



State of New Jersey
DEPARTMENT OF THE PUBLIC ADVOCATE
DIVISION OF RATE COUNSEL
31 CLINTON STREET, 11TH FL
P. O. BOX 46005
NEWARK, NEW JERSEY 07101

JON S. CORZINE
Governor

RONALD K. CHEN
Public Advocate
STEFANIE A. BRAND
Director

**REMARKS OF STEFANIE A. BRAND, DIRECTOR
DIVISION OF RATE COUNSEL
SUSAN MCCLURE, ESQ.
DEPUTY PUBLIC ADVOCATE**

**In The Matter of the Petition of New Jersey American Water Company, Inc.
for Approval of Increased Tariff Rates and Charges for Water and Sewer
Service; Increased Depreciation Rates and other Tariff Revisions.**

**BPU Docket No. WR08010020
OAL Docket No. PUC0319-08**

**Public Hearing
Bridgewater Township Municipal Court
700 Garretson Road
Bridgewater, NJ 08807
May 6, 2008 at 7:00 p.m.**

Good evening, my name is Susan McClure. I am an attorney representing the New Jersey Division of Rate Counsel. The Division of Rate Counsel (“Rate Counsel”) was created by the New Jersey Legislature to protect the interests of all utility consumers and to represent ratepayers in cases such as this where a utility seeks changes in their rates or services.

In order to effectively represent the public in utility rate cases, our office uses a team of lawyers, accountants, and economists to analyze requests for rate

and service changes filed by companies who provide energy, water, wastewater, and telecommunications services in New Jersey.

On January 14, 2008, New Jersey-American Water Company, Inc., (“New Jersey-American” or the “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”), seeking to increase rates for water and sewer service.

New Jersey-American Water 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 \$124,745,975 or 23.35%. 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 effectively evaluate whether and to what extent an increase in rates is proper at this time. Presently, evidentiary hearings are scheduled for September 5, 8, 9, 12, 15, 16, 17, 22, 23, 24, 25, 26, 28, 29, 30 and October 1, 2, 6, 7, 8, 14, 15, 16 before Administrative Law Judge, Mumtaz Bari-Brown, at the Office of Administrative Law, 33 Washington Street, Newark, New Jersey. All hearings will commence at 9:30 a.m. 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

**Re: I/M/O the Petition of New Jersey American Water Company, Inc.
For Approval of Increased Tariff Rates and Charges for Water and Sewer
Service; Increased Depreciation Rates and Other Tariff Revisions
BPU Docket No. WR08010020
OAL Docket No. PUC 00319-08**

Public Hearing Statement Rate Summary Attachment

Water Rates

For GENERAL METERED SERVICE customers in the Statewide Tariff Area (SA1), the AVERAGE RESIDENTIAL CUSTOMER WITH A 5/8 INCH METER CONSUMING 7,000 GALLONS PER MONTH AND CURRENTLY PAYING \$44.39 PER MONTH WOULD PAY \$53.90 PER MONTH UNDER PROPOSED RATES, WHICH IS A 21.42% INCREASE.

For GENERAL METERED SERVICE customers in the HARRISON DISTRICT (SA1A) the AVERAGE RESIDENTIAL CUSTOMER WITH A 5/8 INCH METER CONSUMING 21,000 GALLONS PER QUARTER AND CURRENTLY PAYING \$104.46 PER QUARTER WOULD PAY \$142.20 PER QUARTER UNDER PROPOSED RATES, WHICH IS A 36.13% INCREASE.

For GENERAL METERED SERVICE customers in the PENNSGROVE DISTRICT (SA1B) the AVERAGE RESIDENTIAL CUSTOMER WITH A 5/8 INCH METER CONSUMING 21,000 GALLONS PER QUARTER AND

CURRENTLY PAYING \$78.15 PER QUARTER WOULD PAY \$114.54 PER QUARTER UNDER PROPOSED RATES, WHICH IS A 46.56% INCREASE.

