



Agenda Date: 06/07/10

Agenda Item: 5A

## STATE OF NEW JERSEY

Board of Public Utilities

Two Gateway Center

Newark, NJ 07102

[www.nj.gov/bpu](http://www.nj.gov/bpu)

### WATER

IN THE MATTER OF THE PETITION OF )	ORDER ADOPTING
AQUA NEW JERSEY, INC. FOR )	INITIAL DECISION/STIPULATION
APPROVAL OF AN INCREASE IN RATES )	
FOR WATER SERVICE AND OTHER )	BPU DOCKET NO. WR09121005
TARIFF CHANGES )	OAL DOCKET NO. PUC – 01190-2010N

Stephen B. Genzer, Esq., Saul Ewing LLP, Attorney for Petitioner

### BY THE BOARD:

On December 18, 2009, pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.12, and 14:9-7.1 et seq., Aqua New Jersey, Inc. ("Petitioner" or "Company") a public utility of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities ("Board"), filed a petition seeking approval of an increase in rates for water service and to make other tariff changes that would have resulted in an increase in total Company revenues in the amount of \$7,294,512, or 25.77% over pro forma present rate revenues.<sup>1</sup> The Company also requested approval to implement a Distribution System Improvement Charge ("DSIC")<sup>2</sup>.

By this Order, the Board considers the Initial Decision recommending adoption of the Stipulation of Settlement ("Stipulation") executed by the Company, the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") and Board Staff (collectively, the "Signatory Parties"), agreeing to an overall increase in revenues in the amount of \$4,000,000 representing a 13.95% increase over total Company revenues. This increase will result in total Company revenues of \$28,672,844.

### BACKGROUND/PROCEDURAL HISTORY

Petitioner is a public water utility that provides water service to approximately 46,977 customers within certain portions of Burlington, Camden, Gloucester, Mercer, Warren, Hunterdon, Monmouth, Ocean, and Sussex Counties. The Company is engaged in the business of collecting, treating and distributing water for retail service. The Company is also engaged in the wastewater collection, treatment and transmission business and currently provides wastewater service to about 4,500 customers. The rates for wastewater service are not the subject of this petition.

<sup>1</sup> During the pendency of this proceeding, the Company's request was revised to reflect a rate increase of \$7,413,695, or approximately 26.28% above adjusted test year revenues.

<sup>2</sup> The Board has pending before it a request I/M/O the Petition of NJ American Water Company for Authorization to Implement a Distribution System Improvement Charge (DSIC), BPU Docket No. WOO8050358. Petitioner has intervened in that proceeding. Any determination regarding the appropriateness of a DSIC shall be made in the context of that proceeding. The Board has not issued a final Order in WOO8050358.



On January 6, 2010, this matter was transmitted to the Office of Administrative Law ("OAL") where it was assigned to Administrative Law Judge ("ALJ") Gail M. Cookson. A pre-hearing conference was conducted before ALJ Cookson on February 11, 2010, and a Pre-hearing Order was issued on March 17, 2010. The Parties to this proceeding are the Company, the Division of Rate Counsel, Board Staff and the Intervener, the Township of Berkeley ("Parties").

The Company proposed to make its rates effective on December 18, 2009. On December 17, 2009, the Board entered an Order suspending the rates until April 18, 2010. On April 16, 2010, the Board entered an Order further suspending the rates until August 18, 2010.

Two public hearings were held on March 25, 2010, one at the Phillipsburg Municipal Building, Phillipsburg, New Jersey at 2:00 pm and the other at the Hamilton Township Public Library at 7:00 pm, Hamilton, New Jersey. No members of the public appeared at the Hamilton public hearing. Four members of the public and a representative of one municipality appeared at the Phillipsburg public hearing to voice their concerns with respect to the magnitude of the proposed rate increase.

The Parties exchanged extensive discovery requests throughout this proceeding including a discovery conference which was held on April 8, 2010. Subsequent to the public hearings and prior to evidentiary hearings in this matter, the Parties engaged in settlement negotiations on April 28, 2010. As the result of the discovery and settlement negotiations, the Signatory Parties entered into a Stipulation of Settlement ("Stipulation") on all issues in contention. The Intervener, the Township of Berkeley, submitted a letter on May 18, 2010, neither opposing nor adopting the Stipulation among the Signatory Parties. A copy of the Stipulation is attached.

ALJ Cookson issued her Initial Decision on May 21, 2010, recommending adoption of the Stipulation executed by the Signatory Parties, finding that the Signatory Parties had voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues and was consistent with the law.

### **DISCUSSIONS AND FINDINGS**

Among the provisions of the Stipulation, the Signatory Parties recommend a rate base in the amount of \$95,000,000 and that the Company be authorized a return on equity of 10.30% for an overall rate of return on 8.16%. As a result of the Stipulation negotiated between the Signatory Parties, the average bill for a single family residential customer with a 5/8" meter using 78,000 gallons of water per year will increase from the current rate of \$440.28 per year to \$513.76 per year, an increase of \$73.48 per year (\$18.37 per quarter) or approximately 16.69%. The Signatory Parties further stipulated that the Petitioner's request for a DSIC and its request to update baseline data required to implement a PWAC will not be addressed in this proceeding.

Having reviewed ALJ Cookson's Initial Decision and the Stipulation among the Signatory Parties to this proceeding, the Board HEREBY FINDS that the Signatory Parties have voluntarily agreed to the Stipulation, or have otherwise indicated no objection, and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. The Board HEREBY FINDS the Initial Decision which adopts the Stipulation to be reasonable and in the public interest. No exceptions have been received by the Board.

Accordingly, the Board HEREBY ADOPTS the ALJ's Initial Decision and the Stipulation, attached hereto, including all attachments and Schedules, as its own, incorporating by reference the terms and conditions as if fully set forth herein, subject to the following:



- a) The tariff sheets attached to the Stipulation containing rates and charges conforming to the Stipulation and designed to produce the additional revenues to which the Signatory Parties had stipulated herein are HEREBY ACCEPTED;
- b) The Stipulated increase and the tariff design allocations for each customer classification are HEREBY ACCEPTED; and
- c) The Board HEREBY ORDERS that Petitioner file a new tariff with the Board, with copies to the Parties, in conformity with this Stipulation.

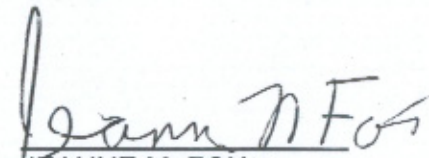
The Board HEREBY DIRECTS the Company to submit a complete revised tariff conforming to the terms and conditions of the Stipulation and this Order within ten (10) days from the date of this Order.

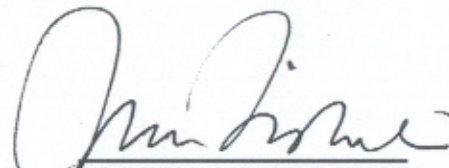
On December 30, 2009, the Appellate Division issued a decision invalidating certain provisions of the Board's Main Extension Rules. On March 24, 2010, the Board issued a Secretary's letter ("March 24 Letter") directing the utilities to process all applications and deposits for extensions received after December 30, 2009 as if they were in a 'Designated Growth Area' under N.J.A.C. 14:3-8.1 et seq. Pursuant to this Order, the Company will file a complete revised tariff to implement the terms of the Stipulation and this Board Order. The Board, HEREBY ORDERS to the extent that filing addresses the Main Extension Rules, the newly filed tariff shall be consistent with the Centex Decision and the March 24 Letter.

