



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE PETITION OF NEW	)	ORDER ADOPTING ORDER TO
JERSEY-AMERICAN WATER COMPANY, INC.	)	BIFURCATE PARTIAL INITIAL
FOR APPROVAL OF INCREASED TARIFF	)	DECISION SETTLEMENT AND
RATES AND CHARGES FOR WATER AND	)	REMANDING THE PROPOSED
WASTEWATER SERVICE, CHANGE IN	)	PLANT ACQUISITION ADJUSTMENT
DEPRECIATION RATES AND OTHER TARIFF	)	ISSUES
MODIFICATIONS)	
)	
)	
	)	DOCKET NO. WR17090985
	)	OAL DOCKET NO. PUC 14251-2017S

Parties of Record:

Ira G. Megdal, Esq., Cozen O'Connor, P.C., on behalf of New Jersey-American Water Company, Inc.
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
William R. Holzapfel, Esq., City Attorney, City of Elizabeth
Jay L. Kooper, Esq., Middlesex Water Company
Stephen B. Genzer, Esq., Saul Ewing Arnstein & Lehr, on behalf of Aqua NJ
Bradford M. Stern, Esq., Rothfelder Stern, LLC, on behalf of Phillips 66 Company, Cogen Technologies Linden Venture L.P., Johanna Foods, Inc., Princeton University, and Rutgers, The State University of New Jersey
Anthony R. Francioso, Esq., Fornaro Francioso, LLC, on behalf of the Mount Laurel Township Municipal Utilities Authority

BY THE BOARD:

BACKGROUND/PROCEDURAL HISTORY

On September 14, 2017, New Jersey-American Water Company ("NJAWC," "Company," or "Petitioner") filed with the New Jersey Board of Public Utilities ("Board") a petition, testimony and exhibits (collectively, "Petition") requesting an increase in operating revenues of \$129.3 million, or approximately 17.54% over projected pro-forma rate revenues.

Petitioner serves approximately 631,000 water and fire service customers and approximately 41,000 sewer service customers. The increase in rates was proposed to become effective on October 15, 2017.¹ In the Petition, NJAWC proposed a test-year ending March 31, 2018. The Petition as originally filed was based upon five months of actual and seven months of estimated data. On January 15, 2018, NJAWC filed an update based on nine months actual and three months estimated data. NJAWC filed an additional update on April 23, 2018 based on 12 months actual data. Both updates included supplemental testimony.

On September 27, 2017, the Board transmitted this matter to the Office of Administrative Law ("OAL") as a contested case and on October 20, 2017, the Board issued an Order suspending NJAWC's proposed rate increase until February 15, 2018. By a second suspension order dated January 31, 2018, the proposed rate increase was suspended until June 15, 2018. This matter was assigned to Administrative Law Judge ("ALJ") Jacob S. Gertsman. On December 18, 2017, ALJ Gertsman issued a Prehearing Order establishing procedures and hearing dates for the conduct of this case. ALJ Gertsman issued an Order Establishing Revised Prehearing Submission Deadlines on May 23, 2018.

Motions to intervene were filed by the following parties (collectively, "Intervenors") and were unopposed: Rutgers, the State University ("Rutgers"), Princeton University, Phillips 66 Company, Johanna Foods, Inc., and Cogen Technologies Linden Venture, L.P. (collectively, "OIW"); Middlesex Water Company ("Middlesex"); Mount Laurel Township Municipal Utilities Authority ("Mount Laurel"); Aqua New Jersey, Inc. ("Aqua"); and City of Elizabeth. The motions to intervene filed by the OIW, with the exception of Rutgers, Middlesex, Aqua, and the City of Elizabeth, were granted by Orders dated December 18, 2017, which were subsequently amended on January 16, 2018. Rutgers and Mount Laurel were granted intervenor status by Orders dated January 16, 2018 and February 28, 2018, respectively. On May 31, 2018, AARP filed a motion to participate, which was unopposed. ALJ Gertsman granted AARP leave to participate on June 8, 2018. On July 2, 2018, the New Jersey Utility Shareholders Association ("NJUSA") filed a motion to participate. On August 1, 2018, ALJ Gertsman entered an Order granting NJUSA's motion to participate, which Order was amended on August 3, 2018 to correct a typographical error.

After proper notice to the general public in newspapers of general circulation and after service of notice upon affected municipalities and counties within NJAWC's service area, four public hearings were held. One public hearing was held on January 8, 2018 at 1:00 p.m. in Westfield, New Jersey; two public hearings were held on January 10, 2018 at 1:00 p.m. in Ocean City, New Jersey and at 6:00 p.m. in Howell Township, New Jersey; and one public hearing was held on January 16, 2018 at 6:00 p.m. in Haddonfield, New Jersey. A representative of NJUSA attended the hearing in Haddonfield and entered a statement on the record that requested that the process for granting NJAWC new rates be fair and balanced, taking into account the interests of New Jersey utility shareholders and ratepayers. Members of the public also attended and spoke at the Howell Township hearing in general opposition to the proposed rate

¹ On September 22, 2017, the Company filed a letter with the Board via electronic mail stating that it would not implement rates on an interim basis prior to the effective date of the Board's suspension Order resulting from the Board's October 20, 2017 agenda meeting. However, the Company stated that it did not waive its "right to implement the proposed rates at the conclusion of the eight month suspension period on June 15, 2018 should the Board not issue a final Decision and Order by that date." Id.

increase. No members of the public attended the Westfield or Ocean City hearings. In addition, the Board received over 100 written comments in opposition to the Petition.

On February 8, 2018, NJAWC filed supplemental direct testimony related to the Tax Cuts and Jobs Act of 2017. On April 13, 2018, the New Jersey Division of Rate Counsel ("Rate Counsel") and certain Intervenors filed direct testimony and on May 11, 2018, NJAWC filed rebuttal testimony. Evidentiary hearings took place on June 11, 13, 14, and 18, 2018. Prior to the expiration of the second suspension period, NJAWC provided notice that it would implement interim rates. On May 18, 2018, Rate Counsel filed a motion requesting the Board issue an Order rejecting the Company's proposed provisional Rates. The motion was opposed by the Company. The Board issued an Order denying Rate Counsel's request on June 22, 2018. The Company implemented interim rates that included a \$75 million increase, effective June 15, 2018, in accordance with N.J.A.C. 14:1-5.12(f). This resulted in a 12.323% increase applied equally to all rate classes using the existing rate design for the utility approved by the Board, pursuant to N.J.A.C. 14:1-5.12(e)(2).

On July 3, 2018, Rate Counsel submitted a letter to ALJ Gertsman alerting him of a report that the Staff of the New York Public Service Commission ("PSC"), Department of Public Service ("DPS") had issued ("Staff Report") regarding certain oral testimony and discovery responses that employees of American Water Works Service Company, Inc. ("Service Company") submitted to the PSC in connection with the base rate case of New York-American Water Company, Inc. ("NYAWC"). One Service Company employee had submitted pre-filed testimony, answered discovery, and testified at the evidentiary hearings in this case. Another had submitted pre-filed testimony and answered discovery, and his pre-filed testimony was adopted by a different witness in this case. Both such employees separated from the Service Company before the conclusion of the evidentiary hearings here. In its letter, Rate Counsel requested that, as a result of the Staff Report, ALJ Gertsman order NJAWC to review the testimonies of the two witnesses and provide a certification that their testimonies were complete and free of errors or omissions. Board Staff sent a separate letter on July 10, 2018 requesting that ALJ Gertsman order NJAWC to verify all testimony and discovery responses submitted in evidence in this case (collectively, Board Staff and Rate Counsel letters are referenced as "Letters").

On July 25, 2018, the Board held its regularly scheduled Board meeting at which time President Joseph L. Fiordaliso ordered NJAWC to conduct an independent certification of the numbers that NJAWC had submitted in support of its Petition.

ALJ Gertsman held a limited-purpose hearing on August 1, 2018 regarding the issues raised by Rate Counsel and Board Staff in the Letters. At the August 1, 2018 hearing, NJAWC moved additional exhibits into evidence, including a certification of the accuracy of the record by NJAWC President Deborah A. Degillio, which appended supporting certifications. Ms. Degillio also provided direct testimony and was cross-examined. Thereafter, NJAWC retained its auditor, Price Waterhouse Coopers ("PwC"), to perform an Agreed Upon Procedures Engagement regarding the Schedules, applicable SIRs, and utility plant asset records in Power Plant for the Haddonfield and Shorelands acquisitions for which NJAWC claimed recognition in connection with the Petition. PwC subsequently agreed to include in its engagement those discovery responses received in evidence in this proceeding. PwC agreed to reconcile all of these items to NJAWC's general ledger to the extent applicable. It also determined the extent to which NJAWC's proposed post-test year plant additions recorded on NJAWC's books and records. As to Haddonfield and Shorelands, PwC agreed to verify that correct amounts were

transposed when entered into NJAWC's books and records. On August 31, 2018, PwC issued a Report of Independent Accountants, which was subsequently admitted into the record.

PARTIAL STIPULATION

After discovery and comprehensive settlement discussions, on October 16, 2018, the Company, Board Staff, Rate Counsel, and OIW (collectively, "Parties") reached a stipulation of settlement with regard to the revenue requirement and rate and tariff design ("Partial Stipulation"), among other items. The Parties were unable to reach an agreement with regard to certain plant acquisition adjustments and agreed to brief the issue before ALJ Gertsman. The key elements of the Partial Stipulation are as follows:²

The Parties agree that the test year ending March 31, 2018, adjusted for known and measurable changes, is appropriate for use in this case.

The Parties agree that NJAWC's revenues from base rates should be increased by \$40.0 million, and provisional rates that were effective June 15, 2018 will decrease by \$35.0 million effective for service rendered on and after October 29, 2018, or on such other date as the Board deems appropriate. The Parties stipulate that \$642.2 million is the pro forma revenues to which the \$40.0 million increase will apply. The revenue requirement is portrayed on Schedule A to the Partial Stipulation.

The Parties agree that NJAWC's new Distribution Service Improvement Charge ("DSIC") Foundational Filing, submitted on November 16, 2017 in Docket No. WR17111183 must be approved by the Board before any new DSIC investment and/or DSIC rate recovery can occur and that the DSIC rate shall be reset to zero with Partial Settlement.

The Parties agree to a rate base of approximately \$2.95 billion. The Parties agree that an appropriate overall rate of return is 7.4612%, based upon a 54% common equity component of the capital structure with a cost rate of 9.60%. The long-term debt component of the capital structure is 46% with a cost rate of 4.9504%. The stipulated revenue requirement reflects an adjustment for consolidated federal income taxes.

The Parties agree that NJAWC's rate case expenses will be shared 50/50 between NJAWC and ratepayers, and normalized over two and one half years.

The Parties agree that any costs incurred as a consequence of the PSC investigation, including but not limited to severance payments and legal fees, or the PwC Report, shall not be borne by ratepayers in this or any subsequent proceeding.

The Parties agree that NJAWC's water composite depreciation rate will be established at 2.45% and the sewerage composite depreciation rate will be established at 1.86%. This water depreciation rate reflects the continued return

² Although summarized in this Order, the detailed terms of the Partial Stipulation control, subject to the findings and conclusions of this Order.

to customers of a Non-Legal Asset Retirement Obligation of \$48,000,000 at \$1,200,000 a year over a 40 year period as established in the Stipulation of Settlement in NJAWC's 2008 base rate proceeding at Docket No. WR08010020. This rate further reflects a net negative salvage utilizing the Average Net Salvage Allowance method calculated over three years.

PLANT ACQUISITION ADJUSTMENTS

Before the filing of the Petition in this Docket, NJAWC had acquired Shorelands and the water and wastewater assets of Haddonfield. The acquisition price for Shorelands exceeded the original cost less depreciation of Shorelands. NJAWC also paid a premium over original cost less depreciation for the Haddonfield system assets. As a result, NJAWC proposed full rate base recognition of the Shorelands purchase price in this case, including an acquisition adjustment and full rate base recognition of the Haddonfield system assets, including rate base recognition of an acquisition adjustment. NJAWC proposed to amortize both acquisition adjustments over a period of 40 years.

The Parties agree that the Partial Stipulation does not resolve the issue of whether NJAWC is permitted to recognize the proposed acquisition adjustments for Shorelands and Haddonfield ("Acquisition Adjustments"). It is understood and agreed that the Parties will continue to litigate the proposed Acquisition Adjustments before Judge Gertsman. Evidentiary hearings have been concluded, and a briefing schedule has been established by Judge Gertsman.

PROVISIONAL RATE CREDIT

NJAWC implemented provisional rates in accordance with N.J.A.C. 14:1-5.12(f) on June 15, 2018. In further accordance with those regulations, once final Board-approved base rates and the effective date are determined, NJAWC will return any over-recovery, plus interest over a period of 30 days from the date of a Board Order accepting the Partial Stipulation utilizing the following methodology: the Company will calculate the amount due to each customer as applicable, for the period provisional rates were effective. The calculation of the difference between the implemented provisional annual rate increase totaling \$75 million and the final annual rate increase in the Partial Stipulation totaling \$40 million will be prepared for each customer bill and each applicable charge within the bill. The Company will calculate interest on the over-recovery balance consistent with N.J.A.C. 14:3-13.3. The Company will then allocate the total interest accrued on the over-recovery across the customer refunds based on the proportion due each customer to the total Company over-recovery. The resulting customer credit will be reflected as a unique line item on applicable customer bills. Should a customer who has been subject to provisional rates terminate service before the credits are issued, and if the customer does not have an outstanding balance due, the customer will receive a check for the amount of the credit.

Pursuant to the Partial Stipulation, the customer revenue rate impacts are as follows:

Class Revenue Increases:

The Parties stipulate the General Metered Service ("GMS") rates for a typical residential customer using 6,000 gallons per month (includes PWAC) for Service Area-1 ("SA-1") shall increase by \$2.76 per month; for SA-2, SA-3 Main, SA-1A by \$3.59 per month; for SA-2 Manville by \$6.04 per month; for SA-3 Southampton by \$8.16 per month; for SA-1B Pennsgrove by \$7.56 per month; for SA-1C Shorelands by \$7.01 per month; and for SA-1E Haddonfield by \$4.99 per month. Rates of commodity-demand shall increase 6.41% overall. Rates for the OIW customers will increase 6.41% overall. Rates for the Manasquan customers shall increase approximately 1.86% overall. Rates for the Sales to Other Systems ("SOS") customers will increase 6.41% overall.

Private Fire Protection Service:

The overall revenue increase for Private Fire Protection Service is 3.90%. The rate increases will vary within the rate classification depending upon the rate schedules and the type of service contracted for.

Public Fire Protection Service:

The overall revenue increase for Public Fire Protection Service is 6.03%. The rate increases will vary within the rate classification depending upon the rate schedules and the type of service contracted for.

Customer Charges (Fixed Service Charges):

The monthly customer charges for all service areas will be set at \$16.85 per month (non-exempt) for a 5/8 inch meter.

Sewer Service Revenue:

The Parties stipulate that sewer service revenues based on 5/8 inch meter (6,000 gallons per month) for the Company's Adelphia Sewer Service Area shall decrease by \$1.87 per month; the Lakewood Sewer Service Area shall increase by \$2.57 per month; the Ocean City Service Area shall increase by \$1.65 per month; and the Haddonfield Sewer Service Area will see an increase of \$2.70 per month. The Parties stipulate that the Jensen's Deep Run sewer customers will see an increase of \$2.16 per month.

Aqua, Middlesex, Mount Laurel and the City of Elizabeth indicated that they did not object to the Stipulation by correspondence dated October 16, 2018.

On October 18, 2018, ALJ Gertsman issued his Order To Bifurcate Partial Initial Decision Settlement ("Initial Decision") in this matter recommending adoption of the Partial Stipulation executed by the Parties, finding that the Parties had voluntarily agreed to the Partial Stipulation

and that the Partial Stipulation fully disposes of all issues, except for the acquisition adjustments, and is consistent with the law.

DISCUSSION AND FINDINGS

The Board is mindful of the impact any rate increase has on its customers. However, having reviewed the record in this matter, including ALJ Gertsman's Initial Decision and the Partial Stipulation, the Board **FINDS** that the Parties have voluntarily agreed to the Partial Stipulation, and that the Partial Stipulation fully disposes of all issues, except for the acquisition adjustments in this proceeding, and is consistent with the law. In reaching this decision, the Board must balance the needs of the ratepayer to receive safe, adequate and proper service at reasonable rates, while allowing the utility the opportunity to earn a fair rate of return. See FPC v. Hope Natural Gas, 320 U.S. 591 (1944); N.J.S.A. 48:2-21 and N.J.S.A. 48:3-1. Therefore, the Board **FINDS** the Initial Decision, which adopts the Partial Stipulation, to be reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Initial Decision and the Partial Stipulation, attached hereto, including all attachments and schedules, as its own, incorporating by reference the terms and conditions of the Partial Stipulation, as if they were fully set forth at length herein, subject to the following:

- a. The tariff sheets attached to the Partial Stipulation containing rates and charges conforming to the Partial Stipulation and designed to produce the additional revenues to which the Parties have stipulated herein are **HEREBY ACCEPTED**; and
- b. The stipulated increase and the tariff design allocations for each customer classification are **HEREBY ACCEPTED**.

