460</u>
39		
40	Total Assets and Other Debits	
41		<u>\$5,646,429,787</u>
42		
43		

New Jersey-American Water Company, Inc.
Comparative Balance Sheet

12&0 Update

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: John S. Tomac

Exhibit No. P-2, Schedule 3
Page 2 of 2

Line No.	Account Title	Balance As Of June-22
1		
2	Liabilities and Other Credits	
3	<u>Proprietary Capital</u>	
4	201-203 Common Capital Stock	\$86,974,200
5	204-206 Preferred Capital Stock	0
6	207-214 Other Paid-In Capital	1,321,415,214
7	215-216 Appropriated and Unappropriated Earned Surplus	825,018,190
8		
9	Total Proprietary Capital	<u>\$2,233,407,604</u>
10		
11	<u>Long-Term Debt</u>	
12	221-224 Bonds & Long Term debt	\$1,850,813,456
13		
14	<u>Current and Accrued Liabilities</u>	
15	231 Notes Payable	\$22,994,294
16	232 Accounts Payable	136,021,313
17	233,234 Accounts Payable to Associated Companies	80,423,702
18	235 Customer Deposits	0
19	236 Taxes Accrued	2,340,376
20	237 Interest Accrued	13,031,011
21	238 Dividends Declared	0
22	239 Matured Long Term Debt	0
23	241 Tax Collections Payable	1,950
24	242 Misc. Current & Accrued Liabilities	39,340,300
25		
26	Total Current and Accrued Liabilities	<u>\$294,152,945</u>
27		
28	<u>Deferred Credits</u>	
29	252 Customer Advances for Construction	\$130,109,196
30	253-255 Other Deferred Credits	(9,619,206)
31		
32	Total Deferred Credits	<u>\$120,489,990</u>
33		
34	<u>Operating Reserves</u>	
35	265 Deferred Income Taxes	\$904,392,042
36		
37	271 Contributions in Aid of Construction	\$243,173,750
38		
39	Total Liabilities & Other Credits	<u>\$5,646,429,787</u>
40		
41		
42	¹ Account titles reflect 1960 NJ uniform system of accounts	

New Jersey-American Water Company, Inc.
Operating Income Statement

12&0 Update

New Jersey-American Water Company, Inc.

Docket No. WR22010019

Witness: John S. Tomac

Exhibit No. P-2, Schedule 4

Page 1 of 1

Line No.	Reference Schedule	12 Mos ending Test Year June 2022	Post-Test Year ending March 31, 2023 - Present Rates		Post-Test Year ending March 31, 2023 - Proposed Rates	
			Adjustments	Post-Test Year Amount	Revenue Deficiency	Post-Test Year Amount
	(1)	(2)	(3)	(4)	(5)	(6)
3	5	\$851,118,688	(\$48,445,125)	\$802,673,563	\$116,641,659	\$919,315,222
5						
6	6	269,106,337	(26,513,422)	242,592,915	473,589	243,066,504
7	8	153,653,396	14,647,323	168,300,719	0	168,300,719
8	10	117,909,200	3,455,479	121,364,679	16,224,767	137,589,446
10		540,668,934	(8,410,620)	532,258,313	16,698,356	548,956,669
12		310,449,755	(40,034,505)	270,415,250	99,943,303	370,358,553
13	14	31,869,494	(2,985,139)	28,884,355	20,988,094	49,872,449
15		<u>\$278,580,261</u>	<u>(\$37,049,366)</u>	<u>\$241,530,895</u>	<u>\$78,955,209</u>	<u>\$320,486,104</u>
17	15			<u>\$4,272,122,768</u>		<u>\$4,272,122,768</u>
19	16			5.6537%		7.5018%

* Test year revenues and expenses include PWAC/PSTAC and DSIC amounts; PWAC/PSTAC were removed on a Post-Test Year basis.

**New Jersey-American Water Company, Inc.
Statement of Operating Revenue**

12&0 Update

New Jersey-American Water Company, Inc.

