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**REMARKS OF STEFANIE A. BRAND, DIRECTOR
DIVISION OF RATE COUNSEL
DEBRA F. ROBINSON, ESQ.
DEPUTY RATE COUNSEL**

**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. WR11070460
OAL Docket No. PUC09799-2011N**

**Public Hearing
Ocean City Public Library
1735 Simpson Street
Ocean City, NJ 08226
Tuesday December 6, 2011, at 2:00 PM**

Good Afternoon, my name is Debra Robinson. I am an attorney representing the New Jersey Division of Rate Counsel. The Division of Rate Counsel represents and protects the interests of all utility consumers - residential customers, small business customers, small and large industrial customers, schools, libraries, and other institutions in our communities. Rate Counsel is a party in cases where New Jersey utilities seek changes in their rates or services. Rate Counsel also gives consumers a voice in setting long-range energy, water and

telecommunications policy that will affect the rendering of utility services well into the future.

The present case involves a petition by New Jersey-American Water Company Inc., (“New Jersey American” or the “Company”) for approval to increase rates for water and wastewater service. New Jersey American is a regulated public utility organized and operating under the laws of the State of New Jersey. The Company provides water and sewer service to customers in municipalities in the counties of Atlantic, Burlington, Camden, Cape May, Essex, Gloucester, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Salem, Somerset, Union and Warren.

In the current rate case, New Jersey American proposes a rate increase of \$95.5 million or approximately 15.5% over pro-forma present rate revenues of \$565 million. The Company also proposes to implement a Conservation Plan Tracker and Water Efficiency Tracker in support of its proposed conservation plan. The actual percentage increase applicable to specific customers will vary according to the applicable rate schedule and level of each customer’s usage. A summary of the potential impact of the proposed rates on residential customers located in different service territories is summarized in an attachment to this statement. Copies of the attachment have been made available to all attending.

We, at the Division of Rate Counsel, are conducting a comprehensive examination of New Jersey American's proposal to verify the reasons for the increase in charges and to determine whether the Company's calculations are accurate. For example, we have issued questions to the Company, seeking to discover detailed information regarding the proposed increases, including the basis for the Company's calculations. The Company must justify its expenses and provide evidence to support its calculations.

Rate Counsel has attorneys and expert witnesses analyzing data from the Company to evaluate whether and to what extent an increase in rates is proper at this time. Presently, evidentiary hearings are scheduled to be held at the Office of Administrative Law in March and April 2012 before Judge Leland S. McGee, at which time we will cross-examine the Company's witnesses. It is important that you be aware that decisions regarding all rate modifications in New Jersey are made by the Board of Public Utilities.

The purpose of this open public hearing is for you, the customer, to voice your opinion, relate your experiences with the Company, and offer comments about the Company's proposed increase and any service problems you may be experiencing. It is important that you express your views, because they will become part of the record on which the Board of Public Utilities makes its decisions. Rate Counsel also needs to hear your views in order to represent your

interests in this legal process. We strongly encourage your participation, which will help us evaluate the Company's proposal and prepare for the evidentiary hearings.

This public hearing is being transcribed and your comments will become part of the record. The Judge will instruct you to give your name and address before you speak. I would like to reiterate the importance of your participation so that Rate Counsel can have a clear record of your concerns and interests.

On behalf of the Division of Rate Counsel, I thank you for attending this public hearing.

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Public Hearing Statement Rate Summary Attachment

Residential Water Rates

THE AVERAGE RESIDENTIAL CUSTOMER IN THE STATEWIDE TARIFF AREA (SA-1) and MANSFIELD TOWNSHIP (HOMESTEAD) (SA-3) WITH A 5/8 INCH METER CONSUMING 6,500 GALLONS PER MONTH AND CURRENTLY PAYING \$49.68 PER MONTH WOULD PAY \$57.35 PER MONTH UNDER PROPOSED RATES, WHICH IS A \$7.67 OR 15.44% INCREASE.

THE AVERAGE RESIDENTIAL CUSTOMER IN THE HARRISON DISTRICT (SA-1A), SERVICE AREA 2 (excluding Manville), AND SERVICE AREA 3 (excluding Homestead, Southampton and Columbus section of Mansfield Twp.) WITH A 5/8 INCH METER CONSUMING 6,500 GALLONS PER MONTH AND CURRENTLY PAYING \$45.72 PER MONTH WOULD PAY \$54.38 PER MONTH UNDER PROPOSED RATES, WHICH IS A \$8.66 OR A 18.94% INCREASE.

THE AVERAGE RESIDENTIAL CUSTOMER IN THE BOROUGH OF MANVILLE

WITH A 5/8 INCH METER CONSUMING 6,500 GALLONS PER MONTH AND CURRENTLY PAYING \$42.09 PER MONTH WOULD PAY \$49.76 PER MONTH UNDER PROPOSED RATES, WHICH IS A \$7.67 or 18.22% INCREASE.

