STATE OF NEW JERSEY
OFFICE OF ADMINISTRATIVE LAW
BEFORE THE HONORABLE JACOB S. GERTSMAN

IN THE MATTER OF THE PETITION OF NEW JERSEY-AMERICAN WATER COMPANY, INC. FOR APPROVAL OF INCREASED TARIFF RATES AND CHARGES FOR WATER AND WASTEWATER SERVICE; CHANGE IN DEPREICATION RATES AND OTHER TARIFF MODFICATIONS	)	BPU DOCKET No. WR17090985 OAL DOCKET No. PUC 14251-2017S

DIRECT TESTIMONY OF MICHAEL J. MAJOROS, JR.
ON BEHALF OF THE DIVISION OF RATE COUNSEL

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME.

A. My name is Michael J. Majoros, Jr.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am President of Snavely King Majoros & Associates, Inc. and I am Chairman of Analytica94, Inc.

Q. PLEASE DESCRIBE SNAVELY KING MAJOROS & ASSOCIATES, INC.

A. Snavely King Majoros & Associates, Inc. is an economic consulting firm founded in 1970. Its clients have included government agencies, businesses, and individuals that pay for telecom, public utility, and transportation services. Its clients have ranged from consumer organizations to regulatory commissions to large companies such as AT&T. Most of Snavely King Majoros & Associates, Inc.'s work involves the development, preparation, and presentation of expert witness testimony before federal and state regulatory agencies.

Q. HAVE YOU ATTACHED A SUMMARY OF YOUR QUALIFICATIONS AND EXPERIENCE?

A. Yes. Appendix A to this testimony provides a brief description of my qualifications and experience including: (1) a listing of my appearances in state and federal judicial and regulatory proceedings; (2) a listing of the instances where I participated as negotiator in Federal Communications Commission Telephone Depreciation Rate Represcription Conferences; (3) a listing of my participation in proceedings that reached settlement before testimony was submitted; and (4) a listing of my clients.

Q. AT WHOSE REQUEST ARE YOU APPEARING?

A. I am appearing on behalf of the New Jersey Division of Rate Counsel.

II. SUBJECT OF TESTIMONY, CONCLUSIONS AND RECOMMENDATIONS

Q. WHAT IS THE SUBJECT OF YOUR TESTIMONY?

A. I will testify regarding the policy aspects of the Company's request for Board recognition and amortization of a new $125 million regulatory asset. I will also address the Company's existing regulatory liability for excessive negative net salvage collections from its ratepayers. My colleague, James S. Garren is providing testimony detailing his analysis of NJAW's Depreciation Study in connection with average service lives, net salvage and individual plant account depreciation rates. I also testify about the composite depreciation rate resulting from the use of Mr. Garren's depreciation rates applied to the plant balances included in the Company's 9+3 update, provided on January15, 2018.

Q. PLEASE SUMMARIZE YOU CONCLUSIONS AND RECOMMENDATIONS COCERNING THESE ISSUES.

A. I conclude that Mr. Simpson's (now Mr. Tomac) request for recognition and amortization of a new regulatory asset is unnecessary and unwarranted.[1] NJAW has properly recorded the $125,000,000 in its accumulated depreciation account. Therefore, the company will fully recover the $125,000,000 by using the currently prescribed remaining life depreciation technique, and will get the appropriate rate base treatment of the $125,000,000 over its remaining life. Separate treatment is not warranted. I also conclude the Company's actual $36.8 million regulatory liability for prior collections of

[1] I note that as originally filed, the Company's depreciation filing would have resulted in a double recovery of the amounts involved. The proper correction for this flaw is to eliminate the new $125 million Regulatory Asset from the Company's filed revenue requirement..

excessive net negative salvage established in Docket No. WR08010020 should continue to be amortized as a depreciation expense reduction at $1.2 million per year over its 30-year remaining life or refunded to ratepayers immediately.[2]

III. SUMMARY OF REQUEST AND BACKGROUND

Q. PLEASE SUMMARIZE THE COMPANY'S REQUEST.

A. The Company seeks explicit Board Recognition of a new $125 million regulatory asset.[3] It proposes to merge the new $125 million regulatory asset with the existing $36.8 million regulatory liability established in Docket No. WR08010020. If approved, the result would be a $2.9 million addition, instead of a $1.2 million reduction, to depreciation expense over 30 years.[4]

Q. WHAT IS THE BACKGROUND OF THIS REQUEST?

A. In NJAW's 2008 base rate case, BPU Docket No. WR08010020, I discussed the Company's approach to estimating its future net negative salvage (non-Legal Asset Retirement Obligations "ARO"s) and how it had resulted in excess charges to ratepayers. To properly understand the background, I include and re-adopt the following excerpts from my direct testimony in Docket WR08010020:

> ***…****the estimates used by most utilities, including NJAWC reflect a front-loaded approach that increases the current estimate of future costs of removal for a substantial amount of future inflation. In other words, this approach charges current*

[2] See PT-4, Simpson, page 30. The $36.8 million unamortized Regulatory Liability was originally established and recognized by the Company in Docket No. WR08010020, at $48 million to be amortized at $1.2 million per year.
[3] Simpson, page 30.
[4] Id., pages 30-31.

ratepayers on an undiscounted basis for future inflation – an un-incurred expense. This approach violates accrual accounting because it does not match inflation costs to the periods incurred. The typical utility approach fails that fundamental test by front-loading future inflation. That is why Generally Accepted Accounting Principles ("GAAP") specifically preclude this approach for financial accounting purposes, as I explain below.

Q. What is the impact of this approach?

A. The impact is to charge ratepayers substantial amounts of cost of removal over and above what the Company actually spends for this purpose. These over collections, brought on by the use of a faulty estimation method, have resulted in large regulatory liabilities on the GAAP books of most public utilities. As I explain in Section IX below, NJAWC has a $48 million regulatory liability because of faulty estimates.

Q. Are there any other ways to avoid charging ratepayers for future inflation in cost of removal estimates?

A. Yes. I recommend a normalized net allowance approach for NJAWC, based on its actual experience. This approach provides a readily identifiable net salvage allowance as a specific amount in depreciation expense. The amount is determined by reference to recent actual experience. The Board has adopted this approach in several recent proceedings. Furthermore, it is similar in effect to NJAWC's GAAP procedures, and yet does not require any changes or departures from the Uniform System of Accounts. This approach has the benefit of not causing any increase to the $46.8 [s i c] million regulatory liability for cost of removal already reported on NJAWC's GAAP books.

Q. Has this approach been approved in this jurisdiction?

A. Yes, several recent New Jersey rate cases reflect variants of this net salvage method. In Rockland Electric Company's 2002 rate case, the BPU endorsed my testimony regarding the use of a net salvage allowance rather than reflecting inflated future costs of removal in rates, although the Board used the average net salvage over a 10 year period, as recommended by Staff, instead of the five-year average I recommended. In Jersey Central Power & Light Company's 2002 rate case, the BPU agreed with me that the inclusion of inflated net salvage in depreciation rates was inappropriate. The Board adopted my recommendation of a $4.8 million net salvage allowance, based on the cost of removal included in JCP&L's test year budget for transmission, distribution and general plant. Atlantic City Electric Company also uses the net salvage allowance method to accrue net salvage pursuant to the settlement in the last rate case. However, their previous rates did not have a provision for net salvage at all.

Q. Have any other Commissions accepted a similar net salvage allowance approach?

A. Yes. The Pennsylvania Public Utility Commission uses the normalized net salvage allowance as a matter of course. Most recently, the Delaware Public Service Commission adopted the normalized net salvage allowance approach based on the five-year average for Delmarva Power & Light, the largest electric utility in that state.

Q. HOW DOES NJAW RECOVER FUTURE NET SALVAGE AS A RESULT OF DOCKET WR08010020?

A. In Docket No. WR08010020 the parties agreed to a 3-year average approach which is then incorporated into NJAW's depreciation rates.

Q. DID YOU ALSO ADDRESS, IN DOCKET NO. WR08010020, THE APPROPRIATE ACCOUNTING TREATMENT FOR THE COMPANY'S $48

MILLION REGULATORY LIABILITY FOR PRIOR COLLECTIONS OF EXCESS NEGATIVE NET SALVAGE?

A. Yes, the following excerpts from my testimony discussed NJAW's $48 million regulatory liability for its prior collections of excess negative net salvage.

> ***Regulatory Liability Resulting From Non-Legal AROs***
>
> ***Q. Have any significant accounting changes taken place since NJAWC's current depreciation rates were adopted?***
>
> *A. Yes. In 2002, the Financial Accounting Standards Board ("FASB") adopted Statement of Financial Accounting Standard No. 143, which addresses asset retirement obligations ("AROs") associated with long-lived plant.*
>
> ***Q. What is the primary thrust of SFAS No. 143?***
>
> *A. SFAS No. 143 focuses primarily on legal obligations to incur a cost when an asset is retired – legal asset retirement obligations ("legal AROs").*
>
> ***Q. What is a legal ARO?***
>
> *A. A legal ARO is one created by a third party or by promissory estoppel. In other words, the entity is held accountable for the asset removal and cost. As an example, nuclear decommissioning trust funds result from a legal ARO.*
>
> ***Q. How does SFAS No. 143 treat legal AROs?***
>
> *A. SFAS No. 143 considers such obligations to be a component of the original cost of the asset. It requires capitalization and depreciation of the discounted fair value of the estimated asset retirement cost over the asset's life. As the legal ARO liability increases due to inflation, it is "accreted" to income. In other words, SFAS No. 143 matches inflation to the period incurred. This matching, in turn, constitutes accrual accounting.*
>
> ***Q. Does SFAS No. 143 contain any special provisions for public utilities like NJAWC?***

A. Yes, SFAS No. 143 requires any regulated public utility that has collected depreciation charges for non-legal asset retirement obligations ("non-legal AROs") to reclassify the amount from accumulated depreciation and report it as a regulatory liability (amount owed) to ratepayers.

Q. What is a non-legal ARO?

A. A non-legal ARO is an estimate of a future costs for which the company does not have any legal obligation to incur the cost.

Q. Does NJAWC have any regulatory liabilities relating to non-legal AROs?

A. Yes. NJAWC reports a regulatory liability for cost of removal of $48.022 million (2006) and $45.883 million (2005) in its 2006 Annual Report. Although for consistency sake I have referred to this amount throughout my testimony, this amount is net negative salvage – it includes gross salvage. Mr. Robinson has calculated a cost of removal reserve of $49.75 million for 2006.

Q. Where do companies report this amount?

A. Companies normally report this amount in their annual reports to shareholders and reports filed with the Securities and Exchange Commission ("SEC"). However, since a foreign company acquired NJAWC's parent, American Water Works, it no longer files SEC 10-K reports. The Company does prepare an Annual Report for its Board of Directors and stockholder, which is certified as GAAP-compliant by the Company's independent auditors. The report shows the cost of removal regulatory liability in the balance sheet.

Q. Do you have the information available to show how this liability has grown over the years?

A. Yes. Using information from this proceeding as well as data provided in Docket No.WR06030257, I compiled the following table:

New Jersey American Water
Regulatory Liabilities Resulting from Non-Legal AROs
($millions)

Year Ended 12/31	Amount

2003	$ 40.0
2004	43.2
2005	45.9
2006	48.0

This table clearly shows that the regulatory liability is continuing to grow.

Q. What causes NJAWC's regulatory liability to be such a large number?

A. It is a large number due to the inflated cost of removal ratios that underlie all those prior collections. It is an excess caused primarily by something that should never have been charged to ratepayers in the first place — inflation that has not been incurred.

Q. What causes NJAWC'S regulatory liability to increase each period?

A. NJAWC's cost of removal collections exceeds its actual cost of removal expenditures each period. Hence, the balance grows and grows. In other words, the Company's cost of removal regulatory liability has increased each period because NJAWC continually collects substantially more cost of removal cash from its customers than it actually spends.

Q. Should the Board officially recognize this regulatory liability in rates?

A. Yes. The Board should recognize NJAWC's non-legal ARO reserve as a regulatory liability for regulatory and ratemaking purposes. Although NJAWC has recognized these amounts as regulatory liabilities in its Annual Reports to its Board of Directors and its stockholder, it has not done so for regulatory and ratemaking purposes.

Q. Why is it necessary for this Board to recognize a regulatory liability for the non- legal cost of removal amounts?

A. Absent appropriate ratemaking treatment by this Board, nothing holds NJAWC specifically accountable for these excess collections, even though the public accounting profession and the SEC

recognize them as regulatory liabilities.[24] *Because neither NJAWC nor its parent file reports with the SEC, the information is not publicly available.*

This is an intolerable situation; the accountability must be explicit, and the Board must establish that accountability. It is fair and reasonable for the Board to recognize the ratepayers' claims on these monies until NJAWC actually spends them on their intended purpose.

