

BEFORE THE
STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

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

BPU Docket No. WR2311_____

Direct Testimony of

Jamie D. Hawn

Exhibit PT-1

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

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

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

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

5 A. I am employed by American Water Works Service Company, Inc. (“Service Company”)
6 as the Director of Rates and Regulatory for New Jersey-American Water Company, Inc.
7 (“NJAWC,” “New Jersey-American Water” or the “Company”).

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

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

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

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

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

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

2 A. Yes. I have testified before the public utility regulatory commissions in New York,
3 Pennsylvania, West Virginia and New Jersey. I filed testimony and exhibits before the
4 New Jersey Board of Public Utilities (“BPU” or the “Board”) in the Company’s Purchased
5 Water Adjustment Clause (“PWAC”) and the Purchased Wastewater Treatment
6 Adjustment Clause (“PSTAC”) proceedings, docketed as BPU Docket Nos. WR18111241,
7 WR19111465, WR20110719, WR21111220, WR22110693 and in the Company’s base
8 case proceedings docketed as BPU Docket Nos. WR19121516 and WR22010019.

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

10 A. I will discuss the true-up that reconciles the actual costs of the Company’s purchased water
11 and wastewater treatment for the PWAC/PSTAC years ending March 31, 2023, and March
12 31, 2024, with the actual revenues from the PWAC and PSTAC charges that were in effect
13 for the same period. I will also support the water volumes purchased and the cost of
14 purchased water subject to the PWAC during the PWAC year ending March 31, 2024, and
15 will do the same regarding purchased wastewater treatment. Furthermore, I will discuss
16 the pro forma charges for the upcoming PWAC/PSTAC year ending March 31, 2025, and
17 how these charges were derived.

18 **7. Q. Please explain the effect of the Board Order in Docket No. WR06030257 on the way**
19 **the Company would recover purchased water costs and wastewater (“sewerage”)**
20 **treatment and disposal costs.**

NEW JERSEY-AMERICAN WATER COMPANY, INC.
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1 A. In NJAWC's rate proceeding, docketed as BPU Docket No. WR06030257, the Board
2 authorized the Company for the first time to: (1) recover its purchased water costs and
3 wastewater treatment and disposal costs in their entirety through the PWAC and PSTAC
4 Tariff schedules, respectively; and (2) submit thereafter annual PWAC and PSTAC rate
5 filings. Accordingly, 100% of its Board-authorized levels for these costs were included
6 for rate recovery under its PWAC and PSTAC Rate Schedules, while simultaneously being
7 eliminated from base rate recovery through the Company's base rate Tariff.

8 **8. Q. As a result of the Board's Order in BPU Docket No. WR06030257, how did the**
9 **Company treat the recovery of its purchased water costs and wastewater treatment**
10 **and disposal costs and the associated revenues in its most recent base rate case, BPU**
11 **Docket No. WR22010019?**

12 A. As a result of the rate treatment established by the Board in BPU Docket No. WR06030257,
13 with respect to purchased water and wastewater treatment costs, the Company excluded
14 from its pro forma statements all purchased water costs and purchased wastewater
15 treatment and disposal costs, as well as the revenues generated through the application of
16 the associated PWAC and PSTAC Rate Schedules in its last base rate case, BPU Docket
17 No. WR22010019 (the "2022 Rate Case"). A copy of the BPU Order from the 2022 Rate
18 Case is attached as Schedule JDH-13. The Company filed its 2023 PWAC/PSTAC, Docket
19 No. WR22110693 ("2023 PWAC/PSTAC"), on November 15, 2022. A copy of the BPU
20 Order from the 2023 PWAC/PSTAC is attached as Schedule JDH-14.

NEW JERSEY-AMERICAN WATER COMPANY, INC.
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1 This filing includes 100% of the Company's projected purchased water and wastewater
2 treatment and disposal costs and its projected PWAC and PSTAC revenues for the
3 PWAC/PSTAC Year ending March 31, 2024. The filing also includes a true-up between
4 the Company's actual PWAC/PSTAC costs and revenues for the year ended March 31,
5 2023 (*i.e.*, for the reconciliation period).