DATED: 6/7/10

BOARD OF PUBLIC UTILITIES  
BY:

  
LEE A. SOLOMON  
PRESIDENT

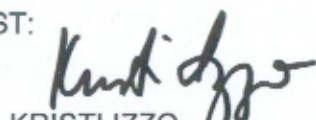
  
JEANNE M. FOX  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

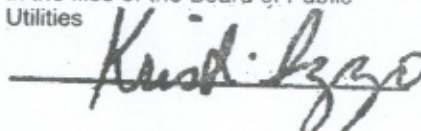
  
NICHOLAS ASSELTA  
COMMISSIONER

  
ELIZABETH RANDALL  
COMMISSIONER

ATTEST:

  
KRISTI IZZO  
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 AQUA NEW JERSEY, INC.  
FOR APPROVAL OF AN INCREASE IN RATES FOR WATER SERVICE AND  
OTHER TARIFF CHARGES

BPU Docket No. WR09121005  
OAL Docket No. PUC 01190-2010N

SERVICE LIST

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Township of Berkeley  
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P. O. Box 46005  
Newark, NJ 07101



**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

<hr/>	:	
PETITION OF AQUA NEW JERSEY, INC.	:	BPU DOCKET NO. WR09121005
FOR APPROVAL OF AN INCREASE IN	:	OAL DKT. NO. PUC-01190-2010N
RATES FOR WATER SERVICE AND	:	
OTHER TARIFF CHANGES	:	STIPULATION OF SETTLEMENT
<hr/>	:	

**APPEARANCES:**

Stephen B. Genzer, Esq., and Colleen A. Foley, Esq., Saul Ewing LLP, on behalf of Aqua New Jersey, Inc., Petitioner

Cynthia L. M. Holland, Deputy Attorney General (Paula T. Dow, Attorney General of New Jersey), on behalf of the Staff of the Board of Public Utilities

Debra F. Robinson, Esq., Deputy Public Advocate, and Susan E. McClure, Esq., Assistant Deputy Public Advocate, on behalf of the Department of the Public Advocate, Division of Rate Counsel

Patrick Sheehan, Esq., on behalf of Intervenor, Township of Berkeley

**TO THE HONORABLE BOARD OF PUBLIC UTILITIES:**

The Parties in this proceeding are as follows: Aqua New Jersey, Inc. (the "Company" or "Petitioner"), the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel"), the Staff of the Board of Public Utilities ("Board Staff" or "Staff"), and Intervenor, the Township of Berkeley. As a result of an analysis of Petitioner's pre-filed testimony and exhibits, extensive discovery, two public hearings held on March 25, 2010, the Company, Board Staff and Rate Counsel (collectively, the "Signatory Parties") have come to an agreement on the issues in dispute in this matter. The Township of Berkeley has provided a



letter indicating that while it does not object to the terms of this settlement, it will not be a Signatory Party to this agreement. The Signatory Parties hereto agree and stipulate as follows:

The procedural history of this matter is as follows:

On December 18, 2009, Petitioner, a public utility corporation of the State of New Jersey, pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.12 and 14:9-7.1 *et seq.*, filed a petition to increase rates for water service and to make other tariff changes. Specifically, the Company requested a rate increase of approximately \$7,294,512 or approximately 25.77% above the adjusted annual level of revenues for the test year ending April 30, 2010.

On January 6, 2010, the Board transmitted the matter to the Office of Administrative Law ("OAL"), and Administrative Law Judge ("ALJ") Gail M. Cookson was assigned to hear the case. On January 21, 2010, the Board entered an Order suspending until May 21, 2010, the implementation of changes Aqua sought to make to its tariffs. A Pre-Hearing Conference was convened by ALJ Cookson on February 11, 2010, and a Pre-Hearing Order was issued on March 17, 2010.

Extensive discovery was conducted by the Parties with the Company providing responses to hundreds of data requests. After proper notice, public hearings were held in Hamilton and Phillipsburg on March 25, 2010. No members of the public appeared at the hearing in Hamilton. Four members of the public and a representative of one municipality appeared at the hearing in Phillipsburg and their comments were heard by the Signatory Parties and the ALJ. The public comments generally concerned the magnitude of the increase requested by the Company.

Settlement discussions were held, and the agreements reached during those discussions have resulted in the following stipulation by the Signatory Parties:



1. For purposes of this proceeding only, the Company's total rate base is agreed to be \$95,000,000 with a test year ending April 30, 2010, adjusted for certain known and measurable changes.

2. The Signatory Parties agree, for the purposes of this proceeding only, to utilize an overall rate of return of 8.16%, which would result in an overall additional revenue requirement of \$4,000,000. For the purposes of this proceeding only, this overall rate of return is calculated using the Company's current capital structure (consisting of 47.16% long term debt and 52.84% common equity) with long term debt calculated at a rate of 5.77% and common equity calculated at a rate of 10.3%.

3. The Signatory Parties stipulate that a revenue increase for the Company of \$4,000,000 or 13.954% over present rate revenues of \$28,672,844 is an appropriate result of this matter. The Signatory Parties recommend to the Board that it consider this Stipulation at its first scheduled agenda meeting in June; however, the effective date will be the date of the Board's Order or an effective date as determined by the Board. The Signatory Parties agree that this revenue requirement should represent a level of revenues necessary to ensure that the Company will continue to provide safe, adequate, and proper water service to its customers.

4. The stipulated revenue increase of \$4,000,000 includes a consolidated tax adjustment as well as the amortization of deferred expenses related to the Company's continued installation of required radium treatment facilities (as previously authorized in BPU Docket No. WR06120897 seeking deferred accounting treatment).

5. The Signatory Parties agree that the attached tariff pages (included as Exhibit A), implementing the terms of this Stipulation, should be adopted by the Board in their entirety. Attached as Exhibit B is a Proof of Revenues for the Company.



6. The Signatory Parties agree that the Company's request for a Distribution System Improvement Charge ("DSIC") will not be addressed in this proceeding.

7. The Signatory Parties agree that Company's request to update the baseline data required to implement a purchased water adjustment clause pursuant to N.J.A.C. 14:9-7.1 et seq. will not be addressed in this proceeding.