Unless the Company explicitly identifies them as a regulatory liability to customers, there is an ongoing and unnecessary risk that they are merely hidden potential income to NJAWC.

Q. Should the Board require separate identification and reporting of these amounts?

A. Yes. It is critical that the Board require NJAWC to explicitly identify and report this regulatory liability and all related activity in all future reports, rate cases and depreciation studies that it files. The Board should require prominent disclosure of its explicit recognition of this amount as an intrastate regulatory liability in NJAWC's future regulatory reports to the BPU to ensure sufficient recognition of and transparency concerning these amounts.

They are hidden from the ratemaking process and regulatory scrutiny in New Jersey unless they are separately identified and reported. Were it not for my testimony, the issue would not have come before the Board in this proceeding even though NJAWC has built a $48.0 million regulatory liability with no explicit plan either to return the money or to spend the money for cost of removal.

Q. Would it be sufficient to report the item as a "deferred credit"?

A. No. A deferred credit is an accounting mechanism that defers income on the balance sheet, which is then ultimately flowed into income over time. Treatment as a deferred credit would fail to address the core issue. As I indicated, NJAWC will take a deferred credit into income. A deferred credit does not have the ratemaking status of a regulatory liability. A regulatory liability is an amount owed to ratepayers. NJAWC collected the money at issue

here for a particular purpose and if not used for that purpose it should reduce future rates, as described in SFAS No. 71, 11. However, the Company could easily assert in the future that ratepayers have no claim to a deferred credit. The Board must specifically recognize and require reporting by NJAWC of the $48.0 million as a regulatory liability for regulatory and ratemaking purposes.

Q. What is wrong with continuing to record the regulatory liability as accumulated depreciation?

A. NJAWC and all utilities consider accumulated depreciation to represent the measure of their capital that they have recovered from their ratepayers. As simplistic as it sounds, utilities consider any amount in accumulated depreciation to be "their money" even if they collected it for an estimated front-loaded future cost.

Q. Is it true that ratepayers are better off because accumulated depreciation is a rate base deduction?

A. No, that is not true. Accumulated depreciation is indeed a rate base deduction, but a regulatory liability can (and should) also be a rate base deduction. This is a false distinction between the two approaches.

Q. Does NJAWC agree that its collections for non-legal AROS result in a regulatory liability?

A. NJAWC agrees that it has a regulatory liability for GAAP purposes since it reported it in its Annual Report to its Board of Directors and stockholder. Given that NJAWC can only create a regulatory liability consistent with the letter and spirit of SFAS No. 71, the Company must have determined (at least for financial reporting purposes) that, in its management's judgment, the amounts it has collected but not yet spent for costs of removal are "probable" of being credited to ratepayers through the ratemaking process.

SFAS No. 71 clarifies that the phrase "credited to ratepayers" means "if those costs are not incurred, future rates will be reduced by corresponding amounts."[25] In order to get a "clean" audit opinion,

NJAWC must report the amount as a regulatory liability as long as it remains regulated, and subject to cost-based rate base/rate of return regulation.

Q. WHAT WAS THE RESULT OF DOCKET NO. WR08010020?

A. The parties agreed to recognize the company's $48 million non-legal ARO as a regulatory liability and amortize it as a reduction to annual depreciation expense at a rate $1.2 million per year.

Q. HAS THE COMPANY CONTINUALLY RECOGNIZED AND REPORTED THE AMOUNT AS A REGULATORY LIABILITY SINCE DOCKET NO. WR08010020?

A. Yes, the Company removed the $48 million from accumulated depreciation and reported it as a regulatory liability to the Board.

Q. HAS THE COMPANY AMORTIZED THE REGULATORY LIABILITY AS A REDUCTION TO ANNUAL DEPRECIATION EXPENSE AT A RATE OF $1.2 MILLION PER YEAR.

A. Yes.

Q. WHAT IS THE CURRENT UNAMORTIZED BALANCE OF THE REGULATORY LIABILITY?

A. According to Mr. Simpson, "The $48,000,000 Non-legal ARO , established ['and agreed to'] in Board Docket No. WR08010020, has been reduced to $36,800,000 as of March 31, 2018, the end of the Company's test year in this proceeding."[5]

Q. DO YOU DISPUTE THE UNAMORTIZED BALANCE OF THE REGULATORY LIABILITY?

A. No.

[5] Simpson. Page 30.

Q. WHAT DOES THE COMPANY PROPOSE TO DO WITH THE REGULATORY LIABILITY?

A. The Company states that "This $38,800,000 Regulatory Liability at March 31, 2018 needs to be offset by a projected Regulatory Asset balance or $125,000,000 at March 31, 2018." [6]

Q. WHAT DO YOU RECOMMEND?

A. I recommend that the status quo be maintained. However, if the Company wants to disrupt the status quo, the appropriate treatment is to immediately refund the $36.8 million Regulatory Liability to ratepayers. This is the proper approach consistent with the definition of a regulatory liability.

NJAW'S NEW REGULATORY ASSET

Q. DO YOU AGREE WITH THE COMPANY'S POSITION REGARDING A NEW "PROJECTED REGULATORY ASSET"?

A. No, I do not agree with the Company's new projected Regulatory Asset for several reasons. First and foremost, the $125,000,000 is properly accounted for as a component within accumulated depreciation and is not a regulatory asset. The $125,000,000 is included in accumulated depreciation because that is where it is supposed to be according to the Uniform System of accounts (USOA).

Q. HOW DID THE $125,000,000 COME TO BE INCLUDED IN ACCUMULATED DEPRECIATION?

A. The USOA requires utilities to charge incurred cost of removal to accumulated depreciation as a debit (reduction.) For NJAW, most if its cost of removal is a function

[6] Id.

of its gross expenditures for plant replacements and renewals. When NJAW makes a replacement it allocates a percentage of the replacement expenditure to cost of removal, which is in turn a debit to accumulated depreciation. The allocation percentage is arbitrary and totally within NJAW's control. For example, when the company replaces a unit of pipe, there is already a pipe in the ground which is to be replaced. So, the company digs a hole, caps the ends of the existing pipe. The Company leaves the existing pipe in the ground, and then puts the new pipe into the same hole. The entire project is called a replacement, and the entire job could be capitalized as a new plant addition to plant in service. But, instead the company allocates a percentage of the overall replacement project cost to "cost of removal."

For example, assume NJAW spends $312,500 to replace a section of pipes and it decides to allocate to cost of removal, 40 percent or $125,000 ($312,500 X 40%=$125,000) of the total replacement expenditure. In those circumstances, the addition to plant would be $187,500 ($312,500-$125,000) and the allocation to cost of removal, which reduces accumulated depreciation would be $125,000.

Q. WOULD THIS ALLOCATION REDUCE RATE BASE?

A. No, the allocation would not have any impact on rate base, i.e., plant minus accumulated depreciation. The rate base would be $312,500 before the transfer and $312,500 after the allocation. This is demonstrated in the table below. The first column is the rate base before the allocation, the middle column shows the allocation of 40 percent to accumulated depreciation and the third column is the rate base after the allocation. Note that the rate base is $312,500 before the allocation and $312,500 after the allocation.

Rate Base Impact of Cost of Removal Allocation from Plant to Accumulated Depreciation

		Before Allocation	40% Allocation	After Allocation
1.	Plant in Service	$312,500	($125,000)	$187,500
2.	Accum. Dep.	0	($125,000)	($125,000)
3.	Rate Base (L1–L2)*	$312,500	$0	$312,500

*L=Line

Q. WHAT DOES THIS TABLE DEMONSTRATE ABOUT THE NJAW'S $125,000,000?

A. NJAW's $125,000,000 is equivalent to the $125,000 in my example. NJAW is proposing to remove the $125,000 debit from accumulated depreciation and transfer it to a new regulatory asset account.

Q. WHAT ARE THE REQUIREMENTS FOR REGULATORY ASSETS?

A. The primary requirement for the creation of a regulatory asset is for the primary ratemaking authority, i.e., the Board, to officially and explicitly recognize the regulatory asset.

Q. DOES NJAW UNDERSTAND THE NECESSITY OF THE BOARD'S EXPLICIT RECOGNITION OF NEW REGULATORY ASSETS?

A. Yes, NJAW understands the requirement for Board recognition, and it understands the Board has not recognized the $125,000,000 as a regulatory asset.

Q. IS NJAW REQUESTING EXPLICIT RECOGNITION OF THE $125,000,000 AS A REGULATORY ASSET IN THIS PROCEEDING?

A. Yes.

Q. **PLEASE EXPLAIN AS CLEARLY AS POSSIBLE WHAT THE COMPANY IS PROPOSING TO DO WITH THE $125,000,000 IF THE BOARD EXPLICITLY RECOGNIZES IT AS A REGULATORY ASSET?**

A. In the example, the Company would credit (increase) accumulated depreciation by $125,000 and correspondingly debit a Regulatory Asset account by $125,000. It would then amortize the $125,000 over 30 years at $4,166.67.

Q. SHOULD THE BOARD SPECIFICALLY RECOGNIZE THE $125,000,000 AS A REGULATORY ASSET?

A. No, as demonstrated above, the $125,000,000 is already included in rate base and is returned to NJAW over its remaining life by virtue of NJAW's continued use of the remaining life depreciation technique ("RLM") which the Company has used for many years.

Q. PLEASE EXPLAIN HOW THE COMPANY'S CONTINUED USE OF THE RLM RETURNS THE $125,000,000 TO NJAW OVER ITS REMAINING LIFE?

A. Let's assume that NJAW estimated a 30 year life for the original $312,500 replacement expenditure in the Rate Base example above. Under those circumstances, the straight line whole-life depreciation expense and accrual rate would be as follows:

Straight-line Whole Life Accrual Before and After 40% Allocation

Description	**Before**	**After**
1. Plant in Service	$312,500	$187,500
2. Life	30 years	30 years
3. Annual Depreciation Expense (L1/L2)*	$10,417	$6,250

4.	Annual Depreciation Rate (L3/L1)	3.3333%	3.3333%
5.	Proof L2 X L3 =	$312,500	$187,500

*L=Line

Notice that the before the 40 percent allocation the sum of the whole-life expenses over the 30-year life equals the original $312,500 expenditure. Since these expenses are included in NJAW's revenue requirement, the Company fully recovers 100 percent of its original expenditure.

However, after the 40 percent allocation, the Company does not recover 100 percent if the whole-life approach is used. Instead, NJAW only recovers the $187,500 net expenditure after the 40 percent allocation if the whole-life approach is used.

Q. IS NJAW PROTECTED FROM SUCH AN UNDERRECOVERY?

A. Yes, the Company is fully protected from any underrecovery because it uses the RLM approach to calculate its annual depreciation expense and depreciation rates. The remaining life technique reflects the net rate base in the calculation. In the example, after allocation the net rate base and remaining life depreciation are as follows.

Remaining Life Depreciation Expenses and Rates After 40% Allocation

		After Allocation
1.	Plant in Service	$187,500
2.	Accum. Dep.	($125,000)
3.	Rate Base (L1–L2)*	$312,500
4.	Remaining life	30 Years
5.	Annual depreciation expense (L3/L4)	$10,417
6.	Annual depreciation rate (L5/L1)	5.5555%
7.	Proof (L4XL5)	$312,500

*L=Line

Q. WHAT DOES THIS DEMONSTRATE?

A. It demonstrates that without changing anything, NJAW is guaranteed full recovery of the $125,000,000 because the RLM increases the depreciation rate from 3.333% to 5.555%. Hence, there is no need to transfer this amount out of accumulated depreciation and reclassify it as a regulatory asset.

Q. IS THERE ANY MEANINGFUL RATIONALE FOR SUCH A RECLASSIFICATION?

A. No.

Q. DID YOU IDENTIFY ANY ABNORMALITIES WHEN YOU ORIGINALLY FOCUSED ON THE ISSUE?

A. Yes, I discovered that in its original filing, NJAW's depreciation witness left the $125,000,000 in the accumulated depreciation amounts he used to calculate his proposed RLM depreciation rates. The Company simultaneously showed the $125,000,000 as a separate item and then calculated the $4 million amortization as an annual addition to depreciation expense. The Company acknowledges this problem.

RECOMMENDATIONS

Q. WHAT DO YOU RECOMMEND?

A. I recommend that the Board deny NJAW's proposal to carve out $125,000,000 from accumulated depreciation and call it a regulatory asset. The Company is guaranteed full recovery by virtue of using the RLM to calculate depreciation rates.