6 **9. Q. Is the Company providing copies of all of its contracts for purchased water and**
7 **purchased wastewater treatment?**

8 A. Yes, true and correct copies of all such contracts are attached to the Petition as Appendix A.

9 **PWAC**

10 **10. Q. Regarding the PWAC, what are the Company's costs for the year ending March 31,**
11 **2024?**

12 A. The Company's cost of purchased water totals \$37,600,404 and is depicted on Schedule
13 JDH-1 (Ln. 38). The purchased water expense reflects actual expenses for the period April
14 1, 2023, through September 30, 2023, and estimated expenses for the period October 2023
15 through March 2024. The estimated expenses are based on a 3-year average of actual
16 purchased water costs using the same months (October – March), that took place during
17 the years 2021 through 2023. The schedule depicts the actual vouchers received and paid,
18 along with estimated amounts that will be updated when known through the period ending
19 March 31, 2024. For this filing, that expense level was thereafter adjusted to eliminate all
20 accruals. Line 38 therefore reflects the adjusted purchased water expense for the 12 months
21 ending March 31, 2024. This amount is carried to the true-up Schedule JDH-2, line 19.

NEW JERSEY-AMERICAN WATER COMPANY, INC.
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1 **11. Q. What is the total volume of water purchased by the Company during the year ending**
2 **March 31, 2024, which is associated with the expense on Schedule JDH-1?**

3 A. The associated purchased water volume is 60,339,575, as detailed on Schedule JDH-
4 1a (Ln. 17).

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

6 A. Actual purchases will vary depending upon system demands. Please refer to the testimony
7 of Company witness Oleg A. Kostin for a discussion of the Company's pro forma
8 purchased water volumes and cost for the year ending March 31, 2025.

9 **13. Q. Please explain the true-up that reconciles the difference between the PWAC costs for**
10 **the year ending March 31, 2024 and the estimated costs and revenues that were**
11 **authorized by the Board in the 2023 PWAC/PSTAC.**

12 A. Schedule JDH-2 reflects the reconciliation between the PWAC revenues billed and
13 recovered and the actual and updated estimated purchased water expense incurred during
14 the year ending March 31, 2024. The schedule depicts a cumulative PWAC over-recovery
15 of \$415,256 (Ln. 35), inclusive of accumulated interest in accordance with *N.J.A.C. 14:3-*
16 *13*. As shown, estimated non-exempt billed PWAC revenues for the year ending March
17 31, 2024, is \$44,452,375 (Ln. 4). Net of Gross Receipts and Franchise Tax ("GRFT"),
18 PWAC revenues were \$39,799,545 (Ln. 9); net of other cost recoveries authorized in the
19 2023 PWAC/PSTAC as detailed within Schedule JDH-2, total PWAC revenues for the
20 year ending March 31, 2024, were \$37,885,722 (Ln. 17), versus purchased water expenses
21 of \$37,600,404 (Ln. 19). As discussed previously, the purchased water costs (Ln. 19) are

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1 detailed on Schedule JDH-1. Where estimates are used, the data will be updated for actuals
2 as they become available.

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

4 A. Schedule JDH-2a reflects the reconciliation between the PWAC revenues billed and
5 recovered and the actual purchased water expense incurred during the year ending March
6 31, 2023. As the previous PWAC filing was effective May 1, 2023, actual expenses and
7 revenues for the true-up period ended March 31, 2023, were not available. Therefore,
8 Schedule JDH-2a shows the final calculations for this true-up period, in order to bring
9 forward the cumulative under-recovery of \$1,631,820 utilized in Schedule JDH-2 (Ln. 26).

10 **15. Q. What is the Company's pro forma purchased water charges for the upcoming year
11 ending March 31, 2025?**

12 A. The Company's pro forma costs are depicted on Mr. Kostin's Schedule OAK-1 and reflect
13 total purchased water costs of \$38,777,532.