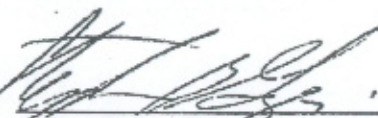
8. This Stipulation is the product of extensive negotiations by the Signatory Parties, and it is an express condition of the settlement embodied by this Stipulation that it be presented to the Board in its entirety without modification or condition. It is also the intent of the Signatory Parties to this Stipulation that this settlement, once accepted and approved by the Board, shall govern all issues specified and agreed to herein. The Signatory Parties to this Stipulation specifically agree that if adopted in its entirety by the Board, no appeal shall be taken by them from the order adopting same as to those issues upon which the Signatory Parties have stipulated herein. The Signatory Parties agree that the within Stipulation reflects mutual balancing of various issues and positions and is intended to be accepted and approved in its entirety. Each term is vital to this Stipulation as a whole, since the Signatory Parties hereto expressly and jointly state that they would not have signed this Stipulation had any terms been modified in any way. In the event any particular aspect of this Stipulation is not accepted and approved by the Board, then any Signatory Party hereto materially affected thereby shall not be bound to proceed under this Stipulation. The Signatory Parties further agree that the purpose of this Stipulation is to reach fair and reasonable rates, with any compromises being made in the spirit of reaching an agreement. None of the Signatory Parties shall be prohibited from or prejudiced in arguing a different policy or position before the Board in any other proceeding, as such agreements pertain only to this matter and to no other matter.



8. This Stipulation may be executed in as many counterparts as there are Signatory Parties of this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

AQUA NEW JERSEY, INC.

5/18/10  
Date

By:   
Saul Ewing LLP  
Stephen B. Genzer, Esq.  
Attorney for Petitioners


PAULA T. DOW, ESQ.  
ATTORNEY GENERAL OF NEW JERSEY

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Cynthia L. M. Holland, Esq.  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
ACTING PUBLIC ADVOCATE  
DIRECTOR - RATE COUNSEL

5-18-2010  
Date

By:   
Debra E. Robinson, Esq.  
Deputy Public Advocate







**LAW OFFICE OF  
PATRICK SHEEHAN**

6 Hooper Avenue  
Toms River, New Jersey 08753

*Patrick Sheehan  
Mathew B. Thompson*

*Telephone 732-473-1400  
Telefax 732-473-1411*

May 18, 2010

VIA FACSIMILE #1-973-648-6124  
The Honorable Gail M. Cookson, ALJ  
33 Washington Street  
Newark, New Jersey 07102

RE: PETITION OF AQUA NEW JERSEY, INC. FOR APPROVAL  
OF AN INCREASE IN RATES FOR WATER SERVICE  
AND OTHER TARIFF CHANGES  
BPU DOCKET NO. WR0912-1005

Dear Judge Cookson:

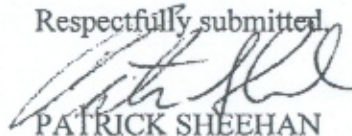
Please be advised I represent the Township of Berkeley with regard to the above referenced matter. The Township of Berkeley participated in the settlement discussions which resulted in the Stipulation of Settlement now pending before Your Honor.

By this letter I am authorized to inform Your Honor that although the Township of Berkeley is not a signatory party to the proposed Stipulation of Settlement, the Township of Berkeley does not object to the Stipulation in its present form. The Township of Berkeley takes no position with respect to the same and respectfully requests that this be noted of record.

Please feel free to contact me with any questions that you may have with regard to the foregoing.

Thank you for your time and considerations.

Respectfully submitted,



PATRICK SHEEHAN

PS:mj

Cc: Stephen B. Genzer, Esquire  
Ms. Kristi Izzo, Secretary, Board of Public Utilities  
New Jersey Division of Rate Counsel (Attn: Susan E. McClure)  
Mayor Jason J. Varano  
Leonard Roeber, Business Administrator  
Beverly M. Carle, Township Clerk (for distribution to the Council Members)  
Frederick Ebenau, CFO



**STIPULATION OF SETTLEMENT**

**AQUA NEW JERSEY, INC.  
BPU DOCKET NO. WR09121005**

**EXHIBIT A**

**PROPOSED TARIFF PAGES  
IMPLEMENTING THE STIPULATION**

AQUA NEW JERSEY, INC.

PRIVATE FIRE SERVICE REVENUE CALCULATION  
PROOF OF REVENUE

Service size	Present Rates (7/14/08)			Growth		Present and Proposed Rates		
	Number of Bills	Monthly Charge	Annual Revenue(1)	Adjustment Bills	Revenue	Number of Bills	Monthly Charge	Annual Revenue
<u>Private Fire ( Northern, Central and Southern )</u>								
2"							\$0.00	
3"	144	80.56	\$11,601			144	80.56	\$11,601
4"	1,316	134.27	176,699	4	537	1,320	134.27	177,236
6"	1,744	301.72	526,200	(4)	(1,207)	1,740	301.72	524,991
8"	659	536.30	353,422	1	536	660	536.30	353,956
10"	129	838.02	108,105	3	2,514	132	838.02	110,619
12"	12	1,206.87	14,482			12	1,206.87	14,482
<u>Private Fire ( Eastern )</u>								
2"	12	0.00	0			12	0.00	0
3"	12	49.91	599			12	49.91	599
4"	40	83.19	3,328	8		48	83.19	3,993
6"	36	166.38	5,990			36	166.38	5,990
8"	36	332.75	11,979			36	332.75	11,979
10"	0	639.17	0			0	639.17	0
Inactive (2)			961					961
Hydrant	1,293	39.71	51,345	2	79	1,295	39.71	51,424
Total Private Fire			<u>1,264,711</u>		<u>2,460</u>			<u>1,267,832</u>

Note: (1)

Private fire is billed monthly therefore number of bills in year times monthly rate

Public fire is billed quarterly therefore number of hydrants billed in a year times monthly rate times three

(2) Inactive Central Div



AQUA NEW JERSEY, INC.  
PUBLIC FIRE PROTECTION  
PROOF OF REVENUE

Fire District	Acct. No.	Hydrant	Number of Bills	Proposed	
				Hydrant Charge	Public Fire Rev.
Lebanon Twp.	1037740	1	4	\$649.92	\$650
Blackwood FD 2	999055	40	170	649.92	27,622
Blackwood FD 3	999085	83	335	649.92	54,431
Blackwood FD 4	999086	159	646	649.92	104,962
Sicklerville FD 5	999087	182	816	649.92	132,584
Erial FD 6	999088	290	1,172	649.92	190,427
Lakeland	1006125	24	97	649.92	15,761
Woolwich	1007313	119	537	649.92	87,252
Bayville	1039430	255	3,090	200.04	51,510
Hamilton Square FD 7	1013883	361	1,458	649.92	236,896
Mercerville FD 2	1013884	66	267	649.92	43,382
Robbinsville	1013885	459	1,854	649.92	301,238
Hamilton Twp.	1013886	129	521	649.92	84,652
Whitehorse	1018632	1	4	649.92	650
Crosswicks	1013887	106	428	649.92	69,541
Chesterfield FD 2	1020428	11	45	649.92	7,312
Yardville	1021838	11	45	191.04	2,149
Upper Freehold Twp.	1021838	32	129	330.00	10,643
Upper Freehold Twp.	1090772	52	206	330.00	16,995
Phillipsburg	1032510	210	848	576.00	122,112
Lopatcong Twp.	1032511	218	881	649.92	143,145
Pohatcong Twp.	1032513	41	166	649.92	26,972
Greenwich Twp.	1032849	165	666	649.92	108,212
Holland Twp. Fox Hill Dr.	1037164	4	16	339.96	1,360
Califon Boro	1037738	26	105	549.96	14,436
Fredon Twp.	NA	22	88	249.96	5,499
Holland Twp. Church St.	1037084	20	81	549.96	11,137
Alpha Boro	1032512	1	4	249.96	250
Total Company			3,088		\$1,871,780