EXHIBITS

Q. HAVE YOU ATTACHED ANY EXHIBITS TO YOUR TESTIMONY?

A. Yes, Exhibit___(MJM-1) is a two-page exhibit comparing the company's 9+3 depreciation expense request to SKM's depreciation recommendation. Exhibit___(MJM-1) page 2 of 2 is an expanded comparison. Exhibit___(MJM-2) is an eleven page exhibit replicating the company's Exhibit No. P-2 , Schedule 48, but using Mr. Garren's recommended depreciation rates.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

EXHIBIT MJM-1

SKM 9+3 Revenue Requirement
Depreciation Expense Comparison
NJAWC v. SKM

	NJAWC 9+3 (1)	Adjustments (2)	SKM (3)	
1. Pro Forma Post-Test Year UPIS	$5,196,966,601		$5,196,966,601	
2. Less: Non-Depreciable UPIS	-45,029,883		-45,029,883	
3. Depreciable Pro Forma UPIS	5,151,936,718		5,151,936,718	
4. Composite Depreciation Rate (L5/L3)	2.68%		2.07%	
5. Pro Forma Deprecation Expense [L3 x L4]	137,867,348	-31,101,909	106,765,434	(4)
6. Plus: Cost Of Removal Flowback	2,922,481	-4,122,481	-1,200,000	(5)
7. Pro Forma Depr Exp Including COR Flowback	$140,789,829	($35,224,390)	$105,565,439	

(1) P-2, Schedule 48, pages 1 - 11
(2) P-2, Schedule 48, page 2, line 22
(3) Exhibit___(MJM-2),p.11.
(4) Exhibit___(MJM-1), page 2 of 2.
(5) MJM Testimony

NJAW Depreciation Revenue Requirement
Comparison of Company v. SKM Depreciation Expense

		Per Company 1/												SKM
		UPIS 3/31/2017 1/					Total Straight Line 1/				Other 1/			
		Depreciation					Plant Additions Expense							Company	SKM
Line #	Description	Straight Line	Unit of Production	Total Depreciation	Depreciation on CIACs and CAC	Total Dep Expense 3/31/17	11/30/2017	3/31/2018	9/30/2018	Total SL Expense 9/30/18	UOP Expense on adds	Dep on CAC & CIACS	COR Flow BACK	Total 9+3 Expense	Total 9+3 Expense
1	Statewide Water District	120,780,836	4,416,473	125,197,309	(4,082,453)	121,114,856	4,388,813	5,032,781	2,557,340	133,093,790	-300994	-126573	2,922,481	135,588,704	105,692,337
2	Haddonfield Water	400,722	-	400,722	(14,090)	386,632	(31)	10,892	-	397,493	0	0	0	397,493	293,477
3	Shorelands Water	997,812	-	997,812	(73,192)	924,620	(42,425)	1,851	-	884,046		-112986		771,060	605,243
4	Subtotal Water	122,179,370	4,416,473	126,595,843	(4,169,735)	122,426,108	4,346,357	5,045,524	2,557,340	134,375,329	(300,994)	(239,559)	2,922,481	136,757,257	106,591,057
5	Ocean City Sewer	959,849	-	959,849	(44,840)	915,009	42,809	-	-	957,818	0		0	957,818	767894
6	Lakewood/Elk Sewer	1,357,228	-	1,357,228	(420,730)	936,498	50,967	308,928	100,605	1,396,998	0	-42371	0	1,354,627	1030095
7	Adelphia Sewer	123,422	-	123,422	-	123,422	(100)	-	-	123,322	0	0	0	123,322	95375
8	Statewide Tariff Sewer District	1,259,225	-	1,259,225	(634,716)	624,509	28,704	-	-	653,213	0	0	0	653,213	365131
9	Haddonfield Sewer	504,620	-	504,620	(20)	504,600	438,942	-	-	943,542	0	0	0	943,542	838365
10	Subtotal Sewer	4,204,344	-	4,204,344	(1,100,306)	3,104,038	561,322	308,928	100,605	4,074,893	-	(42,371)	-	4,032,522	3,096,860
11	Pro Forma UPIS	126,383,714	4,416,473	130,800,187	(5,270,041)	125,530,146	4,907,679	5,354,452	2,657,945	138,450,222	(300,994)	(281,930)	2,922,481	140,789,779	109,687,917
											Less NJAW COR Flowback			(2,922,481)	(2,922,481)
											Pro Forma Depreciation Expense Per Co. 9+3 Update			137,867,298	106,765,436
											Less Stipulated COR Flowback				(1,200,000)
											Net				105,565,436

1/ All numbers from Exhibit No. P-2, Schedule 48, pages 1-11, updated 1/15/18
2/ See Exhibit No. P-2, Schedule 47, page 1 of 1, updated 1/15/18

EXHIBIT MJM-2

SKM Statement of Depreciation
New Jersey-American Water Company, Inc.

Updated 01/15/18

SKM Statement of Depreciation

Exhibit___(MJM-2)
Page 1 of 11
(Exhibit No. P-2, Schedule 4B)

Statewide Water District

Line No.	Study Account Number	Account Number	Account Title	Spanos Depreciation Rate (%)	SKM Depreciation Rate (%)	Utility Plant at 3/31/2017	SKM Annual Depreciation Expense 3/31/2017	Utility Plant Additions 11/30/2017	SKM Annual Depreciation Expense on Adds 11/30/2017	Utility Plant Additions 3/31/2018	SKM Annual Depreciation Expense on Adds 3/31/2018	Utility Plant Additions 9/30/2018	SKM Annual Depreciation Expense on Adds 9/30/2018	SKM Total Depreciation Expense
1	304.1	311	SS Structures & Improvements	2.15%	2.06%	$37,909,972	$780,945	$64,463	$1,328	$1,261,041	$25,977	$0	$0	$808,251
2	305	312	Collecting & Impounding Res.	2.15%	2.15%	23,477,905	$504,775	-1,689,466	($36,324)	0	$0	0	$0	$468,451
3	306	313	Lakes, River & Other Intakes	2.43%	2.43%	1,253,588	$30,462	193,255	$4,696	0	$0	0	$0	$35,158
4	307	314	Wells & Springs	2.12%	1.84%	48,821,855	$898,322	1,099,353	$20,228	4,195,348	$77,194	0	$0	$995,745
5	308	315	Infiltration Galleries and Tunnels	1.14%	1.14%	9,745,367	$111,097	0	$0	0	$0	0	$0	$111,097
6	309	316	Supply Mains	1.45%	1.23%	26,276,528	$323,201	239	$3	0	$0	0	$0	$323,204
7	339.2	317	Other Water Source Plant	3.40%	3.40%	605,441	$20,585	0	$0	0	$0	0	$0	$20,585
8	304.2	321	Pumping Structures & Improvements	1.80%	1.75%	67,292,817	$1,177,624	-786,014	($13,755)	0	$0	0	$0	$1,163,869
9	310.2	322	Boiler Plant Equipment	5.24%	5.24%	299,607	$15,699	0	$0	0	$0	0	$0	$15,699
10	310	323	Power Generation Equipment	2.18%	1.94%	36,869,769	$715,274	112,329	$2,179	1,354,039	$26,268	0	$0	$743,721
11	311.2	325	Electric Pumping Eq.	2.30%	2.25%	125,443,502	$2,822,479	4,374,993	$98,437	1,961,571	$44,135	0	$0	$2,965,051
12	311.3	326	Diesel Pumping Eq.	11.35%	11.34%	6,444,300	$730,784	-24,647	($2,795)	0	$0	0	$0	$727,989
13	311.4	327	Hydraulic Pumping Equipment	3.88%	3.54%	2,403,206	$85,074	69,741	$2,469	0	$0	0	$0	$87,542
14	311.5	328	Other Pumping Eq.	1.50%	1.50%	9,414,825	$141,222	11,307	$170	0	$0	0	$0	$141,392
15	311.53	328	Pumping Eq. WT	1.50%	1.50%		$0		$0		$0		$0	$0
16	311.54	328	Pumping Eq. TD	1.50%	1.50%		$0		$0		$0		$0	$0
17	304.3	331	WT Structures & Improvements	1.90%	1.89%	255,194,295	$4,823,172	4,108,783	$77,656	0	$0	0	$0	$4,900,828
18	304.31	331	Structures & Improvement Handling	1.90%	1.89%		$0		$0		$0		$0	$0
19	320.1	332.1	Treatment Plant Equipment Non Medi	2.22%	2.21%	311,830,225	$6,891,448	4,339,446	$95,902	15,174,163	$335,349	115,552,712	$2,553,715	$9,876,414
20		332.1	Other P/E Equip	1.91%	1.91%		$0		$0		$0		$0	$0
21		332.1	Other P/E-WT Res Hand Eq	3.36%	3.36%		$0		$0		$0		$0	$0
22	320.2	332.2	Chemical Equipment WT Equip Filter M	15.44%	15.38%	11,056,611	$1,700,507	-109,055	($16,773)	0	$0	0	$0	$1,683,734
23	304.4	341	TD Structures & Improvements	3.09%	2.96%	12,418,663	$367,592	-234,636	($6,945)	1,799,458	$53,264	-229,683	($6,799)	$407,113
24	330	342	Distr. Reservoirs & Standpipes	1.38%	0.80%	105,938,593	$847,509	3,135,020	$25,080	3,725,381	$29,803	0	$0	$902,392
25		342	Tank Original Painting	1.38%	0.80%		$0		$0		$0		$0	$0
26		342	Elevated Tanks & Standpipes	1.38%	0.80%		$0		$0		$0		$0	$0
27		342	Groundlevel Tanks	1.38%	0.80%		$0		$0		$0		$0	$0
28		342	Below Ground Tanks	1.38%	0.80%		$0		$0		$0		$0	$0
29		342	Clearwell	1.38%	0.80%		$0		$0		$0		$0	$0
30	331.01	343	Mains not Classified	0.81%	0.81%	465,374,316	$3,769,532	1,236,528	$10,016	0	$0	0	$0	$3,779,548
31	331.1	343.1	Mains-All Material Types - 4 In & Unde	3.31%	2.83%	40,220,852	$1,138,250	1,772,150	$50,152	0	$0	0	$0	$1,188,402
32	331.2	343.2	Mains-All Material Types - 6 In - 8 In	1.75%	1.66%	662,673,905	$11,000,387	34,351,711	$570,238	63,326,130	$1,051,214	-47,577	($790)	$12,621,049
33	331.3	343.3	Mains-All Material Types - 10 In - 16 In	1.13%	1.11%	444,722,963	$4,936,425	22,802,261	$253,105	11,051,830	$122,675	0	$0	$5,312,205
34	331.4	343.4	Mains - All Material Types 18" & Over	1.28%	1.26%	209,786,898	$2,643,315	5,067,939	$63,856	14,253,708	$179,597	0	$0	$2,886,768
35	332	344	Fire Mains	10.95%	10.38%	2,084,321	$216,353	-22,376	($2,323)	0	$0	0	$0	$214,030
36	333	345	Services	2.34%	2.16%	472,223,193	$10,200,021	28,181,572	$608,722	9,168,416	$198,038	0	$0	$11,006,781
37		345	Backflow Prevention Devices	2.74%	2.74%		$0		$0		$0		$0	$0
38	334.1	346	Meters	5.96%	3.33%	187,712,477	$6,250,825	17,974,013	$598,535	6,113,601	$203,583	0	$0	$7,052,943
39	334	347	Meter Installations	14.59%	3.56%	181,596,720	$6,464,843	6,197,142	$220,618	0	$0	0	$0	$6,685,461
40		347	Meter Vaults	14.59%	3.56%		$0		$0		$0		$0	$0
41	335	348	Hydrants	3.29%	2.99%	129,711,654	$3,878,378	8,934,181	$267,132	5,050,763	$151,018	0	$0	$4,296,528
42	339.5	349	Other Trans. & Distr. Equip.	48.57%	18.18%	75,760	$13,773	-77,914	($14,165)	0	$0	0	$0	($391)
43	339.6	389	Other P/E - CPS	17.80%	17.80%	5,482,841	$975,946	243,618	$43,364	5,948,172	$1,058,775	0	$0	$2,078,084
44	304.5	390	Adm & Gen Structures & Improvemen	3.52%	3.47%	44,097,167	$1,530,172	1,901,142	$65,970	0	$0	0	$0	$1,596,141
45		390	Struct & Improvements Cap Lease	3.52%	3.52%		$0		$0		$0		$0	$0
46	304.6	390.1	Office Structures & Improvements	1.36%	1.36%	18,565,960	$252,497	-1,057,738	($14,385)	95,752	$1,302	0	$0	$239,414
47		390.1	Structures & Improvements HVAC	1.36%	1.36%		$0		$0		$0		$0	$0
48	304.7	390.2	Stores, Shop & Garage Structures	2.13%	2.13%	9,867,490	$210,178	26,473	$564	0	$0	0	$0	$210,741
49	304.8	390.3	Misc. Structures & Improvements	0.09%	0.09%	5,514,602	$4,963	-373	$0	0	$0	0	$0	$4,963
50	340.1	391	Office Furniture & Equipment	3.99%	3.99%	13,605,793	$542,871	22,481	$897	7,001,977	$279,379	0	$0	$823,147
51	340.2	391.2	Personal Computer Eq.	4.73%	4.70%	12,086,325	$568,057	104,550	$4,914	7,856,216	$369,242	0	$0	$942,213
52	340.31	391.2	Mainframe Computer Equipment	0.00%	0	0	$0	0	$0	0	$0	0	$0	$0
53	340.3	391.3	Computer Software	11.54%	11.53%	94,140,782	$10,854,432	20,645	$2,380	0	$0	0	$0	$10,856,813
54		391.3	Comp Software Mainframe	0.00%	0.00%		$0		$0		$0		$0	$0
55	340.4	391.4	Data Handling Equipment	0.56%	0.56%	392,375	$2,197	0	$0	0	$0	0	$0	$2,197
56									$0		$0		$0	$0
57			Subtotal			$4,092,633,463	$88,441,186	$142,343,116	$2,981,146	$159,337,566	$4,206,813	$115,275,452	$2,546,126	$98,175,272

SKM Statement of Depreciation
New Jersey-American Water Company, Inc.