THE AVERAGE RESIDENTIAL CUSTOMER IN MANSFIELD TOWNSHIP (COLUMBUS SECTION) and SOUTHAMPTON WITH A 5/8 INCH METER CONSUMING 6,500 GALLONS OF WATER PER MONTH AND CURRENTLY PAYING \$38.90 PER MONTH WOULD PAY \$46.57 PER MONTH UNDER PROPOSED RATES, WHICH IS A \$7.67 or 19.72% INCREASE.

THE AVERAGE RESIDENTIAL CUSTOMER IN THE PENNSGROVE DISTRICT (SA-1B) WITH A 5/8 INCH METER CONSUMING 6,500 GALLONS PER MONTH AND CURRENTLY PAYING \$34.75 PER MONTH WOULD PAY \$41.67 PER MONTH UNDER PROPOSED RATES, WHICH IS A \$6.92 or 19.91% INCREASE.

THE AVERAGE RESIDENTIAL CUSTOMER RECEIVING WATER SERVICE IN THE FORMER APPLIED WASTEWATER MANAGEMENT AREA (SA-1D) WITH A 5/8 INCH METER CONSUMING 6,500 GALLONS PER MONTH AND CURRENTLY PAYING \$41.43 PER MONTH WOULD PAY \$49.66 PER MONTH UNDER PROPOSED RATES, WHICH IS A \$8.23 or 19.86% INCREASE.

Residential Sewer Rates

THE AVERAGE RESIDENTIAL CUSTOMER IN THE TEWSKBURY SYSTEM CONSUMING 6,000 GALLONS OF WATER PER MONTH AND CURRENTLY PAYING \$158.96 PER MONTH WOULD PAY \$237.88 PER MONTH UNDER PROPOSED RATES, WHICH IS A 49.65% INCREASE.

THE AVERAGE APPLIED COWS RESIDENTIAL CLASS-A CUSTOMER CONSUMING 4,000 GALLONS OF WATER PER MONTH WOULD PAY \$101.65 PER MONTH UNDER PROPOSED RATES. THE AVERAGE APPLIED COWS RESIDENTIAL CLASS-B CUSTOMER CONSUMING 6,000 GALLONS OF WATER PER MONTH WOULD PAY \$139.48 PER MONTH UNDER PROPOSED RATES. THE COMPANY IS PROPOSING TO CHANGE COWS CUSTOMERS WHO ARE CURRENTLY WATER SERVICE CUSTOMERS OF NJAWC FROM A FLATE RATE TO A COMBINATION OF USAGE (VOLUMETRIC RATE) AND FIXED SERVICE CHARGES; CUSTOMERS WHO ARE NOT WATER SERVICE CUSTOMERS OF NJAWC WILL CONTINUE TO BE BILLED UNDER THE CURRENT FLAT RATE SYSTEM.

THE AVERAGE APPLIED HOMESTEAD RESIDENTIAL CUSTOMER CONSUMING 4,000 GALLONS OF WATER PER MONTH WOULD PAY \$89.28 PER MONTH UNDER PROPOSED RATES. THE COMPANY IS PROPOSING TO CHANGE HOMESTEAD CUSTOMERS WHO ARE CURRENTLY WATER SERVICE CUSTOMERS OF NJAWC FROM A FLAT RATE TO A COMBINATION OF USAGE (VOLUMETRIC RATE) AND FIXED SERVICE CHARGES.

THE AVERAGE RESIDENTIAL CUSTOMER IN OCEAN CITY CONSUMING 20,000 GALLONS OF WATER IN THE SUMMER QUARTER AND 44,000 GALLONS

ANNUALLY AND CURRENTLY PAYING \$664.35 PER YEAR WOULD PAY \$693.46 PER YEAR UNDER PROPOSED RATES, WHICH IS A 4.38% INCREASE.

THE AVERAGE RESIDENTIAL CUSTOMER IN LAKWOOD TOWNSHIP CONSUMING 18,000 GALLONS OF WATER IN THE WINTER QUARTER AND CURRENTLY PAYING \$60.76 PER MONTH WOULD CONTINUE TO PAY \$60.76 PER MONTH UNDER PROPOSED RATES, WHICH IS A 0.00% INCREASE.

THE AVERAGE RESIDENTIAL CUSTOMER IN THE ADELPHIA SECTION OF HOWELL TOWNSHIP CONSUMING 4,000 GALLONS OF WATER PER MONTH AND CURRENTLY PAYING \$53.67 PER MONTH WOULD PAY \$53.67 PER MONTH UNDER PROPOSED RATES, WHICH IS A 0.00% INCREASE.

THE AVERAGE RESIDENTIAL CUSTOMER IN THE JENSEN'S DEEP RUN SYSTEM CONSUMING 5,000 GALLONS OF WATER PER MONTH AND CURRENTLY PAYING \$52.50 PER MONTH WOULD PAY \$56.62 PER MONTH UNDER PROPOSED RATES, WHICH IS A 7.85% INCREASE.