



Agenda Date: 3/18/26
Agenda Item: 2A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

REVENUE AND RATES

IN THE MATTER OF THE PETITION OF NEW)
JERSEY-AMERICAN WATER COMPANY, INC. FOR) ORDER APPROVING
AUTHORIZATION TO CHANGE THE LEVEL OF ITS) STIPULATION OF SETTLEMENT
PURCHASED WATER ADJUSTMENT CLAUSE AND)
PURCHASED WASTEWATER TREATMENT)
ADJUSTMENT CLAUSE) DOCKET NO. WR25110596

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Stephen R. Bishop, Esq., Vice President & General Counsel, New Jersey-American Water Company, Inc.
Jay L. Kooper, Esq., Vice President, General Counsel & Secretary, Middlesex Water Company

BY THE BOARD:

On November 14, 2025, pursuant to N.J.S.A. 48:2-21, N.J.A.C. 14:9-7.1 *et seq.*, and other statutes and regulations as may be applicable, New Jersey-American Water Company, Inc. (“NJAWC” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) requesting approval to modify its Purchased Water Adjustment Clause (“PWAC”) and Purchased Wastewater Treatment Adjustment Clause (“PSTAC”) rates (“Petition”). By this Decision and Order, the Board considers a stipulation of settlement (“Stipulation”) executed by the Company, the New Jersey Division of Rate Counsel (“Rate Counsel”), and Board Staff (“Staff”) (collectively, “Signatory Parties”) intended to resolve the Company’s requests in the Petition.

BACKGROUND

NJAWC is a regulated public utility corporation engaged in the production, treatment and distribution of water, and the collection and treatment of wastewater within its defined service territory within the State of New Jersey. The Company’s service territory includes portions of Atlantic, Bergen, Burlington, Camden, Cape May, Essex, Gloucester, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Salem, Somerset, Union, and Warren counties. As of December 31, 2024, NJAWC serves approximately 672,000 water and fire service customers and approximately 70,000 wastewater service customers.

Currently, NJAWC purchases water on a routine basis from six (6) separate entities and purchases wastewater treatment services from six (6) separate entities, each of which adjusts its rates for service and, in the case of wastewater treatment service providers, issues wastewater deficit/credit adjustments at different times throughout the year.

The six (6) sources from which NJAWC purchases water are: 1) the Passaic Valley Water Commission; 2) the Morris County Municipal Utilities Authority; 3) the Montclair Water Bureau; 4) the New Jersey Water Supply Authority; 5) the City of Newark; and 6) the Borough of Florham Park. Additionally, the six (6) wastewater treatment providers from which the Company purchases treatment services are: 1) the Cape May County Municipal Utilities Authority for the Company's Ocean City Wastewater tariff group; 2) the Ocean County Utilities Authority for the Company's Lakewood Wastewater tariff group; 3) Howell Township for the Company's Adelphia Wastewater tariff group; 4) the Borough of Glassboro for the Elk Township wastewater service tariff group; 5) the Atlantic County Utilities Authority for the Egg Harbor City Utility wastewater service tariff group; and 6) the Borough of Somerville for the Somerville System wastewater service tariff group.

By Order dated April 2, 2007, the Board directed that all purchased water adjustment costs and purchased wastewater treatment costs be 1) removed from the Company's base rates, 2) subject to deferred accounting, and 3) recovered through the PWAC and PSTAC, pursuant to N.J.A.C. 14:9-7.1 *et seq.*¹ The Board further ordered NJAWC to make annual PWAC and PSTAC filings.

By Order dated September 4, 2024, the Board authorized the Company to establish new PSTAC Rate Schedules 12-B (Elk Township) and 20-B (Somerville), which became effective September 15, 2024, and 16-B (Egg Harbor City) which became effective June 2, 2025.²

By Order dated March 19, 2025, the Board authorized NJAWC to implement its current PWAC and PSTAC rates.³

PETITION

By the Petition, NJAWC noted that the proposed PWAC and PSTAC rates are determined based on the costs of procuring water and wastewater treatment services. All associated costs for purchased water and wastewater treatment are recovered through the Company's PWAC and PSTAC rider tariffs. Additionally, the Company does not incorporate any PWAC or PSTAC pass-through charges in its base rate cases.