CMS  
Quirolo  
Miller  
RPA  
Water(2)



*State of New Jersey*  
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 01190-10

AGENCY DKT. NO. WR09121005

**I/M/O PETITION OF AQUA NEW JERSEY, INC.  
FOR APPROVAL OF AN INCREASE IN RATES  
FOR WATER SERVICES AND OTHER  
TARIFF CHARGES.**

---

**Stephen B. Genzer, Esq.**, for petitioner Aqua New Jersey, Inc. (Saul Ewing, attorneys)

**Cynthia L.M. Holland**, Deputy Attorney General, for the Staff of the Board of Public Utilities (Paula T. Dow, Attorney General of New Jersey, attorney)

**Debra F. Robinson**, Deputy Public Advocate and **Susan E. McClure**, Assistant Deputy Public Advocate, for Division of Rate Counsel (Stefanie A. Brand, Acting Public Advocate, attorney)

**Patrick Sheehan, Esq.**, on behalf of Intervenor, Township of Berkeley (Law Offices of Patrick Sheehan, attorney)

Record Closed: May 19, 2010

Decided: May 21, 2010

**BEFORE GAIL M. COOKSON, ALJ:**

On December 18, 2009, Aqua New Jersey, Inc. filed a petition with the Board of Public Utilities for approval of an increase in rates of water service and to make other tariff



changes. The file was transmitted to the Office of Administrative Law (OAL) for hearing 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, on January 6, 2010. A prehearing conference was convened telephonically on February 11, 2010, and a Prehearing Order entered. Staff and Rate Counsel undertook discovery and analysis of the petitioner's request for rate relief. On March 25, 2010, public hearings were held in Phillipsburg and Hamilton, two locations within Aqua's service territory.

Plenary hearing dates were scheduled for June 24-25, and 28-29, 2010. On May 19, 2010, I received a fully-executed Stipulation of Settlement to this matter that more completely sets forth the terms and conditions of the settlement of all issues raised by the filing of Aqua New Jersey, Inc. Intervenor Township of Berkeley is not a signatory to the Stipulation but does not oppose its entry.

I have reviewed the record and terms of the Stipulation and **FIND:**

1. The parties have voluntarily agreed to the settlement as evidenced by the signatures of the parties or their representatives.
2. The settlement fully disposes of all issues in controversy and is consistent with law.

I **CONCLUDE** that the Stipulation of Settlement meets the requirements of N.J.A.C. 1:1-19.1 and therefore, it is **ORDERED** that the matter be deemed dismissed with prejudice and that these proceedings be and are hereby concluded.

I hereby **FILE** my 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 (45) 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.

May 21, 2010

DATE

Gail M. Cookson  
GAIL M. COOKSON, ALJ

Date Received at Agency:

Dana Thomas 5/27/2010

Date Mailed to Parties:

id



**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

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PETITION OF AQUA NEW JERSEY, INC.	:	BPU DOCKET NO. WR09121005
FOR APPROVAL OF AN INCREASE IN	:	OAL DKT. NO. PUC-01190-2010N
RATES FOR WATER SERVICE AND	:	
OTHER TARIFF CHANGES	:	STIPULATION OF SETTLEMENT
<hr/>	:	

**APPEARANCES:**

Stephen B. Genzer, Esq., and Colleen A. Foley, Esq., Saul Ewing LLP, on behalf of Aqua New Jersey, Inc., Petitioner

Cynthia L. M. Holland, Deputy Attorney General (Paula T. Dow, Attorney General of New Jersey), on behalf of the Staff of the Board of Public Utilities

Debra F. Robinson, Esq., Deputy Public Advocate, and Susan E. McClure, Esq., Assistant Deputy Public Advocate, on behalf of the Department of the Public Advocate, Division of Rate Counsel

Patrick Sheehan, Esq., on behalf of Intervenor, Township of Berkeley

**TO THE HONORABLE BOARD OF PUBLIC UTILITIES:**

The Parties in this proceeding are as follows: Aqua New Jersey, Inc. (the "Company" or "Petitioner"), the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel"), the Staff of the Board of Public Utilities ("Board Staff" or "Staff"), and Intervenor, the Township of Berkeley. As a result of an analysis of Petitioner's pre-filed testimony and exhibits, extensive discovery, two public hearings held on March 25, 2010, the Company, Board Staff and Rate Counsel (collectively, the "Signatory Parties") have come to an agreement on the issues in dispute in this matter. The Township of Berkeley has provided a

letter indicating that while it does not object to the terms of this settlement, it will not be a Signatory Party to this agreement. The Signatory Parties hereto agree and stipulate as follows:

The procedural history of this matter is as follows:

On December 18, 2009, Petitioner, a public utility corporation of the State of New Jersey, pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.12 and 14:9-7.1 *et seq.*, filed a petition to increase rates for water service and to make other tariff changes. Specifically, the Company requested a rate increase of approximately \$7,294,512 or approximately 25.77% above the adjusted annual level of revenues for the test year ending April 30, 2010.

On January 6, 2010, the Board transmitted the matter to the Office of Administrative Law ("OAL"), and Administrative Law Judge ("ALJ") Gail M. Cookson was assigned to hear the case. On January 21, 2010, the Board entered an Order suspending until May 21, 2010, the implementation of changes Aqua sought to make to its tariffs. A Pre-Hearing Conference was convened by ALJ Cookson on February 11, 2010, and a Pre-Hearing Order was issued on March 17, 2010.

Extensive discovery was conducted by the Parties with the Company providing responses to hundreds of data requests. After proper notice, public hearings were held in Hamilton and Phillipsburg on March 25, 2010. No members of the public appeared at the hearing in Hamilton. Four members of the public and a representative of one municipality appeared at the hearing in Phillipsburg and their comments were heard by the Signatory Parties and the ALJ. The public comments generally concerned the magnitude of the increase requested by the Company.

Settlement discussions were held, and the agreements reached during those discussions have resulted in the following stipulation by the Signatory Parties:



1. For purposes of this proceeding only, the Company's total rate base is agreed to be \$95,000,000 with a test year ending April 30, 2010, adjusted for certain known and measurable changes.

2. The Signatory Parties agree, for the purposes of this proceeding only, to utilize an overall rate of return of 8.16%, which would result in an overall additional revenue requirement of \$4,000,000. For the purposes of this proceeding only, this overall rate of return is calculated using the Company's current capital structure (consisting of 47.16% long term debt and 52.84% common equity) with long term debt calculated at a rate of 5.77% and common equity calculated at a rate of 10.3%.

3. The Signatory Parties stipulate that a revenue increase for the Company of \$4,000,000 or 13.954% over present rate revenues of \$28,672,844 is an appropriate result of this matter. The Signatory Parties recommend to the Board that it consider this Stipulation at its first scheduled agenda meeting in June; however, the effective date will be the date of the Board's Order or an effective date as determined by the Board. The Signatory Parties agree that this revenue requirement should represent a level of revenues necessary to ensure that the Company will continue to provide safe, adequate, and proper water service to its customers.