Docket No. WR22010019

Witness: Charles Rea

Exhibit No. P-2, Schedule 5

Page 1 of 1

Line No.	Test Year Present Rates @ 6/30/2022	Post-Test Year Adjustments	(Col. (1)+(2)) Post-Test Year Present Rates @ 3/31/2023	Increase	(Col. (3)+(4)) Post-Test Year Proposed Rates @ 3/31/2023	(Col. (4)/(3)) Percent Increase
	(1)	(2)	(3)	(4)	(5)	(6)
1						
2						
3	Total Water Service Revenues:					
4	\$680,105,955	\$33,175,902	\$713,281,857	\$102,927,846	\$816,209,703	14.00%
5	26,756,543	57,303	26,813,846	7,485,670	34,299,516	28.00%
6	30,705,730	88,201	30,793,931	2,877,754	33,671,685	9.00%
7	\$737,568,228	\$33,321,406	\$770,889,634	\$113,291,270	\$884,180,904	15.00%
8						
9	4,394,932	966,692	5,361,623	0	5,361,623	0.00%
10						
11	\$741,963,160	\$34,288,098	\$776,251,257	\$113,291,270	\$889,542,527	15.00%
12						
13						
14	\$24,294,604	\$2,112,075	\$26,406,679	\$3,932,429	\$30,339,108	15.00%
15	8,318	7,309	15,627	0	15,627	0.00%
16						
17	\$24,302,922	\$2,119,384	\$26,422,306	\$3,932,429	\$30,354,735	15.00%
18						
19	Total Company Operating Revenues					
20	\$766,266,081	\$36,407,482	\$802,673,563	\$117,223,699	\$919,897,262	15.00%
21						

New Jersey-American Water Company, Inc.
Uncollectible Expense

12&0 Update

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: Jamie D. Hawn

Exhibit No. P-2, Schedule 7
Page 1 of 1

Line No.	Post-Test Year ending March 31, 2023 - Present Rates			Post-Test Year ending March 31, 2023 - Proposed Rates			
	Total Water	Total Wastewater	Total Company	Total Water	Total Wastewater	Total Company	
1							
2	Post-Test Year Revenues - Present Rates	\$776,251,257	\$26,422,306	\$802,673,563	\$881,103,715	\$38,211,507	\$919,315,222
3							
4	Average Write-Off Ratio ¹	0.41%	0.41%	0.41%	0.41%	0.41%	
5							
6	Post-Test Year Uncollectible Expense at Present Rates	3,151,738	107,280	3,259,018	3,577,461	155,147	3,732,608
7							
8	Adjustment - Present Rate to Proposed Rates				\$425,723	\$47,867	\$473,590
9							
10							
11							
12							
13							
14							
15							
16	¹ Calculation of the Average Write Off Ratio - based on three -year average						
17	<i>12 months ended</i>	<i>12/31/2017</i>	<i>12/31/2018</i>	<i>12/31/2019</i>	<i>3-Year Average</i>		
18	Uncollectible Expense	\$2,257,373	\$2,328,171	\$1,743,800	\$2,109,782		
19	Reserve Balance Beginning of Year	(5,843,806)	(5,024,888)	(4,106,105)	(4,991,600)		
20	Reserve Balance End of Year	(5,024,888)	(4,106,105)	(3,156,646)	(4,095,880)		
21	Net Write-Offs	\$3,076,292	\$3,246,954	\$2,693,259	\$3,005,502		
22							
23	Revenues	\$737,113,568	\$721,810,447	\$761,778,494	\$740,234,169		
24	Average Write-Off Ratio	0.42%	0.45%	0.35%	0.41%		
25							

New Jersey-American Water Company, Inc.
Summary of Taxes Other than Income

12&0 Update

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: Jamie D. Hawn

Exhibit No. P-2, Schedule 10
Page 1 of 1

Line No.	Reference Schedule	Test Year ending June 30, 2022			Adjustments			Post-Test Year ending March 31, 2023 - Present Rates			Adjustments			Post-Test Year ending March 31, 2023 - Proposed Rates		
		Total Water	Total Wastewater	Total Company	Total Water	Total Wastewater	Total Company	Total Water	Total Wastewater	Total Company	Total Water	Total Wastewater	Total Company	Total Water	Total Wastewater	Total Company
1																
2		Pro Forma Taxes Under Present Rates:														
3	10-3	\$5,409,450	\$68,323	\$5,477,773	\$1,200,323	\$248,488	\$1,448,811	\$6,609,773	\$316,811	\$6,926,584	\$0	\$0	\$0	\$6,609,773	\$316,811	\$6,926,584
4	10-4	3,875,625	128,615	4,004,240	49,587	10,992	60,579	3,925,212	139,607	4,064,819	0	0	0	3,925,212	139,607	4,064,819
5	11	104,618,528	669,077	105,287,605	(689,364)	2,904,839	2,215,475	103,929,164	3,573,916	107,503,080	14,316,071	1,595,566	15,911,637	118,245,235	5,169,482	123,414,717
6	12	2,384,320	0	2,384,320	(300,443)	70,932	(229,511)	2,083,877	70,932	2,154,809	281,481	31,648	313,129	2,365,358	102,580	2,467,938
7	13	673,354	0	673,354	(39,875)	0	(39,875)	633,479	0	633,479	0	0	0	633,479	0	633,479
8		77,704	4,203	81,908	0	0	0	77,704	4,203	81,908	0	0	0	77,704	4,203	81,908
9		<u>\$117,038,982</u>	<u>\$870,218</u>	<u>\$117,909,200</u>	<u>\$220,228</u>	<u>\$3,235,251</u>	<u>\$3,455,479</u>	<u>\$117,259,209</u>	<u>\$4,105,469</u>	<u>\$121,364,679</u>	<u>\$14,597,552</u>	<u>\$1,627,214</u>	<u>\$16,224,766</u>	<u>\$131,856,761</u>	<u>\$5,732,683</u>	<u>\$137,589,445</u>