¹ In re the Joint Petition of New Jersey American Water Company, Inc., Elizabethtown Water Company, and the Mount Holly Water Company for Approval of Increased Tariff Rates and Charges for Water and Sewer Service and Other Tariff Revisions, BPU Docket No. WR06030257; OAL Docket No. PUCRL02635-2006S, Order dated April 2, 2007.

² In re 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. WR24010056; OAL Docket No. PUC 02409-24, Order dated September 4, 2024.

³ In re the Petition of New Jersey-American Water Company, Inc. for Authorization to Change the Level of its Purchased Water Adjustment Clause and Purchased Wastewater Treatment Adjustment Clause, BPU Docket No. WR24110850, Order dated March 19, 2025.

On November 19, 2025, Middlesex Water Company (“MSW”) filed an unopposed motion to intervene in this matter which the Board granted by Order dated January 14, 2026.⁴

By the Petition, NJAWC proposed a decrease in its PWAC rate from \$0.5330 to \$0.5213 per thousand gallons of water for non-exempt customers. Additionally, the Company proposed to decrease its PWAC rate for exempt customers from \$0.4633 to \$0.4531 per thousand gallons of water, reflected in PWAC Rate Schedule O-1. The PWAC is not applicable to customers receiving private or public fire protection because these customers do not receive metered water consumption services.

The Company also proposed to modify its PSTAC charges as follows:

- For customers in Lakewood Township, Ocean County, an increase in the rate per thousand gallons, reflected in PSTAC Rate Schedule 2-B, from \$4.3995 to \$4.9861.
- For customers in Ocean City, Cape May County, an increase in the rate per thousand gallons, reflected in PSTAC Rate Schedule 1-B, from \$32.4702 to \$34.9912.
- For customers in the Adelpia section of Howell Township, Monmouth County, an increase in the rate per thousand gallons of water, reflected in PSTAC Rate Schedule 3-B, from \$8.3199 to \$9.1133 per thousand gallons.
- For customers in Elk Township, Gloucester County, a decrease in the rate per thousand gallons as reflected within PSTAC Rate Schedule 12-B from \$4.0008 to \$3.0823.
- For customers in the Egg Harbor City Utility service area, Atlantic County, an increase in the rate per thousand gallons as reflected within PSTAC Rate Schedule 16-B from \$4.4935 to \$5.4861.
- For customers in the Somerville System, Somerset County, an increase in the rate per thousand gallons of water as reflected upon PSTAC Rate Schedule 20-B, from \$5.2139 to \$8.2884.

Overall, the Company requested to increase annual revenues by \$2,030,029, or 0.20%.

Through discovery, NJAWC updated its schedules to incorporate actual results through December 31, 2025 and forecasts through March 31, 2026 (“Update”). By the Update, NJAWC updated its PWAC rate to \$0.5371 per thousand gallons of water for non-exempt customers and from \$0.4633 to \$0.4668 per thousand gallons of water for exempt customers.

The Update also reflected numbers that would modify the PSTAC charges as follows:

- For customers in Lakewood Township, Ocean County, an increase in the rate per thousand gallons, reflected in PSTAC Rate Schedule 2-B, from \$4.3995 to \$5.1987.
- For customers in Ocean City, Cape May County, an increase in the rate per thousand gallons, reflected in PSTAC Rate Schedule 1-B, from \$32.4702 to \$34.7030.
- For customers in the Adelpia section of Howell Township, Monmouth County, an increase in the rate per thousand gallons of water, reflected in PSTAC Rate Schedule 3-B, from \$8.3199 to \$9.0018 per thousand gallons.

⁴ In re the Petition of New Jersey-American Water Company, Inc. for Authorization to Change the Level of its Purchased Water Adjustment Clause and Purchased Wastewater Treatment Adjustment Clause, BPU Docket No. WR25110596, Order dated January 14, 2026.