The Board notes that pursuant to N.J.A.C. 14:9-10.1 et seq., NJAWC's new DSIC Foundational Filing, submitted on November 16, 2017 in Docket No. WR17111183, is being approved today by a separate Board Order and that the current DSIC rate shall be reset to zero.

Based upon the forgoing, the Board **HEREBY APPROVES** an overall increase in revenues in the amount of \$40,000,000 representing a 6.23% increase above Company revenues.

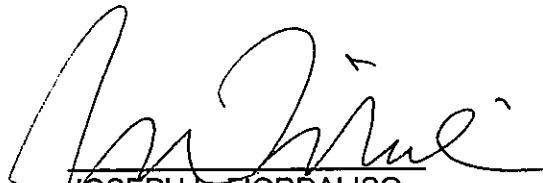
The Board **HEREBY ORDERS** the Company to submit complete revised tariffs conforming to the terms and conditions of the Partial Stipulation and this Order within ten (10) days from the date of this Order.

The Board **HEREBY REMANDS** this matter to the OAL for any appropriate proceedings on the outstanding issues concerning the plant acquisition adjustments.

This Order shall be effective on October 29, 2018.

DATED: 10/29/18

BOARD OF PUBLIC UTILITIES
BY:

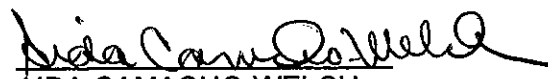

JOSEPH L. FIORDALISO
PRESIDENT


MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER


ROBERT M. GORDON
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

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

**BPU DOCKET NO. WR17090985
OAL DOCKET NO. PUC 14251-2017S**

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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

ORDER TO BIFURCATE
PARTIAL INITIAL DECISION
SETTLEMENT

OAL DKT. NO. PUC 14251-17
AGENCY DKT. NO. WR17090985

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

Ira G. Megdal, Esq., for petitioner, New Jersey American Water Company, Inc. (Cozen
O'Connor, attorneys)

Andrew Kuntz and Emma Xiao, Deputy Attorneys General, for Staff of the Board of
Public Utilities (Gurbir S. Grewal, Attorney General of New Jersey, attorney)

Susan E. McClure and Christine Juarez, Assistant Deputies Rate Counsel, for
Division of Rate Counsel (Stefanie A. Brand, Director)

Bradford M. Stern, Esq., for intervenors, Rutgers, the State University of New Jersey,
Cogen Technologies Linden Venture, L.P., Phillips 66 Company, Johanna
Foods, Inc., and Princeton University (Rothfelder Stern, attorneys)

Jay L. Kooper, Vice President, General Counsel and Secretary, for intervenor, Middlesex Water Company

Stephen B. Genzer, Esq., for intervenor, Aqua New Jersey, Inc. (Saul Ewing Arnstein & Lehr, attorneys)

William R. Holzapfel, Esq., City Attorney, for intervenor, City of Elizabeth

Anthony R. Francioso, Esq., for intervenor, Mount Laurel Municipal Utilities Authority, (Fomaro Francisco, attorneys)

Janine G. Bauer, Esq., for participant, AARP (Szaferman, Lakind, Blumstein & Blader, attorneys)

James H. Laskey, Esq., for participant, New Jersey Utility Shareholders Association (NJUSA) (Norris McLaughlin & Marcus, attorneys)

Record Closed: October 16, 2018

Decided: October 18, 2018

BEFORE **JACOB S. GERTSMAN**, ALJ t/a:

This proceeding involves a petition by the New Jersey American Water Company (Company) for an increase in tariff rates and charges for water and wastewater service, to change its depreciation rates, and to implement certain other tariff revisions pursuant to N.J.S.A. 48-2-18; N.J.S.A. 48-2-21; N.J.S.A. 48-2-21.1; N.J.A.C. 14:1-5.7 and N.J.A.C. 14:1-5.12, with the Board of Public Utilities.

The matter was transmitted to the Office of Administrative Law on September 28, 2017, for determination as a contested case, pursuant to N.J.S.A. 52:14B-1 to -15 and N.J.S.A. 52:14F-1 to -13, and assigned to the undersigned, who conducted the initial case management conference on November 2, 2017.

Motions to intervene were filed by: Cogen Technologies Linden Venture, L.P., (Cogen) on October 23, 2017; Middlesex Water Company (Middlesex) on October 23, 2017; Princeton University (Princeton) on October 25, 2017; Phillips 66 Company (Phillips) on October 30, 2017; Johanna Foods, Inc. (Johanna) on November 1, 2017; Aqua New Jersey, Inc. (Aqua) on November 9, 2017; the City of Elizabeth (Elizabeth) on November 13, 2017; Rutgers, the State University of New Jersey (Rutgers) on December 20, 2017; and Mount Laurel Municipal Utilities Authority (Mount Laurel) on January 26, 2018. Cogen, Middlesex, Princeton, Phillips, Johanna, Aqua, Elizabeth, Rutgers and Mount Laurel were granted intervenor status.

Motions to participate were filed by AARP on May 31, 2018, and the New Jersey Utility Shareholders Association (NJUSA) on July 2, 2018. AARP and NJUSA were granted participation status.

Duly-noticed public hearings were held in Westfield, New Jersey, on January 8, 2018; Howell, New Jersey, on January 10, 2018; Ocean City, New Jersey, on January 10, 2018; and Haddonfield, New Jersey on January 16, 2018. Several members of the public appeared at the Howell hearing, and spoke in general opposition to the Company's proposed increase. No members of the public spoke in support to the Company's proposed increase. All comments were transcribed and made a part of the record. No members of the public appeared at the Westfield, Ocean City, or Haddonfield, New Jersey hearings.

Evidentiary hearings were held on June 11, 13, 14, 18, 19, 21, and 25, 2018, August 1, 2018, and September 25, 2018.

Following settlement conferences and continued discussion, the parties filed on October 16, 2018, a Stipulation of Settlement (J-1) which resolves all issues in dispute with the exception of whether the company is permitted to recognize the proposed acquisition adjustments of Shorelands and Haddonfield (the "Acquisition Adjustments").

Said Stipulation of Settlement has been signed by petitioner, respondents, Staff of the Board of Public Utilities, Division of Rate Counsel, intervenors, Cogen, Phillips, Johanna, Princeton, and Rutgers, which indicates the terms of settlement, and is attached and fully

incorporated herein. Intervenors, Elizabeth, Middlesex, Mount Laurel, and Aqua, filed letters of no objection on October 16, 2018.

On an October 10, 2018 phone conference, and reiterated in the stipulation, the parties requested that the issues resolved in the stipulation be returned to the Board for final action, while the Acquisition Adjustments would be the subject of further litigation.

N.J.A.C. 1:1-14.6 (e) provides:

The judge may bifurcate hearings whenever there are multiple parties, issues or claims, and the nature of the case is such that a hearing of all issues in one proceeding may be complex and confusing, or whenever a substantial saving of time would result from conducting separate hearings or whenever bifurcation might eliminate the need for further hearings.

Here, the parties have come to a resolution on the majority of the issues in this matter, which will have a direct and immediate impact not only on the parties, but on the ratepayers as well. The terms of the stipulation states that any impact from the Acquisition Adjustments would be deferred upon the company's books, and recovered in the company's next rate case, and would therefore have no impact on the issues settled in the stipulation. Accordingly, I **CONCLUDE** that the bifurcation of the issues agreed to in the stipulation from the Acquisition Adjustment issue would result in a substantial saving of time in the final resolution of the settled issues in this matter.

Therefore, I hereby **ORDER** that the issues agreed to in the stipulation be bifurcated from the Acquisition Adjustment issue, which will be subject to continued litigation.

I have reviewed the record and terms of settlement, and with respect to the issues agreed to in the stipulation, I **FIND**:

1. The parties have voluntarily agreed to the settlement as evidenced by their signatures on the settlement agreement, attached hereto as Exhibit J-1.

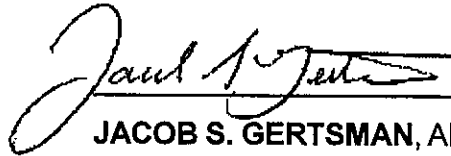
2. The settlement fully disposes of all issues in controversy set forth in the stipulation between the parties and is consistent with the law.

I hereby **FILE** my partial initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

October 18, 2018

DATE



JACOB S. GERTSMAN, ALJ t/a

Date Received at Agency:

October 18, 2018

Date Mailed to Parties:

October 18, 2018

nd

APPENDIX

EXHIBITS

Jointly Submitted:

J-1 Settlement Agreement

**SAUL EWING
ARNSTEIN
& LEHR ^{LLP}**

Stephen B. Genzer
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October 17, 2018

VIA FACSIMILE and FED.EX.

Honorable Jacob S. Gertsman, ALJ
Office of Administrative Law
3444 Quakerbridge Road
Quakerbridge Plaza, Building 9
Mercerville, NJ 08619

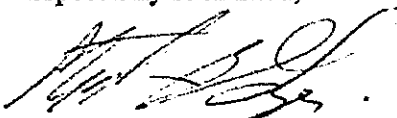
Re: In the Matter of the Petition of New Jersey-American Water Company, Inc.
for Approval of Increased Tariff Rates and Charges for Water and Wastewater
Service, Change in Depreciation Rates, and Other Tariff Modifications
BPU Docket No. WR17090985
OAL Docket No. PUC 14251-17 S

Dear Judge Gertsman:

This firm represents Aqua New Jersey, Inc. ("Aqua"), an intervenor in the above-referenced matter. While Aqua will not be signing the Stipulation submitted to Your Honor, we do not object to its approval.

Thank you for your attention to this matter.

Respectfully submitted,



Stephen B. Genzer

SBG/jg
cc: Attached Service List (via email only)

Stephen B. Genzer - Newark Managing Partner

One Riverfront Plaza, Suite 1520 • Newark, NJ 07102-5426 • Phone: (973) 286-6700 • Fax: (973) 286-6800

24890289.1 10/17/2018 DELAWARE FLORIDA ILLINOIS MARYLAND MASSACHUSETTS NEW JERSEY NEW YORK PENNSYLVANIA WASHINGTON, DC

A DELAWARE LIMITED LIABILITY PARTNERSHIP

FORNARO FRANCIOSO LLC
COUNSELLORS AT LAW

RICHARD D. FORNARO*
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1540 KUSER ROAD, A-1
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*MEMBERS OF THE NEW JERSEY & PENNSYLVANIA BAR

October 16, 2018

The Honorable Jacob S. Gertsman, ALJ
Office of the Administrative Law
P.O. Box 049
Trenton, New Jersey 08625

RE: I/M/O 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 Provisions
BPU Docket No. WR17090985
OAL Docket No. PUC 14251-2017 S

Dear Judge Gertsman:

Please accept this letter on behalf of the Mount Laurel Township Municipal Utilities Authority.
The purpose of this letter is to advise Your Honor that the Mount Laurel Township Municipal Utilities
Authority will not be a signatory to the Stipulation of Settlement but will not oppose same.

Thank you for Your Honor's consideration of this correspondence.

Very truly yours,
FORNARO FRANCIOSO LLC
Anthony R. Francioso, Esq.

ARF/id

c: Service List (Via Electronic Mail)



THE MIDDLESEX WATER ENTERPRISE

Middlesex Water Company • Pinelands Water & Wastewater Company • Southern Shores Water Company • Tidewater Utilities, Inc. • Tidewater Environmental Services, Inc.
Twin Lakes Utilities, Inc. • Utility Service Affiliates, Inc. • Utility Service Affiliates (Avalon) • Utility Service Affiliates (Perth Amboy) Inc. • White Marsh Environmental Systems, Inc.

October 16, 2018

The Honorable Jacob S. Gertsman
Administrative Law Judge
New Jersey Office of Administrative Law
3444 Quakerbridge Road
Quakerbridge Plaza, Building 9
Mercerville, NJ 08619

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

**BPU DOCKET NO.: WR17090985
OAL DOCKET NO.: PUC 14251-2017S**

Dear Judge Gertsman:

Please be advised that Middlesex Water Company ("Middlesex Water"), an Intervenor in the above-referenced matter, has reviewed the proposed final Stipulation of Settlement provided today. Although Middlesex Water will not be a signatory to the Stipulation of Settlement, it has no objection to the same.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Jay Kooper'.

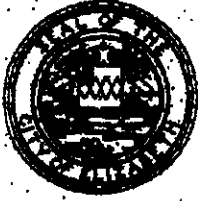
Jay L. Kooper
Vice President, General Counsel & Secretary

JLK:sm

cc: Service List (via e-mail)

"A Provider of Water, Wastewater & Related Products and Services"

Customer Service Center 1500 Ronson Road, Iselin, NJ 08830-3020 (732) 634-1500 Tel. (732) 638-7654 Fax www.middlesexwater.com



CITY OF ELIZABETH, NEW JERSEY
DEPARTMENT OF LAW
City Hall

50 Winfield Scott Plaza
Elizabeth, New Jersey 07201-2462
Phone: (908) 820-4009 Fax (908) 352-8658

J. CHRISTIAN BOLLWAGE
Mayor

WILLIAM R. HOLZAPFEL
City Attorney

RAYMOND T. BOLANOWSKI
First Assistant City Attorney

ROCCO DI PAOLA
Second Assistant City Attorney

ROBERT J. LENAHAN, JR.
Special Counsel

JORGE A. ESTRADA
Special Counsel

October 16, 2018

The Honorable Jacob S. Gertsman,
Administrative Law Judge
New Jersey Office of the Administrative Law
3444 Quakerbridge Road
Quakerbridge Plaza, Building 9
Mercerville, New Jersey 08619

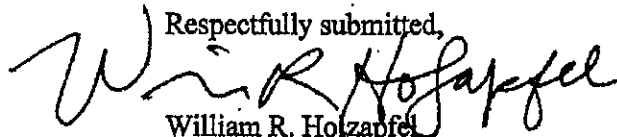
**RE: IN THE MATTER OF THE PETITION OF NEW JERSEY-AMERICAN WATER
COMPANY, INC., FOR APPROVAL OF INCREASED TARIFF RATES AND
CHARGES FOR WATER AND SEWER SERVICE, CHANGE IN DEPRECIATION
RATES AND OTHER TARIFF MODIFICATIONS**

**BPU DOCKET NO. WR17090985
OAL DOCKET NO. PUC 14251-2017 S**

Dear Judge Gertsman:

Please be advised that the City of Elizabeth ("City"), an Intervenor in the above referenced matter, has reviewed the proposed final Stipulation of Settlement provided today. Although the City will not be a signatory to the Stipulation of Settlement, it has no objection to the same.

Respectfully submitted,


William R. Holzappel
City Attorney

WRH:pmd
cc: Service List via electronic email

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES
OFFICE OF ADMINISTRATIVE LAW**

IN THE MATTER OF THE PETITION OF :
NEW JERSEY-AMERICAN WATER : **BPU Docket No.: WR17090985**
COMPANY, INC. FOR APPROVAL OF : **OAL Docket No.: PUC 14251-2017 S**
INCREASED TARIFF RATES AND :
CHARGES FOR WATER AND : **STIPULATION OF SETTLEMENT**
WASTEWATER SERVICE, CHANGE IN :
DEPRECIATION RATES, AND OTHER :
TARIFF MODIFICATIONS :

APPEARANCES:

Ira G. Megdal, Esquire, Cozen O'Connor, P.C. for Petitioner, New Jersey-American Water Company, Inc.;

Stefanie A. Brand, Esquire, Director, Division of Rate Counsel, **Brian O. Lipman**, Litigation Manager, Division of Rate Counsel, **Debra F. Robinson**, Deputy Rate Counsel, **Susan E. McClure** and **Christine Juarez, Esquires**, Assistant Deputies, Division of Rate Counsel;

Andrew Kuntz and **Emma Xiao, Esquires**, Deputy Attorneys General for Staff of the New Jersey Board of Public Utilities (**Gurbir S. Grewal**, Attorney General of New Jersey);

Stephen B. Genzer, Esquire, Saul Ewing Arnstein & Lehr LLP for Intervenor, Aqua New Jersey, Inc.;

Bradford M. Stern, Esquire, Rothfelder Stern, L.L.C. for Intervenors, Cogen Technologies Linden Venture, L.P., Phillips 66 Company, Johanna Foods, Inc., Princeton University, and Rutgers, the State University of New Jersey;

Anthony R. Francioso, Esquire, Fornaro Francioso for Intervenor, the Mount Laurel Township Municipal Utilities Authority;

Jay L. Kooper, Esquire, Middlesex Water Company, Counsel for Intervenor, Middlesex Water Company; and

William R. Holzapfel, Esquire, City Attorney for Intervenor, City of Elizabeth.