4. The stipulated revenue increase of \$4,000,000 includes a consolidated tax adjustment as well as the amortization of deferred expenses related to the Company's continued installation of required radium treatment facilities (as previously authorized in BPU Docket No. WR06120897 seeking deferred accounting treatment).

5. The Signatory Parties agree that the attached tariff pages (included as Exhibit A), implementing the terms of this Stipulation, should be adopted by the Board in their entirety. Attached as Exhibit B is a Proof of Revenues for the Company.

6. The Signatory Parties agree that the Company's request for a Distribution System Improvement Charge ("DSIC") will not be addressed in this proceeding.

7. The Signatory Parties agree that Company's request to update the baseline data required to implement a purchased water adjustment clause pursuant to N.J.A.C. 14:9-7.1 et seq. will not be addressed in this proceeding.

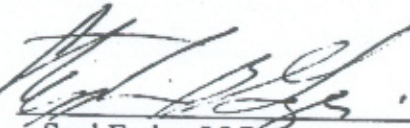
8. This Stipulation is the product of extensive negotiations by the Signatory Parties, and it is an express condition of the settlement embodied by this Stipulation that it be presented to the Board in its entirety without modification or condition. It is also the intent of the Signatory Parties to this Stipulation that this settlement, once accepted and approved by the Board, shall govern all issues specified and agreed to herein. The Signatory Parties to this Stipulation specifically agree that if adopted in its entirety by the Board, no appeal shall be taken by them from the order adopting same as to those issues upon which the Signatory Parties have stipulated herein. The Signatory Parties agree that the within Stipulation reflects mutual balancing of various issues and positions and is intended to be accepted and approved in its entirety. Each term is vital to this Stipulation as a whole, since the Signatory Parties hereto expressly and jointly state that they would not have signed this Stipulation had any terms been modified in any way. In the event any particular aspect of this Stipulation is not accepted and approved by the Board, then any Signatory Party hereto materially affected thereby shall not be bound to proceed under this Stipulation. The Signatory Parties further agree that the purpose of this Stipulation is to reach fair and reasonable rates, with any compromises being made in the spirit of reaching an agreement. None of the Signatory Parties shall be prohibited from or prejudiced in arguing a different policy or position before the Board in any other proceeding, as such agreements pertain only to this matter and to no other matter.



8. This Stipulation may be executed in as many counterparts as there are Signatory Parties of this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

AQUA NEW JERSEY, INC.

5/18/10  
Date

By:   
Saul Ewing LLP  
Stephen B. Genzer, Esq.  
Attorney for Petitioners

PAULA T. DOW, ESQ.  
ATTORNEY GENERAL OF NEW JERSEY

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Cynthia L. M. Holland, Esq.  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
ACTING PUBLIC ADVOCATE  
DIRECTOR - RATE COUNSEL

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Debra F. Robinson, Esq.  
Deputy Public Advocate

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AQUA NEW JERSEY, INC.

5/18/10  
Date

By: [Signature]  
Saul Ewing LLP  
Stephen B. Genzer, Esq.  
Attorney for Petitioners

PAULA T. DOW, ESQ.  
ATTORNEY GENERAL OF NEW JERSEY

5/18/10  
Date

By: [Signature]  
Cynthia L. M. Holland, Esq.  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
ACTING PUBLIC ADVOCATE  
DIRECTOR - RATE COUNSEL

                      
Date


By:                       
Debra F. Robinson, Esq.  
Deputy Public Advocate



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AQUA NEW JERSEY, INC.

5/18/10  
Date

By:   
Saul Ewing LLP  
Stephen B. Genzer, Esq.  
Attorney for Petitioners


PAULA T. DOW, ESQ.  
ATTORNEY GENERAL OF NEW JERSEY

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Cynthia L. M. Holland, Esq.  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
ACTING PUBLIC ADVOCATE  
DIRECTOR - RATE COUNSEL

5-18-2010  
Date

By:   
Debra F. Robinson, Esq.  
Deputy Public Advocate

**STIPULATION OF SETTLEMENT**

**AQUA NEW JERSEY, INC.  
BPU DOCKET NO. WR09121005**

**EXHIBIT A**

**PROPOSED TARIFF PAGES  
IMPLEMENTING THE STIPULATION**



RATE SCHEDULE NO. 1  
GENERAL METERED SERVICE

APPLICABILITY

Applicable to the use of water supplied through meters to all customers served by the Company.

CHARACTER OF SERVICE

Continuous.

RATE:

Size of Meter

5/8" or 5/8" x 3/4"

3/4"

1"

1 1/2"

2"

3"

4"

6"

8"

10"

12"

Fixed Service Charge

Amount Per Month

\$ 12.00

18.00

30.00

60.00

96.00

180.00

300.00

600.00

960.00

1,200.00

1,500.00

Usage Charge

Rate/1000 Gallons    Rate/100 Cubic Feet

\$ 4.74045

\$ 3.54610

General Metered Consumption

TERMS OF PAYMENT:

BILLS ARE DUE FIFTEEN (15) DAYS AFTER THE BILL IS SENT. Bills for metered service will be rendered monthly in arrears.

Issued: June XX, 2010  
23395.1 Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

Effective Date: xxx xx, xxxx

The State of New Jersey enacted Chapter 443 of the Laws of New Jersey 1983 concerning the periodic testing of public water supplies which establishes a water tax of \$0.01 per 1,000 gallons of water. This water tax is reflected and included in the above rates.

Filed pursuant to decision and order of the Board of Public Utilities dated xxx xx, xxxx, in Docket No. WRxxx..

RATE SCHEDULE NO. 2  
PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY:

Applicable to all customers served by the Company for private fire protection service, except in the Township of Berkeley, Ocean County.

CHARACTER OF SERVICE:

The Company will use due diligence at all times to provide customers service of the character or quality proposed to be supplied, but in case the service shall be interrupted or irregular or defective or fail, the Company shall be liable and obligated only to use reasonably diligent efforts in the light of the circumstances then existing to restore service or to correct its characteristics.

RATE:

Sprinkler connections including hoses or hydrants connected to them.

Size of Service	Per Month
2" or Less	\$ 0.00
3"	80.56
4"	134.27
6"	301.72
8"	536.30
10"	838.02
12"	1,206.87

MINIMUM CHARGE:

None.

TERMS OF PAYMENT:

BILLS ARE DUE FIFTEEN (15) DAYS AFTER THE BILL IS SENT. Bills are rendered either monthly in arrears.

SPECIAL PROVISIONS:

Private fire service lines shall be equipped with special meters or detection devices and are to be used exclusively for fire protection purposes. No water shall be used through these fire protection connections except for testing purposes or in case of fire. However, the water company shall be notified at least 72 hours (3 days) prior to the testing of any fire protection connection; and shall be given the opportunity to witness said test.

Issued: June XX, 2010

Effective Date: xxx xx, xxxx

23395.1 Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

Filed pursuant to decision and order of the Board of Public Utilities dated xxx xx, xxxx, in Docket No. WRxxx..



RATE SCHEDULE NO. 3  
PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY:

Applicable to all customers served by the Company for private fire protection service in the Township of Berkeley, Ocean County.