10

New Jersey-American Water Company, Inc.
Gross Receipts and Franchise Tax

12&0 Update

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: Jamie D. Hawn

Exhibit No. P-2, Schedule 11
Page 1 of 1

Line No.	Post-Test Year ending March 31, 2023 - Present Rates			Adjustments			Post-Test Year ending March 31, 2023 - Proposed Rates		
	Total Water	Total Wastewater	Total Company	Total Water	Total Wastewater	Total Company	Total Water	Total Wastewater	Total Company
1									
2									
3	\$776,251,257	\$26,422,306	\$802,673,563	\$104,852,458	\$11,789,201	\$116,641,659	\$881,103,715	\$38,211,507	\$919,315,222
4	Less:								
5	(9,701,131)	0	(9,701,131)	0	0	0	(9,701,131)	0	(9,701,131)
6	(5,361,623)	(15,627)	(5,377,250)	0	0	0	(5,361,623)	(15,627)	(5,377,250)
7									
8	\$761,188,503	\$26,406,679	\$787,595,182	\$104,852,458	\$11,789,201	\$116,641,659	\$866,040,961	\$38,195,880	\$904,236,841
9									
10	8.4375%	8.4375%	8.4375%	8.4375%	8.4375%	8.4375%	8.4375%	8.4375%	8.4375%
11	\$64,225,280	\$2,228,064	\$66,453,344	\$8,846,926	\$994,714	\$9,841,640	\$73,072,206	\$3,222,777	\$76,294,983
12									
13	<i>Franchise Tax Calculation</i>								
14	92.7296%	90.6069%	92.6584%	92.7296%	90.6069%	92.5150%	92.7296%	90.6069%	92.6399%
15	\$705,846,834	\$23,926,260	\$729,773,094	\$97,229,235	\$10,681,824	\$107,911,059	\$803,076,069	\$34,608,084	\$837,684,153
16									
17	5.625%	5.625%	5.625%	5.625%	5.625%	5.625%	5.625%	5.625%	5.625%
18	\$39,703,884	\$1,345,852	\$41,049,736	\$5,469,144	\$600,853	\$6,069,997	\$45,173,029	\$1,946,705	\$47,119,734
19									
20	\$103,929,164	\$3,573,916	\$107,503,080	\$14,316,070	\$1,595,567	\$15,911,637	\$118,245,235	\$5,169,482	\$123,414,717
21									
22	104,618,528	669,077	105,287,605				103,929,164	3,573,916	107,503,080
23									
24	(\$689,364)	\$2,904,839	\$2,215,475				\$14,316,071	\$1,595,566	\$15,911,637
25									
26	13.6535%	13.5341%	13.6495%				13.6535%	13.5341%	13.6485%
27									

28 ¹ Tax Rate reflects a combined rate of 8.4375% (Gross Receipts Tax of 7.5% and Surtax of 0.9375%).

29 ² Reflects percent of miles of main in public streets, 94.0275% overall for Water and 83.2906% overall for Wastewater.

30 ³ Tax Rate reflects a combined rate of 5.625% (Franchise Tax of 5% and Surtax of 0.625%).