Statewide Water District - continued

Line No.	Study Account Number	Account Number	Account Title	Spanos Depreciation Rate (%)	SKM Depreciation Rate (%)	Utility Plant at 3/31/2017	SKM Annual Depreciation Expense 3/31/2017	Utility Plant Additions 11/30/2017	SKM Annual Depreciation Expense on Adds 11/30/2017	Utility Plant Additions 3/31/2018	SKM Annual Depreciation Expense on Adds 3/31/2018	Utility Plant Additions 9/30/2018	SKM Annual Depreciation Expense on Adds 9/30/2018	SKM Total Depreciation Expense
1			Subtotal from Page 1			$4,092,633,463	$88,441,186	$142,343,116	$2,981,146	$159,337,566	$4,206,813	$115,275,452	$2,546,126	$98,175,272
2														
3	340.5	391.5	Other Office Equipment	0.72%	0.72%	128,181	$923	0	$0	0	$0	0	$0	$923
4	341.4	392	Transportation Equipment		0	0	$0	0	$0	0	$0	0	$0	$0
5	341.1	392.1	Trans. Equip. - Light Trucks	-1.35%	-1.35%	8,065,313	($108,882)	-32,956	$445	0	$0	0	$0	($108,437)
6	341.2	392.2	Trans. Equip. - Heavy Trucks	5.98%	5.98%	13,042,731	$779,955	-375,359	($22,446)	0	$0	0	$0	$757,509
7	341.3	392.3	Trans. Equip. - Cars	8.25%	8.25%	2,845,424	$234,747	-371,318	($30,634)	0	$0	0	$0	$204,114
8	341.4	392.4	Trans. Equip. - Other	4.61%	4.61%	5,809,363	$267,812	69,790	$3,217	3,066,645	$141,372	0	$0	$412,401
9		392.4	Trans. Equip not Classified	4.61%	4.61%		$0		$0		$0		$0	$0
10	342	393	Stores Equipment	7.88%	7.89%	1,771,749	$139,791	3,578	$282	0	$0	0	$0	$140,073
11	343	394	Tools, Shop & Garage Equipment	5.83%	5.81%	13,943,466	$810,115	789,737	$45,884	1,029,290	$59,802	0	$0	$915,801
12	344	395	Laboratory Equipment	7.77%	7.74%	3,484,553	$269,704	8,909	$690	0	$0	0	$0	$270,394
13	345	396	Power Operated Equipment	4.49%	4.48%	2,307,334	$103,369	7,239	$324	0	$0	0	$0	$103,693
14	346	397	Communication Equipment Not Classi	3.09%	3.09%	30,711,718	$948,992	3,029,426	$93,609	10,522,911	$325,158	0	$0	$1,367,759
15		397	Comm Equip N on Telephone	3.09%	3.09%		$0		$0		$0		$0	$0
16		397	Remote Control and Instrument	3.09%	3.09%		$0		$0		$0		$0	$0
17		397	Comm Equip Telephone	3.09%	3.09%		$0		$0		$0		$0	$0
18	347	398	Miscellaneous Equipment	4.95%	4.91%	10,281,200	$504,807	728,910	$35,789	0	$0	0	$0	$540,596
19	348	399	Other Tangible Plant	7.41%	7.35%	469,936	$34,540	0	$0	0	$0	0	$0	$34,540
20	339.1	303	Intangible Plant	3.38%	3.38%	1,442,669	$48,762	0	$0	0	$0	0	$0	$48,762
21			Total depreciable plant - straight line			$4,186,937,100	$92,475,821	$146,201,072	$3,108,306	$173,956,412	$4,733,145	$115,275,452	$2,546,126	$102,863,400
22														
23			Total depreciable plant - UOP			206,882,999	4,416,473	1,140,830	-392,081	5,879,103	91,087	0	0	$4,115,479
24			Non-depreciable plant - Water			36,029,016		408,206		178,013		0		$0
25			Less: Depreciation on balance of CAC and CIAC				-4,082,453		-61,441		-32,566		-32,566	($4,209,026)
26			Less: Cost of Removal Flowback				2,922,481		0		0		0	$2,922,481
27														
28			Utility plant in service & depreciation			$4,429,849,115	$95,732,322	$147,750,108	$2,654,784	$180,013,528	$4,791,666	$115,275,452	$2,513,560	$105,692,334
29														
30			Proforma depreciation expense							**Per SKM**		$4,872,888,203		$105,692,334
31														
32			Actual base year expense							**Actual Base Year expense per 1.15.18 9+3 Update**				101,523,510
33														
34			Pro forma adjustment							**Increase (decrease) per SKM**				$4,168,824
35														

SKM Statement of Depreciation
New Jersey-American Water Company, Inc.

Haddonfield Water

Line No.	Study Account Number	Account Number	Account Title	Spanos Depreciation Rate (%)	SKM Depreciation Rate (%)	Utility Plant at 3/31/2017	SKM Annual Depreciation Expense 3/31/2017	Utility Plant Additions 11/30/2017	SKM Annual Depreciation Expense on Adds 11/30/2017	Utility Plant Additions 3/31/2018	SKM Annual Depreciation Expense on Adds 3/31/2018	Utility Plant Additions 9/30/2018	SKM Annual Depreciation Expense on Adds 9/30/2018	SKM Total Depreciation Expense
1	304.1	311	SS Structures & Improvements	2.15%	2.06%	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	305	312	Collecting & Impounding Res.	2.15%	2.15%	0	$0	0	$0	0	$0	0	$0	$0
3	306	313	Lakes, River & Other Intakes	2.43%	2.43%	0	$0	0	$0	0	$0	0	$0	$0
4	307	314	Wells & Springs	2.12%	1.84%	0	$0	0	$0	0	$0	0	$0	$0
5	308	315	Infiltration Galleries and Tunnels	1.14%	1.14%	0	$0	0	$0	0	$0	0	$0	$0
6	309	316	Supply Mains	1.45%	1.23%	0	$0	0	$0	0	$0	0	$0	$0
7	339.2	317	Other Water Source Plant	3.40%	3.40%	0	$0	0	$0	0	$0	0	$0	$0
8	304.2	321	Pumping Structures & Improvements	1.80%	1.75%	0	$0	0	$0	0	$0	0	$0	$0
9	310.2	322	Boiler Plant Equipment	5.24%	5.24%	0	$0	0	$0	0	$0	0	$0	$0
10	310	323	Power Generation Equipment	2.18%	1.94%	0	$0	0	$0	0	$0	0	$0	$0
11	311.2	325	Electric Pumping Eq.	2.30%	2.25%	0	$0	0	$0	0	$0	0	$0	$0
12	311.3	326	Diesel Pumping Eq.	11.35%	11.34%	0	$0	0	$0	0	$0	0	$0	$0
13	311.4	327	Hydraulic Pumping Equipment	3.88%	3.54%	0	$0	0	$0	0	$0	0	$0	$0
14	311.5	328	Other Pumping Eq.	1.50%	1.50%	0	$0	0	$0	0	$0	0	$0	$0
15	311.53	328	Pumping Eq. WT	1.50%	1.50%	0	$0	0	$0	0	$0	0	$0	$0
16	311.54	328	Pumping Eq. TD	1.50%	1.50%	0	$0	0	$0	0	$0	0	$0	$0
17	304.3	331	WT Structures & Improvements	1.90%	1.89%	0	$0	0	$0		$0	0	$0	$0
18	304.31	331	Structures & Improvement Handling	1.90%	1.89%	0	$0	0	$0	0	$0	0	$0	$0
19	320.1	332.1	Treatment Plant Equipment Non Medi	2.22%	2.21%	0	$0	0	$0	44,244	$978	0	$0	$978
20		332.1	Other P/E Equip	1.91%	1.91%	0	$0	0	$0	0	$0	0	$0	$0
21		332.1	Other P/E-WT Res Hand Eq	3.36%	3.36%		$0		$0		$0		$0	$0
22	320.2	332.2	Chemical Equipment WT Equip Filter M	15.44%	15.38%		$0		$0		$0		$0	$0
23	304.4	341	TD Structures & Improvements	3.09%	2.96%		$0		$0		$0		$0	$0
24	330	342	Distr. Reservoirs & Standpipes	1.38%	0.80%		$0		$0		$0		$0	$0
25		342	Tank Original Painting	1.38%	0.80%		$0		$0		$0		$0	$0
26		342	Elevated Tanks & Standpipes	1.38%	0.80%		$0		$0		$0		$0	$0
27		342	Groundlevel Tanks	1.38%	0.80%		$0		$0		$0		$0	$0
28		342	Below Ground Tanks	1.38%	0.80%		$0		$0		$0		$0	$0
29		342	Clearwell	1.38%	0.80%		$0		$0		$0		$0	$0
30	331.01	343	Mains not Classified	0.81%	0.81%	14,848,268	$120,271	0	$0	0	$0	0	$0	$120,271
31	331.1	343.1	Mains-All Material Types - 4 In & Unde	3.31%	2.83%	0	$0	0	$0	0	$0	0	$0	$0
32	331.2	343.2	Mains-All Material Types - 6 In - 8 In	1.75%	1.66%	0	$0	0	$0	261,032	$4,333	0	$0	$4,333
33	331.3	343.3	Mains-All Material Types - 10 In - 16 In	1.13%	1.11%	0	$0	0	$0	0	$0	0	$0	$0
34	331.4	343.4	Mains - All Material Types 18" & Over	1.28%	1.26%	0	$0	0	$0	0	$0	0	$0	$0
35	332	344	Fire Mains	10.95%	10.38%	0	$0	0	$0	0	$0	0	$0	$0
36	333	345	Services	2.34%	2.16%	3,147,722	$67,991	0	$0	46,542	$1,005	0	$0	$68,996
37		345	Backflow Prevention Devices	2.74%	2.74%		$0	0	$0		$0	0	$0	$0
38	334.1	346	Meters	5.96%	3.33%	1,693,661	$56,399	0	$0	41,304	$1,375	0	$0	$57,774
39	334	347	Meter Installations	14.59%	3.56%	427,223	$15,209	0	$0		$0	0	$0	$15,209
40		347	Meter Vaults	14.59%	3.56%		$0	0	$0	0	$0	0	$0	$0
41	335	348	Hydrants	3.29%	2.99%	1,324,301	$39,597	0	$0	41,065	$0	0	$0	$39,597
42						0	$0		$0		$0		$0	$0
43						$21,441,175	$299,467	$0	$0	$434,187	$7,691	$0	$0	$307,158

SKM Statement of Depreciation
New Jersey-American Water Company, Inc.