- For customers in Elk Township, Gloucester County, a decrease in the rate per thousand gallons as reflected within PSTAC Rate Schedule 12-B would from \$4.0008 to \$2.9727.
- For customers in the Egg Harbor City Utility service area, Atlantic County, an increase in the rate per thousand gallons as reflected within PSTAC Rate Schedule 16-B from \$4.4935 to \$5.5118.
- For customers in the Somerville System, Somerset County, an increase in the rate per thousand gallons of water as reflected upon PSTAC Rate Schedule 20-B, from \$5.2139 to \$8.4237.

By the Update, the Company requested to increase annual revenues by \$3,693,602 or 0.36%.

A Board-appointed Regulatory Officer presided over two (2) virtual public hearings on February 12, 2026, at 4:30 p.m. and 5:30 p.m. No members of the public made comments on the record and the Board received no written comments in this matter.

STIPULATION

After reviewing the Petition, the Update, and discovery responses, the Signatory Parties executed the Stipulation, which provides:⁵

1. The Signatory Parties recommend that the Board maintain the Company's current PWAC rate on PWAC Rate Schedule O-1 of \$0.5330 per thousand gallons of water for Non-Exempt customers and \$0.4633 per thousand gallons of water for Exempt customers.
2. The Signatory Parties further recommend that the Board permit the Company to change its effective PSTAC charges as follows:
 - For customers in Ocean City, Cape May County, the rate per thousand gallons, as reflected upon PSTAC Rate Schedule 1-B, from \$32.4702 per thousand gallons to \$34.7030 per thousand gallons.
 - For Lakewood Township, Ocean County, the rate per thousand gallons, as reflected within PSTAC Rate Schedule 2-B from \$4.3995 per thousand gallons to \$4.9861 per thousand gallons.
 - For customers in the Adelpia section of Howell Township, Monmouth County, the rate per thousand gallons, as reflected upon PSTAC Rate Schedule 3-B, from \$8.3119 per thousand gallons to \$9.0018 per thousand gallons.
 - For customers in Elk Township, Gloucester County, the rate per thousand gallons, as reflected upon PSTAC Rate Schedule 12-B, from \$4.0008 per thousand gallons to \$2.9727 per thousand gallons.
 - For customers in the Egg Harbor City Utility area, Atlantic County, the rate per thousand gallons, as reflected upon PSTAC Rate Schedule 16-B, from \$4.4935 per thousand gallons to \$5.4861 per thousand gallons.
 - For customers in the Somerville System, Somerset County, the rate per thousand gallons, as reflected upon PSTAC Rate Schedule 20-B, from \$5.2139 per thousand gallons to \$8.2884 per thousand gallons.

⁵ Although described in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions contained in this Order. Paragraphs are numbered and/or lettered to coincide with the Stipulation.

3. The effective PWAC rate would result in no change in the annual bill of an average residential customer utilizing 5,642 gallons per month, which will remain as follows:

	Present Avg. Bill <u>Per Month</u>	Proposed Avg. Bill <u>Per Month</u>	Amount of <u>Change</u>	Percentage <u>Change</u>
Statewide - GMS	\$75.72	\$75.72	\$0.00	0.00%
Statewide - SFR	\$75.72	\$75.72	\$0.00	0.00%
Rate Schedule A-16	\$50.84	\$50.84	\$0.00	0.00%
Rate Schedule A-17	\$75.72	\$75.72	\$0.00	0.00%

4. The effective PSTAC rate changes would result in a change in the annual bill of an average wastewater customer utilizing 16,926 gallons of water in the quarter consumption calculation and 67,704 gallons of water annually as follows:

	Present <u>Per Month</u>	Proposed <u>Per Month</u>	Amount Change	Percentage Change
Ocean City (1-B)	\$88.55	\$91.70	\$3.15	3.56%
Lakewood (2-B)	\$73.26	\$76.57	\$3.31	4.52%
Adelphia (3-B)	\$95.38	\$99.23	\$3.85	4.04%
Elk Township (12-B)	\$71.01	\$65.21	-\$5.80	-8.17%
Egg Harbor City (16-B)	\$61.68	\$67.28	\$5.60	9.08%
Somerville (20-B)	\$49.62	\$66.96	\$17.34	34.95%