New Jersey-American Water Company, Inc.
Federal Income Tax Calculation

12&0 Update

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: Jamie D. Hawn

Exhibit No. P-2, Schedule 14
Page 1 of 1

Line No.	Reference Schedule	Post-Test Year ending March 31, 2023 - Present Rates			Post-Test Year ending March 31, 2023 - Proposed Rates			
		Total Water	Total Wastewater	Total Company	Total Water	Total Wastewater	Total Company	
1								
2	Operating revenue	\$776,251,257	\$26,422,306	\$802,673,563	\$881,103,715	\$38,211,507	\$919,315,222	
3								
4	Less:							
5	Operation and maintenance expense	6	\$233,104,754	\$9,488,161	\$242,592,915	\$233,530,476	\$9,536,028	\$243,066,504
6	Depreciation expense	8	155,957,771	6,212,587	162,170,358	155,957,771	6,212,587	162,170,358
7	Non-Tax Amortizations	8	5,638,215	1,636	5,639,851	5,638,215	1,636	5,639,851
8	Taxes other than income	10	117,259,209	4,105,469	121,364,679	131,856,761	5,732,684	137,589,446
9	Interest charges	14-43	72,458,077	3,285,711	75,743,788	72,458,077	3,285,711	75,743,788
10	Permanent book/tax differences		(135,097)	0	(135,097)	(135,097)	0	(135,097)
11	Excess tax depreciation over book	15-20	120,079,149	6,319,955	126,399,104	120,079,149	6,319,955	126,399,104
12								
13	Total deductions		\$704,362,079	\$29,413,520	\$733,775,598	\$719,385,353	\$31,088,602	\$750,473,954
14								
15	Taxable income		\$71,889,179	(\$2,991,214)	\$68,897,965	\$161,718,363	\$7,122,905	\$168,841,268
16								
17	Tax Rate		21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
18								
19	Federal income tax (current)		\$15,096,727	(\$628,155)	\$14,468,572	\$33,960,856	\$1,495,810	\$35,456,666
20								
21								
22	Deferred federal income tax:							
23	Excess tax depreciation over book	15-20	\$120,079,149	\$6,319,955	\$126,399,104	\$120,079,149	\$6,319,955	\$126,399,104
24	Tax rate		21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
25	Net		25,216,621	1,327,191	26,543,812	25,216,621	1,327,191	26,543,812
26	Reverse South Georgia adjustment	15-20	(138,346)	0	(138,346)	(138,346)	0	(138,346)
27								
28	Deferred F.I.T. (accel.depr.)		\$25,078,275	\$1,327,191	\$26,405,466	\$25,078,275	\$1,327,191	\$26,405,466
29								
30	Deferred federal income tax:							
31	Amortization of excess deferred tax-TCJA	15-21	(\$12,374,693)	\$0	(\$12,374,693)	(\$12,374,693)	\$0	(\$12,374,693)
32	Amortization of ITC	15-18	(319,868)	0	(319,868)	(319,868)	0	(319,868)
33	Amortization of flow through tax-prior	15-20	704,879	0	704,879	704,879	0	704,879
34								
35								
36	Total Federal Income Tax		\$28,185,319	\$699,036	\$28,884,355	\$47,049,448	\$2,823,001	\$49,872,449
37								
38	Notes:							
39	(1) Interest synchronization calculation:							
40	Rate Base	15	\$4,086,801,172	\$185,321,596	\$4,272,122,768	\$4,086,801,172	\$185,321,596	\$4,272,122,768
41	Weighted Cost of Debt	16	1.7730%	1.7730%	1.7730%	1.7730%	1.7730%	1.7730%
42								
43	Interest Charges		\$72,458,077	\$3,285,711	\$75,743,788	\$72,458,077	\$3,285,711	\$75,743,788
44								
45								
46								

New Jersey-American Water Company, Inc.

Weighted Cost of Capital

Total Company

12&0 Update

New Jersey-American Water Company, Inc.

Docket No. WR22010019

Exhibit No. P-2, Schedule 16

Witness: John S. Tomac

Page 1 of 1

Post-Test Year at December 31, 2022

Line No.	Type of Capital	Reference Schedule	Balance Outstanding	Ratios	Cost Rate	Weighted Cost Rate	Pre-tax Rate of Return
1							
2	Long-Term Debt	16-2	\$1,932,697,376	45.4400%	3.9018%	1.7730%	1.7730%
3							
4	Preferred Stock		0	0.0000%		0.0000%	0.0000%
5							
6	Common Equity		2,320,693,726	54.5600%	10.5000%	5.7288%	7.2516%
7							
8			<u>\$4,253,391,102</u>	<u>100.0000%</u>		<u>7.5018%</u>	<u>9.0246%</u>
9							
10							