Haddonfield Water - continued

Line No.	Number	Number	Account Title	Spanos Depreciation Rate (%)	SKM Depreciation Rate (%)	Utility Plant at 3/31/2017	SKM Annual Depreciation Expense 3/31/2017	Utility Plant Additions 11/30/2017	SKM Annual Depreciation Expense on Adds 11/30/2017	Utility Plant Additions 3/31/2018	SKM Annual Depreciation Expense on Adds 3/31/2018	Utility Plant Additions 9/30/2018	SKM Annual Depreciation Expense on Adds 9/30/2018	SKM Total Depreciation Expense
1			Subtotal from Page 3			$21,441,175	$299,467	$0	$0	$434,187	$7,691	$0	$0	$307,158
2														
3	339.5	349	Other Trans. & Distr. Equip.	48.57%	18.18%		$0							
4	339.6	389	Other P/E - CPS	17.80%	17.80%		$0							
5	304.5	390	Adm & Gen Structures & Improvemen	3.52%	3.47%		$0							
6		390	Struct & Improvements Cap Lease	3.52%	3.52%		$0							
7	304.6	390.1	Office Structures & Improvements	1.36%	1.36%		$0							
8		390.1	Structures & Improvements HVAC	1.36%	1.36%		$0							
9	304.7	390.2	Stores, Shop & Garage Structures	2.13%	2.13%		$0							
10	304.8	390.3	Misc. Structures & Improvements	0.09%	0.09%		$0							
11	340.1	391	Office Furniture & Equipment	3.99%	3.99%		$0							
12	340.2	391.2	Personal Computer Eq.	4.73%	4.70%		$0							
13	340.31	391.2	Mainframe Computer Equipment	0.00%	0		$0							
14	340.3	391.3	Computer Software	11.54%	11.53%		$0							
15		391.3	Comp Software Mainframe	0.00%	0.00%		$0							
16	340.4	391.4	Data Handling Equipment	0.56%	0.56%		$0							
17	340.5	391.5	Other Office Equipment	0.72%		0	$0	0	$0	0		0	$0	$0
18	341.4	392	Transportation Equipment	4.61%		0	$0	0	$0	0		0	$0	$0
19	341.1	392.1	Trans. Equip. - Light Trucks	-1.35%		0	$0	0	$0	0		0	$0	$0
20	341.2	392.2	Trans. Equip. - Heavy Trucks	5.98%		0	$0	0	$0	0		0	$0	$0
21	341.3	392.3	Trans. Equip. - Cars	8.25%		0	$0	0	$0	0		0	$0	$0
22	341.4	392.4	Trans. Equip. - Other	4.61%		0	$0	0	$0	0		0	$0	$0
23	342	393	Stores Equipment	7.88%		0	$0	0	$0	0		0	$0	$0
24	343	394	Tools, Shop & Garage Equipment	5.83%	5.81%	0	$0	0	$0	7,570	$440	0	$0	$440
25	344	395	Laboratory Equipment	7.77%		0	$0	0	$0	0		0	$0	$0
26	345	396	Power Operated Equipment	4.49%		0	$0	0	$0	0		0	$0	$0
27	346	397	Communication Equipment	3.09%		0	$0	0	$0	0		0	$0	$0
28	347	398	Miscellaneous Equipment	4.95%		0	$0	0	$0	0		0	$0	$0
29	348	399	Other Tangible Plant	7.41%		0	$0	0	$0	0		0	$0	$0
30	339.1	303	Intangible Plant	3.38%	3.38%	0	$0	0	$0	0		0	$0	$0
31			Total depreciable plant - straight line			$21,441,175	$299,467	$0	$0	$441,757	$8,131	$0	$0	$307,598
32														
33			Total depreciable plant - UOP			0	0	0	0	0	0	0	0	$0
34			Non-depreciable plant - Water			0		0		0		0		$0
35			Less: Depreciation on balance of CAC and CIAC				-14,090		-31		0		0	($14,121)
36			Less: Cost of Removal Flowback				0		0		0		0	$0
37														
38			Utility plant in service & depreciation			$21,441,175	$285,377	$0	($31)	$441,757	$8,131	$0	$0	$293,477
39														
40			Proforma depreciation expense							Per SKM		$21,882,932		$293,477
41														
42			Actual base year expense							Actual Base Year expense per 1.15.18 9+3 Update				442,889
43														
44			Pro forma adjustment							Increase (decrease) per SKM				($149,412)

SKM Statement of Depreciation
New Jersey-American Water Company, Inc.

Shorelands Water

Line No.	Study Account Number	Account Number	Account Title	Spanos Depreciation Rate (%)	SKM Depreciation Rate (%)	Utility Plant at 3/31/2017	SKM Annual Depreciation Expense 3/31/2017	Utility Plant Additions 11/30/2017	SKM Annual Depreciation Expense on Adds 11/30/2017	Utility Plant Additions 3/31/2018	SKM Annual Depreciation Expense on Adds 3/31/2018	Utility Plant Additions 9/30/2018	SKM Annual Depreciation Expense on Adds 9/30/2018	SKM Total Depreciation Expense
1	304.1	311	SS Structures & Improvements	2.15%	2.06%	$32,085	$661	$0	$0	$0	$0	$0	$0	$661
2	305	312	Collecting & Impounding Res.	2.15%	2.15%	0	$0	0	$0	0	$0	0	$0	$0
3	306	313	Lakes, River & Other Intakes	2.43%	2.43%	0	$0	0	$0	0	$0	0	$0	$0
4	307	314	Wells & Springs	2.12%	1.84%	2,711,869	$49,898	0	$0	0	$0	0	$0	$49,898
5	308	315	Infiltration Galleries and Tunnels	1.14%	1.14%	0	$0	0	$0	0	$0	0	$0	$0
6	309	316	Supply Mains	1.45%	1.23%	84,303	$1,037	0	$0	0	$0	0	$0	$1,037
7	339.2	317	Other Water Source Plant	3.40%	3.40%	0	$0	0	$0	0	$0	0	$0	$0
8	304.2	321	Pumping Structures & Improvements	1.80%	1.75%	56,749	$993	0	$0	0	$0	0	$0	$993
9	310.2	322	Boiler Plant Equipment	5.24%	5.24%	0	$0	0	$0	0	$0	0	$0	$0
10	310	323	Power Generation Equipment	2.18%	1.94%	0	$0	0	$0	0	$0	0	$0	$0
11	311.2	324	Other Power Production Equip	2.35%		0	$0	0	$0	0	$0	0	$0	$0
12	311.2	325	Electric Pumping Eq.	2.30%	2.25%	0	$0	0	$0	0	$0	0	$0	$0
13	311.3	326	Diesel Pumping Eq.	11.35%	11.34%	384,206	$43,569	0	$0	0	$0	0	$0	$43,569
14	311.4	327	Hydraulic Pumping Equipment	3.88%	3.54%	0	$0	0	$0	0	$0	0	$0	$0
15	311.5	328	Other Pumping Eq.	1.50%	1.50%	34,783	$522	0	$0	0	$0	0	$0	$522
16	304.3	331	WT Structures & Improvements	1.90%	1.89%	1,830,681	$34,600	-1,830,681	($34,600)	0	$0	0	$0	$0
17	320.1	332.1	Treatment Plant Equipment	2.22%	2.21%	12,347,254	$272,874	156,487	$3,458	83,390	$1,843	0	$0	$278,176
18	320.2	332.2	Chemical Equipment	15.44%	15.38%	0	$0	0	$0	0	$0	0	$0	$0
19	304.4	341	TD Structures & Improvements	3.09%	2.96%	219,998	$6,512	0	$0	0	$0	0	$0	$6,512
20	330	342	Distr. Reservoirs & Standpipes	1.38%	0.80%	1,456,005	$11,648	0	$0	0	$0	0	$0	$11,648
21	331.01	343	Mains	0.81%	0.81%	11,920,482	$96,556	39,249	$318	0	$0	0	$0	$96,874
22	331.1	343.1	Mains-All Material Types - 4 In & Unde	3.31%	2.83%	0	$0	0	$0	0	$0	0	$0	$0
23	331.2	343.2	Mains-All Material Types - 6 In - 8 In	1.75%	1.66%	0	$0	0	$0	0	$0	0	$0	$0
24	331.3	343.3	Mains-All Material Types - 10 In - 16 Ir	1.13%	1.11%	0	$0	0	$0	0	$0	0	$0	$0
25	331.4	343.4	Mains - All Material Types 18" & Over	1.28%	1.26%	0	$0	0	$0	0	$0	0	$0	$0
26	332	344	Fire Mains	10.95%	10.38%	155,521	$16,143	0	$0	0	$0	0	$0	$16,143
27	333	345	Services	2.34%	2.16%	2,413,426	$52,130	28,255	$610	0	$0	0	$0	$52,740
28	334.1	346	Meters	5.96%	3.33%	2,098,765	$69,889	12,829	$427	0	$0	0	$0	$70,316
29	334	347	Meter Installations	14.59%	3.56%	752,599	$26,793	2,446	$87	0	$0	0	$0	$26,880
30	335	348	Hydrants	3.29%	2.99%	1,216,758	$36,381	0	$0	0	$0	0	$0	$36,381
31	339.5	349	Other Trans. & Distr. Equip.	48.57%	18.18%	0	$0	0	$0	0	$0	0	$0	$0
32	339.6	389	Other P/E - CPS	17.80%	17.80%	0	$0	0	$0	0	$0	0	$0	$0
33	304.5	390	Adm & Gen Structures & Improvemen	3.52%	3.47%	412,575	$14,316	0	$0	0	$0	0	$0	$14,316
34	304.6	390.1	Office Structures & Improvements	1.36%	1.36%	0	$0	0	$0	0	$0	0	$0	$0
35	304.7	390.2	Stores, Shop & Garage Structures	2.13%	2.13%	0	$0	0	$0	0	$0	0	$0	$0
36	304.8	390.3	Misc. Structures & Improvements	0.09%	0.09%	0	$0	0	$0	0	$0	0	$0	$0
37	340.1	391	Office Furniture & Equipment	3.99%	3.99%	533,707	$21,295	-322,863	($12,882)	0	$0	0	$0	$8,413
38	340.2	391.2	Personal Computer Eq.	4.73%	4.70%	0	$0	0	$0	0	$0	0	$0	$0
39	340.31	391.2	Mainframe Computer Equipment	0.00%	0.00%	0	$0	0	$0	0	$0	0	$0	$0
40	340.3	391.3	Computer Software	11.54%	11.53%	0	$0	0	$0	0	$0	0	$0	$0
41	340.4	391.4	Data Handling Equipment	0.56%	0.56%	0	$0	0	$0	0	$0	0	$0	$0
42														
43			Subtotal			$38,661,766	$755,817	($1,914,278)	($42,582)	$83,390	$1,843	$0	$0	$715,079

Shorelands Water - continued

Line No.	Study Account Number	Account Number	Account Title	Spanos Depreciation Rate (%)	SKM Depreciation Rate (%)	Utility Plant at 3/31/2017	SKM Annual Depreciation Expense 3/31/2017	Utility Plant Additions 11/30/2017	SKM Annual Depreciation Expense on Adds 11/30/2017	Utility Plant Additions 3/31/2018	SKM Annual Depreciation Expense on Adds 3/31/2018	Utility Plant Additions 9/30/2018	SKM Annual Depreciation Expense on Adds 9/30/2018	SKM Total Depreciation Expense
1			Subtotal from Page 5			$38,661,766	$755,817	($1,914,278)	($42,582)	$83,390	$1,843	$0	$0	$715,079
2														
3	340.5	391.5	Other Office Equipment	0.72%	0.72%	0	0	0	0	0	0	0	$0	$0
4	341.4	392	Transportation Equipment	4.61%	4.61%	0	0	0	0	0	0	0	$0	$0
5	341.1	392.1	Trans. Equip. - Light Trucks	-1.35%	-1.35%	0	0	0	0	0	0	0	$0	$0
6	341.2	392.2	Trans. Equip. - Heavy Trucks	5.98%	5.98%	0	0	0	0	0	0	0	$0	$0
7	341.3	392.3	Trans. Equip. - Cars	8.25%	8.25%	0	0	0	0	0	0	0	$0	$0
8	341.4	392.4	Trans. Equip. - Other	4.61%	4.61%	665,929	30,699	0	0	0	0	0	$0	$30,699
9	342	393	Stores Equipment	7.88%	7.89%	5,108	403	-4,238	-334	0	0	0	$0	$69
10	343	394	Tools, Shop & Garage Equipment	5.83%	5.98%	329,377	19,203	0	0	0	0	0	$0	$19,203
11	344	395	Laboratory Equipment	7.77%	7.74%	21,916	1,703	0	0	0	0	0	$0	$1,703
12	345	396	Power Operated Equipment	4.49%	4.48%	245,480	11,022	0	0	0	0	0	$0	$11,022
13	346	397	Communication Equipment	3.09%	3.09%	366,637	11,329	0	0	0	0	0	$0	$11,329
14	347	398	Miscellaneous Equipment	4.95%	4.91%	46,833	2,318	0	0	0	0	0	$0	$2,318
15	348	399	Other Tangible Plant	7.41%	7.35%	0	0	0	0	0	0	0	$0	$0
16	339.1	303	Intangible Plant	3.38%	3.38%	0	0	0	0	0	0	0	$0	$0
17			Total depreciable plant - straight line			$40,343,046	$832,494	($1,918,516)	($42,916)	$83,390	$1,843	$0	$0	$791,422
18														
19			Total depreciable plant - UOP			0	0	0	0	0	0	0	0	$0
20			Non-depreciable plant - Water			349,359		1,830,681		0		0		$0
21			Less: Depreciation on balance of CAC and CIAC				-73,192		-112,986		0		0	($186,178)
22			Less: Cost of Removal Flowback				0		0		0		0	$0
23														
24			Utility plant in service & depreciation			$40,692,405	$759,302	($87,836)	($155,901)	$83,390	$1,843	$0	$0	$605,244
25														
26			Proforma depreciation expense							Per SKM		$40,687,959		$605,244
27														
28			Actual base year expense							Actual Base Year expense per 1.15.18 9+3 Update				769,065
29														
30			Pro forma adjustment							Increase (decrease) per SKM				($163,821)
31														