5. NJAWC plans to file its next PWAC/PSTAC petition on or before November 15, 2026.
6. Within the Stipulation, the Signatory Parties have agreed on a methodology for calculating the amount of interest to be applied to over-recoveries within the PWAC. This method is described as follows: the Company's calculation utilizes the over/under-recovered amount for the current month plus the over/under-recovered amount for the prior month, less the amortization of the current month's over/under-recovered of prior year's PWAC amount to determine the monthly cumulative true-up balance. Then, in accordance with the interest rules at N.J.A.C. 14:3-13(d), the average cost balance for the month is multiplied by the rate determined. The interest per month is then added together for the PWAC period to determine the total interest for the over/under-recovered amount. The Signatory Parties agree to review this methodology and adjust it as necessary and appropriate in future PWAC proceedings.
7. The PWAC/PSTAC rates established herein will increase annual revenues by \$2,936,919, or 0.29%. Thus, the Company calculated annual revenues of \$46,010,322 for PWAC and \$23,478,384 for PSTAC.
8. The Company will comply with the provisions of N.J.A.C. 14:9-7.4 regarding PWAC and PSTAC true-up schedules in connection with this proceeding. Copies of the true-up schedules will be served upon Staff and Rate Counsel.

On February 27, 2026, MSW filed a letter of non-objection to the Stipulation.

DISCUSSION AND FINDINGS

Having carefully reviewed the record in this matter, including the Petition, discovery, and the Stipulation, the Board **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY APPROVES** the attached Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as though fully set forth herein.

Accordingly, the Board **HEREBY APPROVES** the PWAC and PSTAC rates as set forth in the Stipulation, to become effective April 1, 2026.

As a result of the Stipulation, a typical residential water customer would see no change their monthly bills related to the PWAC.

The PSTAC rate changes will result in the following monthly bill changes for a typical residential wastewater treatment service customer using 16,926 gallons of water in the quarter consumption calculation and 67,704 gallons of water annually:

- a. an increase of \$3.15 per month for Ocean City, Cape May County;
- b. an increase of \$3.31 per month for Lakewood Township, Ocean County;
- c. an increase of \$3.85 per month for the Adelpia section of Howell Township, Monmouth County;
- d. a decrease of \$5.80 per month for Elk Township, Gloucester County;
- e. an increase of \$5.60 per month for the Egg Harbor City Utility service area, Atlantic County;
- f. and an increase of \$17.34 for the Somerville System, Somerset County.

The Board **HEREBY ORDERS** NJAWC to file revised tariff sheets conforming to the terms of the Stipulation prior to April 1, 2026.

The Company's costs, including those related to its PWAC and PSTAC, will remain subject to audit by the Board. This Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

The effective date of this Board Order is March 25, 2026.

DATED: March 18, 2026

BOARD OF PUBLIC UTILITIES
BY:


CHRISTINE GUHL-SADOVY
PRESIDENT


DR. ZENON CHRISTODOULOU
COMMISSIONER


MICHAEL BANGE
COMMISSIONER


EMMA REBHORN
COMMISSIONER


JOSEPH COVIELLO
COMMISSIONER

ATTEST:


SHERRI L. LEWIS
BOARD 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
AUTHORIZATION TO CHANGE THE LEVEL OF ITS PURCHASED WATER ADJUSTMENT CLAUSE AND
PURCHASED WASTEWATER TREATMENT ADJUSTMENT CLAUSE
DOCKET NO. WR25110596
SERVICE LIST

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BOARD OF PUBLIC UTILITIES

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March 2, 2026

Via Email

The Honorable Sherri L. Lewis
Secretary to the Board
New Jersey Board of Public Utilities
44 South Clinton Avenue
Trenton, New Jersey 08625-0350

**Re: In the Matter of the Petition of New Jersey-American Water Company, Inc.
for Approval to Change the Levels of its Purchased Water Adjustment
Clause and Purchase Wastewater Treatment Clause
BPU Docket No. WR25110596**

Dear Secretary Lewis:

Enclosed herewith for the Board's consideration is a signed stipulation, representing the signatory parties' settlement of the above-captioned matter. Also enclosed is a letter of no objection to the stipulation of settlement submitted on behalf of Middlesex Water Company, with their permission.

