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August 18, 2014

Regular Mail & Electronic Mail

Hon. Kristi Izzo, Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th floor
P.O. Box 350
Trenton, New Jersey 08625-0350

Re: I/M/O the Board's Review of the Applicability and Calculation of a
Consolidated Tax Adjustment
BPU Docket No. EO12121072

Dear Secretary Izzo:

Aqua New Jersey, Inc. ("the Company") respectfully submits this letter in response to the proposed modifications to the consolidated tax savings adjustment ("CTA") methodology presented to the New Jersey Board of Public Utilities ("NJBP" or "the Board") by its Staff at the June 18, 2014 meeting. The Company appreciates the opportunity to provide further comment on the aforementioned subject and the Board's willingness to review the matter.

On June 18th, the Board issued a written request for comments on the proposed modifications to the consolidated tax savings adjustment ("CTA") policy. The proposed modifications were as follows: 1.) A specified look back period of 5 years, starting from the current rate case test year in a rate proceeding; 2.) The resulting calculation would allow for 25% to be allocated to customers in the form of a deduction to rate base; 3.) Exclusion for transmission assets of electric distribution companies.

The Company has previously provided comments during this proceeding, both individually, as a member of the New Jersey Utilities Association ("NJUA"), and as one of the member companies to a letter dated June 3, 2014 from the National Association of Water Companies, New Jersey Chapter ("NJ NAWC"). The Company continues to support its position that the Board should consider the elimination of the CTA entirely. Notably, New Jersey, is only one of a few remaining states that continue to use a CTA adjustment. The Company in its previous responses noted many reasons as to why this adjustment is not in the best interest of the regulated utilities and their customers. However, the Company also believes that if the Board continues with the use of modified CTA policy, such a policy should be implemented to produce

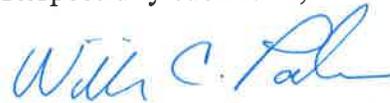
consistent results for all utilities operating in the state. The Company views the current proposal as a step in the right direction, as it appears to be less onerous and punitive in nature.

Should the Board adopt Staff's proposal, the Company would continue to renew its support that the CTA be limited by a defined cap as noted in the joint letter dated June 3, 2014, from the NJ NAWC. The Company believes that a cap mechanism will help prevent any unforeseen consequences resulting from the proposal over time, if adopted.

Should the Board not decide to accept the proposed modifications, the Company reserves the right to supplement its response during the course of the generic proceeding.

Hard copies of this letter are being served by mail to the Secretary's Office and electronically to rule.comments@bpu.state.nj.us.

Respectfully submitted,



William C. Packer
Regional Controller – PA/NJ
Aqua New Jersey, Inc.