Ocean City Sewer

Line No.	Study Account Number	Account Number	Account Title	Spanos Depreciation Rate (%)	SKM Depreciation Rate (%)	Utility Plant at 3/31/2017	SKM Annual Depreciation Expense 3/31/2017	Utility Plant Additions 11/30/2017	SKM Annual Depreciation Expense on Adds 11/30/2017	Utility Plant Additions 3/31/2018	SKM Annual Depreciation Expense on Adds 3/31/2018	Utility Plant Additions 9/30/2018	SKM Annual Depreciation Expense on Adds 9/30/2018	SKM Total Depreciation Expense
1	363	320	Services Sewer	2.26%	2.26%	$15,476,964	$349,779	$1,033,982	$23,368	$0	$0	$0	$0	$373,147
2	361.1	321	Collecting Mains	1.30%	0.72%	29,992,966	$215,949	609,666	$4,390	0	$0	0	$0	$220,339
3	361.11	322	Collecting Mains - Other	2.01%	2.01%	1,241,612	$24,956	39,003	$784	0	$0	0	$0	$25,740
4	360	323	Collection Sewers Forced	1.24%	1.25%	148,520	$1,856	0	$0	0	$0	0	$0	$1,856
5	354	324	Collection Structures & Improvements	2.35%	2.36%	1,510,976	$35,659	14,780	$349	0	$0	0	$0	$36,008
6	370	325	Receiving Wells	4.08%	4.08%	52,467	$2,141	0	$0	0	$0	0	$0	$2,141
7	354	330	Structures & Improvements - SPP	2.35%	2.36%	1,206,783	$28,480	-34	($1)	0	$0	0	$0	$28,479
8	371.1	331	Pump Equipment Electric	4.97%	4.97%	1,126,186	$55,971	9,862	$490	0	$0	0	$0	$56,462
9	371.2	332	Other Pumping Equipment	3.72%	3.72%	19,090	$710	0	$0	0	$0	0	$0	$710
10	354	340	Structures & Improvements	2.35%	2.36%	45,966	$1,085	0	$0	0	$0	0	$0	$1,085
11	382	349	Outfall Sewer Lines	1.46%	1.46%	0	$0	0	$0	0	$0	0	$0	$0
12	381	381	Plant Sewers	1.84%	1.84%	145,628	$2,680	0	$0	0	$0	0	$0	$2,680
13	389.1	389	Other Plant Equipment	4.58%	4.58%	105,243	$4,820	0	$0	0	$0	0	$0	$4,820
14	389.6	389.1	Other P/E - CPS	10.43%	10.43%	0	$0	0	$0	0	$0	0	$0	$0
15	390	391	Office Furniture & Equipment	1.77%	1.77%	10,358	$183	0	$0	0	$0	0	$0	$183
16	391	392	Transportation Equipment	4.96%	4.96%	357,266	$17,720	0	$0	0	$0	0	$0	$17,720
17	393	394	Tools, Shop & Garage Equipment	13.64%	13.64%	73,371	$10,008	64,117	$8,746	0	$0	0	$0	$18,753
18	395	396	Power Operated Equipment	3.87%	3.87%	277,742	$10,749	0	$0	0	$0	0	$0	$10,749
19	398	398	Other Depreciable Property	2.99%	2.99%	351,781	$10,518	44,910	$1,343	0	$0	0	$0	$11,861
20														
21			Total depreciable plant - straight line			$52,142,919	$773,264	$1,816,286	$39,469	$0	$0	$0	$0	$812,733
22														
23			Total depreciable plant - UOP			0	0	0	0	0	0	0	0	$0
24			Non-depreciable plant - Water			6,982	0	0	0	2,391,017	0	0	0	$0
25			Less: Depreciation on balance of CAC and CIAC				-44,840		0		0		0	($44,840)
26			Less: Cost of Removal Flowback				0		0		0		0	$0
27														
28			Utility plant in service & depreciation			$52,149,901	$728,424	$1,816,286	$39,469	$2,391,017	$0	$0	$0	$767,893
29														
30			Proforma depreciation expense							**Per SKM**		$56,357,204		$767,893
31														
32			Actual base year expense							**Actual Base Year expense per 1.15.18 9+3 Update**				1,262,892
33														
34			Pro forma adjustment							**Increase (decrease) per SKM**				($494,999)
35														
36														

Lakewood/Elk Sewer

Line No.	Study Account Number	Account Number	Account Title	Spanos Depreciation Rate (%)	SKM Depreciation Rate (%)	Utility Plant at 3/31/2017	SKM Annual Depreciation Expense 3/31/2017	Utility Plant Additions 11/30/2017	SKM Annual Depreciation Expense on Adds 11/30/2017	Utility Plant Additions 3/31/2018	SKM Annual Depreciation Expense on Adds 3/31/2018	Utility Plant Additions 9/30/2018	SKM Annual Depreciation Expense on Adds 9/30/2018	SKM Total Depreciation Expense
1	363	320	Services Sewer	2.26%	2.26%	$18,025,213	$407,370	$1,230,544	$27,810	$0	$0	$0	$0	$435,180
2	361.1	321	Collecting Mains	1.30%	0.72%	47,387,966	$341,193	621,695	$4,476	1,344,266	$9,679	7,738,838	$55,720	$411,068
3	361.11	322	Collecting Mains - Other	2.01%	2.01%	2,110,501	$42,421	-10,665	($214)	0	$0	0	$0	$42,207
4	360	323	Collection Sewers Forced	1.24%	1.25%	1,131,441	$14,143	0	$0	0	$0	0	$0	$14,143
5	354	324	Collection Structures & Improvements	2.35%	2.36%	3,185,083	$75,168	369,492	$8,720	0	$0	0	$0	$83,888
6	370	325	Receiving Wells	4.08%	4.08%	119,691	$4,883	0	$0	0	$0	0	$0	$4,883
7	354	330	Structures & Improvements - SPP	2.35%	2.36%	566,196	$13,362	-3,778	($89)	0	$0	0	$0	$13,273
8	371.1	331	Pump Equipment Electric	4.97%	4.98%	1,574,871	$78,429	80,573	$4,013	5,864,255	$292,040	0	$0	$374,481
9	371.2	332	Other Pumping Equipment	3.72%	3.72%	675,376	$25,124	-1	$0	0	$0	0	$0	$25,124
10	354	340	Structures & Improvements	2.35%	2.36%	539,793	$12,739	-1	$0	0	$0	0	$0	$12,739
11	382	349	Outfall Sewer Lines	1.46%	1.46%	0	$0	0	$0	0	$0	0	$0	$0
12	381	381	Plant Sewers	1.84%	1.84%	732,003	$13,469	-1	$0	0	$0	0	$0	$13,469
13	389.1	389	Other Plant Equipment	4.58%	4.58%	259,813	$11,899	0	$0	0	$0	0	$0	$11,899
14	389.6	389.1	Other P/E - CPS	10.43%	10.43%	0	$0	0	$0	0	$0	0	$0	$0
15	390	391	Office Furniture & Equipment	1.77%	1.77%	6,271	$111	0	$0	0	$0	0	$0	$111
16	391	392	Transportation Equipment	4.96%	4.96%	0	$0	0	$0	0	$0	0	$0	$0
17	393	394	Tools, Shop & Garage Equipment	13.64%	13.64%	71,279	$9,723	0	$0	0	$0	0	$0	$9,723
18	395	396	Power Operated Equipment	3.87%	3.87%	207,534	$8,032	0	$0	0	$0	0	$0	$8,032
19	398	398	Other Depreciable Property	2.99%	2.99%	697,336	$20,850	54,620	$1,633	0	$0	0	$0	$22,483
20													$0	$0
21			Total depreciable plant - straight line			$77,290,367	$1,078,916	$2,342,478	$46,349	$7,208,521	$301,719	$7,738,838	$55,720	$1,482,703
22													$0	$0
23			Total depreciable plant - UOP			0	0	0	0	0	0	0	$0	$0
24			Non-depreciable plant - Water			137,763	0	0	0	1,285,503	0	0	$0	$0
25			Less: Depreciation on balance of CAC and CIAC				-420,730		-21,385		-10,493		$0	($452,608)
26			Less: Cost of Removal Flowback				0		0		0		$0	$0
27														
28			Utility plant in service & depreciation			$77,428,130	$658,186	$2,342,478	$24,964	$8,494,024	$291,226	$7,738,838	$55,720	$1,030,095
29														
30			Proforma depreciation expense							Per SKM		$96,003,470		$1,030,095
31														
32			Actual base year expense							Actual Base Year expense per 1.15.18 9+3 Update				1,568,278
33														
34			Pro forma adjustment							Increase (decrease) per SKM				($538,183)
35														

Adelphia Sewer

Line No.	Study Account Number	Account Number	Account Title	Spanos Depreciation Rate (%)	SKM Depreciation Rate (%)	Utility Plant at 3/31/2017	SKM Annual Depreciation Expense 3/31/2017	Utility Plant Additions 11/30/2017	SKM Annual Depreciation Expense on Adds 11/30/2017	Utility Plant Additions 3/31/2018	SKM Annual Depreciation Expense on Adds 3/31/2018	Utility Plant Additions 9/30/2018	SKM Annual Depreciation Expense on Adds 9/30/2018	SKM Total Depreciation Expense
1	363	320	Services Sewer	2.26%	2.26%	$725,153	$16,388	$0	$0	$0	$0	$0	$0	$16,388
2	361.1	321	Collecting Mains	1.30%	0.72%	5,020,532	$36,148	0	$0	0	$0	0	$0	$36,148
3	361.11	322	Collecting Mains - Other	2.01%	2.01%	61,309	$1,232	0	$0	0	$0	0	$0	$1,232
4	360	323	Collection Sewers Forced	1.24%	1.25%	451,541	$5,644	0	$0	0	$0	0	$0	$5,644
5	354	324	Collection Structures & Improvements	2.35%	2.36%	452,975	$10,690	0	$0	0	$0	0	$0	$10,690
6	370	325	Receiving Wells	4.08%	4.08%	9,447	$385	0	$0	0	$0	0	$0	$385
7	354	330	Structures & Improvements - SPP	2.35%	2.36%	0	$0	0	$0	0	$0	0	$0	$0
8	371.1	331	Pump Equipment Electric	4.97%	4.98%	140,039	$6,974	0	$0	0	$0	0	$0	$6,974
9	371.2	332	Other Pumping Equipment	3.72%	3.72%	32,484	$1,208	0	$0	0	$0	0	$0	$1,208
10	354	340	Structures & Improvements	2.35%	2.36%	263,846	$6,227	0	$0	0	$0	0	$0	$6,227
11	382	349	Outfall Sewer Lines	1.46%	1.46%	61,963	$905	0	$0	0	$0	0	$0	$905
12	381	381	Plant Sewers	1.84%	1.84%	0	$0	0	$0	0	$0	0	$0	$0
13	389.1	389	Other Plant Equipment	4.58%	4.58%	126,131	$5,777	-2,354	($108)	0	$0	0	$0	$5,669
14	389.6	389.1	Other P/E - CPS	10.43%	10.43%	0	$0	0	$0	0	$0	0	$0	$0
15	390	391	Office Furniture & Equipment	1.77%	1.77%	0	$0	0	$0	0	$0	0	$0	$0
16	391	392	Transportation Equipment	4.96%	4.96%	8,610	$427	0	$0	0	$0	0	$0	$427
17	393	394	Tools, Shop & Garage Equipment	13.64%	13.64%	0	$0	0	$0	0	$0	0	$0	$0
18	395	396	Power Operated Equipment	3.87%	3.87%	0	$0	0	$0	0	$0	0	$0	$0
19	398	398	Other Depreciable Property	2.99%	2.99%	116,281	$3,477	0	$0	0	$0	0	$0	$3,477
20														
21			Total depreciable plant - straight line			$7,470,311	$95,482	($2,354)	($108)	$0	$0	$0	$0	$95,374
22														
23			Total depreciable plant - UOP			0	0	0	0	0	0	0	0	$0
24			Non-depreciable plant - Water			56,489	0	0	0	0	0	0	0	$0
25			Less: Depreciation on balance of CAC and CIAC				0		0		0		0	$0
26			Less: Cost of Removal Flowback				0		0		0		0	$0
27														
28			Utility plant in service & depreciation			$7,526,800	$95,482	($2,354)	($108)	$0	$0	$0	$0	$95,374
29														
30			Proforma depreciation expense							Per SKM		$7,524,446		$95,374
31														
32			Actual base year expense							Actual Base Year expense per 1.15.18 9+3 Update				190,415
33														
34			Pro forma adjustment							Increase (decrease) per SKM				($95,041)
35														