CHARACTER OF SERVICE:

The Company will use due diligence at all times to provide customers service of the character or quality proposed to be supplied, but in case the service shall be interrupted or irregular or defective or fail, the Company shall be liable and obligated only to use reasonably diligent efforts in the light of the circumstances then existing to restore service or to correct its characteristics.

RATE:

Sprinkler connections including hoses or hydrants connected to them.

Size of Service	Per Month
2" or Less	\$ 0.00
3"	49.91
4"	83.18
6"	166.38
8"	332.75
10"	639.17

MINIMUM CHARGE:

None.

TERMS OF PAYMENT:

BILLS ARE DUE FIFTEEN (15) DAYS AFTER THE BILL IS SENT. Bills are rendered monthly in arrears.

SPECIAL PROVISIONS:

Private fire service lines shall be equipped with special meters or detection devices and are to be used exclusively for fire protection purposes. No water shall be used through these fire protection connections except for testing purposes or in case of fire. However, the water company shall be notified at least 72 hours (3 days) prior to the testing of any fire protection connection; and shall be given the opportunity to witness said test.

Issued: June XX, 2010

Effective Date: xxx xx, xxxx

23395.1 Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

Filed pursuant to decision and order of the Board of Public Utilities dated xxx xx, xxxx, in Docket No. WRxxx..



RATE SCHEDULE NO. 4  
PUBLIC FIRE PROTECTION SERVICE

APPLICABILITY:

This schedule is applicable to all customers served by the Company for public fire within the company franchise, except as noted below:

CHARACTER OF SERVICE:

The installation and maintenance of fire hydrants, and the supplying of water through such hydrants, is for the sole use of authorized fire-fighting personnel for the control and extinguishment of any fire. The Company will use due diligence at all times to provide continuous service of the character or quality proposed to be supplied, but in case the service shall be interrupted or irregular or defective or fail, the Company shall be liable and obligated only to use reasonably diligent efforts in the light of the circumstances then existing to restore service or to correct its characteristics.

RATE:

1. Hydrant Charge

For each fire hydrant installed there shall be made a Monthly Fire Protection Charge of:

All Service Areas (Except as noted below) .....	\$ 649.92
Phillipsburg .....	576.00
Califon Boro .....	549.96
Holland Twp Church St .....	549.96
Holland Twp Fox Hill Dr. ....	339.96
Upper Freehild Twp .....	330.00
Bayville .....	200.04
Fredon Twp .....	249.96
Alpha Boro .....	249.96
Yardville .....	191.04

2. Terms of Payment

All bills for municipal fire protection shall be rendered net monthly, in arrears, and shall become due and payable FIFTEEN (15) DAYS AFTER THE BILL IS SENT.

Issued: June XX, 2010

Effective Date: xxx xx, xxxx

23395.1 Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

Filed pursuant to decision and order of the Board of Public Utilities dated xxx xx, xxxx, in Docket No. WRxxx..



RATE SCHEDULE NO. 8  
WATER SOLD FOR RESALE ONLY

APPLICABILITY:

Applicable to water sold for resale only, within all territories served by the Company, except in the Township of Berkeley, Ocean County, and Fredon Township, Sussex County, and which is exempt from the water tax as established by enactment of Chapter 443 of the Laws of New Jersey 1983.

CHARACTER OF SERVICE:

Continuous.

RATE:

<u>Charge</u>	<u>Fixed Service</u>
<u>Size of Meter</u>	<u>Amount Per Month</u>
5/8" or 5/8" x 3/4"	\$ 12.00
3/4"	18.00
1"	30.00
1 1/2"	60.00
2"	96.00
3"	180.00
4"	300.00
6"	600.00
8"	960.00
10"	1,200.00
12"	1,500.00

	<u>Usage Charge</u>	
	<u>Rate/1000 Gallons</u>	<u>Rate/100 Cubic Feet</u>
General Metered Consumption	\$ 4.73045	\$ 3.53862

TERMS OF PAYMENT:

BILLS ARE DUE FIFTEEN (15) DAYS AFTER THE BILL IS SENT. Bills for metered water service will be rendered monthly in arrears.

Issued: June XX, 2010

Effective Date: xxx xx, xxxx

23395.1 Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

Filed pursuant to decision and order of the Board of Public Utilities dated  
xxx xx, xxxx, in Docket No. WRxxx..

RATE SCHEDULE NO. 9  
NON-TREATED AND NON-POTABLE METERED SERVICE  
LIBERTY ROAD WELL - LOPATCONG TOWNSHIP GOLF COURSE

APPLICABILITY

Applicable to the use of non-treated and non-potable water supplied through a meter to the Lopatcong Township Golf Course for irrigation purposes only.

CHARACTER OF SERVICE

Continuous.

RATE:

<u>Size of Meter</u>	<u>Fixed Service Charge</u>	
	<u>Amount Per Month</u>	
4"	332.40	
6"	660.00	
8"	1,064.40	
10"	1,330.51	
12"	1,663.14	

	<u>Usage Charge</u>	
	<u>Rate/1000 Gallons</u>	<u>Rate/100 Cubic Feet</u>
All Consumption	\$ 0.90	\$ 0.673247

Peak Electrical Demands Surcharge - the surcharge for all peak electrical use will be passed on directly to the specific user.

TERMS OF PAYMENT:

BILLS ARE DUE FIFTEEN (15) DAYS AFTER THE BILL IS SENT. Bills for metered service will be rendered monthly in arrears.

Issued: June XX, 2010

Effective Date: xxx xx, xxxx

23395.1 Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

Filed pursuant to decision and order of the Board of Public Utilities dated xxx xx, xxxx, in Docket No. WRxxx..



RATE SCHEDULE NO. 10  
BEAR BROOK VILLAGE WATER RATE SCHEDULE

APPLICABILITY

Applicable to the use of water supplied through meters to bulk customers served by the Company in the Fredon Township, Sussex County.

	Flat Monthly Rate	Usage charge 1,000 Gallons	Tap Fees
Bulk:			
Water	\$480.00	\$4.74045	\$0

Bulk water monthly flat rate includes 3,000 gallons of consumption allowance, before the application of the usage charge to every 1,000 gallons in excess of the 3,000 gallon allowance.

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Issued: June XX, 2010

Effective Date: xxx xx, xxxx

23395.1 Davis, President  
10 Black Forest Road  
Hamilton, NJ 08691

Filed pursuant to decision and order of the Board of Public Utilities dated  
xxx xx, xxxx, in Docket No. WRxxx..

**STIPULATION OF SETTLEMENT**

**AQUA NEW JERSEY, INC.  
BPU DOCKET NO. WR09121005**

**EXHIBIT B**

**PROOF OF REVENUES**



AQUA NEW JERSEY, INC.