TO: THE HONORABLE JACOB S. GERTSMAN, ALJ

BACKGROUND

On September 14, 2017, New Jersey-American Water Company (“NJAWC”) filed with the New Jersey Board of Public Utilities (“Board”) a petition, testimony and exhibits (the “Petition”) requesting an increase in operating revenues of \$129.3 million, or approximately 17.54% over projected pro-forma rate revenues.

In the Petition, NJAWC proposed a test-year ending March 31, 2018. The Petition as originally filed was based upon five months of actual and seven months of estimated data. On January 15, 2018, NJAWC filed an update based on nine months actual and three months estimated data. NJAWC filed an additional update on April 23, 2018 based on 12 months actual data. Both updates included supplemental testimony.

On September 27, 2017, the Board transmitted this matter to the Office of Administrative Law (“OAL”) as a contested case and on October 20, 2017, the Board issued an Order suspending NJAWC’s proposed rate increase until February 15, 2018. By a second suspension order issued January 31, 2018, the proposed rate increase was suspended until June 15, 2018. This matter was assigned to Administrative Law Judge (“ALJ”) Jacob S. Gertsman. On December 18, 2017, ALJ Gertsman issued a Prehearing Order establishing procedures and hearing dates for the conduct of this case. ALJ Gertsman issued an Order Establishing Revised Prehearing Submission Deadlines on May 23, 2018.

Motions to intervene filed by the following parties (collectively, the “Intervenors”) were unopposed: Rutgers, the State University (filed December 20, 2017); Princeton University (filed October 25, 2017); Phillips 66 Company (filed October 30, 2017); Johanna Foods, Inc. (filed November 1, 2017); and Cogen Technologies Linden Venture, L.P. (filed October 23, 2017) (collectively, the “OIW”); Middlesex Water Company (“Middlesex”) (filed October 23, 2017);

Mount Laurel Township Municipal Utilities Authority (“Mount Laurel”) (filed January 26, 2018); Aqua New Jersey, Inc. (“Aqua”) (filed November 9, 2017); and City of Elizabeth (filed November 13, 2017). These motions were granted by Orders dated December 18, 2017, subsequently amended on January 16, 2018 (as to OIW except Rutgers, Middlesex, Aqua and City of Elizabeth), January 16, 2018 (as to Rutgers) and February 28, 2018 (as to Mount Laurel). On May 31, 2018, AARP filed a Motion for leave to participate, which none of the parties opposed. ALJ Gertsman granted AARP leave to participate on June 8, 2018. On July 2, 2018, the New Jersey Utility Shareholders Association (“NJUSA”) filed a Motion for participant status. On August 1, 2018, ALJ Gertsman entered an Order granting the Motion to participate, which Order was amended on August 3, 2018 to correct a typographical error. The signatory parties (“Parties”) to this agreement include NJAWC, the Division of Rate Counsel (“Rate Counsel”), Board Staff (“Staff”) and the OIW.

Aqua, Middlesex, Mount Laurel, and the City of Elizabeth are not signatory parties to this agreement but have noted that they will be submitting letters to the OAL indicating that they do not object to this Stipulation of Settlement.

After proper notice to the general public in newspapers of general circulation and after service of notice upon affected municipalities and counties within NJAWC’s service area, four public hearings were held. One public hearing was held on January 8, 2018 at 1:00 p.m. in Westfield, New Jersey; two public hearings were held on January 10, 2018 at 1:00 p.m. in Ocean City, New Jersey and at 6:00 p.m. in Howell Township, New Jersey; and one public hearing was held on January 16, 2018 at 6:00 p.m. in Haddonfield, New Jersey. A representative of NJUSA attended the hearing in Haddonfield and entered a statement on the record that requested that the process for granting NJAWC new rates be fair and balanced taking into account the interests of

New Jersey utility shareholders and ratepayers. Members of the public also attended and spoke at the Howell Township hearing in general opposition to the proposed rate increase. No members of the public attended the Westfield or Ocean City hearings. In addition, the Board received over 100 written comments expressing opposition to the Petition.

Discovery was propounded on NJAWC by Rate Counsel, Staff, and Intervenors.

Discovery was also propounded upon other Parties. All such discovery was answered in full.

On February 8, 2018, NJAWC filed supplemental direct testimony related to the Tax Cuts and Jobs Act of 2017. On April 13, 2018, Rate Counsel, OIW and Middlesex filed direct testimony and on May 11, 2018, NJAWC, OIW and Middlesex filed rebuttal testimony.

Evidentiary hearings took place on June 11, 13, 14, and 18, 2018. On May 18, 2018, Rate Counsel filed a motion requesting the Board to issue an Order rejecting the Company's proposed provisional Rates. The motion was opposed by the Company. The Board issued an Order denying Rate Counsel's request on June 22, 2018. The Company implemented interim rates that included a \$75 million increase, effective June 15, 2018, after complying with the requirements of N.J.A.C. 14:1-5.12.

On July 3, 2018, Rate Counsel submitted a Comment Letter to ALJ Gertsman alerting him of a report that the Staff of the New York Public Service Commission ("PSC"), Department of Public Service ("DPS") issued (the "Staff Report") regarding certain oral testimony and discovery responses that employees of American Water Works Service Company, Inc. ("Service Company") submitted to the PSC in connection with the base rate case of New York-American Water Company, Inc. ("NYAWC"). One Service Company employee submitted pre-filed testimony, answered discovery and testified at the evidentiary hearings in this case. Another had submitted pre-filed testimony and answered discovery, and his pre-filed testimony was adopted

by a different witness in this case. Both such employees separated from the Service Company before the conclusion of the evidentiary hearings in this case. In its letter, Rate Counsel requested that, as a result of the Staff Report, ALJ Gertsman order NJAWC to review the testimonies of the two witnesses and provide a certification that their testimonies were complete and free of errors or omissions. Board Staff sent a letter on July 10, 2018 requesting that ALJ Gertsman order NJAWC to verify all testimony and discovery responses submitted in evidence in this case (collectively, Board Staff and Rate Counsel letters are the "Letters").

On July 25, 2018, the Board held its regularly scheduled Board meeting at which time Board President Joseph L. Fiordaliso ordered NJAWC to conduct an independent certification of the numbers that NJAWC submitted in support of its Petition.

ALJ Gertsman held a limited purpose hearing on August 1, 2018 regarding the issues raised by Rate Counsel and Board Staff in the Letters. At the August 1, 2018 hearing, NJAWC moved additional exhibits into evidence, including a certification of the accuracy of the record by NJAWC President Deborah A. Degillio, which appended supporting certifications. Ms. Degillio also provided direct testimony and was cross-examined. Thereafter, NJAWC retained its auditor, Price Waterhouse Coopers ("PwC") to perform an Agreed Upon Procedures Report (the "PwC Report") regarding the Schedules, applicable Standard Information Requests ("SIRs") and utility plant asset records in Power Plant for the Borough of Haddonfield ("Haddonfield") and Shorelands Water Company ("Shorelands") acquisitions for which NJAWC claimed recognition in connection with the Petition. PwC was subsequently asked to and agreed to include in the PwC Report those discovery responses received in evidence in this proceeding. PwC reconciled all of these items to NJAWC's General Ledger to the extent applicable. It also determined the extent to which NJAWC's proposed post-test year plant additions were recorded

on NJAWC's books and records. As to Haddonfield and Shorelands, PwC verified that correct amounts were transposed when entered into NJAWC's books and records.

The PwC Report was transmitted to the Parties on August 31, 2018. The PwC Report was received in evidence at a hearing on September 25, 2018, and at the hearing, Rate Counsel and Staff agreed that the record in this case is now verified to the extent possible.

Throughout this proceeding the Parties have engaged in various settlement and discovery conferences. As a result, the undersigned Parties **AGREE AND STIPULATE AS FOLLOWS:**

REVENUE REQUIREMENTS

1. The Parties agree that the test year ending March 31, 2018, adjusted for known and measurable changes, is appropriate for use in this case.
2. The Parties agree that NJAWC's revenues from base rates should be increased by \$40.0 million, and provisional rates that were effective June 15, 2018 will decrease by \$35.0 million effective for service rendered on and after October 29, 2018, or on such other date as the Board deems appropriate. The Parties stipulate that pro forma revenues to which the \$40.0 million increase will apply is \$642.2 million. The revenue requirement is portrayed on Schedule A to this Stipulation.
3. The Parties agree that NJAWC's new DSIC Foundational Filing, submitted on November 16, 2017 in Docket No. WR17111183 must be approved by the Board before any new DSIC investment and/or DSIC rate recovery can occur and that the DSIC rate shall be reset to zero at the conclusion of this base rate case.
4. The Parties agree to a rate base of approximately \$2.95 billion.

5. The Parties agree that an appropriate overall rate of return is 7.4612%, based upon a 54% common equity component of the capital structure with a cost rate of 9.60%. The long-term debt component of the capital structure is 46% with a cost rate of 4.9504%

6. The stipulated revenue requirement reflects an adjustment for consolidated federal income taxes.

7. The Parties agree that the rate increase set forth above in this Stipulation reflects an amortization of unamortized balance sheet accounts, in accordance with the following schedule:

<u>Account</u>	<u>Balance at 3/31/2018</u>	<u>Monthly Amortization</u>	<u>Amortization Start / Revised Date</u>	<u>Amortization Ending Date</u>
Deferred Pension Expense	\$2,796,699.52	\$39,390.14	3/1/2004	1/31/2024
FAS 109 (SA-1)	7,624,959.00	48,878.00	Various	3/31/2031
FAS 109 (SA-2)	4,458,264.96	38,105.00	Various	12/31/2027
FAS 109 (SA-3)	19,805.00	346.00	Various	12/31/2022
FAS 112	16,674.00	2,084.25	12/1/2008	11/30/2018
Gain on Land Sales	(2,505,230.73)	(104,384.61)	10/1/2018	9/30/2020 (a)
Acquisition Adjustments (excludes Haddonfield, Roxibus and Shorelands)	2,910,420.06	20,688.41	Various	Various
South Jersey Services	3,623,935.20	9,847.65	12/1/2008	11/30/2048
Mt Ephraim	45,256.64	122.98	12/1/2008	11/30/2048
Pelican Island	5,700.32	15.49	12/1/2008	11/30/2048
Sick Bank Amortization - 2008	148,160.32	18,520.04	12/1/2008	11/30/2018
Sick Bank Amortization - 2010	62,874.24	1,905.28	1/1/2011	12/31/2020
2017-18 Rate Case Expense	714,643.00	23,821.43	10/1/2018	3/31/2021 (b)
Pre 1971 Investment Credit	294,579.64	1,492.42	Various	Various
Regulatory Liability/Asset for Excess/Deficit Deferred Income Taxes	(2,480,336.00)	(13,321.00)	Various	Various
MTBE	(8,924,287.23)	(22,708.11)	1/1/2011	12/31/2050
Refund of COR	(36,800,000.00)	(100,000.00)	12/1/2008	11/30/2048
DSIC Revenue Overcollection	(120,870.00)	(5,036.25)	10/1/2018	9/30/2020 (c)
Reg Asset - AFUDC Equity	27,533,975.11	59,198.94	Various	Various

Notes:

- (a) Including pending land sale subject to true-up. Amortization to begin starting 10/1/2018 for 24 months.
- (b) 50% of pro forma rate case expenses of \$1,429,286. Amortization to begin on 10/1/2018 for 30 months.
- (c) Subject to true-up. Pro Forma projected to 12/31/18. Amortization starting 10/1/2018 for 24 months.

8. The Parties agree that NJAWC's rate case expenses will be shared 50/50 between NJAWC and ratepayers, and normalized over two and one half years.

9. The Parties agree that any costs incurred as a consequence of the PSC investigation, including but not limited to severance payments and legal fees, or the PwC Report shall not be borne by ratepayers in this or any subsequent proceeding.

10. The Parties agree that NJAWC's water composite depreciation rate will be established at 2.45% and the sewerage composite depreciation rate will be established at 1.86%. This water depreciation rate reflects the continued return to customers of a Non-Legal Asset Retirement Obligation of \$48,000,000 at \$1,200,000 a year over a forty year period as established in the Stipulation of Settlement in NJAWC's 2008 base rate proceeding at Docket No. WR08010020. This rate further reflects a net negative salvage utilizing the Average Net Salvage Allowance method calculated over three years. Attached as Schedule B is a schedule detailing the agreed upon depreciation rates.

11. NJAWC withdraws its request for amortization of a cost of removal regulatory asset, and the revenue increase stipulated in this case does not include any recognition of such amortization.

12. NJAWC withdraws its request to capitalize and seek rate base recognition of \$440,000 of costs associated with customer owned lead service lines. The revenue requirement agreed upon in this Stipulation does not reflect such recognition. NJAWC will not seek recognition of these specific lead service lines in any future proceeding. However, all Parties are free to take any positions that they choose concerning other customer owned lead service line costs in any future proceeding.

13. NJAWC will not capitalize tank coating expenses without further order of the Board.

PLANT ACQUISITION ADJUSTMENTS

14. Before the filing of the Petition in this Docket, NJAWC had acquired Shorelands and the water and wastewater assets of Haddonfield.

15. The acquisition price for Shorelands exceeded the original cost less depreciation of Shorelands.

16. NJAWC also paid a premium over original cost less depreciation for the Haddonfield system assets.

17. As a result, NJAWC proposed full rate base recognition of the Shorelands purchase price in this case, including an acquisition adjustment and full rate base recognition of the Haddonfield system assets, including rate base recognition of an acquisition adjustment.

18. NJAWC proposed to amortize both acquisition adjustments over a period of 40 years.

19. The Parties agree that this Stipulation does not resolve the issue of whether NJAWC is permitted to recognize the proposed acquisition adjustments for Shorelands and Haddonfield (the "Acquisition Adjustments").

20. It is understood and agreed that the Parties will continue to litigate the proposed Acquisition Adjustments before Judge Gertsman. Evidentiary hearings have been concluded, and a briefing schedule has been established by Judge Gertsman.

21. The Parties agree that if the Board grants NJAWC the proposed Acquisition Adjustments as a result of this litigation, in whole or in part, NJAWC will immediately begin deferring the revenue impact of any such acquisition adjustment and simultaneously commence amortization thereof over a period of 40 years.

22. The Parties agree that if the Board grants NJAWC the proposed Acquisition Adjustments as a result of this litigation, in whole or in part, NJAWC will immediately begin to accrue carrying costs with respect to the acquisition adjustment permitted by the Board.

23. These impacts will be deferred upon NJAWC's books, and recovered in NJAWC's next rate case.

24. In calculating the deferrals, NJAWC will utilize the return on rate base agreed to in this Stipulation of 7.4612%.

TARIFF AND RATE DESIGN

25. The Parties agree that the pro forma present rate revenues to be used by rate class are those reflected on the attached Schedule C, which includes the agreed upon revenue increases by customer class.

26. Attached as Schedule D is the tariff depicting changes implementing the revenue increase and other tariff changes agreed upon in this Stipulation, in clean and black-line format. The Parties agree that within ten days of an Order accepting this Stipulation, NJAWC will make a compliance filing relative to said tariff.

27. Attached as Schedule E is a schedule entitled "New Jersey American Water Company, Base and Total Revenues at Present and Proposed Rates". The Parties agree that Schedule E represents the present rates and the stipulated rates to be utilized in this matter.

PROVISIONAL RATE CREDIT

28. NJAWC implemented provisional rates in accordance with N.J.A.C. 14:1-5.12(f) on June 15, 2018. In further accordance with those regulations, once final Board-approved base rates and the effective date are determined, NJAWC will return any over-recovery, plus interest over a period of 30 days from the date of a Board Order accepting this Stipulation, utilizing the

following methodology: The Company will calculate the amount due to each customer as applicable, for the period provisional rates were effective. The calculation of the difference between the implemented provisional annual rate increase totaling \$75 million and the final annual rate increase in this stipulation, totaling \$40 million will be prepared for each customer bill and each applicable charge within the bill. The Company will calculate interest on the over-recovery balance consistent with N.J.A.C. 14:3-13.3. The Company will then allocate the total interest accrued on the over-recovery across the customer refunds based on the proportion due each customer to the total Company over-recovery. The resulting customer credit will be reflected as a unique line item on applicable customer bills. Should a customer who has been subject to provisional rates terminate service before the credits are issued, and if the customer does not have an outstanding balance due, the customer will receive a check for the amount of the credit within 30 days from the date of a Board Order accepting this Stipulation.