Thank you for your attention to this matter. Please do not hesitate to contact me should you have any questions.

Very truly yours,



Stephen R. Bishop

SRB:dlc

c: Service list (via email, w/enc.)

**I/M/O the Petition of New Jersey American Water Company, Inc. to
Change the Levels of its Purchased Water Adjustment Clause and
Purchased Wastewater Treatment Adjustment Clause
BPU Docket No. WR25110596**

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**I/M/O the Petition of New Jersey American Water Company, Inc. to
Change the Levels of its Purchased Water Adjustment Clause and
Purchased Wastewater Treatment Adjustment Clause
BPU Docket No. WR25110596**

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

IN THE MATTER OF THE PETITION OF : BPU Docket No. WR25110596
NEW JERSEY-AMERICAN WATER :
COMPANY, INC. FOR AUTHORIZATION : STIPULATION OF SETTLEMENT
TO CHANGE THE LEVEL OF ITS :
PURCHASED WATER ADJUSTMENT :
CLAUSE AND PURCHASED :
WASTEWATER TREATMENT :
ADJUSTMENT CLAUSE :

APPEARANCES:

Stephen R. Bishop, Esq. on behalf of New Jersey-American Water Company, Inc., Petitioner;

Meliha Arnautovic, Esq., Deputy Attorney General, on behalf of the Staff of the Board of Public Utilities (Jennifer Davenport, Attorney General of New Jersey);

Christine Juarez, Esq., Deputy Rate Counsel, on behalf of the Division of Rate Counsel (Brian O. Lipman, Director); and

Jay L. Kooper, Esq., on behalf of Middlesex Water Company

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

On November 14, 2025, New Jersey-American Water Company, Inc. (“New Jersey-American Water” or “Company”), a public utility of the State of New Jersey, filed a petition with the New Jersey Board of Public Utilities (“Board”) pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:9-7.1 *et seq.* and other relevant statutes and regulations, for approval to change the levels of its existing purchased water adjustment clause (“PWAC”) charge and purchased wastewater (sewerage) treatment adjustment clause (“PSTAC”) charges, to reflect changed purchased water expenses and changed purchased wastewater treatment expenses (“Petition”). The total amount requested in the Petition would have increased annual total Company revenues of approximately \$932,132,465 by \$2,030,029, or 0.20%. Through discovery, New Jersey-American Water updated its schedules to reflect suppliers’ new rates and anticipated costs that increased subsequent to the

Petition (“Update”). The changes reflected in the Update would increase annual revenues by \$3,693,602, or 0.36%. As a result of discussions, the Company, the New Jersey Division of Rate Counsel (“Rate Counsel”) and Board Staff (“Staff”) (collectively, “Signatory Parties”) have agreed to the amount of an increase in annual revenues by \$2,936,919, or 0.29%, as defined below, subject to N.J.A.C. 14:9-7.4.¹

New Jersey-American Water purchases water on a routine basis from six (6) separate entities and purchases wastewater treatment services from six (6) separate entities, each of which adjusts its rates for service, and, in the case of wastewater treatment service providers, issues wastewater deficit/credit adjustments, at different times throughout the year. The six (6) water purveyors are the: Passaic Valley Water Commission; Morris County Municipal Utilities Authority; Montclair Water Bureau; New Jersey Water Supply Authority; City of Newark; and Borough of Florham Park. The six (6) wastewater treatment purveyors are: the Cape May County Municipal Utilities Authority for the Company’s Ocean City Wastewater tariff group; the Ocean County Utilities Authority for the Company’s Lakewood Wastewater tariff group; Howell Township for the Company’s Adelpia Wastewater tariff group; the Gloucester County Municipal Utilities Authority (passthrough Borough of Glassboro) for the Company’s Elk Township Wastewater tariff group; the Atlantic County Utilities Authority for the Company’s Egg Harbor City Wastewater tariff group; and the Somerset Raritan Valley Sewerage Authority (passthrough Borough of Somerville) for the Company’s Somerville Wastewater tariff group.