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

15 A. Schedule JDH-3 depicts the calculation ("Regular Calc") of the PWAC rate associated with
16 the 12 months ending March 31, 2025. The total cost of \$38,362,276 (column 2, Ln. 7)
17 incorporates the pro forma purchased water costs from Schedule OAK-1 and the true-up
18 amount for year ending March 31, 2024, from Schedule JDH-2. The sum of these costs is
19 grossed-up to reflect additional incremental expenses associated with revenue assessments
20 including the most recent BPU and Rate Counsel assessment rates and the uncollectible
21 rate established in the Company's most recent base rate proceeding. The combined amount

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1 (Ln. 11) is divided by estimated total annual water sales subject to the PWAC (Ln. 13) to
2 arrive at the new PWAC rate (exempt) for the year ending March 31, 2025 (Ln. 15). The
3 non-exempt PWAC rate (Ln. 17) reflects the exempt rate as calculated above, grossed-up
4 for GRFT. The estimated water sales volumes utilized in this calculation are based on the
5 Company's average actual water sales from 2021, 2022 and 2023. Footnote 3 on Schedule
6 JDH-3 details those water sales volumes.

7 **17. Q. Has the Company compressed the PWAC rates?**

8 A. No, there is no compression in the rates at this time. The effective date for this filing is
9 anticipated to be April 1, 2024, which is the beginning of the pro-forma PWAC/PSTAC
10 year. Should the actual effective date change, the Company will determine the
11 compression calculation accordingly. The updated PWAC Tariff page is attached as
12 Schedule JDH-A.

13 **18. Q. With regard to the proposed PWAC for the Company's water utility operations, do**
14 **the Company's purchased water costs exceed ten percent of its total operating and**
15 **maintenance expenses?**

16 A. Yes.

17 **PSTAC**

18 **19. Q. Regarding the PSTAC, what are the Company's costs of purchased wastewater**
19 **treatment for the year ending March 31, 2024?**

20 A. The costs of purchased wastewater treatment totaled \$19,621,764 for the Company's three
21 sewer service Tariff areas. The purchased wastewater treatment costs reflect actuals,

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1 except estimated costs are utilized for the period October 2023 through March 2024. This
2 cost is detailed on Schedules JDH-4 (Ln. 23), JDH-6 (Ln. 22) and JDH-8 (Ln. 19).

3 **20. Q. Please explain the true-up that reconciles the difference between the purchased**
4 **wastewater treatment costs and the PSTAC revenues for the year ending March 31,**
5 **2024, for the reconciliation period.**

6 A. Separate schedules have been prepared for each of the three sewer service Tariff areas.
7 Schedules JDH-4, JDH-6 and JDH-8 are the Statements of Purchased Wastewater
8 Treatment operating expense as-adjusted for the year ending March 31, 2024, for the
9 Lakewood Sewer, Adelphia Sewer and Ocean City Sewer Tariff areas, respectively, while
10 Schedules JDH-5, JDH-7 and JDH-9 are the PSTAC true-up schedules for these respective
11 Tariff areas. The true-up schedules reflect the reconciliation between the PSTAC revenues
12 billed and recovered and the estimated purchased wastewater treatment costs incurred
13 during the 12 months ending March 31, 2024.

14 Schedule JDH-5, the true-up for Lakewood Sewer, reflects a net cumulative PSTAC over-
15 recovery of \$834,656 (Ln. 38). As shown therein, total billed revenues for the year ending
16 March 31, 2024, were estimated at \$7,482,849 (Ln. 4). When adjusted for the recovery of
17 other costs provided for in the Lakewood Sewer PSTAC charge for the 12 months ending
18 March 31, 2024, that is (i) Uncollectibles and BPU/Rate Counsel Expenses (Ln. 8); and
19 (ii) the PSTAC true-up over-recovery from the year ended March 31, 2023 (Ln. 12), the
20 total PSTAC revenue net of these cost recoveries is \$8,342,587 (Ln. 17), versus purchased

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1 wastewater treatment costs of \$7,549,022 (Ln. 19). The purchased wastewater treatment
2 costs (Ln. 19) are detailed on Schedule JDH-4, as previously indicated.