MISCELLANEOUS

29. The Parties agree that service of the Board Order approving this Stipulation shall be in accordance with N.J.S.A. 48:2-40, and will be effective in 10 days from a Board Order accepting this Stipulation or on service of said Order on all parties, whichever is sooner.

30. The Parties agree that this Settlement has been made exclusively for the purpose of this proceeding and that this Settlement, in total or by specific item, is in no way binding upon them in any other proceeding, except to enforce the terms of the Settlement.

31. The Parties agree that this Settlement contains a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Settlement is not accepted and approved in its entirety by the Board, or modified by the Board, each party that is adversely affected by the

modification can either accept the modification or declare this Settlement to be null and void, and the Parties shall be placed in the same position that they were in immediately prior to its execution.

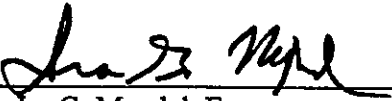
32. It is the intent of the undersigned Parties that the provisions hereof be approved by the Board as being in the public interest. The undersigned Parties further agree that they consider the Settlement to be binding on them for all purposes herein.

33. The Parties agree that this Settlement represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, the Parties shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein, in total or by specific item. The Parties further agree that this Settlement is in no way binding upon them in any other proceeding, except to enforce the terms of this Settlement.

34. This Stipulation may be executed in as many counterparts as there are Signatory Parties of this Stipulation, and each such counterpart shall be considered an original; however all such counterparts will constitute one and the same instrument.

35. The Parties anticipate that this matter will be on the agenda for Open Public Meeting on October 29, 2018.

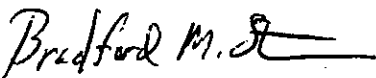
**NEW JERSEY-AMERICAN WATER
COMPANY, INC.**

By: 
Ira G. Megdal, Esq.

**STEFANIE A. BRAND, ESQ.,
DIRECTOR, DIVISION OF RATE
COUNSEL**

By: _____
Susan E. McClure, Esq.
Assistant Deputy Rate Counsel

**Cogen Technologies Linden Venture, L.P.,
Phillips 66 Company, Johanna Foods, Inc.,
Princeton University, and Rutgers, the State
University of New Jersey**

By: 
Bradford M. Stern, Esq.

**GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW
JERSEY
Attorney for the Staff of the Board of
Public Utilities**

By: _____
Andrew Kuntz, Esq.
Deputy Attorney General

DATED: October 16, 2018

**NEW JERSEY-AMERICAN WATER
COMPANY, INC.**

**STEFANIE A. BRAND, ESQ., DIRECTOR,
DIVISION OF RATE COUNSEL.**

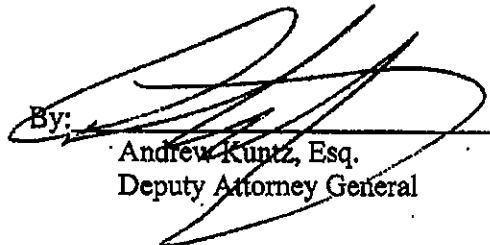
By: _____
Ira G. Megdal, Esq.

By: Susan E. McClure /cm5
Susan E. McClure, Esq.
Assistant Deputy Rate Counsel

**Cogen Technologies Linden Venture, L.P.,
Phillips 66 Company, Johanna Foods, Inc.,
Princeton University, and Rutgers, the State
University of New Jersey**

**GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW
JERSEY
Attorney for the Staff of the Board of Public
Utilities**

By: _____
Bradford M. Stern, Esq.

By: 
Andrew Kuntz, Esq.
Deputy Attorney General

DATED: October 16, 2018

New Jersey American Water Company
Calculation of Revenue Deficiency

Rate Base	\$ 2,950,471,277
Rate of Return	<u>7.4612%</u>
Operating Income Requirement	220,140,563
Pro Forma Operating Income	<u>193,056,440</u>
Income Deficiency	27,084,123
Revenue Conversion Factor	<u>1.476880</u>
Revenue Deficiency	<u>\$ 40,000,000</u>

SCHEDULE B

New Jersey - American Water Company
Summary of Original Cost of Utility Plant in Service as of September 30, 2018
and Related Annual Depreciation Expense Under Present and Proposed Rates

UTILITY ACCOUNT	ACCOUNT NAME	NARUC ACCOUNT	STIPULATED BALANCE	UNDER PRESENT RATES				UNDER PROPOSED RATES				TOTAL DEPRECIATION EXPENSE	
				LIFE RATE	ACCUMULATED	COR RATE	ACCUMULATED	LIFE RATE	ACCUMULATED	COR RATE	ACCUMULATED		
341300	Trans Equip Autos	392.3	2,474,106	7.18%	177,641	0.00%	0	177,641	9.41%	233,690	-1.48%	(96,617)	196,073
341400	Trans Equip Other	392.4	6,032,467	5.01%	302,228	0.00%	0	302,228	4.81%	289,861	-0.18%	(10,858)	279,003
342000	Stores Equipment	393	1,864,263	3.63%	67,673	0.18%	3,356	71,028	8.01%	149,327	0.02%	373	149,700
343000	Tools, Shop, Garage Equip	394	16,130,600	2.86%	456,115	0.15%	24,196	482,311	5.25%	846,060	0.02%	40,327	886,387
344000	Laboratory Equipment	395	3,699,285	4.41%	167,138	0.00%	0	167,138	11.77%	435,221	0.05%	1,850	437,071
345000	Power Operated Equipment	396	2,594,607	4.92%	127,655	0.00%	0	127,655	3.74%	96,909	0.31%	8,043	104,952
346000	Comm Equip Not Classified	397	5,850,733	11.59%	678,100	0.03%	1,755	679,855	3.38%	197,462	0.06%	3,510	200,973
346100	Comm Equip Non-Telephone	397	4,242,727	11.59%	491,732	0.03%	1,273	493,005	3.38%	143,546	0.06%	2,546	146,738
346190	Remote Control & Instrument	397	31,905,902	11.59%	3,697,894	0.03%	9,572	3,707,466	3.38%	1,076,824	0.06%	19,144	1,095,968
346200	Comm Equip Telephone	397	1,447,893	11.59%	167,811	0.03%	434	168,245	3.38%	48,866	0.06%	869	49,735
347000	Misc Equipment	398	12,464,226	3.55%	442,480	0.19%	23,682	466,162	7.29%	595,790	0.25%	31,161	626,951
348000	Other Tangible Property	399	469,936	6.25%	29,371	0.35%	1,645	31,016	7.29%	34,258	0.07%	379	34,587
352000	WW Struct & Imp Collection	324	11,881,417	1.32%	156,835	0.00%	0	156,835	2.69%	309,323	0.09%	10,693	319,016
352000	WW Struct & Imp Pumping	330	3,131,138	2.64%	82,662	0.00%	0	82,662	2.46%	77,026	0.10%	3,131	80,157
354000	WW Struct & Imp Treatment	340	2,843,729	2.64%	75,074	0.00%	0	75,074	1.97%	56,921	0.01%	284	56,306
354500	WW Struct & Imp General	340	4,609,118	2.83%	130,438	0.43%	19,819	150,257	2.46%	113,154	0.15%	6,914	120,068
355200	WW Pwr Gen Equip Collection	369	484,338	5.42%	26,251	0.00%	0	26,251	3.78%	18,284	0.43%	2,083	20,366
355400	WW Pwr Gen Equip Treatment	369	264,745	5.42%	14,349	0.00%	0	14,349	3.90%	10,312	0.16%	424	10,735
360000	WW Collection Sewers Forced	323	2,796,539	1.32%	36,914	0.00%	0	36,914	1.27%	35,516	0.01%	280	35,796
361100	WW Collecting Mains	321	153,914,358	1.32%	2,031,670	0.00%	0	2,031,670	0.88%	1,957,486	0.15%	230,872	1,588,358
361101	WW Collecting Mains Other	322	5,483,404	1.32%	71,381	0.00%	0	71,381	1.81%	99,250	0.18%	9,870	109,120
362000	WW Special Coll Struct	324	289,077	3.36%	9,713	0.00%	0	9,713	2.08%	5,998	0.00%	0	5,998
363000	WW Services Sewer	320	42,717,185	2.17%	926,963	0.43%	183,684	1,110,647	1.44%	615,128	0.81%	346,009	961,137
364000	WW Flow Measuring Devices	369	131,330	5.42%	7,118	0.00%	0	7,118	2.52%	3,303	0.00%	0	3,303
370000	WW Receiving Wells	325	620,092	5.42%	33,609	0.00%	0	33,609	3.89%	24,122	0.06%	372	24,494
371000	WW Pump Equip Elect	331	16,810,098	2.64%	443,787	0.00%	0	443,787	4.95%	831,259	0.24%	40,344	871,604
371200	WW Pump Equip Oth Pwr	332	1,052,886	2.64%	27,796	0.00%	0	27,796	4.06%	42,747	0.05%	526	43,274
371300	WW Pump Equip Misc	332	89,189	2.64%	2,355	0.00%	0	2,355	6.43%	5,730	0.00%	0	5,730
380000	WW TD Equipment	398	4,418,583	8.27%	365,417	0.00%	0	365,417	3.37%	148,906	0.49%	21,651	170,557
381000	WW Plant Sewers	381	898,972	5.42%	48,724	0.00%	0	48,724	1.74%	15,597	0.10%	899	16,496
382000	WW Outfall Sewer Lines	349	61,963	2.64%	1,636	0.00%	0	1,636	1.49%	923	0.00%	0	923
389100	WW Oth PR & Misc Equip Intang	389	3,546,796	5.42%	192,236	0.00%	0	192,236	4.59%	167,798	0.00%	0	167,798
389600	WW Other P/E - CPS	389.1	19,839	20.00%	3,968	0.00%	0	3,968	10.43%	2,069	0.00%	0	2,069
390000	WW Office Furniture & Equip	391	17,580	13.20%	2,321	0.00%	0	2,321	1.77%	311	0.00%	0	311
390200	WW Computers & Peripheral	398	5,279	6.97%	368	0.00%	0	368	27.41%	1,447	3.66%	193	1,640
391000	WW Trans Equipment	392	647,759	22.00%	142,507	0.00%	0	142,507	4.92%	31,837	0.02%	130	31,967
391200	WW Trans Equip Hwy Dry Trks	392	350,263	20.15%	70,578	-4.03%	(14,116)	56,462	2.42%	8,459	0.20%	701	9,159
393000	WW Tool Shop & Garage Equip	394	287,255	2.64%	7,584	0.00%	0	7,584	14.03%	40,302	0.00%	0	40,302
394000	WW Laboratory Equipment	398	96,322	2.64%	2,543	0.00%	0	2,543	3.13%	3,015	0.21%	202	3,217
395000	WW Power Operated Equip	396	495,117	2.64%	13,071	0.00%	0	13,071	3.95%	19,532	0.00%	0	19,532
396000	WW Communication Equip	398	894,625	2.64%	23,618	0.00%	0	23,618	8.49%	75,969	0.22%	1,968	77,877
397000	WW Misc Equipment	398	867,266	2.64%	22,896	0.00%	0	22,896	2.98%	25,845	0.11%	954	26,799
398000	WW Other Tangible Plant	398	71,825	8.27%	5,940	0.00%	0	5,940	2.82%	2,022	0.11%	79	2,101
			4,921,363,891		127,275,421			127,275,421		95,805,966		24,205,199	121,011,165
			215,595,871									4,175,822	
			39,777,102									0	
												(5,611,651)	
												(1,200,000)	

Total depreciable plant - UOP
Non-depreciable plant - Water
Less: Depreciation on balance of CAC and CIAC
Less: Cost of Removal Amortization

TOTALS

\$ 5,176,741,864 \$ 124,699,592 \$ 118,975,336

NEW JERSEY AMERICAN WATER COMPANY

COMPARISON OF REVENUES UNDER PRESENT AND SETTLEMENT RATES INCLUDING PWAC AND PSTAC FOR THE PRO FORMA POST TEST YEAR PERIOD ENDED SEPTEMBER 30, 2018

Customer Classification (1)	Revenues, Present Rates				Revenues, Stipulated Rates				RPA Stipulated Revenue Increase without PWAC/PSTAC			NEW RPA TARGET INCREASE w/o PWAC		%	Index
	Amount (6)	PWAC/PSTAC (7)	Total (8)	Percent of Total (9)	Amount (10)	PWAC/PSTAC (11)	Total (12)	Percent of Total (13)	Amount (14)	Percent Increase (15)	Index	RPA TARGET INCREASE w/o PWAC			
WATER															
General Metered Service	\$ 516,634,963	\$ 30,317,619	\$ 546,952,583	83.28%	\$ 549,770,903	\$ 30,317,619	\$ 580,088,522	83.40%	\$ 33,135,939	6.41%	102	33,133,397	6.41%	102	
Manasquan	1,629,235	-	1,629,235	0.25%	1,659,463	-	1,659,463	0.24%	30,228	1.86%	30	30,732	1.89%	30	
Optional Industrial Wholesale	12,694,765	1,879,263	14,574,028	2.22%	13,508,991	1,879,263	15,388,254	2.21%	814,226	6.41%	102	814,155	6.41%	102	
Sales For Resale - CD	13,003,067	2,672,560	15,675,627	2.39%	13,836,132	2,672,560	16,508,691	2.37%	833,064	6.41%	102	833,927	6.41%	102	
Sales For Resale - SOS	22,883,601	4,460,869	27,344,470	4.16%	24,350,426	4,460,869	28,811,295	4.14%	1,466,825	6.41%	102	1,467,596	6.41%	102	
Private Fire Protection	23,883,531	-	23,883,531	3.64%	24,814,143	-	24,814,143	3.57%	930,612	3.90%	62	931,048	3.90%	62	
Public Fire Protection	26,668,714	-	26,668,714	4.06%	28,277,201	-	28,277,201	4.07%	1,608,488	6.03%	96	1,609,738	6.04%	96	
Subtotal	617,397,876	39,330,311	656,728,187	100.0%	656,217,259	39,330,311	695,547,570	100.0%	38,819,383	6.29%	100	38,820,593	6.29%	100	
DSIC Revenue	\$19,830	-	\$19,830		-		-		(19,830)	-100.00%		(19,830)	-100.00%		
Other Revenue	\$5,711,651	-	\$5,711,651		\$5,711,651		5,711,651		-	0.00%			0.00%		
Total Water	\$ 623,129,357	\$ 39,330,311	\$ 662,459,668		\$ 661,928,910	\$ 39,330,311	\$ 701,259,221		\$ 38,799,553	6.23%		\$ 38,800,763	6.23%		
SEWER	19,070,278	15,840,226	34,910,504		20,270,676	15,840,226	36,110,902		1,200,398	6.29%		1,199,237	6.29%		
Total Water & Sewer	\$ 642,199,635	\$ 55,170,537	\$ 697,370,172		\$ 682,199,586	\$ 55,170,537	\$ 737,370,123		\$ 39,999,951	6.23%		\$ 40,000,000	6.23%		

NEW JERSEY-AMERICAN WATER COMPANY

SUMMARY OF REVENUES UNDER PRESENT AND STIPULATED RATES

Classification	Revenues, Excluding PWAC		Stipulated Increase	
	Present Rates	Stipulated Rates	Amount	Percent
GMS				
SA-1, 1B	\$ 309,289,405	\$ 326,443,687	\$ 17,154,282	5.55%
SA-1, Regular SFR	5,680,209	5,958,033	277,824	4.89%
SA-2, SA-3, SA-1A	191,186,692	205,340,310	14,153,619	7.40%
SA-1C, SA-1D, SA-1E	10,478,658	12,028,873	1,550,214	14.79%
Subtotal GMS	516,634,963	549,770,903	33,135,939	6.41%
Manasquan	1,629,235	1,659,463	30,228	1.86%
OIW	12,694,765	13,508,991	814,226	6.41%
Sales for Resale				
Commodity-Demand	13,003,067	13,836,132	833,064	6.41%
SOS	22,883,601	24,350,426	1,466,825	6.41%
Subtotal SFR	35,886,669	38,186,558	2,299,889	6.41%
Private Fire	23,883,531	24,814,143	930,612	3.90%
Public Fire	26,668,714	28,277,201	1,608,488	6.03%
Total Sales of Water	617,397,876	656,217,259	38,819,383	6.29%
DSIC Revenue	19,830		(19,830)	
Other Water Revenues	5,711,651	5,711,651	-	0.00%
Total Water	\$ 623,129,357	\$ 661,928,910	\$ 38,799,553	6.23%
Sewer	19,070,278	20,270,676	1,200,398	6.29%
Total	642,199,635	682,199,586	39,999,951	6.23%

Comparative GMS Bills @ 6,000 Gal./Mo. (Includes PWAC)

SA-1	\$ 53.58	\$ 56.34	\$ 2.76	5.15%
SA-2, 3 & 1a	52.75	56.34	3.59	6.80%
SA-2, Manville	50.30	56.34	6.04	12.02%
SA-3, S. Hampton	48.18	56.34	8.16	16.94%
SA-1B, Pennsgrove	43.98	51.54	7.56	17.20%
SA-1E, Haddonfield*	42.58	47.57	4.99	11.73%
SA-1C, Shorelands*	41.64	48.65	7.01	16.85%

*Excludes PWAC.