As of December 31, 2024, New Jersey-American Water serves approximately 672,000 water and fire service customers and approximately 70,000 wastewater service customers.

¹ Middlesex Water is not a signatory to this Stipulation of Settlement but has indicated it will file a letter with the Board indicating that it does not object to the terms of the Stipulation.

By Order dated April 2, 2007, the Board ordered that all purchased water costs and purchased wastewater treatment costs be: 1) removed from the Company's base rates; 2) subject to deferred accounting; and 3) recovered through the PWAC and PSTAC as applicable, pursuant to N.J.A.C. 14:9-7.1 *et seq.*² The Board further ordered New Jersey-American Water to make annual PWAC and PSTAC filings.

By Order dated September 4, 2024, the Board authorized the Company to establish new PSTAC Rate Schedules 12-B (Elk Township) and 20-B (Somerville), which became effective September 15, 2024, and 16-B (Egg Harbor City) which became effective June 2, 2025.³ The Company's base rates do not include the PWAC or PSTAC pass-through charges established in this proceeding.

By the Petition, New Jersey-American Water proposed to decrease its PWAC rate within its PWAC Rate Schedule O-1 from \$0.5330 per thousand gallons of water to \$0.5213 per thousand gallons of water for Non-Exempt customers. The Company proposed to decrease its PWAC rate from \$0.4663 per thousand gallons of water to \$0.4531 per thousand gallons for Exempt customers. The Company also proposed to address its PSTAC charges as follows:

For customers in Ocean City, Cape May County, the rate per thousand gallons, as reflected upon PSTAC Rate Schedule 1-B, would increase from \$32.4702 per thousand gallons to \$34.9912 per thousand gallons.

² In re the Joint Petition of New Jersey American Water Company, Inc., Elizabethtown Water Company, and the Mount Holly Water Company for Approval of Increased Tariff Rates and Charges for Water and Sewer Services and Other Tariff Revisions, BPU Docket No. WR06030257, Order dated April 2, 2007.

³ In re the Petition of New Jersey American Water Company for Approval of Increased Tariff Rates and Charges for Water and Sewer Service, a Change in Depreciation Rates, and Other Tariff Modifications, Order Adopting Initial Decision/Stipulation, BPU Docket No. WR24010056, Order dated September 4, 2024 ("2024 Rate Case Order").

For Lakewood Township, Ocean County, the rate per thousand gallons, as reflected upon PSTAC Rate Schedule 2-B, would increase from \$4.3995 per thousand gallons to \$4.9861 per thousand gallons.

For customers in the Adelphia section of Howell Township, Monmouth County, the rate per thousand gallons, as reflected upon PSTAC Rate Schedule 3-B, would increase from \$8.3199 per thousand gallons to \$9.1133 per thousand gallons.

For customers in Elk Township, Gloucester County, the rate per thousand gallons, as reflected upon PSTAC Rate Schedule 12-B, would decrease from \$4.0008 per thousand gallons to \$3.0823 per thousand gallons.

For customers in the Egg Harbor City Utility area, Atlantic County, the rate per thousand gallons, as reflected upon PSTAC Rate Schedule 12-B, would increase from \$4.4935 per thousand gallons to \$5.4861 per thousand gallons.

For customers in the Somerville System, Somerset County, the rate per thousand gallons, as reflected upon PSTAC Rate Schedule 20-B, would increase from \$5.2139 per thousand gallons to \$8.2884 per thousand gallons.