3 Schedule JDH-7, the true-up for Adelphia Sewer, reflects a net cumulative PSTAC over-
4 recovery of \$13,219 (Ln. 36). As shown therein, total billed PSTAC revenues for the 12
5 months ending March 31, 2024, were estimated at \$1,159,705 (Ln. 4). When adjusted for
6 the recovery of other costs provided for in the Adelphia Sewer PSTAC charge for the year
7 ending March 31, 2024, that is (i) Uncollectibles and BPU/Rate Counsel Expenses (Ln. 8);
8 the PSTAC true-up under-recovery from the 12 months ending March 31, 2023 (Ln. 12),
9 the total PSTAC revenue net of these cost recoveries is \$1,143,846 (Ln. 15), versus
10 purchased wastewater treatment costs of \$1,130,627 (Ln. 17). The purchased wastewater
11 treatment costs (Ln. 17) are detailed on Schedule JDH-6, as previously indicated.

12 Schedule JDH-9, the true-up for Ocean City Sewer, reflects a net cumulative PSTAC over-
13 recovery of \$81,568 (Ln. 35). As shown therein, total billed PSTAC revenues for the year
14 ending March 31, 2024, were estimated at \$10,838,227 (Ln. 4). When adjusted for the
15 recovery of other costs provided for in the Ocean City Sewer PSTAC charge for the 12
16 month ending March 31, 2024, that is (i) Uncollectibles and BPU/Rate Counsel Expenses
17 (Ln. 8); (ii) the PSTAC true-up over-recovery from the year ended March 31, 2023 (Ln.
18 11), the total PSTAC revenue net of these cost recoveries is \$10,950,260 (Ln. 15), versus
19 purchased wastewater treatment costs of \$10,942,114 (Ln. 17). The purchased wastewater
20 treatment costs (Ln. 17) are detailed on Schedule JDH-8, as previously indicated.

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

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1 A. Schedules JDH-5a, JDH-7a, and JDH-9a reflect the reconciliation between the PSTAC
2 revenues billed and recovered and the actual purchased sewage treatment expense incurred
3 during the year ended March 31, 2023. Therefore, the aforementioned three schedules
4 show the final calculations for this true-up period, in order to bring forward their respective
5 cumulative under/over-recoveries utilized in Schedules JDH-5, JDH-7, and JDH-9,
6 respectively.

7 **22. Q. What are the Company's pro forma purchased wastewater treatment costs for the**
8 **upcoming year ending March 31, 2025?**

9 A. The Company's costs are depicted on Schedule JDH-10 and reflect total pro forma
10 purchased wastewater treatment costs of \$19,798,634 (Ln. 36).

11 **23. Q. Please explain how these pro forma charges were derived.**

12 A. As depicted thereon, the pro forma costs represent 9/12^{ths} of the estimated annual charges
13 for calendar year 2024 as levied by the entities providing wastewater treatment and disposal
14 services to the Company, and 3/12^{ths} of estimated calendar year 2025 charges. The
15 Company has estimated the 2025 increases at 0.39%, 3.62%, and 1.35% from Howell
16 Township (Adelphia Sewer service), the Ocean County Utilities Authority "OCUA"
17 (Lakewood Sewer service) and the Cape May County Municipal Utilities Authority
18 "CMCMUA" (Ocean City Sewer service), respectively. The Company's estimate for
19 Adelphia Sewer Service reflects the estimated annual charges calculated for 2024 expenses
20 increased by 0.39% effective January 1, 2025, for the wastewater treatment costs payable

NEW JERSEY-AMERICAN WATER COMPANY, INC.
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1 to Howell Township. This estimated increase reflects the average increase in total expenses
2 for the calendar years 2022, 2023 and 2024.