NEW JERSEY-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND SETTLEMENT RATES TO BILL ANALYSIS

Classification	Number of Bills/Usage	Present	Present Revenues	Settlement Rate	Settlement Revenue
		Rate 4/1/2018			
SA-1 w/ Homestead					
5/8" Monthly	4,048,090.2	\$ 15.68	\$ 63,474,055	\$ 16.85	\$ 68,210,320
3/4" Monthly	47,811.3	23.51	1,124,044	25.30	1,209,627
1" Monthly	321,975.0	39.19	12,618,201	42.10	13,555,149
1 1/2" Mthly	20,129.7	78.38	1,577,766	84.30	1,696,934
2" Monthly	90,246.9	125.40	11,316,957	134.80	12,165,278
3" Monthly	967.1	235.13	227,394	252.80	244,483
4" Monthly	2,111.4	391.88	827,421	421.30	889,539
6" Monthly	940.6	783.76	737,230	842.50	792,483
8" Monthly	220.3	1,254.02	276,204	1,348.00	296,903
10" Monthly	143.8	1,567.52	225,444	1,685.00	242,340
12" Monthly	-	1,959.40	-	2,106.00	-
Subtotal Service Charges	4,532,636		\$ 92,404,717		\$ 99,303,055
All Usage	35,802,447	5.8352	208,914,439	6.1005	218,412,829
Incremental EDP Rider A Adjustment	-		(18,628)		(19,475)
Subtotal Usage	35,802,447		208,895,811		218,393,354
Revenue Credit for Exempt Consumption Growth			(1,438)		(1,503)
			5,419,671		5,714,593
Total GMS			\$ 306,718,761		\$ 323,409,499
Commodity-Demand					
2" Monthly		125.40	-	134.80	-
3" Monthly	24	235.13	5,643	252.80	6,067
4" Monthly	151	391.88	59,162	421.30	63,604
6" Monthly	76	783.76	59,566	842.50	64,030
8" Monthly	31	1,254.02	38,875	1,348.00	41,788
10" Monthly	12	1,567.52	18,810	1,685.00	20,220
4" Monthly Exempt	24	337.92	8,110	363.29	8,719
6" Monthly Exempt		622.76	-	726.50	-
Subtotal Service Charges	318		190,166		204,428
Volumes - Nonexempt	5,097,524	0.4954	2,525,313	0.5270	2,686,395
Volumes - Exempt	251,850	0.4272	107,590	0.4544	114,441
Demand - Nonexempt	12,184	58.81	8,598,492	62.57	9,148,235
Demand - Exempt	690	50.72	419,962	53.96	446,789
Off-Peak Demand Nonexempt	3,068	54.09	1,161,544	57.55	1,235,845
Off-Peak Demand Exempt		46.64	-	49.63	-
Subtotal Volume/Demand	5,349,374		12,812,901		13,631,704
Total Commodity-Demand			13,003,067		13,836,132

NEW JERSEY-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND SETTLEMENT RATES TO BILL ANALYSIS

Classification	Number of Bills/Usage	Present	Present Revenues	Settlement Rate	Settlement Revenue
		Rate 4/1/2018			
<u>Manasquan Customer Group</u>					
1" Monthly	24	39.19	941	42.10	1,010
2" Monthly	24	125.40	3,010	134.80	3,235
3" Monthly	12	235.13	2,822	252.80	3,034
4" Monthly	24	391.88	9,405	421.30	10,111
6" Monthly	48	783.76	37,620	842.50	40,440
8" Monthly	24	1,254.02	30,096	1,348.00	32,352
4" Monthly Keyport	12	\$341.72	4,101	421.30	5,056
6" Monthly Keyport	12	683.43	8,201	842.50	10,110
Subtotal Service Charges	180		96,196		105,348
Uninterruptible - Nonexempt	508,680	1.77400	902,398	1.7850	907,994
Interruptible - Nonexempt	51,634	5.78810	298,863	6.0505	312,412
Uninterruptible - Keyport	130,000	2.55214	331,778	2.5670	333,710
Subtotal Usage	690,314		1,533,039		1,554,115
Total MCG			1,629,235		1,659,463
<u>Regular Sales for Resale</u>					
5/8" Monthly	-	15.68	-	16.85	-
3/4" Monthly	-	23.51	-	25.30	-
1" Monthly	-	39.19	-	42.10	-
1 1/2" Mthly	-	78.38	-	84.30	-
2" Monthly	-	125.40	-	134.80	-
3" Monthly	12.0	235.13	2,822	252.80	3,034
4" Monthly	-	391.88	-	421.30	-
6" Monthly	92.1	783.76	72,208	842.50	77,620
8" Monthly	24.0	1,254.02	30,096	1,348.00	32,352
6" Monthly	12.0	683.43	8,201	842.50	10,110
Subtotal Service Charges	140.1		113,327		123,115
All Water (Thousands)	815,598	5.7881	4,720,763	6.0505	4,934,776
All Water (Thousands) "H"	76,780	8.5019	652,776	8.8873	682,367
All Water "I"	41,481	4.6610	193,343	5.2500	217,775
Subtotal Usage	933,859		5,566,882		5,834,918
Total Regular SFR			5,680,209		5,958,033

NEW JERSEY-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND SETTLEMENT RATES TO BILL ANALYSIS

<u>Classification</u>	<u>Number of Bills/Usage</u>	<u>Present Rate 4/1/2018</u>	<u>Present Revenues</u>	<u>Settlement Rate</u>	<u>Settlement Revenue</u>
<u>Pennsgrove Non-Exempt (SA-1B)</u>					
5/8" Monthly	46,852.1	15.68	\$ 734,640	\$ 16.85	789,457
3/4" Monthly	-	23.51	-	25.30	-
1" Monthly	1,625.3	39.19	63,695	42.10	68,425
1 1/2" Mthly	805.5	78.38	63,136	84.30	67,905
2" Monthly	837.3	125.40	104,992	134.80	112,863
3" Monthly	84.0	235.13	19,751	252.80	21,235
4" Monthly	120.3	391.88	47,148	421.30	50,688
6" Monthly	-	783.76	-	842.50	-
8" Monthly	12.0	1,254.02	15,048	1,348.00	16,176
Subtotal Service Charges	50,336		1,048,412		1,126,749
All Usage	366,266	4.2342	1,550,843	5.3000	1,941,209
Subtotal Usage	366,266		1,550,843		1,941,209
Growth			(28,611)		(33,770)
Total Pennsgrove			2,570,644		3,034,188
<u>SA-1D Applied Water</u>					
5/8" Monthly	15.0	\$ 15.68	\$ 235	16.85	\$ 252
3/4" Monthly	-	\$ 23.51	-	25.30	-
1" Monthly	-	\$ 39.19	-	42.10	-
1 1/2" Mthly	-	\$ 78.38	-	84.30	-
2" Monthly	25.7	\$ 125.40	3,224	134.80	3,466
Subtotal Service Charges	40.7		\$ 3,459		\$ 3,718
All Usage	3,618	7.2113	26,090	6.1005	22,072
Irrigation Water			-		-
Subtotal Usage	3,618		26,090		22,072
Growth					-
Total SA-1d			29,549		25,789

NEW JERSEY-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND SETTLEMENT RATES TO BILL ANALYSIS

Classification	Number of Bills/Usage	Present	Present Revenues	Settlement Rate	Settlement Revenue
		Rate 4/1/2018			
SA-2, SA-3 Main. & SA-1A					
5/8" Monthly	2,235,308.6	\$ 15.68	\$ 35,049,639	\$ 16.85	\$ 37,664,950
3/4" Monthly	159,219.0	23.51	3,743,238	25.30	4,028,240
1" Monthly	167,267.0	39.19	6,555,193	42.10	7,041,940
1 1/2" Mthly	27,510.7	78.38	2,156,290	84.30	2,319,153
2" Monthly	47,195.0	125.40	5,918,248	134.80	6,361,881
3" Monthly	9,778.7	235.13	2,299,265	252.80	2,472,055
4" Monthly	5,855.8	391.88	2,294,755	421.30	2,467,031
6" Monthly	1,178.3	783.76	923,508	842.50	992,721
8" Monthly	468.5	1,254.02	587,503	1,348.00	631,532
10" Monthly	70.0	1,567.52	109,692	1,685.00	117,913
12" Monthly	24.0	1,959.40	47,026	2,106.00	50,544
16" Monthly	12.0	3,135.05	37,621	3,370.00	40,440
4" Monthly SOS	12.0	391.88	4,703	421.30	5,056
6" Monthly SOS	24.0	783.76	18,810	842.50	20,220
8" Monthly SOS	24.0	1,254.02	30,096	1,348.00	32,352
5/8" Manville	48,376.7	15.68	758,546	16.85	815,147
3/4" Manville	1,257.0	23.51	29,553	25.30	31,803
1" Manville	288.4	39.19	11,301	42.10	12,141
1 1/2" Manville	102.0	78.38	7,995	84.30	8,599
2" Manville	123.0	125.40	15,424	134.80	16,580
3" Manville	24.0	235.13	5,643	252.80	6,067
4" Manville	36.2	391.88	14,185	421.30	15,250
6" Manville	-	783.76	-	842.50	-
8" Manville	12.0	1,254.02	15,048	1,348.00	16,176
Subtotal Service Charges	2,704,167		\$ 60,633,282		\$ 65,167,791
All Usage except PSE&G	21,902,626	5.6973	124,785,833	6.1005	133,616,972
PSE&G	481,014	4.9129	2,363,174	5.2606	2,530,422
GMS-SOS	104,412	5.6502	589,949	6.0505	631,745
GMS-SOS Peaking	2,366	8.5019	20,115	8.8873	21,027
Subtotal Usage	22,490,418		127,759,071		136,800,166
Manville All Usage	254,229	5.2881	1,344,389	6.1005	1,550,925
Subtotal Manville Usage	254,229		1,344,389		1,550,925
Subtotal	22,744,647		129,103,460		138,351,091
Revenue Credit for Exempt Consumption			(73,615)		(93,838)
Growth			1,305,768		1,662,856
Total SA-2, SA-3, SA-1A			\$ 190,968,895		\$ 205,087,900

NEW JERSEY-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND SETTLEMENT RATES TO BILL ANALYSIS

Classification	Number of Bills/Usage	Present	Present Revenues	Settlement Rate	Settlement Revenue
		Rate 4/1/2018			
OIW					
5/8" Monthly	132.2	\$ 15.68	\$ 2,073	16.85	2,227
3/4" Monthly	48.0	23.51	1,128	25.30	1,214
1" Monthly	84.0	39.19	3,292	42.10	3,536
1 1/2" Mthly	168.0	78.38	13,168	84.30	14,162
2" Monthly	840.0	125.40	105,336	134.80	113,232
3" Monthly	468.2	235.13	110,084	252.80	118,357
4" Monthly	403.3	391.88	158,026	421.30	169,889
6" Monthly	132.0	783.76	103,456	842.50	111,210
8" Monthly	36.0	1,254.02	45,145	1,348.00	48,528
10" Monthly	60.4	1,567.52	94,627	1,685.00	101,719
12" Monthly	24.0	1,959.40	47,026	2,106.00	50,544
10" Monthly Exempt	24.0	1,351.71	32,441	1,453.00	34,872
Subtotal Service Charges	2,420		\$ 715,801		\$ 769,491
All Water (Thousands)	2,744,803				
Rutgers	640,910	3.3077	2,119,938	3.5177	2,254,529
Phillips 66	1,505,230	3.3077	4,978,849	3.5177	5,294,948
Princeton	195,972	3.3077	648,217	3.5177	689,371
Merck	213,841	3.3077	707,322	3.5177	752,228
Johanna Foods	188,850	3.3077	624,659	3.5177	664,318
Cogen Exempt	1,016,716	2.8523	2,899,979	3.0334	3,084,106
Subtotal Usage	3,761,519		11,978,964		12,739,500
Total OIW			\$ 12,694,765		\$ 13,508,991
<u>Sales to Other Systems</u>					
All Water (Thousands)	7,833,841	2.6069	20,422,041	2.7740	21,731,076
Edison	1,874,577				
Elizabeth	2,825,277				
Franklin	1,752,000				
Monroe	-				
S. Brunswick	1,381,988				
All Water Exempt	1,095,000	2.2480	2,461,560	2.3921	2,619,350
Lawrenceville	1,095,000				
Middlesex	-				
Subtotal Usage	8,928,841		22,883,601		24,350,426
Total SOS			22,883,601		24,350,426

NEW JERSEY-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND SETTLEMENT RATES TO BILL ANALYSIS

Classification	Number of Bills/Usage	Present Rate 4/1/2018	Present Revenues	Settlement Rate	Settlement Revenue
SA-3					
5/8" S. Hampton	5,134.6	\$ 15.68	80,510	\$ 16.85	86,517
3/4" S. Hampton	35.8	23.51	841	25.30	905
1" S. Hampton	264.7	39.19	10,373	42.10	11,143
1 1/2" S. Hampton	35.6	78.38	2,789	84.30	2,999
2" S. Hampton	47.8	125.40	5,993	134.80	6,442
3" S. Hampton	23.6	235.13	5,544	252.80	5,961
Subtotal Service Charges	5,542		\$ 106,049		\$ 113,967
All Usage	23,433	4.9349	115,641	6.1005	142,955
Subtotal Usage	23,433		115,641		142,955
Growth			(3,893)		(4,512)
Total SA-3 GMS			\$ 217,797		\$ 252,411
Haddonfield Tariff (SA-1E)					
5/8" Monthly	44,773.1	\$ 4.160	186,256	\$ 8.00	358,185
3/4" Monthly	3,489.3	4.160	14,515	8.00	27,914
1" Monthly	7,355.3	4.160	30,598	8.00	58,842
1 1/2" Mthly	463.0	4.160	1,926	8.00	3,704
2" Monthly	556.8	4.160	2,316	8.00	4,455
3" Monthly	48.2	4.160	200	8.00	385
4" Monthly	36.0	4.160	150	8.00	288
6" Monthly	-	4.160	-	8.00	-
8" Monthly	-	4.160	-	8.00	-
10" Monthly	-	4.160	-	8.00	-
Subtotal Service Charges	56,721.6		235,962		453,773
First 2,700 gallons	127,548	5.6000	714,270	6.1005	778,108
Next 10,700 gallons	154,949	7.0600	1,093,940	7.0000	1,084,643
Over 13,400 gallons	64,431	7.8400	505,137	7.0000	451,015
Subtotal	346,928		2,313,347		2,313,766
Base Year Growth			(1,873)		(2,458)
Normalization Adjustment - Residential (2	(8,122)	6.6681	(54,158)	6.6693	(54,166)
Normalization Adjustment - Commercial (	(572)	6.6681	(3,814)	6.6693	(3,815)
Total Haddonfield			2,489,464		2,707,100

NEW JERSEY-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND SETTLEMENT RATES TO BILL ANALYSIS

<u>Classification</u>	<u>Number of Bills/Usage</u>	<u>Present Rate 4/1/2018</u>	<u>Present Revenues</u>	<u>Settlement Rate</u>	<u>Settlement Revenue</u>
<u>Shorelands Non-Exempt (SA-1C)</u>					
5/8" Monthly	101,352.0	\$13.67	\$ 1,385,482	\$ 16.85	1,707,781
3/4" Monthly	8,268.0	20.50	169,494	25.30	209,180
1" Monthly	18,672.0	34.17	638,022	42.10	786,091
1 1/2" Mthly	828.0	68.34	56,586	84.30	69,800
2" Monthly	1,908.0	109.35	208,640	134.80	257,198
3" Monthly	204.0	205.03	41,826	252.80	51,571
4" Monthly	180.0	341.72	61,510	421.30	75,834
6" Monthly	24.0	683.43	16,402	842.50	20,220
8" Monthly	-	1,093.50	-	1,348.00	-
Subtotal Service Charges	131,436		2,577,961		3,177,677
All Usage	1,162,841	4.6610	5,420,001	5.3000	6,163,056
Subtotal Usage	1,162,841		5,420,001		6,163,056
Growth			(38,317)		(44,750)
Total Shorelands			7,959,646		9,295,983

NEW JERSEY-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND SETTLEMENT RATES TO PRIVATE AND PUBLIC FIRE PROTECTION UNITS