On November 19, 2025, Middlesex Water Company (“Middlesex”) filed a motion to intervene, which was not opposed by any party. Middlesex has been included on the service list, received all discovery, and was invited to participate in all settlement conferences and meetings. By Order dated January 14, 2026, the Board granted Middlesex’s motion to intervene.⁴

On February 12, 2026, after publication of proper notice to the general public in newspapers of general circulation, posting of notice on the Company’s website, and service of

⁴ In re the Petition of New Jersey-American Water Company, Inc. for Authorization to Change the Level of its Purchased Water Adjustment Clause and Purchased Wastewater Treatment Adjustment Clause, BPU Docket No. WR25110596, Order dated January 14, 2026.

notice upon affected municipalities and counties within NJAWC's service area, two (2) virtual public hearings were held, at 4:30 p.m. and 5:30 p.m., presided over by a Board-appointed hearing officer. No members of the public made comments on the record nor did the Board receive any written comments.

Rate Counsel and Board Staff have served interrogatories on New Jersey-American Water, which were responded to in full by the Company.

The parties engaged in settlement negotiations during February 2026. Upon consideration of the Company's Petition, discovery responses and negotiations, the Settling Parties have reached a stipulation of settlement ("Stipulation"), the provisions of which are set forth below.

STIPULATION OF SETTLEMENT

1. The Signatory Parties recommend that the Board maintain the Company's current PWAC rate on PWAC Rate Schedule O-1 of \$0.5330 per thousand gallons of water for Non-Exempt customers and \$0.4633 per thousand gallons of water for Exempt customers.

2. The Signatory Parties further recommend that the Board permit the Company to change its effective PSTAC charges as follows:

For customers in Ocean City, Cape May County, the rate per thousand gallons, as reflected upon PSTAC Rate Schedule 1-B, from \$32.4702 per thousand gallons to \$34.7030 per thousand gallons.

For Lakewood Township, Ocean County, the rate per thousand gallons, as reflected within PSTAC Rate Schedule 2-B from \$4.3995 per thousand gallons to \$4.9861 per thousand gallons.

For customers in the Adelpia section of Howell Township, Monmouth County, the rate per thousand gallons, as reflected upon PSTAC Rate Schedule 3-B, from \$8.3119 per thousand gallons to \$9.0018 per thousand gallons.

For customers in Elk Township, Gloucester County, the rate per thousand gallons, as reflected upon PSTAC Rate Schedule 12-B, from \$4.0008 per thousand gallons to \$2.9727 per thousand gallons.

For customers in the Egg Harbor City Utility area, Atlantic County, the rate per thousand gallons, as reflected upon PSTAC Rate Schedule 16-B, from \$4.4935 per thousand gallons to \$5.4861 per thousand gallons.

For customers in the Somerville System, Somerset County, the rate per thousand gallons, as reflected upon PSTAC Rate Schedule 20-B, from \$5.2139 per thousand gallons to \$8.2884 per thousand gallons.

3. The effective PWAC rate would result in no change in the monthly bill of an average residential customer utilizing 5,642 gallons per month, which will remain as follows:

	<u>Present Avg. Bill</u> <u>Per Month</u>	<u>Proposed Avg. Bill</u> <u>Per Month</u>	<u>Amount</u> <u>Change</u>	<u>of</u>	<u>Percentage</u> <u>Change</u>
Statewide - GMS	\$75.72	\$75.72	\$0.00		0.00%
Statewide - SFR	\$75.72	\$75.72	\$0.00		0.00%
Rate Schedule A-16	\$50.84	\$50.84	\$0.00		0.00%
Rate Schedule A-17	\$75.72	\$75.72	\$0.00		0.00%

4. The effective PSTAC rate changes would result in a change in the monthly bill of an average wastewater customer utilizing 16,926 gallons of water in the quarter consumption calculation and 67,704 gallons of water annually as follows:

	Present <u>Per Month</u>	Proposed <u>Per Month</u>	Amount Change	Percentage Change
Ocean City (1-B)	\$88.55	\$91.70	\$3.15	3.56%
Lakewood (2-B)	\$73.26	\$76.57	\$3.31	4.52%
Adelphia (3-B)	\$95.38	\$99.23	\$3.85	4.04%
Elk Township (12-B)	\$71.01	\$65.21	-\$5.80	-8.17%
Egg Harbor City (16-B)	\$61.68	\$67.28	\$5.60	9.08%
Somerville (20-B)	\$49.62	\$66.96	\$17.34	34.95%