For GENERAL METERED SERVICE customers in the TRENTON OWUS DISTRICT (SA1C) the AVERAGE RESIDENTIAL CUSTOMER WITH A 5/8 INCH METER CONSUMING 21,000 GALLONS PER QUARTER AND CURRENTLY PAYING \$75.45 PER QUARTER WOULD PAY \$102.60 PER QUARTER UNDER PROPOSED RATES, WHICH IS A 35.98% INCREASE.*

For GENERAL METERED SERVICE customers in the SOMERSET/MERCER AND UNION/MIDDLESEX DISTRICTS (SA2), with the exception of the BOROUGH OF MANVILLE, the AVERAGE RESIDENTIAL CUSTOMER WITH A 5/8 INCH METER CONSUMING 21,000 GALLONS PER QUARTER AND CURRENTLY PAYING \$106.20 PER QUARTER WOULD PAY \$ 145.71 PER QUARTER UNDER PROPOSED RATES, WHICH IS A 37.20% INCREASE.

The GENERAL METERED SERVICE rate increase for those customers who are located in the Company's SA2 service area in the BOROUGH OF MANVILLE, SOMERSET COUNTY, who were formerly served by the Borough of Manville Water Utility the AVERAGE RESIDENTIAL CUSTOMER WITH A 5/8 INCH

* The proposed increase is dependent upon approval of the Joint Petition of The City of Trenton, New Jersey and New Jersey American-Water Company, Inc. for Authorization of the Purchase and Sale of the Assets of the OWUS of the City of Trenton, filed under BPU Docket No.:WE08010063.

METER CONSUMING 21,000 GALLONS PER QUARTER AND CURRENTLY PAYING \$ 95.46 PER QUARTER WOULD PAY \$ 138.57 PER QUARTER UNDER PROPOSED RATES, WHICH IS A 45.16% INCREASE.

For GENERAL METERED SERVICE customers in the MOUNT HOLLY DISTRICT (SA3), including MOUNT HOLLY (MAIN), SOUTHAMPTON, and HOMESTEAD the AVERAGE RESIDENTIAL CUSTOMER WITH A 5/8 INCH METER AND CONSUMING 21,000 GALLONS OF WATER PER QUARTER WILL SEE AN AVERAGE BILL INCREASE AS FOLLOWS:

Mount Holly (Main) Service Area – from \$106.20 to \$145.71, which is a 37.20% increase;

Southampton Service Area – from \$87.18 to \$127.29, which is a 46.01% increase; and,

Homestead Service Area – from \$121.14 to \$155.67, which is a 28.50% increase.

Sewer Rates

For Sewer Service in Ocean City THE AVERAGE RESIDENTIAL CUSTOMER CONSUMING 20,000 GALLONS OF WATER IN THE SUMMER QUARTER AND 44,000 GALLONS ANNUALLY AND CURRENTLY PAYING \$554.79 PER YEAR WOULD PAY \$655.51 PER YEAR UNDER PROPOSED RATES, WHICH IS AN 18.2% INCREASE.

For SEWER SERVICE in LAKEWOOD THE AVERAGE RESIDENTIAL CUSTOMER CONSUMING 18,000 GALLONS OF WATER IN THE WINTER QUARTER AND CURRENTLY PAYING \$52.37 PER MONTH WOULD PAY \$56.86 PER MONTH UNDER PROPOSED RATES, WHICH IS AN 8.6% INCREASE.

For SEWER SERVICE in ADELPHIA SECTION OF HOWELL TOWNSHIP THE AVERAGE RESIDENTIAL CUSTOMER CONSUMING 12,000 GALLONS OF WATER PER QUARTER AND CURRENTLY PAYING \$ 44.47 PER MONTH WOULD PAY \$47.78 PER MONTH UNDER PROPOSED RATES, WHICH IS A 7.4% INCREASE.