<u>Service Area</u>	<u>Quantity</u>	<u>Present Annual Rate</u>	<u>Present Revenue</u>	<u>Quantity</u>	<u>Stipulated Annual Rate</u>	<u>Stipulated Revenue</u>	<u>Increase (Decrease)</u>	<u>Percent</u>
<u>SA-1 - Private Fire</u>								
<u>Rate L-1</u>								
2-INCH	280.0	\$225.24	\$ 63,067	280	\$ 239.52	\$ 67,066	\$ 3,999	6.3%
3-INCH	-	\$506.76	-	-	538.92	-	-	-
4-INCH	1,404.0	\$900.84	1,264,779	1,404	958.08	1,345,144	80,365	6.4%
6-INCH	2,756.0	\$2,026.92	5,586,192	2,756	2,155.68	5,941,054	354,862	6.4%
8-INCH	800.0	\$3,603.36	2,882,688	800	3,832.32	3,065,856	183,168	6.4%
10-INCH	27.0	\$5,630.16	152,014	27	5,988.00	161,676	9,662	6.4%
12-INCH	29.0	\$8,107.44	235,116	29	8,622.72	250,059	14,943	6.4%
Subtotal L-1			10,183,856			10,830,855	646,999	6.4%
<u>Rate L-2</u>								
Sprinkler Heads	161,053	\$10.39	1,673,341	161,053	\$ 11.16	1,797,351	124,010	7.4%
Private Hydrants	307	\$325.92	100,057	307	387.84	119,067	19,010	19.0%
Subtotal L-2			1,773,398			1,916,418	143,020	
<u>Mount Holly (SA-3) & Harrison (SA-1A) L-7</u>								
2-INCH	9.0	\$225.24	2,027	9	\$ 239.52	2,156	129.00	6.4%
3-INCH	4.0	506.76	2,027	4	538.92	2,156	129.00	6.4%
4-INCH	55.0	900.84	49,546	55	958.08	52,694	3,148.00	6.4%
6-INCH	87.0	2,026.92	176,342	87	2,155.68	187,544	11,202.00	6.4%
8-INCH	31.0	3,603.36	111,704	31	3,832.32	118,802	7,098.00	6.4%
10-INCH	1.0	\$5,630.16	5,630	1	5,988.00	5,988	358.00	6.4%
12-INCH								
Private Hydrants	141.0	\$117.60	16,582	141	139.92	19,729	3,147	19.0%
Subtotal L-8			363,858			389,069	25,211	

NEW JERSEY-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND SETTLEMENT RATES TO PRIVATE AND PUBLIC FIRE PROTECTION UNITS

<u>Service Area</u>	<u>Quantity</u>	<u>Present Annual Rate</u>	<u>Present Revenue</u>	<u>Quantity</u>	<u>Stipulated Annual Rate</u>	<u>Stipulated Revenue</u>	<u>Increase (Decrease)</u>	<u>Percent</u>
<u>Pennsgrove SA-1B - L-9</u>								
2-INCH	-	\$310.68	-	-	\$ 310.68	-	-	
3-INCH	-	\$699.00	-	-	699.00	-	-	
4-INCH	4	\$1,242.72	4,971	4	1,242.72	4,971	-	0.0%
6-INCH	8	\$2,796.96	22,376	8	2,796.96	22,376	-	0.0%
8-INCH	2	\$4,970.88	9,942	2	4,970.88	9,942	-	0.0%
10-INCH	2	\$7,767.00	15,534	2	7,767.00	15,534	-	0.0%
12-INCH	3	\$11,184.48	33,553	3	11,184.48	33,553	-	0.0%
16-INCH	1	\$19,885.20	19,885	1	19,885.20	19,885	-	
Private Hydrants	53	\$325.92	17,274	53	387.84	20,556	3,282	19.0%
Subtotal L-9			123,535			126,817	3,282	
Total SA-1			12,444,647			13,263,159	818,512	6.6%
<u>SA-2 Private Fire</u>								
<u>Rate L-3</u>								
2-INCH	181.0	\$457.08	\$ 82,731	181	\$ 457.08	\$ 82,731	\$ -	0.0%
3-INCH	113.0	\$897.72	101,442	113	897.72	101,442	-	0.0%
4-INCH	1,145.0	\$1,447.68	1,657,594	1,145	1,447.68	1,657,594	-	0.0%
6-INCH	1,632.0	\$2,685.24	4,382,312	1,632	2,685.24	4,382,312	-	0.0%
8-INCH	689.0	\$4,586.28	3,159,947	689	4,586.28	3,159,947	-	0.0%
10-INCH	82.0	\$5,641.44	462,598	82	5,988.00	491,016	28,418	6.1%
12-INCH	8.0	\$8,123.76	64,990	8	8,622.72	68,982	3,992	6.1%
16-INCH	1.0	\$16,943.40	16,943	1	16,943.40	16,943	-	0.0%
Consumption Revenue			220,922			236,557	15,635	7.1%
Private Hydrants	1,662.0	\$382.56	635,815	1,662	420.84	699,436	63,621	10.0%
Total SA-2, L-3			10,785,294			10,896,960	111,666	1.0%

NEW JERSEY-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND SETTLEMENT RATES TO PRIVATE AND PUBLIC FIRE PROTECTION UNITS

<u>Service Area</u>	<u>Quantity</u>	<u>Present Annual Rate</u>	<u>Present Revenue</u>	<u>Quantity</u>	<u>Stipulated Annual Rate</u>	<u>Stipulated Revenue</u>	<u>Increase (Decrease)</u>	<u>Percent</u>
SA-1C Private Fire								
Rate L-10								
2-INCH w/ Hose		\$0.00	\$ -	-	-	\$ -	\$ -	-
3-INCH w/ Hose		\$1,757.40	-	-	\$ 1,757.40	-	-	-
4-INCH w/ Hose	3.0	\$2,928.96	8,787	3	2,928.96	8,787	-	-
6-INCH w/ Hose	9.0	\$5,858.04	52,722	9	5,858.04	52,722	-	-
8-INCH w/ Hose	7.0	\$9,372.84	65,610	7	9,372.84	65,610	-	-
10-INCH w/ Hose	1.0	\$14,527.92	14,528	1	14,527.92	14,528	-	-
2-INCH w/o Hose	3.0	\$585.84	1,758	3	585.84	1,758	-	-
3-INCH w/o Hose	2.0	\$1,230.24	2,460	2	1,230.24	2,460	-	-
4-INCH w/o Hose	44.0	\$2,050.32	90,214	44	2,050.32	90,214	-	-
6-INCH w/o Hose	49.0	\$4,100.64	200,931	49	4,100.64	200,931	-	-
8-INCH w/o Hose	14.0	\$6,561.00	91,854	14	6,561.00	91,854	-	-
10-INCH w/o Hose		\$10,251.48	-		10,251.48	-	-	-
Private Hydrants	190.0	\$644.40	122,436	190	644.40	122,436	-	-
Total SA-1C, L-10			<u>651,300</u>			<u>651,300</u>		
SA-4 Applied								
2-INCH	-	\$225.24	-	-	\$ 239.52	-	-	-
3-INCH	-	\$506.76	-	-	538.92	-	-	-
4-INCH	-	\$900.84	-	-	958.08	-	-	-
6-INCH	-	\$2,026.92	-	-	2,155.68	-	-	-
8-INCH	-	\$3,603.36	-	-	3,832.32	-	-	-
Rate L-11								
Private Hydrants	8	\$286.20	2,290	8	340.56	2,724	434	19.0%
Subtotal Applied			<u>2,290</u>			<u>2,724</u>	<u>434</u>	
Total Private Fire			<u>\$ 23,883,531</u>			<u>\$ 24,814,143</u>	<u>930,612</u>	

NEW JERSEY-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND SETTLEMENT RATES TO PRIVATE AND PUBLIC FIRE PROTECTION UNITS

<u>Service Area</u>	<u>Quantity</u>	<u>Present Annual Rate</u>	<u>Present Revenue</u>	<u>Quantity</u>	<u>Stipulated Annual Rate</u>	<u>Stipulated Revenue</u>	<u>Increase (Decrease)</u>	<u>Percent</u>
<u>SA-1 - Public Fire</u>								
Rate M-1	24,536.0	\$509.37	\$ 12,497,902	24,536	\$ 552.00	\$ 13,543,872	1,045,970	8.37%
Rate M-2	288.00	\$455.88	131,293	288	494.04	142,284	10,991	8.37%
Rate M-3	209.0	\$458.88	95,906	209	497.28	103,932	8,026	8.37%
Harrison - M-7	430.0	\$362.04	155,677	430	392.40	168,732	13,055	8.39%
Pennsgrrove - M-8	464.0	\$288.48	133,855	464	312.60	145,046	11,191	8.36%
Total SA-1	25,927.0		13,014,633	25,927		14,103,866	1,089,233	8.37%
<u>SA-2 - M-5</u>								
Fire Hydrants Zone 2A	73.3	\$445.08	\$ 32,602	73	\$ 482.28	\$ 35,327	2,725	8.36%
Fire Hydrants Zone 2B			-					
Fire Hydrants Zone 2C	489.0	\$509.40	249,097	489	\$ 552.00	269,928	20,831	8.36%
Fire Hydrants Zone 2D	1,307.8	\$522.84	683,744	1,308	566.64	741,023	57,279	8.38%
Fire Hydrants Zone 2E	149.8	\$561.84	84,136	150	608.88	91,180	7,044	8.37%
Fire Hydrants Zone 2F	1,743.3	\$607.08	1,058,292	1,743	657.84	1,146,780	88,488	8.36%
Fire Hydrants Zone 2G	2,497.5	\$657.72	1,642,656	2,498	712.80	1,780,218	137,562	8.37%
Fire Hydrants Zone 2H	4,277.8	\$705.84	3,019,407	4,278	764.88	3,271,965	252,558	8.36%
Fire Hydrants Zone 2I	1,179.5	\$753.00	888,164	1,180	789.36	931,050	42,886	4.83%
Fire Hydrants Zone 2J	3,297.0	\$800.04	2,637,732	3,297	800.04	2,637,732	(0)	0.00%
Fire Hydrants Zone 2K	562.8	\$847.08	476,694	563	847.08	476,694	0	0.00%
Fire Hydrants Zone 2L	1,341.3	\$894.00	1,199,078	1,341	894.00	1,199,078	(1)	0.00%
Fire Hydrants Zone 2M	-		-	-		-	-	
Total SA-2	16,918.8		11,971,602	16,919		12,580,975	609,373	5.09%

NEW JERSEY-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND SETTLEMENT RATES TO PRIVATE AND PUBLIC FIRE PROTECTION UNITS

<u>Service Area</u>	<u>Quantity</u>	<u>Present Annual Rate</u>	<u>Present Revenue</u>	<u>Quantity</u>	<u>Stipulated Annual Rate</u>	<u>Stipulated Revenue</u>	<u>Increase (Decrease)</u>	<u>Percent</u>
<u>SA-3 - M-6</u>								
Fire Hydrants Zone 3A	153.0	\$265.92	40,686	153.0	\$ 288.12	44,082	3,397	8.35%
Fire Hydrants Zone 3B	71.3	\$315.60	22,487	71.3	342.00	24,368	1,881	8.37%
Fire Hydrants Zone 3C	109.0	\$365.40	39,829	109.0	396.00	43,164	3,335	8.37%
Fire Hydrants Zone 3D	246.3	\$415.20	102,243	246.3	450.00	110,813	8,570	8.38%
Fire Hydrants Zone 3G	790.5	\$489.72	387,124	790.5	530.76	419,566	32,442	8.38%
Fire Hydrants Zone 3I			-		-	-	-	
Total SA-3	1,370.0		592,368	1,370.0		641,992	49,625	8.38%
<u>SA-1d M10</u>								
Fire Hydrants	31.0	\$237.24	\$ 7,354	31	\$ 257.04	7,968	614	8.35%
<u>SA-1c M9 - Shorelands</u>								
Hazlet Fire Hydrants	433.0	\$322.20	\$ 139,513	433.0	\$ 1,119.24	484,631	345,118	247.37%
Hazlet Inch Foot	273,397.8	0.1052	345,132	273,397.8	-	-	(345,132)	-100.00%
Holmdel Fire Hydrants	409.0	322.20	131,780	409.0	1,119.24	457,769	325,989	247.37%
Holmdel Inch Foot	369,405.5	0.1052	466,332	369,405.5	-	-	(466,332)	-100.00%
Total			\$ 1,082,757	842.0		\$ 942,400	\$ (140,357)	
Total Public Fire	45,089		26,668,714	45,089		28,277,201	1,608,488	6.03%

NEW JERSEY-AMERICAN WATER COMPANY
CALCULATION OF GMS RATES BY SERVICE AREA

	SA-1	SA-2, 1a	SA-2 Manville	SA-3 S. Hampton	SA-1B Pennsgrove
SA-1 Settlement Rate	\$ 6.1005				
SA-1 Existing Rate	<u>5.8352</u>				
Increase	0.2653				
Existing Rate		\$ 5.6973	\$ 5.2881	\$ 4.9349	\$ 4.2342
Plus: SA-1 increase		<u>0.2653</u>	<u>0.2653</u>	<u>0.2653</u>	<u>0.2653</u>
Subtotal		5.9626	5.5534	5.2002	4.4995
Difference Remaining from SA-1		0.1379	0.5471	0.9003	1.6010
Percent of Remaining Difference to Close Gap		100.0%	100.0%	100.0%	50.0%
Additional to Close to SA-1		<u>0.1379</u>	<u>0.5471</u>	<u>0.9003</u>	<u>0.8005</u>
Total Settlement Rate		\$ 6.1005	\$ 6.1005	\$ 6.1005	\$ 5.3000
Rate used	6.1005	6.1005	6.1005	6.1005	5.3000

Summary of Bill Analysis Under Present and Proposed Rates by Class
 Ocean City Sewer Service - Rate Schedule "1-A"
 UPDATED 4/23/2018

New Jersey-American Water Company
 Docket No. WR17090985
 Witness Responsible: D. DeStefano

Normalized Post Test Year: Twelve Months Ended 9/30/2018
 Workpaper 55 Page 3 of 6

Line No.	Class/Description	Customers	Under Present Rates			Under Proposed Rates			Dollar Change	Total Revenue % Change
			Sales (1,000 Gal)	Present Rate	Total Revenue	% Revenue To Total	Sales (1,000 Gal)	Proposed Rate			Total Revenue
1	Ocean City Sewer Service -- Rate Schedule "1-A"									
2	Base Year ("BY") Summer Quarter Usage:									
3	Residential	12,885	220,968	\$10.4508	\$2,309,288	48.79%	220,968	\$11.2690	\$2,490,084	
4	Commercial	2,347	104,748	10.4508	1,094,695	23.13%	104,748	11.2690	1,180,400	
5	Other Public Authority	43	6,341	10.4508	66,263	1.40%	6,341	11.2690	71,451	
6										
7	Base Year ("BY") Annual Usage:									
8	Residential		409,954	1.7598	721,437	15.24%	409,954	\$1.8980	778,092	
9	Commercial		216,535	1.7598	381,058	8.05%	216,535	1.8980	410,983	
10	Other Public Authority		12,861	1.7598	22,633	0.48%	12,861	1.8980	24,410	
11										
12		5 Year Average								
13	Summer Quarter Normalization Adjusts.: 2012-16 Note (1)									
14	Normalization Adjust. - Residential		17.2	1,167	10.4508	12,196	0.26%	1,167	11.2690	13,151
15	Normalization Adjust. - Commercial		46.5	4,406	10.4508	46,046	0.97%	4,406	11.2690	49,651
16	Normalization Adjust. - OPA		150.4	126	10.4508	1,317	0.03%	126	11.2690	1,420
17	Total Summer Quarter As Normalized			337,755				337,755		
18										
19										
20		5 Year Average								
21	Annual Usage Normalization Adjusts.: 2012-16 Note (1)									
22	Normalization Adjust. - Residential		34.3	32,459	1.7598	57,121	1.21%	32,459	1.8980	61,607
23	Normalization Adjust. - Commercial		97.2	11,512	1.7598	20,259	0.43%	11,512	1.8980	21,850
24	Normalization Adjust. - OPA		307.6	367	1.7598	646	0.01%	367	1.8980	697
25										
26	Total Annual Usage As Normalized		425,691	683,688	11.1183	\$4,732,959	100.00%		\$5,103,796	
27				62%						
28										
29	Base Year Growth - Sch 6		776	1,246		13,857			14,943	
30	Test Year Growth - Sch 6		1,217	1,954		21,727			23,429	
31	Post Test Year Growth - Sch 6		628	1,008		11,205			12,083	
32	Total with Growth		428,311	687,896		\$4,779,748			\$5,154,251	7.84%
33										
34										
35					5,070,849					

{1} Per Workpapers ST, Page 3 of 6.

Notes: {1} UPDATED 4/23/2018: The Present Rate reflects the the BPU approved tariff rates effective 4/1/2018.