5. NJAWC plans to file its next PWAC/PSTAC petition on or before November 15, 2026.

6. Within this Stipulation, the Signatory Parties have agreed on a methodology for calculating the amount of interest to be applied to over-recoveries within the PWAC and PSTAC. This method is described as follows: the Company's calculation utilizes the over/under-recovered amount for the current month plus the over/under-recovered amount for the prior month, less the amortization of the current month's over/under-recovered of prior year's PWAC and PSTAC amount to determine the monthly cumulative true-up balance. Then, in accordance with the interest rules at N.J.A.C. 14:3-13(d), the average cost balance for the month is multiplied by the rate determined. The interest per month is then added together for the PWAC and PSTAC period to determine the total interest for the over/under-recovered amount. The Signatory Parties agree to review this methodology and adjust it as necessary and appropriate in future PWAC proceedings.

7. The PWAC/PSTAC rates established herein will increase annual revenues by \$2,936,919, or 0.29%. Thus, the Company calculated annual revenues of \$46,010,322 for PWAC and \$23,478,384 for PSTAC.

8. The Company will comply with the provisions of N.J.A.C. 14:9-7.4 regarding PWAC and PSTAC true-up schedules in connection with this proceeding. Copies of the true-up schedules will be served upon Staff and Rate Counsel.

9. This Stipulation shall be binding on the Signatory Parties upon approval hereof by the Board. This Stipulation shall bind the Signatory Parties in this matter only and shall not be considered precedential in any other proceeding involving the Signatory Parties hereto.

10. This Stipulation contains terms, each of which is interdependent with the others and essential to the signing of this Stipulation. Each term is vital to the agreement, since the Signatory Parties individually and jointly state that they would not have signed the Stipulation had any term been modified in any way. In the event that any modifications whatsoever are made to this Stipulation, each of the Signatory Parties hereto is entitled to certain procedures in the event of such occurrence.

11. If any modification is made to the terms of this Stipulation, the Signatory Parties must be given the right to be placed in the position in which each Party was before this Stipulation was executed. It is essential that each Party be given the option to modify its own position, to accept the proposed change(s), or to resume the proceeding as if no agreement had been reached.

12. The Parties believe that these procedures are fair to all concerned and, therefore, they are made an integral and essential element of this Stipulation.

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

[SPACE INTENTIONALLY LEFT BLANK]

BRIAN O. LIPMAN, DIRECTOR
DIVISION OF RATE COUNSEL

By: 

Christine Juarez
Deputy Rate Counsel

Dated: March 2, 2026

NEW JERSEY-AMERICAN WATER
COMPANY, INC.

By: 

Stephen R. Bishop
Vice President and General Counsel

Dated: February 26, 2026

JENNIFER DAVENPORT
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

By: 

Meliha Arnautovic
Deputy Attorney General

Dated: 2/27/26



February 27, 2026

Via Electronic Mail

The Honorable Sherri Lewis
Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Trenton, NJ 08625

Re: In the Matter of the Petition of New Jersey American Water Company for Approval To Change The Levels of Its Purchased Water Adjustment Clause and Purchased Wastewater (Sewer) Adjustment Clause Pursuant to N.J.A.C. 14:9-7.1, et seq.
BPU Docket No. WR25110596

Dear Secretary Lewis:

Middlesex Water Company (“Middlesex”), an Intervenor in the above-referenced matter, has reviewed the proposed Stipulation of Settlement (“Stipulation”) that has been executed by the signatory parties and forwarded to Your Honor. Please be advised that Middlesex does not object to the Stipulation.

Respectfully submitted,

A handwritten signature in black ink that reads 'Jay Kooper'.

Jay L. Kooper
Vice President, General Counsel & Secretary

cc: Service List (via electronic mail)