PROOF OF REVENUE

Customer Class	Cost of Service		Pro Forma Present		Pro Forma Proposed		Percent Increase
	Amount	Percent	Amount	Percent	Amount	Percent	
<u>Metered Revenue:</u>							
Residential	29,386,159	82.53%	20,120,964	71.54%	23,509,385	73.18%	16.84%
Commercial	3,258,389	9.15%	3,681,735	13.09%	4,249,282	13.23%	15.42%
Industrial	444,081	1.25%	586,086	2.08%	677,839	2.11%	15.66%
Public Authority	<u>435,015</u>	<u>1.22%</u>	<u>437,439</u>	<u>1.56%</u>	<u>549,546</u>	<u>1.71%</u>	<u>25.63%</u>
Total Metered	33,523,645	94.15%	24,826,224	88.27%	28,986,052	90.23%	16.76%
Private Fire Protection	454,679	1.28%	1,267,832	4.51%	1,267,832	3.95%	0.00%
Public Fire Protection	1,627,226	4.57%	2,031,609	7.22%	1,871,780	5.83%	-7.87%
Other Service Revenues	0	NA	<u>547,177</u>	NA	<u>547,177</u>	NA	<u>0.00%</u>
Total Revenues	<u>35,605,550</u>	<u>100.00%</u>	<u>28,672,842</u>	<u>100.00%</u>	<u>32,672,841</u>	<u>100.00%</u>	<u>13.95%</u>

Aqua New Jersey  
Summary All Divisions  
General metered service

AQUA NEW JERSEY, INC.  
GENERAL METERED SERVICE  
PROOF OF REVENUE

Sheet 1 of 3

Meter size	Number of Customers	Present Rates (7/14/08)		Growth Adjustment Bills	Revenue	Number of Customers	Present Rates		Annual Revenue	Monthly Charge	Proposed Rates		Percent Increase
		Monthly Charge	Annual Revenue(1)				Monthly Charge	Annual Revenue			Monthly Charge	Annual Revenue	
Residential													
5/8"	39,323.82	\$9.89	\$4,666,951	487.00	\$57,797	39,810.82	\$9.89	\$4,724,748	\$12.00	\$5,732,758	21.33%		
3/4"	3,192.17	\$14.84	568,462	1.5		3,192.17	14.84	568,462	18.00	689,509	21.29%		
1"	726.00	\$24.73	215,448	2.5		726.00	24.73	215,448	30.00	261,360	21.31%		
1-1/2"	140.00	\$49.45	83,076	5		140.00	49.45	83,076	60.00	100,800	21.33%		
2"	123.34	\$79.12	117,104	8		123.34	79.12	117,104	96.00	142,088	21.33%		
3"	2.83	\$148.35	5,038	15		2.83	148.35	5,038	180.00	6,113	21.34%		
4"		\$247.25		25		0.00	247.25	0	300.00	0	0.00%		
6"	1.08	\$494.50	6,409	50		1.08	494.50	6,409	600.00	7,776	21.33%		
8"	1.00	\$791.20	9,494	80		1.00	791.20	9,494	960.00	11,520	21.33%		
10"		\$989.00		100			989.00	0	1,200.00	0	0.00%		
Consumption	43,510.24		5,671,982	487.00	57,797	43,997.24		5,729,779		9,951,924			
(per 1,000 gallons)	3,484,872.90	4,12254	14,366,528	29,132	120,098	3,480,436.00	4,12254	14,346,242	4,74045	16,498,833	14.99%		
Total Residential			\$20,038,510		\$177,895			\$20,078,020		23,450,757	16.80%		

Meter size	Number of Customers	Present Rates (7/14/08)		Growth Adjustment Bills	Revenue	Number of Customers	Present Rates		Annual Revenue	Monthly Charge	Proposed Rates		Percent Increase
		Monthly Charge	Annual Revenue(1)				Monthly Charge	Annual Revenue			Monthly Charge	Annual Revenue	
Commercial													
5/8"	1,102.25	\$9.89	\$130,815			1,102.25	\$9.89	\$130,815	\$12.00	\$158,724	21.33%		
3/4"	119.17	14.84	21,222			119.17	14.84	21,222	18.00	25,741	21.29%		
1"	259.75	24.73	77,083			259.75	24.73	77,083	30.00	93,510	21.31%		
1-1/2"	152.58	49.45	90,541			152.58	49.45	90,541	60.00	109,858	21.34%		
2"	288.34	79.12	273,762			288.34	79.12	273,762	96.00	332,168	21.33%		
3"	24.17	148.35	43,027			24.17	148.35	43,027	180.00	52,207	21.34%		
4"	6.33	247.25	18,781			6.33	247.25	18,781	300.00	22,788	21.34%		
6"	5.01	494.50	29,729			5.01	494.50	29,729	600.00	36,072	21.34%		
8"	5.68	791.20	53,928			5.68	791.20	53,928	960.00	65,434	21.34%		
10"	0.00	989.00	0.00			0.00	989.00	0	1,200.00	0	0.00%		
	1,963.28		738,888			1,963.28		738,888		896,502			
Consumption (per 1,000 gallons)	703,636.00	4,12254	2,900,768			703,636.00	4,12254	2,900,768	4,74045	3,335,551	14.99%		
Total commercial			\$3,639,658					\$3,639,658		\$4,232,053	16.28%		



General Metered Service

Meter size	Number of Customers	Present Rates (7/14/08)		Growth Adjustment Bills	Revenue	Number of Customers	Present Rates		Annual Revenue	Monthly Charge	Proposed Rates		Percent Increase
		Monthly Charge	Annual Revenue(1)				Monthly Charge	Annual Revenue			Monthly Charge	Annual Revenue	
Industrial													
5/8"	10.00	\$9.89	\$1,187			10.00	\$9.89	\$1,187		12.00	\$1,440	21.33%	
3/4"	1.00	14.84	178			1.00	14.84	178		18.00	216	21.29%	
1"	2.00	24.73	594			2.00	24.73	594		30.00	720	21.31%	
1-1/2"	2.91	49.45	1,727			2.91	49.45	1,727		60.00	2,095	21.33%	
2"	12.50	79.12	11,868			12.50	79.12	11,868		96.00	14,400	21.33%	
3"		148.35				0.00	148.35	0		180.00	0	0.00%	
4"	4.99	247.25	14,805			4.99	247.25	14,805		300.00	17,964	21.33%	
6"	1.66	494.50	9,850			1.66	494.50	9,850		600.00	11,952	21.33%	
8"	1.00	791.20	9,494			1.00	791.20	9,494		960.00	11,520	21.33%	
10"	1.00	989.00	11,868			1.00	989.00	11,868		1,200.00	14,400	21.33%	
Consumption (per 1,000 gallons)	37.06		\$1,571			37.06		\$1,571			74,707		
Total Industrial	127,231.00	4,12254	524,515			127,231.00	4,12254	524,515		4,74045	603,132	14.96%	
			\$596,086					\$596,086			677,839	15.66%	