Summary of Bill Analysis Under Present and Proposed Rates by Class
 Lakewood Sewer Service -- Rate Schedule "2-A", Elk Township Sewer Service -- Rate Schedule "12-A"
 UPDATED 4/23/2018

New Jersey-American Water Company
 Docket No. WR17090985
 Witness Responsible: D. DeStefano

Normalized Post Test Year: Twelve Months Ended 9/30/2018
 0.7289 Workpaper 55 Page 2 of 6

Line No.	Class/Description	Customer Meter Billings	Under Present Rates			Under Proposed Rates				Dollar Change	Total Revenue % Change
			Sales (1,000 Gal)	Present Rate	Total Revenue	% Revenue To Total	Sales (1,000 Gal)	Proposed Rate	Total Revenue			% Revenue To Total
1	Lakewood Sewer Service -- Rate Schedule "2-A", Elk Township Sewer Service -- Rate Schedule "12-A"										
2	<u>Fixed Service Charge:</u>										
	"BY"- Winter Qtr. Usage										
3	Residential	149,363	251,334	\$14.17	\$2,116,480	30.84%	251,334	\$14.17	2,116,480		
4	Commercial	11,046	80,962	\$14.17	156,526	2.28%	80,962	14.17	156,526		
5	Other	476	6,347	\$14.17	6,741	0.10%	6,347	14.17	6,741		
6											
7			Annualized WQ Usage								
8	Base Year ("BY") Annualized Winter Qtr. Usage--pre-normalization		1,354,574	\$3.20960	4,947,641	63.35%	1,354,574	\$3.6390	4,929,295		
9	Base Year ("BY") Annualized Winter Qtr. Usage - Elk Twp.		1,072	\$6.4495	6,912	0.10%	1,072	\$6.5000	6,966		
10											
11		5 Year Avg. Winter Qtr.									
12	<u>Winter Quarter Normalization Adjustments:</u>	2013-2017 Note (2)									
	Winter Qtr. Usage Norm Adjlt.										
13	Normalization Adjust. - Residential		20.5	8,137							
14	Normalization Adjust. - Commercial		92.4	3,765							
15	Normalization Adjust. - OPA/Ind.		140.1	(883)							
16	Annualized Winter Qtr. normalization adjusts.		44,076	3.2095	141,466	2.06%	44,076	\$3.6390	160,393		
17											
18											
19	<u>Winter Qtr Usage Adjust -- Minimum 2 TGM prop. (1)</u>	8,602	Winter Qtr. Minimum Usage Adjlt.								
20	Rate Adjust. - Residential			6,384							
21	Rate Adjust. - Commercial			2,084							
22	Rate Adjust. - OPA/Ind.			134							
23	Annualized Winter Qtr. Minimum usage adjusts.		25,806	3.2095	82,827	1.21%	25,806	\$3.6390	93,908		
24											
25	<u>Winter Qtr Usage Adjust -- Minimum 2 TGM prop. (1)</u>	44	Winter Qtr. Minimum Usage Adjlt.								
26	Rate Adjust. - Residential - Elk Twp.		44	\$6.4495	284	0.00%	44	\$6.5000	285		
27											
28	<u>Minimum Flat Rate</u>										
29	Residential	152.04		27.01	4,107	0.06%	0	\$28.73	4,368		
30											
31											
32	Total Annualized Winter Qtr. As Normalized/Adjust.		1,425,572	4.8142	\$6,862,984	100.00%			\$7,474,963		8.92%
33											
34											
35	Base Year Growth - Sch 6		0		0				0		
36	Test Year Growth - Sch 6		47,728		229,772				250,261		
37	Post Test Year Growth - Sch 6		23,909		115,104				125,368		
38	Total with Growth		1,497,209		\$7,207,860				\$7,850,592		

40 (1) Adjustment to reflect incremental additional billable usage based on the Minimum Monthly Usage Constant of 2,000 gallons. The Minimum Monthly Usage constant based on average usage from Winter Qtr. Months January, February and March. This adjustment reflects the 2017 Winter Qtrs. Average monthly usage below the minimum monthly usage constant
 41 and March. This adjustment reflects the 2017 Winter Qtrs. Average monthly usage below the minimum monthly usage constant
 42 (2) Per Workpapers 5T, Page 2 of 6.
 43 Notes: (1) UPDATED 4/23/2018: The Present Rate reflects the the BPU approved tariff rates effective 4/1/2018.

Summary of BUI Analysis Under Present and Proposed Rates by Class
 Adelphia Sewer Service -- Rate Schedule "3-A"
 UPDATED 4/23/2018

New Jersey American Water Company
 Docket No. WR17090985
 Witness Responsible: D. DeStefano

Normalized Post Test Year: Twelve Months Ended 9/30/2018
 Workpaper 55 Page 1 of 6

Line No.	Class/Description	Customer Meter Billings	Under Present Rates			Under Proposed Rates			Dollar Change	Total Revenue % Change
			Sales (1,000 Gal)	Present Rate	Total Revenue	% Revenue To Total	Proposed Rate	Total Revenue			% Revenue To Total
1	Adelphia Sewer Service -- Rate Schedule "3-A"									
2	Service Charge:									
3	5/8" Monthly	42,909		\$5.36	\$229,993	19.99%				
4	3/4" Monthly	0		\$8.04	0	0.00%				
5	1" Monthly	3,104		\$13.39	41,563	3.61%				
6	1 1/2" Mthly	36		\$26.78	964	0.08%				
7	2" Monthly	79		\$42.84	3,370	0.29%				
8	3" Monthly	0		\$80.33	0	0.00%				
9	4" Monthly	12		\$133.88	1,607	0.14%				
10	6" Monthly	0		\$267.77	0	0.00%				
11	8" Monthly	0		\$428.43	0	0.00%				
12	10" Monthly	0		\$535.54	0	0.00%				
13	12" Monthly	0		\$669.42	0	0.00%				
14										
15	Fixed Service Charge	46,139.9					\$10.38	478,932		
16										
17	Base Year ("BY") Total Usage 1,000 Gal		169,246	\$5.1822	877,065	76.21%	169,246	\$4.0340	682,737	
18										
19										
20		5 Year Average								
21		2012-16 Note [1]								
22	Normalization Adjustment - Residential	43.1	(307)	5.1822	(1,591)	-0.14%	(307)	\$4.0340	(1,239)	
23	Normalization Adjustment - Commercial	128.0	(441)	5.1822	(2,285)	-0.20%	(441)	\$4.0340	(1,779)	
24										
25										
26										
27										
28	Total As Normalized		168,498	6.8291	\$1,150,686	100.01%		1,158,651	0.69%	
29										
30	Base Year Growth - Sch 6		654		4,464			4,495		
31	Test Year Growth - Sch 6		460		3,140			3,162		
32	Post Test Year Growth - Sch 6		230		1,570			1,581		
33	Total with Growth		169,842		\$1,159,860			\$1,167,889		

34
 35 (1) Per Workpapers 5T, Page 1 of 6.
 36 UPDATED 1/15/2018: Additional Usage of 4,728 TG added to Base Year for Commercial on line 17. Please Refer to RCR-A-38.
 37 Notes: (1) UPDATED 4/23/2018: The Present Rate reflects the the BPU approved tariff rates effective 4/1/2018.
 38
 39

Summary of Bill Analysis Under Present and Proposed Rates by Class
 Statewide Sewer Service Systems -- Rate Schedules "5-A", "6-A", "10-A"
 UPDATED 4/23/2018

New Jersey-American Water Company
 Docket No. WRL17050945
 Witness Responsible: D. DeStefano

Normalized Post Test Year: Twelve Months Ended 9/30/2018

Workpaper 55 Page 4 of 6

Line No.	Class/Description	Customer Meter Billings	Under Present Rates				Under Proposed Rates				Dollar Change	Total Revenue % Change
			Sales (1,000 Gal)	Present Rate	Total Revenue	% Revenue To Total	Sales (1,000 Gal)	Proposed Rate	Total Revenue	% Revenue To Total		
1	Statewide Sewer Service Systems -- Rate Schedules "5-A", "6-A", "10-A"											
2	<u>Fixed Service Charges - Rate Schedule 5-A:</u>											
3												
4	Class A Fixed charge - Monthly	6,301		\$76.42	\$481,506	10.40%		\$77.12	485,916			
5	Class B Fixed charge - Monthly	14,949		\$92.99	1,390,066	30.04%		\$93.18	1,392,906			
6												
7	<u>Fixed Service Charges - Rate Schedule 6-A, 10-A:</u>											
8	Fixed Charge - Monthly Residential	36,085		43.29	1,562,125	33.75%		\$45.00	1,623,830			
9	Fixed Charge - Monthly Commercial	340		43.29	14,703	0.32%		\$45.00	15,284			
10	Fixed Charge - Monthly - Jensen's	2,920		18.82	54,955	1.19%		\$22.50	65,700			
11												
12	Base Year ("BY") Total Usage 1,000 Gal - Residential		129,381	\$ 8,2825	1,071,600	23.16%	129,381	\$8,0300	1,038,931			
13	Base Year ("BY") Total Usage 1,000 Gal - Commercial		5,518	\$ 8,2825	45,705	0.99%	5,518	\$8,0300	44,312			
14												
15	3 Year Avg. Winter Qtr.											
16	<u>Winter Quarter Normalization Adjustments:</u>	<u>2015-2017 Note (2)</u> Winter Qtr. Usage Norm Adj.										
17	Normalization Adjust. - Residential		9.3	(8,543)								
18	Normalization Adjust. - Commercial		36.0	(629)								
19												
20	Annualized Winter Qtr. normalization adjusts.		(9,172)	8,2825	(75,967)	-1.64%	(9,172)	\$8,0300	(73,651)			
21												
22	<u>Winter Qtr Usage Adjust - Minimum 2 TGM prop. (1)</u>	3,347 Winter Qtr. Minimum Usage Adj.										
23	Rate Adjust. - Residential			3,278								
24	Rate Adjust. - Commercial			69								
25												
26	Annualized Winter Qtr. Minimum usage adjusts.		10,042	8,2825	83,171	1.80%	10,042	\$8,0300	80,636			
27												
28	Total As Normalized		135,769	\$34.09	\$4,627,854	100.00%			\$4,673,864		0.99%	
29												
33	Base Year Growth - Sch 6		404		13,755				13,892			
34	Test Year Growth - Sch 6		1,125		38,354				38,735			
35	Post Test Year Growth - Sch 6		614		20,931				21,139			
36	Total with Growth		137,912		\$4,700,904				\$4,747,630			
37												
38												
39	(1) Adjustment to reflect incremental additional billable usage based on the Minimum Monthly Usage Constant of 2,000 gallons. The Minimum Monthly Usage constant based on average usage from Winter Qtr. Months January, February and March. This adjustment reflects the 2017 Winter Qtrs. Average monthly usage below the minimum monthly usage constant											
40												
41												
42	(2) Per Workpapers 5T, Page 4 of 6.											
43												
44	UPDATED 1/15/2018: Formula Error on Line 20 Annualized Winter Qtr normalization Adjustment should have had sales of -9,172 not -36,688. Please Refer to RCR-A-160.											
45	Notes: (1) UPDATED 4/23/2018: The Present Rate reflects the the BPU approved tariff rates effective 4/1/2018.											
46												

Summary of BIR Analysis Under Present and Proposed Rates by Class
Applied Sewer Service - Sewer (SA-1D) - Rate Schedule "B-A" Other Contracts
 UPDATED 4/23/2018

New Jersey-American Water Company
 Docket No. WA17090985
 Witness Responsible: D. DeStefano

Normalized Post Test Year: Twelve Months Ended 9/30/2018
 Workpaper 55 Page 6 of 6

Line No.	Class/Description	Billings Determinants	Under Present Rates			Under Proposed Rates			Dollar Change	Total Revenue % Change	
			Sales (1,000 Gal)	Present Rate	Total Revenue	% Revenue To Total	Proposed Rate	Total Revenue			% Revenue To Total
1	Applied Sewer Service - Sewer (SA-1D) - Rate Schedule "B-A" Other Contracts										
2											
3											
4	Other Contracts - Present Rate Schedule B-A (Note 1)										
5	Beacon Hill Clubhouse - (note 2)	24.00		94.05	\$2,257	1.16%	\$95.00	2,280			
6	Northern Burlington School - (note 3)	1,802.73		94.05	169,547	86.81%	\$95.00	171,259			
7	Mansfield Township Elementary - (note 4)	249.96		94.05	23,509	12.04%	\$95.00	23,746			
8											
9											
10											
11											
12											
13											
14											
15											
16											
17											
18											
19											
20											
21											
22	Total As Normalized		<u>150,250</u>		<u>\$195,313</u>	<u>100.00%</u>		<u>\$197,285</u>		<u>1.01%</u>	
23											
24											
25											
26											
27											
28											
29	Notes:										
33	(1) Rate Schedule B-A is applicable to all sewer system customers classified as (D) on Sheet No. 79 of the tariff.										
34	(2) Beacon Hill billing units reflect 2 Equivalent Dwelling units, multiplied by 12 months. See SIR-14, Workpaper 5T, page 6 of 6.										
35	(3) Northern Burlington High School billing units reflects 150,227 monthly units, multiplied by 12 months. See SIR-14, Workpaper 5T, page 6 of 6.										
36	(4) Mansfield Township Elementary School billing units reflects 20.83 monthly billing units, multiplied by 12 months. See SIR-14, Workpaper 5T, page 6 of 6.										
37	Notes: (1) UPDATED 4/23/2018: The Present Rate reflects the the BPU approved tariff rates effective 4/1/2018.										
38											
39											
40											

Summary of BIR Analysis Under Present and Proposed Rates by Class
 Haddonfield Sewer - Rate Schedule "11-A"
 UPDATED 4/23/2018

New Jersey-American Water Company
 Docket No. WR17090985
 Witness Responsible: D. DeStefano

Normalized Post Test Year: Twelve Months Ended 9/30/2018
 Workpaper 55 Page 5 of 6

Line No.	Class/Description	Customer Meter Billings	Under Present Rates				Under Proposed Rates				Dollar Change	Total Revenue % Change
			Sales (1,000 Gal)	Present Rate	Total Revenue	% Revenue To Total	Sales (1,000 Gal)	Proposed Rate	Total Revenue	% Revenue To Total		
1	Haddonfield Sewer - Rate Schedule "11-A"											
3	<u>General Metered Service Charge</u>											
4	Fixed Service Charge	50,665		\$0.00	0	0.00%	0	\$3.25	164,661			
6	Municipal Contracts		19,944	\$2.8815	57,468	5.64%	19,944	\$2.8800	57,438			
8	<u>Base Year ("8Y") Total Usage 1,000 Gal</u>											
9		2 Year Average 2016-17 (Note 1)										
10	<u>Residential:</u>											
11	Block 1 - 0 to 2,700 monthly		111,025	\$2.6900	298,658	29.30%	111,025	\$2.6000	288,666			
12	Block 2 - 2,700 to 13,400 monthly		123,837	\$3.3900	419,807	41.19%	123,837	\$3.2500	402,470			
13	Block 3 - over 13,400 monthly		20,476	\$3.7700	77,196	7.57%	20,476	\$3.6000	73,715			
14	<u>Normalization Adjustment:</u>											
15	Block 1 - 0 to 2,700 monthly	28.5	(876)	\$2.6900	(2,357)	-0.23%	(876)	\$2.6000	(2,278)			
16	Block 2 - 2,700 to 13,400 monthly	31.8	(977)	\$3.3900	(3,313)	-0.33%	(977)	\$3.2500	(3,176)			
17	Block 3 - over 13,400 monthly	5.3	(162)	\$3.7700	(609)	-0.06%	(162)	\$3.6000	(582)			
21	<u>Commercial:</u>											
22	Block 1 - 0 to 2,700 monthly		8,581	\$2.6900	23,082	2.26%	8,581	\$2.6000	22,310			
23	Block 2 - 2,700 to 13,400 monthly		12,622	\$3.3900	42,788	4.20%	12,622	\$3.2500	41,021			
24	Block 3 - over 13,400 monthly		18,749	\$3.7700	70,685	6.94%	18,749	\$3.6000	67,498			
25	<u>Normalization Adjustment:</u>											
26	Block 1 - 0 to 2,700 monthly	23.8	39	\$2.6900	105	0.01%	39	\$2.6000	101			
27	Block 2 - 2,700 to 13,400 monthly	34.9	57	\$3.3900	194	0.02%	57	\$3.2500	186			
28	Block 3 - over 13,400 monthly	51.9	85	\$3.7700	321	0.03%	85	\$3.6000	307			
32	<u>Other Public Authority</u>											
33	Block 1 - 0 to 2,700 monthly		985	\$2.6900	2,649	0.26%	985	\$2.6000	2,560			
34	Block 2 - 2,700 to 13,400 monthly		2,634	\$3.3900	8,928	0.88%	2,634	\$3.2500	8,559			
35	Block 3 - over 13,400 monthly		6,825	\$3.7700	25,730	2.52%	6,825	\$3.6000	24,570			
36	<u>Normalization Adjustment:</u>											
37	Block 1 - 0 to 2,700 monthly	26.2	(56)	\$2.6900	(150)	-0.01%	(56)	\$2.6000	(145)			
38	Block 2 - 2,700 to 13,400 monthly	70.2	(149)	\$3.3900	(504)	-0.05%	(149)	\$3.2500	(483)			
39	Block 3 - over 13,400 monthly	181.8	(385)	\$3.7700	(1,453)	-0.14%	(385)	\$3.6000	(1,387)			
43	Total As Normalized		<u>323,254</u>	<u>3.1530</u>	<u>\$1,019,225</u>	<u>100.00%</u>			<u>\$1,146,011</u>		<u>12.44%</u>	
45	Base Year Growth - Sch 6		24		76				85			
46	Test Year Growth - Sch 6		(549)		(1,731)				(1,946)			
47	Post Test Year Growth - Sch 6		(366)		(1,154)				(1,298)			
48	Total with Growth		<u>322,363</u>		<u>\$1,016,416</u>				<u>\$1,142,853</u>			
51	(1) Per Workpapers ST, Page 5 of 6.											