3 The Company's estimate for Lakewood Sewer Service reflects the estimated 2024 charges,
4 with the 2024 rate multiplied by the 2023 estimated usage then increased by 3.62%. This
5 estimated increase reflects the three-year average increase in total expenses for the calendar
6 years 2021, 2022 and 2023. The Company's Ocean City Sewer Service 2024 amount is
7 based on the CCMUA's User Charge Rate Setting Report, then increased by 1.35%. This
8 estimated increase reflects the three-year average increase in total expenses for the calendar
9 years 2022 2023 and 2024. These estimates will be updated to actuals when available.

10 **24. Q. Please discuss the calculation of the updated PSTAC rates as detailed on Schedule**
11 **JDH-11.**

12 A. Schedule 11, page 1, depicts the calculation of the PSTAC rates associated with the new
13 year ending March 31, 2025. Individually, for each of the sewer service Tariff areas, the
14 pro forma purchased wastewater treatment from Schedule JDH-10 is combined with prior
15 PSTAC year true-up amounts from Schedules JDH-5, JDH-7 and JDH-9, respectively. The
16 combined cost is grossed-up to reflect additional incremental expenses associated with
17 revenue assessments (BPU and Rate Counsel) and uncollectibles, similar to the PWAC.
18 The grossed-up cost (Lns. 5, 12 and 19, respectively) is divided by the estimated total sewer
19 service sales subject to the PSTAC (Lns. 6, 13 and 20, respectively) to arrive at the new
20 PSTAC rates for the year ending March 31, 2025. The estimated sewer service sales
21 volumes utilized in these calculations for Adelpia are based on the Company's average

NEW JERSEY-AMERICAN WATER COMPANY, INC.
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1 sales for the calendar years 2021, 2022 and 2023 (see Schedule JDH-11, page 2, Note 2).
2 The estimated sewer service sales volumes utilized in these calculations for Ocean City are
3 based on the Company's average summer consumption over the months of July through
4 September for the calendar years 2021, 2022 and 2023 (see Schedule JDH-11, page 2, Note
5 3). The estimated sewer service sales volumes utilized in these calculations for Lakewood
6 are based on the Company's average winter quarter sales, annualized, for the years 2021,
7 2022 and 2023 (see Schedule JDH-11, page 2, Note 1).

8 **25. Q. Has the Company calculated the PSTAC rates for the three sewer districts on a**
9 **compressed basis?**

10 A. No, there is no compression in the rates at this time. The effective date for this filing is
11 anticipated to be April 1, 2024, the beginning of the pro-forma PWAC/PSTAC year.
12 Should the actual effective date of the PWAC and PSTAC rates change, the Company will
13 determine the compression calculation accordingly.

14 **26. Q. Regarding the proposed PSTAC for the Company wastewater utility operations, do**
15 **the Company's purchased wastewater treatment costs exceed ten percent of the sewer**
16 **service Tariff area's operating and maintenance expenses?**

17 A. Yes.

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

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

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

1 **28. Q. Has the Company worked to control the costs it incurs under its purchased water and**
2 **purchased wastewater treatment agreements?**

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

8 **29. Q. Based on your above testimony, what is the overall change you are proposing in this**
9 **petition?**

10 A. The proposed surcharge rates in this petition reflect a net decrease to annual revenues by
11 \$1,539,423 or -0.18%.

12 **30. Q. Does this conclude your testimony?**

13 A. Yes.

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

APPENDIX A

1 **Educational Background and Professional Associations**

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

6 **Business Experience**

7 Prior to my employment with Service Company, my work history included an accounting
8 internship with Alloy, Silverstein, Shapiro, Adams, Mulford & Co. in Cherry Hill, New
9 Jersey, an audit position with M.D. Oppenheim & Co., PC, in Cherry Hill, New Jersey, and
10 a staff accountant position with A.C. Moore Arts and Crafts, Inc. in Berlin, New Jersey. I
11 began my employment with the Service Company in September 2006 as a General Tax
12 accountant in the General Tax Department. My duties included developing, preparing and
13 maintaining the general tax account reconciliations for all American Water affiliates,
14 developing general tax Sarbanes-Oxley practices and policies, and making monthly closing
15 journal entries. In June 2007, I transferred to the role of Accountant in the General
16 Accounting/Financial Reporting Department. My duties included preparing quarterly and
17 annual financial reports, monthly closing financials, and monthly account reconciliations
18 for multiple regulated companies of American Water and Service Company. My
19 responsibilities also included external audit coordination and internal controls task
20 management. In October 2010, I transferred to the role of Supervisor in the Accounts
21 Payable Department and was responsible for overseeing the end-to-end operations and