Statewide Tariff Sewer District

Line No.	Study Account Number	Account Number	Account Title	Spanos Depreciation Rate (%)	SKM Depreciation Rate (%)	Utility Plant at 3/31/2017	SKM Annual Depreciation Expense 3/31/2017	Utility Plant Additions 11/30/2017	SKM Annual Depreciation Expense on Adds 11/30/2017	Utility Plant Additions 3/31/2018	SKM Annual Depreciation Expense on Adds 3/31/2018	Utility Plant Additions 9/30/2018	SKM Annual Depreciation Expense on Adds 9/30/2018	SKM Total Depreciation Expense
1	363	320	Services Sewer	2.26%	2.26%	$151,382	$3,421	$70,195	$1,586	$0	$0	$0	$0	$5,008
2	361.1	321	Collecting Mains	1.30%	0.72%	39,812,370	$286,649	-61,873	($445)	0	$0	0	$0	$286,204
3	361.11	322	Collecting Mains - Other	2.01%	2.01%	0	$0	0	$0	0	$0	0	$0	$0
4	360	323	Collection Sewers Forced	1.24%	1.25%	34,651	$433	0	$0	0	$0	0	$0	$433
5	354	324	Collection Structures & Improvements	2.35%	2.36%	6,208,646	$146,524	-8,299	($196)	0	$0	0	$0	$146,328
6	370	325	Receiving Wells	4.08%	4.08%	116,313	$4,746	160,790	$6,560	0	$0	0	$0	$11,306
7	354	330	Structures & Improvements - SPP	2.35%	2.36%	844,712	$19,935	0	$0	0	$0	0	$0	$19,935
8	371.1	331	Pump Equipment Electric	4.97%	4.98%	983,304	$48,969	34,355	$1,711	0	$0	0	$0	$50,679
9	371.2	332	Other Pumping Equipment	3.72%	3.72%	377,414	$14,040	-2,205	($82)	0	$0	0	$0	$13,958
10	354	340	Structures & Improvements	2.35%	2.36%	5,861,912	$138,341	269,730	$6,366	0	$0	0	$0	$144,707
11	382	349	Outfall Sewer Lines	1.46%	1.46%	0	$0	0	$0	0	$0	0	$0	$0
12	381	381	Plant Sewers	1.84%	1.84%	7,928	$146	3,163	$58	0	$0	0	$0	$204
13	389.1	389	Other Plant Equipment	4.58%	4.58%	3,876,731	$177,554	13,899	$637	0	$0	0	$0	$178,191
14	389.6	389.1	Other P/E - CPS	10.43%	10.43%	0	$0	0	$0	0	$0	0	$0	$0
15	390	391	Office Furniture & Equipment	1.77%	1.77%	951	$17	0	$0	0	$0	0	$0	$17
16	391	392	Transportation Equipment	4.96%	4.96%	0	$0	0	$0	0	$0	0	$0	$0
17	393	394	Tools, Shop & Garage Equipment	13.64%	13.64%	1,567	$214	0	$0	0	$0	0	$0	$214
18	395	396	Power Operated Equipment	3.87%	3.87%	0	$0	0	$0	0	$0	0	$0	$0
19	398	398	Other Depreciable Property	2.99%	2.99%	4,517,938	$135,086	253,426	$7,577	0	$0	0	$0	$142,664
20														
21			Total depreciable plant - straight line			$62,795,819	$976,075	$733,181	$23,772	$0	$0	$0	$0	$999,848
22														
23			Total depreciable plant - UOP			0	0	0	0	0	0	0	0	$0
24			Non-depreciable plant - Water			1,505,188	0	0	0	754,702	0	0	0	$0
25			Less: Depreciation on balance of CAC and CIAC				-634,716		0		0		0	($634,716)
26			Less: Cost of Removal Flowback				0		0		0		0	$0
27														
28			Utility plant in service & depreciation			$64,301,007	$341,359	$733,181	$23,772	$754,702	$0	$0	$0	$365,132
29														
30			Proforma depreciation expense							Per SKM		$65,788,890		$365,132
31														
32			Actual base year expense							Actual Base Year expense per 1.15.18 9+3 Update				1,273,229
33														
34			Pro forma adjustment							Increase (decrease) per SKM				($908,097)
35														
36														

Haddonfield Sewer

Line No.	Study Account Number	Account Number	Account Title	Spanos Depreciation Rate (%)	SKM Depreciation Rate (%)	Utility Plant at 3/31/2017	SKM Annual Depreciation Expense 3/31/2017	Utility Plant Additions 11/30/2017	SKM Annual Depreciation Expense on Adds 11/30/2017	Utility Plant Additions 3/31/2018	SKM Annual Depreciation Expense on Adds 3/31/2018	Utility Plant Additions 9/30/2018	SKM Annual Depreciation Expense on Adds 9/30/2018	SKM Total Depreciation Expense
1	363	320	Services Sewer	2.26%	2.26%	$4,303,042	$97,249	$162,932	$3,682	$0	$0	$0	$0	$100,931
2	361.1	321	Collecting Mains	1.30%	0.72%	16,590,732	$119,453	431,710	$3,108	0	$0	0	$0	$122,562
3	361.11	322	Collecting Mains - Other	2.01%	2.01%	1,690,261	$33,974	-18,939	($381)	0	$0	0	$0	$33,594
4	360	323	Collection Sewers Forced	1.24%	1.25%	617,834	$7,723	124,461	$1,556	0	$0	0	$0	$9,279
5	354	324	Collection Structures & Improvements	2.35%	2.36%	63,676	$1,503	0	$0	0	$0	0	$0	$1,503
6	370	325	Receiving Wells	4.08%	4.08%	29,729	$1,213	0	$0	0	$0	0	$0	$1,213
7	354	330	Structures & Improvements - SPP	2.35%	2.36%	520,756	$12,290	0	$0	0	$0	0	$0	$12,290
8	371.1	331	Pump Equipment Electric	4.97%	4.98%	1,567,403	$78,057	8,618,281	$429,190	0	$0	0	$0	$507,247
9	371.2	332	Other Pumping Equipment	3.72%	3.72%	43,680	$1,625	0	$0	0	$0	0	$0	$1,625
10	354	340	Structures & Improvements	2.35%	2.36%	38,111	$899	4,372	$103	0	$0	0	$0	$1,003
11	382	349	Outfall Sewer Lines	1.46%	1.46%	0	$0	0	$0	0	$0	0	$0	$0
12	381	381	Plant Sewers	1.84%	1.84%	18,954	$349	0	$0	0	$0	0	$0	$349
13	389.1	389	Other Plant Equipment	4.58%	4.58%	42,180	$1,932	2,664	$122	0	$0	0	$0	$2,054
14	389.6	389.1	Other P/E - CPS	10.43%	10.43%	19,839	$2,069	0	$0	0	$0	0	$0	$2,069
15	390	391	Office Furniture & Equipment	1.77%	1.77%	0	$0	0	$0	0	$0	0	$0	$0
16	391	392	Transportation Equipment	4.96%	4.96%	632,146	$31,354	0	$0	0	$0	0	$0	$31,354
17	393	394	Tools, Shop & Garage Equipment	13.64%	13.64%	40,082	$5,467	0	$0	0	$0	0	$0	$5,467
18	395	396	Power Operated Equipment	3.87%	3.87%	9,841	$381	0	$0	0	$0	0	$0	$381
19	398	398	Other Depreciable Property	2.99%	2.99%	184,992	$5,531	-2,207	($66)	0	$0	0	$0	$5,465
20														
21			Total depreciable plant - straight line			$26,413,258	$401,069	$9,323,274	$437,314	$0	$0	$0	$0	$838,386
22														
23			Total depreciable plant - UOP			0	0	0	0	0	0	0	0	$0
24			Non-depreciable plant - Water			0	0	0	0	96,964	0	0	0	$0
25			Less: Depreciation on balance of CAC and CIAC				-20		0		0		0	($20)
26			Less: Cost of Removal Flowback				0		0		0		0	$0
27														
28			Utility plant in service & depreciation			$26,413,258	$401,049	$9,323,274	$437,314	$96,964	$0	$0	$0	$838,366
29														
30			Proforma depreciation expense							Per SKM		$35,833,496		$838,366
31														
32			Actual base year expense							Actual Base Year expense per 1.15.18 9+3 Update				703,302
33														
34			Pro forma adjustment							Increase (decrease) per SKM				$135,064
			TOTAL COMPANY											
			Utility plant in service & depreciation			$4,719,801,791	$99,001,501	$161,875,137	$3,024,263	$192,275,382	$5,092,866	$123,014,290	$2,569,280	$109,687,915

Summary Totals	
Less Company Cost of Removal Flowback in Statewide Water Expense.	($2,922,481)
Depreciation Expense at SKM Rates	$106,765,434

Per SKM	$5,196,966,600	$106,765,434
Actual Base Year expense per 1.15.18 9+3 Update		107,733,580
Increase (decrease) per SKM		($968,146)

APPENDIX A

Experience

Analytica94, Inc.
Chairman and Founder (2013 to present)

A94 is a chartable non-profit organization founded in 2013 to provide independent research, economic models, and training to evaluate the effectiveness of economic regulation of U.S. industries.

Snavely King Majoros & Associates, Inc.
President (2010 to present)
Vice President and Treasurer (1988 to 2010)
Senior Consultant (1981-1987)

Mr. Majoros provides consultation specializing in accounting, financial, and management issues. He has testified as an expert witness or negotiated on behalf` of clients in more than one hundred thirty regulatory federal and state regulatory proceedings involving telephone, electric, gas, water, and sewerage companies. His testimony has encompassed a wide array of complex issues including taxation, divestiture accounting, revenue requirements, rate base, nuclear decommissioning, plant lives, and capital recovery. Mr. Majoros has also provided consultation to the U.S. Department of Justice and appeared before the U.S. EPA and the Maryland State Legislature on matters regarding the accounting and plant life effects of electric plant modifications and the financial capacity of public utilities to finance environmental controls. He has estimated economic damages suffered by black farmers in discrimination suits.

Van Scoyoc & Wiskup, Inc.*, Consultant (1978-1981)*

Mr. Majoros conducted and assisted in various management and regulatory consulting projects in the public utility field, including preparation of electric system load projections for a group of municipally and cooperatively owned electric systems; preparation of a system of accounts and reporting of gas and oil pipelines to be used by a state regulatory commission; accounting system analysis and design for rate proceedings involving electric, gas, and telephone utilities. Mr. Majoros provided onsite management accounting and controllership assistance to a municipal electric and water utility. Mr. Majoros also assisted in an antitrust proceeding involving a major electric utility. He submitted expert testimony in FERC Docket No. RP79-12 (El Paso Natural Gas Company), and he co-authored a study entitled Analysis of Staff Study on Comprehensive Tax Normalization that was submitted to FERC in Docket No. RM 80-42.

Handling Equipment Sales Company, Inc.
Controller/Treasurer (1976-1978)

Mr. Majoros' responsibilities included financial management, general accounting and reporting, and income taxes.

Ernst & Ernst, *Auditor (1973-1976)*

Mr. Majoros was a member of the audit staff where his responsibilities included auditing, supervision, business systems analysis, report preparation, and corporate income taxes.

University of Baltimore - *(1971-1973)*

Mr. Majoros was a full-time student in the School of Business.

During this period Mr. Majoros worked consistently on a part-time basis in the following positions: Assistant Legislative Auditor – State of Maryland, Staff Accountant – Robert M. Carney & Co., CPA's, Staff Accountant – Naron & Wegad, CPA's, Credit Clerk – Montgomery Wards.

Central Savings Bank, *(1969-1971)*

Mr. Majoros was an Assistant Branch Manager at the time he left the bank to attend college as a full-time student. During his tenure at the bank, Mr. Majoros gained experience in each department of the bank. In addition, he attended night school at the University of Baltimore.