UPDATED 1/15/2018: Note Formula Error On AS Filed Exhibit P-2, Schedule 6, Page 2 of 3 Line 33 & 34.

	Present Rate Revenue	Settlement Rate Revenue	Increase	Percent Increase
OC	\$ 4,779,748	\$ 5,154,251	\$ 374,503	7.84%
Lake	7,207,860	7,850,592	642,732	8.92%
Adel	1,159,860	1,167,889	8,029	0.69%
Statewide	4,700,904	4,747,630	46,726	0.99%
Contract	195,313	197,285	1,972	1.01%
Haddon	1,016,416	1,142,853	126,437	12.44%
	19,060,101	20,260,499	1,200,398	6.30%
Other	10,177	10,177	-	0.00%
Total	\$ 19,070,278	\$ 20,270,676	\$ 1,200,398	6.29%

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-1**Customer Charges, per Month:**

Meter Size	Present Rates		Stipulated Rates	
	Non-Exempt*	Exempt	Non-Exempt	Exempt
5/8	\$ 15.68	\$ 13.52	\$ 16.85	\$ 14.53
3/4	23.51	20.28	25.30	21.82
1	39.19	33.80	42.10	36.30
1-1/2	78.38	67.59	84.30	72.69
2	125.40	108.14	134.80	116.24
3	235.13	202.78	252.80	217.99
4	391.88	337.96	421.30	363.29
6	783.76	675.91	842.50	726.50
8	1,254.02	1,081.47	1,348.00	1,162.40
10	1,567.52	1,351.83	1,685.00	1,453.00
12	1,959.40	1,689.79	2,106.00	1,816.04
16	3,135.05	2,703.67	3,370.00	2,906.01

**Consumption Charges,
per Thousand Gallons:**

All Usage - GMS	\$ 5.8352	\$ 5.0591	\$ 6.1005	\$ 5.2606
All Usage - Regular SFR	5.7881	5.3031	6.0505	5.2174
All Usage - Peaking Rate SFR - Rate "H"	8.5019	7.3711	8.8873	7.6637
All Usage - Aberdeen - Rate "I"	4.6610		5.2500	4.5272

Private Fire Connections (Monthly):

Size	Present Monthly Rates		Stipulated State-Wide
	Sch. L-1, L-8, L-7	Schedule L-2	
2-inch	\$ 18.77		\$ 19.96
3-inch	42.23		44.91
4-inch	75.07		79.84
6-inch	168.91		179.64
8-inch	300.28		319.36
10-inch	469.18		499.00
12-inch	675.62		718.56
16-inch	1,201.11		1,277.14
Sprinkler Heads		\$0.87	0.93
Private Hydrant - L-2		27.16	32.32
Private Hydrant - L-1, L=8, L-7	168.91		179.64

* Includes DSIC

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-1

<u>Public Fire Hydrant (Annually):</u>		<u>Present</u>	<u>Stipulated</u>
State-Wide	M-1	\$ 509.37	\$ 552.00
Logan/Ortley	M-2	455.88	494.04
Adelphia	M-3	458.88	497.28

Sales for Resale

	<u>Present Rates</u>		<u>Stipulated Rates</u>	
	<u>Non-Exempt</u>	<u>Exempt</u>	<u>Non-Exempt</u>	<u>Exempt</u>
<u>Rates Applicable to Commodity-Demand Tariff:</u>				
Customer Charges, per Month:				
By Meter Size		Same as GMS		Same as GMS
Consumption Charges, per Thousand:				
All Usage	\$ 0.4954	\$ 0.4272	\$ 0.5270	\$ 0.4544
Demand Charge per Month:				
Per Thousand Gallons of Maximum Day Nomination	\$ 58.81	\$ 50.72	\$ 62.57	\$ 53.96
Off-Peak Demand Charge per Month:				
Per Thousand Gallons of Maximum Day Nomination	\$ 54.09	\$ 46.64	\$ 57.55	\$ 49.63

Rates Applicable to Manasquan:

Customer Charges, per Month:				
By Meter Size		Same as GMS		Same as GMS
Consumption Charges, per Thousand:				
Uninterruptible Sales	\$ 1.7740		\$ 1.7850	
Uninterruptible Sales - Keyport	\$ 2.5521		\$ 2.5670	
Regular Sales	5.7881	5.0183	6.0505	5.2174

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-2**Customer Charges, per Month:**

<u>Meter Size</u>	<u>Present Rates Non-Exempt*</u>	<u>Stipulated Rates Non-Exempt</u>
5/8	\$ 15.68	\$ 16.85
3/4	23.51	25.30
1	39.19	42.10
1-1/2	78.38	84.30
2	125.40	134.80
3	235.13	252.80
4	391.88	421.30
6	783.76	842.50
8	1,254.02	1,348.00
10	1,567.52	1,685.00
12	1,959.40	2,106.00
16	3,135.05	3,370.00

**Consumption Charges,
per Thousand Gallons:**

	<u>Present Rates</u>		<u>Stipulated Rates</u>	
	<u>Non-Exempt</u>	<u>Exempt</u>	<u>Non-Exempt</u>	<u>Exempt</u>
All Non-seasonal Usage - GMS	\$ 5.6973	\$ 4.9134	\$ 6.1005	\$ 5.2606
All Usage - GMS, Manville	5.2881	4.5605	\$ 6.1005	\$ 5.2606
All Usage - OIW	3.3077	2.8523	\$ 3.5177	\$ 3.0334
All Usage - GMS SOS	5.6502	2.2480	6.0505	5.2174
All Usage - GMS-SOS Peaking	8.5019	7.3313	8.8873	7.6637
All Usage - SOS Rate G - Non-Exempt	2.6069	2.2480	2.7740	2.3921

* Includes DSIC

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-2**Private Fire Connections (Monthly):**

<u>Size</u>	<u>Present Rates</u>	<u>Stipulated Rates</u>
2-inch	\$ 38.09	\$ 38.09
3-inch	74.81	74.81
4-inch	120.64	120.64
6-inch	223.77	223.77
8-inch	382.19	382.19
10-inch	470.12	499.00
12-inch	676.98	718.56
16-inch	1,411.95	1,411.95
20-inch	2,573.18	2,573.18
Private Hydrant	31.88	35.07
Private Hydrant, SA-1A	9.80	11.66

Public Fire Hydrant (Annually):

Fire Hydrants Zone 2A	\$445.08	\$482.28
Fire Hydrants Zone 2C	509.40	552.00
Fire Hydrants Zone 2D	522.84	566.64
Fire Hydrants Zone 2E	561.84	608.88
Fire Hydrants Zone 2F	607.08	657.84
Fire Hydrants Zone 2G	657.72	712.80
Fire Hydrants Zone 2H	705.84	764.88
Fire Hydrants Zone 2I	753.00	789.36
Fire Hydrants Zone 2J	800.04	800.04
Fire Hydrants Zone 2K	847.08	847.08
Fire Hydrants Zone 2L	894.00	894.00

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-3, SOUTH HAMPTON

Customer Charges, per Month:

<u>Meter Size</u>	<u>Present Rates Non-Exempt*</u>	<u>Stipulated Rates Non-Exempt</u>
5/8	\$ 15.68	\$ 16.85
3/4	23.51	25.30
1	39.19	42.10
1-1/2	78.38	84.30
2	125.40	134.80
3	235.13	252.80
4	391.88	421.30
6	783.76	842.50
8	1,254.02	1,348.00
10	1,567.52	1,685.00
12	1,959.40	2,106.00
16	3,135.05	3,370.00

**Consumption Charges,
per Thousand Gallons:**

All Usage - South Hampton GMS	\$ 4.9349	\$ 6.1005
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* Includes DSIC

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-3**Private Fire Connections (Monthly):**

Size	Present Rates	Stipulated Rates
2-inch	\$ 18.77	\$ 19.96
3-inch	42.23	44.91
4-inch	75.07	79.84
6-inch	168.91	179.64
8-inch	300.28	319.36
10-inch	469.18	499.00
12-inch	\$ 675.62	718.56
Private Hydrant - Monthly	9.80	11.66

Public Fire Hydrant (Annually):

Fire Hydrants Zone 3A	\$265.92	\$288.12
Fire Hydrants Zone 3B	315.60	342.00
Fire Hydrants Zone 3C	365.40	396.00
Fire Hydrants Zone 3D	415.20	450.00
Fire Hydrants Zone 3G	489.72	530.76

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-1A

Private Fire Connections (Monthly):

<u>Size</u>	<u>Present Rates</u>	<u>Stipulated Rates</u>
2-inch	\$ 18.77	\$ 19.96
3-inch	42.23	44.91
4-inch	75.07	79.84
6-inch	168.91	179.64
8-inch	300.28	319.36

Public Fire Hydrant (Annually) M-7:

362.04	392.40
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NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-1B, PENNSGROVE**Customer Charges, per Month:**

<u>Meter Size</u>	<u>Present Rates Non-Exempt</u>	<u>Stipulated Rates Non-Exempt</u>
5/8	\$ 15.68	\$ 16.85
3/4	23.51	25.30
1	39.19	42.10
1-1/2	78.38	84.30
2	125.40	134.80
3	235.13	252.80
4	391.88	421.30
6	783.76	842.50
8	1,254.02	1,348.00
10	1,567.52	1,685.00
12	1,959.40	2,106.25

**Consumption Charges,
per Thousand Gallons:**

All Non-seasonal Usage - GMS	\$ 4.2342	\$ 5.3000
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* Includes DSIC

Private Fire Connections (Monthly):

<u>Size</u>	<u>Present Rates</u>	<u>Stipulated Rates</u>
2-inch	\$ 25.89	\$ 25.89
3-inch	58.25	58.25
4-inch	103.56	103.56
6-inch	233.08	233.08
8-inch	414.24	414.24
10-inch	647.25	647.25
12-inch	932.04	932.04
Private Hydrant	27.16	32.32

Public Fire Hydrant (Annually) M-8

\$288.48	312.60
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NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-1D, APPLIED

Customer Charges, per Month:

<u>Meter Size</u>	<u>Present Rates Non-Exempt*</u>	<u>Stipulated Rates Non-Exempt</u>
5/8	\$ 15.68	\$ 16.85
3/4	23.51	25.30
1	39.19	42.10
1-1/2	78.38	84.30
2	125.40	134.80

* Includes DSIC

**Consumption Charges,
per Thousand Gallons:**

All Sales - Irrigation	\$ 7.2113	\$ 6.1005
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Private Fire Connections (Annually):

<u>Size</u>	<u>Present Rates</u>	<u>Stipulated Rates</u>
Private Hydrant	\$ 286.20	\$ 340.56

Public Fire Hydrant (Annually): M10

	\$ 237.24	\$ 257.04
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NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-1E, HADDONFIELD

Customer Charges, per Month:

<u>Meter Size</u>	<u>Present Rates Non-Exempt</u>	<u>Stipulated Rates Non-Exempt</u>
5/8	\$ 4.16	\$ 8.00
3/4	4.16	8.00
1	4.16	8.00
1-1/2	4.16	8.00
2	4.16	8.00
3	4.16	8.00
4	4.16	8.00

**Consumption Charges,
per Thousand Gallons:**

First Block	\$ 5.6000	\$ 6.1005
Second Block	\$ 7.0600	\$ 7.0000
Third Block	\$ 7.8400	\$ 7.0000

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SERVICE AREA SA-1C, SHORELAND

Customer Charges, per Month:

<u>Meter Size</u>	<u>Present Rates Non-Exempt</u>	<u>Stipulated Rates Non-Exempt</u>
5/8	\$13.67	\$ 16.85
3/4	20.50	25.30
1	34.17	42.10
1-1/2	68.34	84.30
2	109.35	134.80
3	205.03	252.80
4	341.72	421.30

**Consumption Charges,
per Thousand Gallons:**

All Usage	\$ 4.6610	\$ 5.3000
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Private Fire Connections (Monthly) L10:

<u>Size</u>	<u>Present Rates</u>		<u>Present Rates</u>	
	<u>w/ Hose</u>	<u>w/o Hose</u>	<u>w/ Hose</u>	<u>w/o Hose</u>
1-inch		\$ 15.08		\$ 15.08
2-inch		48.82		48.82
3-inch	\$ 146.45	102.52	\$ 146.45	102.52
4-inch	\$ 244.08	170.86	244.08	170.86
6-inch	\$ 488.17	341.72	488.17	341.72
8-inch	\$ 781.07	546.75	781.07	546.75
10-inch	\$ 1,210.66	-	1,210.66	
Private Hydrant	53.70	53.70	53.70	53.70

Public Fire (Annually) M9:

Hazlet		
Hydrant	\$ 322.20	\$ 1,119.24
Inch Foot	\$ 0.1052	\$ -
Holmdel		
Hydrant	\$ 322.20	\$ 1,119.24
Inch Foot	\$ 0.1052	\$ -

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SEWER SERVICEADELPHIACustomer Charges, per Month:

<u>Meter Size</u>	<u>Present Rates Non-Exempt</u>	<u>Stipulated Rates Non-Exempt</u>
5/8	\$5.36	\$10.38
3/4	8.04	10.38
1	13.39	10.38
1-1/2	26.78	10.38
2	42.84	10.38
3	80.33	10.38
4	133.88	10.38
6	267.77	10.38
8	428.43	10.38
10	535.54	10.38
12	669.42	10.38
Sewer Usage Charge, per Thousand Gallons:	\$5.1822	\$4.0340

LAKEWOODCustomer Charges, per Month:

	<u>Present Rates Non-Exempt</u>	<u>Stipulated Rates Non-Exempt</u>
All meter sizes	\$14.17	\$14.17
Sewer Usage Charge, per Thousand Gallons:	\$3.2096	\$3.6390

OCEAN CITYMinimum Service Charge
per Thousand Gallons:

	<u>Present Rates Non-Exempt</u>	<u>Stipulated Rates Non-Exempt</u>
Minimum Service Charge per Thousand Gallons:	\$10.4508	\$11.2690
Sewer Usage Charge, per Thousand Gallons:	\$1.7598	\$1.8980

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND STIPULATED RATES
SEWER SERVICE

<u>Statewide Sewer Service - 5-A, 6-A, 10-A</u>	Present Rates <u>Non-Exempt</u>	Stipulated Rates <u>Non-Exempt</u>
<u>Flat Rate Billed Customers</u>		
Class A - Flat Rate Fixed Service Charge, per Month	\$76.42	\$77.12
Class B - Flat Rate Fixed Service Charge, per Month	\$92.99	\$93.18
<u>General Metered Service Customers</u>		
Fixed Service Charge, per Month	\$43.29	\$45.00
Fixed Service Charge, per Month - Jensen's	\$18.82	\$22.50
Sewer Usage Charge, per Thousand Gallons:	\$8.2825	\$8.0300
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<u>Haddonfield Rate Schedule 11-A</u>		
Fixed Service Charge	\$0.00	\$3.25
Municipal Contracts per 1000 gallons	\$2.8815	\$2.88
Residential and Commercial		
First 2,700 gallons	2.69	2.60
Next 10,700 gallons	3.39	3.25
Over 13,400 gallons	3.77	3.60
<u>Elk Township Schedule 12-A</u>		
Fixed Service Charge	\$14.17	\$14.17
Base Year Annualized Winter Usage	6.4495	6.5000
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<u>Rate Schedule 8A - Other Contracts</u>		
	Present Rates <u>Non-Exempt</u>	Stipulated Rates <u>Non-Exempt</u>
<u>Flat Rate Billed Customers</u>		
Schools	\$94.05	\$95.00
Other	\$94.05	\$95.00