

BEFORE THE
STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES
OFFICE OF ADMINISTRATIVE LAW

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

OAL Docket No. PUC 02409-2024 S

BPU Docket No. WR24010056

Supplemental Direct Testimony of

HEATH J. BROOKS

in Support of 9&3 Update

April 23, 2024

Exhibit P-8S

NEW JERSEY-AMERICAN WATER COMPANY, INC.

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

2 A. My name is Heath J. Brooks. My business address is 1 Water Street, Camden, NJ
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. (“AWWSC” or
6 “Service Company”) as a Principal Regulatory Analyst. Service Company is a wholly
7 owned subsidiary of American Water Works Company, Inc. (“American Water”) that
8 provides services to New Jersey-American Water Company, Inc. (“NJAWC” or the
9 “Company”) and its affiliates.

10 **3. Q. Are you the same Heath J. Brooks who filed Direct Testimony on January 19,**
11 **2024, in this proceeding, marked as Exhibit P-8?**

12 A. Yes, I am.

13 **4. Q. What is the purpose of your Supplemental Direct Testimony?**

14 A. The purpose of my Supplemental Direct Testimony is to describe updates to certain
15 revenue schedules that the Company is making as a part of its 9&3 Update filing.

16 **5. Q. Please describe the updates to revenue schedules that the Company is making as**
17 **a part of this updated filing.**

18 A. The Company is making the following updates and changes to its revenue schedules:

NEW JERSEY-AMERICAN WATER COMPANY, INC.

- 1 - The Company is increasing its usage assumption for Customer AZ, which is a Sales for
2 Resale – Service to Other Systems customer on Rate Schedule G to reflect an update
3 in its contract.
- 4 - The Company is modifying revenue projected to be collected under the Distribution
5 System Improvement Charge (“DSIC”) to tie to the most recent DSIC revenue
6 requirement in the third DSIC surcharge filing submitted on March 15, 2024.
- 7 - The Company is changing rates and billing determinants applicable to Manville
8 wastewater service to reflect the current tariff applicable to that service area.

9 **6. Q. Please describe the updates to usage for Customer AZ.**

10 A. The Company reached a new contractual agreement with Customer AZ, which is a
11 Sales for Resale – Service to Other Systems customer on Rate Schedule G. The updated
12 contractual amount is for 6.72 million gallons per day and is approximately 62.5%
13 higher than the original contractual amount of 4.2 million gallons per day. This change
14 results in an increase of 9,198,000 hundred gallons annually to a total projected annual
15 usage amount of 24,528,000 hundred gallons. Usage in the Company’s initial filing
16 for Customer AZ was 15,330,000 annually. This change in usage is being reflected in
17 the Company’s Schedule 5-4.0. The post-test year impact from this increase in usage
18 is an increase to post-test year revenue under current rates of \$2,874,467.

19 **7. Q. Does the change in Customer AZ’s updated usage impact other revenue**
20 **schedules?**

21 A. Yes, the updated contractual usage results in an increase of 1,096,999 thousand gallons
22 in post-test year system delivery and is reflected in Schedule 5-4.3.

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1 **8. Q. Please describe the updates to revenues collected under DSIC rates in the**
2 **Company's post-test year.**

3 A. The Company has modified revenues collected under DSIC rates for the post-test year
4 by aligning forecasted DSIC revenues with the most recent revenue requirement of
5 \$39,969,461 included in the third DSIC surcharge filing. This adjustment in DSIC
6 revenue is being reflected in Company's Schedule 5-4.0. The post-test year impact
7 from this reduction in DSIC revenue is a reduction to post-test year revenue under
8 current rates of \$2,635,062.

9 **9. Q. What is the net change in post-test year water revenues projected under current**
10 **rates?**

11 A. The modifications described above net to a \$239,000 increase to post-test year water
12 revenue under current rates.

13 **10. Q. Please describe the updates to projected post-test year revenue for Manville**
14 **wastewater service.**

15 A. Original revenue projections for Manville wastewater service, Rate Schedule 23-A,
16 were prepared under the belief that rates upon adoption would include base rates and
17 separate recovery for the Purchased Wastewater Treatment Adjustment Clause
18 ("PSTAC"). Additionally, the Company proposed that Manville wastewater
19 volumetric recovery would be subject to a winter pocket.

20 The Company's updated wastewater projections for Manville reflect recovery of the
21 rates adopted upon closing, which is further explained in the Supplemental Direct

NEW JERSEY-AMERICAN WATER COMPANY, INC.

1 Testimony of Company Witness Ms. Hawn. Additionally, projected volumetric
2 recovery in the Company’s update is based on total usage, not a winter pocket, and is
3 consistent with Manville’s current Municipal Code.

4 **11. Q. What is the impact of the adjustments made to Manville wastewater to post-test**
5 **year wastewater revenue under current rates?**

6 A. The described modifications to Manville rates and volumetric billing determinants
7 result in a \$1,130,000 increase to post-test year wastewater revenues under current
8 rates.

9 **12. Q. Have you updated your cost of service and rate design schedules in Schedules**
10 **HJB-1, HJB-2, and HJB-3 to reflect the described changes?**

11 A. Not at the current time. Unless otherwise requested by the BPU, the Company intends
12 to update its cost of service and rate design analysis, if necessary, with the Company’s
13 rebuttal testimony in this proceeding.

14 **13. Q. Does this conclude your Supplemental Direct Testimony?**

15 A. Yes, it does.