Public Authority	Number of Customers	Present Rates (7/14/08)		Growth Adjustment Bills	Revenue	Number of Customers	Present Rates		Annual Revenue	Monthly Charge	Proposed Rates		Percent Increase
		Monthly Charge	Annual Revenue(1)				Monthly Charge	Annual Revenue			Monthly Charge	Annual Revenue	
5/8"	18.25	9.89	\$2,166			18.25	\$9.89	\$2,166		\$12.00	2,628	21.33%	
3/4"	1.00	14.84	178			1.00	14.84	178		18.00	216	21.29%	
1"	4.92	24.73	1,460			4.92	24.73	1,460		30.00	1,771	21.30%	
1-1/2"	7.83	49.45	4,646			7.83	49.45	4,646		60.00	5,638	21.34%	
2"	37.25	79.12	35,367			37.25	79.12	35,367		96.00	42,912	21.33%	
3"	8.42	148.35	14,989			8.42	148.35	14,989		180.00	18,187	21.33%	
4"	5.08	247.25	15,072			5.08	247.25	15,072		300.00	18,288	21.33%	
6"	5.91	494.50	35,070			5.91	494.50	35,070		600.00	42,552	21.33%	
8"	2.84	791.20	26,964			2.84	791.20	26,964		960.00	32,717	21.34%	
10"		989.00								1,200.00			
Total Fixed Service charges	91.50		135,912			91.50		135,913			164,909		
Consumption (per 1,000 gallons)	73,141.00	4,12254	301,527			73,141.00	4,12254	301,527		4,74045	346,721	14.99%	
Total Public Authority			\$437,439					\$437,439			511,630	16.96%	
Total Company Not Including Bear Brook								24,741,201	0	0	28,872,279	16.70%	

AQUA NEW JERSEY, INC.  
GENERAL METERED SERVICE  
PROOF OF REVENUE

Sheet 3 of 3

Meter size	Number of Customers	Present Rates (7/14/08)		Proposed Rates	
		Monthly Charge	Annual Revenue	Monthly Charge	Annual Revenue
<u>Bear Brook Residential</u>					
5/8"	0.00	\$18.00	0	\$12.00	\$0
3/4"	76.83	18.00	16,595	18.00	16,595
1"	1.00	18.00	216	30.00	360
1-1/2"	<u>1.00</u>	18.00	216	60.00	720
	<u>78.83</u>				
Consumption (per 1,000 gallons)	<u>8,639.00</u>	3.00	<u>25,917</u>	4.74045	<u>40,953</u>
Total Residential			<u>42,944</u>		<u>58,628</u>
<u>Bear Brook Commercial</u>					
5/8"	0.00	\$18.00	0	\$12.00	0
3/4"	1.75	18.00	378	18.00	378
1"	0.17	18.00	37	30.00	61
1-1/2"	0.00	18.00	0	60.00	0
2"	<u>1.00</u>	18.00	216	96.00	<u>1,152</u>
	<u>2.92</u>				
Consumption (per 1,000 gallons)	3,298.80	3.00	<u>9,896</u>	4.74045	<u>15,638</u>
Total Commercial			<u>10,527</u>		<u>17,229</u>
<u>Bear Brook Bulk</u>					
3/4"	0.67	\$400.00	3,216	\$480.00	3,859
Consumption (per 1,000 gallons)	71.20				
Allowance 3tg/mo	(24.12) (3 x 12 x .67)				
	<u>47.08</u>	3.00	<u>141</u>	4.74045	223
Total Bulk			<u>3,357</u>		<u>4,082</u>
Lopatcong Raw Water Fixed charges 4"	0.83	\$277.00	2,759	\$332.40	3,311
Consumption	33,914.00	\$0.75	<u>25,436</u>	\$0.90	<u>30,523</u>
Total Lopatcong Raw			<u>28,195</u>		<u>33,834</u>
Total Bear Brook			<u>\$85,023</u>		<u>\$113,773</u>



AQUA NEW JERSEY, INC.

PRIVATE FIRE SERVICE REVENUE CALCULATION  
PROOF OF REVENUE

Service size	Present Rates (7/14/08)			Growth Adjustment Bills	Present and Proposed Rates		
	Number of Bills	Monthly Charge	Annual Revenue(1)		Number of Bills	Monthly Charge	Annual Revenue
<u>Private Fire ( Northern, Central and Southern)</u>							
2"							
3"	144	80.56	\$11,601		144	\$0.00	
4"	1,316	134.27	176,699	4	1,320	80.56	\$11,601
6"	1,744	301.72	526,200	(4)	1,740	134.27	177,236
8"	659	536.30	353,422	1	660	301.72	524,991
10"	129	838.02	108,105	3	132	536.30	353,956
12"	12	1,206.87	14,482		12	838.02	110,619
						1,206.87	14,482
<u>Private Fire ( Eastern )</u>							
2"	12	0.00	0		12	0.00	0
3"	12	49.91	539		12	49.91	599
4"	40	83.19	3,328	8	48	83.19	3,993
6"	36	166.38	5,990		36	166.38	5,990
8"	36	332.75	11,979		36	332.75	11,979
10"	0	639.17	0		0	639.17	0
Inactive (2)			961				961
Hydrant	1,293	39.71	51,345	2	1,295	39.71	51,424
Total Private Fire			1,264,711				1,267,832

Note: (1)

Private fire is billed monthly therefore number of bills in year times monthly rate

Public fire is billed quarterly therefore number of hydrants billed in a year times monthly rate times three

(2) Inactive Central Div

AQUA NEW JERSEY, INC.  
PUBLIC FIRE PROTECTION  
PROOF OF REVENUE

<u>Fire District</u>	<u>Acct. No.</u>	<u>Hydrant</u>	<u>Number of</u>	<u>Proposed</u>	<u>Proposed</u>
			<u>Bills</u>	<u>Hydrant</u>	<u>Public</u>
				<u>Charge</u>	<u>Fire Rev.</u>
Lebanon Twp.	1037740	1	4	\$649.92	\$650
Blackwood FD 2	999055	40	170	649.92	27,622
Blackwood FD 3	999085	83	335	649.92	54,431
Blackwood FD 4	999086	159	646	649.92	104,962
Sicklerville FD 5	999087	182	816	649.92	132,584
Erial FD 6	999088	290	1,172	649.92	190,427
Lakeland	1006125	24	97	649.92	15,761
Woolwich	1007313	119	537	649.92	87,252
Bayville	1039430	255	3,090	200.04	51,510
Hamilton Square FD 7	1013883	361	1,458	649.92	236,896
Mercerville FD 2	1013884	66	267	649.92	43,382
Robbinsville	1013885	459	1,854	649.92	301,238
Hamilton Twp.	1013886	129	521	649.92	84,652
Whitehorse	1018632	1	4	649.92	650
Crosswicks	1013887	106	428	649.92	69,541
Chesterfield FD 2	1020428	11	45	649.92	7,312
Yardville	1021838	11	45	191.04	2,149
Upper Freehold Twp.	1021838	32	129	330.00	10,643
Upper Freehold Twp.	1090772	52	206	330.00	16,995
Phillipsburg	1032510	210	848	576.00	122,112
Lopatcong Twp.	1032511	218	881	649.92	143,145
Pohatcong Twp.	1032513	41	166	649.92	26,972
Greenwich Twp.	1032849	165	666	649.92	108,212
Holland Twp. Fox Hill Dr.	1037164	4	16	339.96	1,360
Califon Boro	1037738	26	105	549.96	14,436
Fredon Twp.	NA	22	88	249.96	5,499
Holland Twp. Church St.	1037084	20	81	549.96	11,137
Alpha Boro	1032512	1	4	249.96	250

Total Company 3,088 \$1,871,780