NEW JERSEY-AMERICAN WATER COMPANY, INC.
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APPENDIX A

1 transaction processing of accounts payable for multiple regulated companies of American
2 Water. In October 2011, I transferred to the position of Financial Analyst II in Rates and
3 Regulation. In July 2013, I was promoted to Financial Analyst III. In January 2017, I was
4 promoted to Senior Manager in Regulatory Services where I supported rate applications
5 and other regulatory filings for American Water's West Virginia and Pennsylvania
6 operating companies. In August 2018, I became the Senior Manager of Rates and
7 Regulatory for New Jersey-American Water. Effective July 2023, I was promoted to
8 Director of Rates and Regulatory for New Jersey-American Water.

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

Seventh Revised Sheet: No. 40
Superseding Sixth Revised Sheet: No. 40

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

APPLICABILITY

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

CHARACTER OF SERVICE

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

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGE

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

	<u>Gallons</u> <u>Per Month</u>	<u>Rate</u> <u>Per 100 Gallons</u>	<u>Rate</u> <u>Per 1,000 Gallons</u>
Non-Exempt	All	\$0.05242	\$0.5242
Exempt	All	\$0.04528	\$0.4528

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

FILING

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

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

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

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

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

(Continued)

Issued: _____

Effective: April 1, 2024

By: Mark K. McDonough, President
One Water Street, Camden, NJ 08102
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR2311XXXX dated XXXX, 2024.

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

Twentieth Revised Sheet: No. 47
Superseding Nineteenth Revised Sheet: No. 47

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

APPLICABILITY

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

CHARACTER OF SERVICE

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

PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE (PSTAC) CHARGE

The following are the PSTAC charges per one hundred gallons and per one thousand gallons that will be charged based on the Summer Quarter Consumption as defined in the Minimum Service Charge section of Wastewater-Rate Schedule 1-A to recover purchased wastewater treatment and disposal costs, but in no event will the consumption level for PSTAC be less than 7,480 gallons per year.

	Gallons <u>Per Month</u>	Rate <u>Per 100 Gallons</u>	Rate <u>Per 1000 Gallons</u>
Non-Exempt and Exempt	All	\$3.49441	\$34.9441

FILING

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

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

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

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

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

TERMS OF PAYMENT

See Rate Schedule 1-A for applicable customer classes.

(Continued)

Issued: _____

Effective: April 1, 2024

By: Mark K. McDonough, President
One Water Street, Camden, NJ 08102
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR2311XXXX dated XXXX, 2024.

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

Twelfth Revised Sheet: No. 49
Superseding Eleventh Revised Sheet: No. 49

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

APPLICABILITY

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

CHARACTER OF SERVICE

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

PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE (PSTAC) CHARGE

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

	<u>Gallons Per Month</u>	<u>Rate Per 100 Gallons</u>	<u>Rate Per 1,000 Gallons</u>
Non-Exempt and Exempt	All	\$ 0.42610	\$4.2610

FILING

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

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

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

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

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

(Continued)

Issued: _____

Effective: April 1, 2024

By: Mark K. McDonough, President
One Water Street, Camden, NJ 08102
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR2311XXXX dated XXXX, 2024.

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

Twelfth Revised Sheet: No. 51
Superseding Eleventh Revised Sheet: No. 51

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

APPLICABILITY

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

CHARACTER OF SERVICE

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

PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE (PSTAC) CHARGE

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

	<u>Gallons Per Month</u>	<u>Rate Per 100 Gallons</u>	<u>Rate Per 1,000 Gallons</u>
Non-Exempt and Exempt	All	\$0.69398	\$6.9398

FILING

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

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

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

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

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

(Continued)

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