Education

University of Baltimore, School of Business, B.S. – Concentration in Accounting

Professional Affiliations

American Institute of Certified Public Accountants
Maryland Association of C.P.A.s
Society of Depreciation Professionals

Publications, Papers, and Panels

"Analysis of Staff Study on Comprehensive Tax Normalization," FERC Docket No. RM 80-42, 1980.

"Telephone Company Deferred Taxes and Investment Tax Credits – A Capital Loss for Ratepayers," Public Utility Fortnightly, September 27, 1984.

"The Use of Customer Discount Rates in Revenue Requirement Comparisons," Proceedings of the 25th Annual Iowa State Regulatory Conference, 1986

"The Regulatory Dilemma Created By Emerging Revenue Streams of Independent Telephone Companies," Proceedings of NARUC 101st Annual Convention and Regulatory Symposium, 1989.

"BOC Depreciation Issues in the States," National Association of State Utility Consumer Advocates, 1990 Mid-Year Meeting, 1990.

"Current Issues in Capital Recovery" 30th Annual Iowa State Regulatory Conference, 1991.

"Impaired Assets Under SFAS No. 121," National Association of State Utility Consumer Advocates, 1996 Mid-Year Meeting, 1996.

"What's 'Sunk' Ain't Stranded: Why Excessive Utility Depreciation is Avoidable," with James Campbell, Public Utilities Fortnightly, April 1, 1999.

"Local Exchange Carrier Depreciation Reserve Percents," with Richard B. Lee, Journal of the Society of Depreciation Professionals, Volume 10, Number 1, 2000-2001

"Rolling Over Ratepayers," Public Utilities Fortnightly, Volume 143, Number 11, November, 2005.

"Asset Management – What is it ?" American Water Works Association, Pre-Conference Workshop, March 25, 2008.

"Main Street Gold Mine," with Dr. K. Pavlovic and J. Legieza, Public Utilities Fortnightly, October, 2010

APPENDIX B

Michael J. Majoros, Jr.

Date	Jurisdiction / Agency	Docket	Utility
		Federal Courts	
2005	US District Court, Northern District of AL, Northwestern Division 55/56/57/	CV 01-B-403-NW	Tennessee Valley Authority
		State Legislatures	
2006	Maryland General Assembly 61/	SB154	Maryland Healthy Air Act
2006	Maryland House of Delegates 62/	HB189	Maryland Healthy Air Act
		Federal Regulatory Agencies	
1979	FERC-US 19/	RP79-12	El Paso Natural Gas Co.
1980	FERC-US 19/	RM80-42	Generic Tax Normalization
1996	CRTC-Canada 30/	97-9	All Canadian Telecoms
1997	CRTC-Canada 31/	97-11	All Canadian Telecoms
1999	FCC 32/	98-137 (Ex Parte)	All LECs
1999	FCC 32/	98-91 (Ex Parte)	All LECs
1999	FCC 32/	98-177 (Ex Parte)	All LECs
1999	FCC 32/	98-45 (Ex Parte)	All LECs
2000	EPA 35/	CAA-00-6	Tennessee Valley Authority
2003	FERC 48/	RM02-7	All Utilities
2003	FCC 52/	03-173	All LECs
2003	FERC 53/	ER03-409-000, ER03-666-000	Pacific Gas and Electric Co.
2017	FERC 53/	ER16-2320-002	Pacific Gas and Electric Company
		State Regulatory Agencies	
1982	Massachusetts 17/	DPU 557/558	Western Mass Elec. Co.
1982	Illinois 16/	ICC81-8115	Illinois Bell Telephone Co.
1983	Maryland 8/	7574-Direct	Baltimore Gas & Electric Co.
1983	Maryland 8/	7574-Surrebuttal	Baltimore Gas & Electric Co.
1983	Connecticut 15/	810911	Woodlake Water Co.
1983	New Jersey 1/	815-458	New Jersey Bell Tel. Co.
1983	New Jersey 14/	8011-827	Atlantic City Sewerage Co.
1984	Dist. Of Columbia 7/	785	Potomac Electric Power Co.
1984	Maryland 8/	7689	Washington Gas Light Co.
1984	Dist. Of Columbia 7/	798	C&P Tel. Co.
1984	Pennsylvania 13/	R-832316	Bell Telephone Co. of PA

Michael J. Majoros, Jr.

1984	New Mexico 12/	1032	Mt. States Tel. & Telegraph
1984	Idaho 18/	U-1000-70	Mt. States Tel. & Telegraph
1984	Colorado 11/	1655	Mt. States Tel. & Telegraph
1984	Dist. Of Columbia 7/	813	Potomac Electric Power Co.
1984	Pennsylvania 3/	R842621-R842625	Western Pa. Water Co.
1985	Maryland 8/	7743	Potomac Edison Co.
1985	New Jersey 1/	848-856	New Jersey Bell Tel. Co.
1985	Maryland 8/	7851	C&P Tel. Co.
1985	California 10/	I-85-03-78	Pacific Bell Telephone Co.
1985	Pennsylvania 3/	R-850174	Phila. Suburban Water Co.
1985	Pennsylvania 3/	R850178	Pennsylvania Gas & Water Co.
1985	Pennsylvania 3/	R-850299	General Tel. Co. of PA
1986	Maryland 8/	7899	Delmarva Power & Light Co.
1986	Maryland 8/	7754	Chesapeake Utilities Corp.
1986	Pennsylvania 3/	R-850268	York Water Co.
1986	Maryland 8/	7953	Southern Md. Electric Corp.
1986	Idaho 9/	U-1002-59	General Tel. Of the Northwest
1986	Maryland 8/	7973	Baltimore Gas & Electric Co.
1987	Pennsylvania 3/	R-860350	Dauphin Cons. Water Supply
1987	Pennsylvania 3/	C-860923	Bell Telephone Co. of PA
1987	Iowa 6/	DPU-86-2	Northwestern Bell Tel. Co.
1987	Dist. Of Columbia 7/	842	Washington Gas Light Co.
1988	Florida 4/	880069-TL	Southern Bell Telephone
1988	Iowa 6/	RPU-87-3	Iowa Public Service Company
1988	Iowa 6/	RPU-87-6	Northwestern Bell Tel. Co.
1988	Dist. Of Columbia 7/	869	Potomac Electric Power Co.
1989	Iowa 6/	RPU-88-6	Northwestern Bell Tel. Co.
1990	New Jersey 1/	1487-88	Morris City Transfer Station
1990	New Jersey 5/	WR 88-80967	Toms River Water Company
1990	Florida 4/	890256-TL	Southern Bell Company
1990	New Jersey 1/	ER89110912J	Jersey Central Power & Light
1990	New Jersey 1/	WR90050497J	Elizabethtown Water Co.
1991	Pennsylvania 3/	P900465	United Tel. Co. of Pa.
1991	West Virginia 2/	90-564-T-D	C&P Telephone Co.
1991	New Jersey 1/	90080792J	Hackensack Water Co.
1991	New Jersey 1/	WR90080884J	Middlesex Water Co.
1991	Pennsylvania 3/	R-911892	Phil. Suburban Water Co.
1991	Kansas 20/	176, 716-U	Kansas Power & Light Co.
1991	Indiana 29/	39017	Indiana Bell Telephone
1991	Nevada 21/	91-5054	Central Tele. Co. – Nevada
1992	New Jersey 1/	EE91081428	Public Service Electric & Gas
1992	Maryland 8/	8462	C&P Telephone Co.

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1992	West Virginia 2/	91-1037-E-D	Appalachian Power Co.
1993	Maryland 8/	8464	Potomac Electric Power Co.
1993	South Carolina 22/	92-227-C	Southern Bell Telephone
1993	Maryland 8/	8485	Baltimore Gas & Electric Co.
1993	Georgia 23/	4451-U	Atlanta Gas Light Co.
1993	New Jersey 1/	GR93040114	New Jersey Natural Gas. Co.
1994	Iowa 6/	RPU-93-9	U.S. West – Iowa
1994	Iowa 6/	RPU-94-3	Midwest Gas
1995	Delaware 24/	94-149	Wilm. Suburban Water Corp.
1995	Connecticut 25/	94-10-03	So. New England Telephone
1995	Connecticut 25/	95-03-01	So. New England Telephone
1995	Pennsylvania 3/	R-00953300	Citizens Utilities Company
1995	Georgia 23/	5503-0	Southern Bell
1996	Maryland 8/	8715	Bell Atlantic
1996	Arizona 26/	E-1032-95-417	Citizens Utilities Company
1996	New Hampshire 27/	DE 96-252	New England Telephone
1997	Iowa 6/	DPU-96-1	U S West – Iowa
1997	Ohio 28/	96-922-TP-UNC	Ameritech – Ohio
1997	Michigan 28/	U-11280	Ameritech – Michigan
1997	Michigan 28/	U-112 81	GTE North
1997	Wyoming 27/	7000-ztr-96-323	US West – Wyoming
1997	Iowa 6/	RPU-96-9	US West – Iowa
1997	Illinois 28/	96-0486-0569	Ameritech – Illinois
1997	Indiana 28/	40611	Ameritech – Indiana
1997	Indiana 27/	40734	GTE North
1997	Utah 27/	97-049-08	US West – Utah
1997	Georgia 28/	7061-U	BellSouth – Georgia
1997	Connecticut 25/	96-04-07	So. New England Telephone
1998	Florida 28/	960833-TP et. al.	BellSouth – Florida
1998	Illinois 27/	97-0355	GTE North/South
1998	Michigan 33/	U-11726	Detroit Edison
1999	Maryland 8/	8794	Baltimore Gas & Electric Co.
1999	Maryland 8/	8795	Delmarva Power & Light Co.
1999	Maryland 8/	8797	Potomac Edison Company
1999	West Virginia 2/	98-0452-E-GI	Electric Restructuring
1999	Delaware 24/	98-98	United Water Company
1999	Pennsylvania 3/	R-00994638	Pennsylvania American Water
1999	West Virginia 2/	98-0985-W-D	West Virginia American Water
1999	Michigan 33/	U-11495	Detroit Edison
2000	Delaware 24/	99-466	Tidewater Utilities
2000	New Mexico 34/	3008	US WEST Communications, Inc.
2000	Florida 28/	990649-TP	BellSouth -Florida

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2000	New Jersey 1/	WR30174	Consumer New Jersey Water
2000	Pennsylvania 3/	R-00994868	Philadelphia Suburban Water
2000	Pennsylvania 3/	R-0005212	Pennsylvania American Sewerage
2000	Connecticut 25/	00-07-17	Southern New England Telephone
2001	Kentucky 36/	2000-373	Jackson Energy Cooperative
2001	Kansas 38/39/40/	01-WSRE-436-RTS	Western Resources
2001	South Carolina 22/	2001-93-E	Carolina Power & Light Co.
2001	North Dakota 37/	PU-400-00-521	Northern States Power/Xcel Energy
2001	Indiana 29/41/	41746	Northern Indiana Power Company
2001	New Jersey 1/	GR01050328	Public Service Electric and Gas
2001	Pennsylvania 3/	R-00016236	York Water Company
2001	Pennsylvania 3/	R-00016339	Pennsylvania America Water
2001	Pennsylvania 3/	R-00016356	Wellsboro Electric Coop.
2001	Florida 4/	010949-EL	Gulf Power Company
2001	Hawaii 42/	00-309	The Gas Company
2002	Pennsylvania 3/	R-00016750	Philadelphia Suburban
2002	Nevada 43/	01-10001 &10002	Nevada Power Company
2002	Kentucky 36/	2001-244	Fleming Mason Electric Coop.
2002	Nevada 43/	01-11031	Sierra Pacific Power Company
2002	Georgia 27/	14361-U	BellSouth-Georgia
2002	Alaska 44/	U-01-34,82-87,66	Alaska Communications Systems
2002	Wisconsin 45/	2055-TR-102	CenturyTel
2002	Wisconsin 45/	5846-TR-102	TelUSA
2002	Vermont 46/	6596	Citizen's Energy Services
2002	North Dakota 37/	PU-399-02-183	Montana Dakota Utilities
2002	Kansas 40/	02-MDWG-922-RTS	Midwest Energy
2002	Kentucky 36/	2002-00145	Columbia Gas
2002	Oklahoma 47/	200200166	Reliant Energy ARKLA
2002	New Jersey 1/	GR02040245	Elizabethtown Gas Company
2003	New Jersey 1/	ER02050303	Public Service Electric and Gas Co.
2003	Hawaii 42/	01-0255	Young Brothers Tug & Barge
2003	New Jersey 1/	ER02080506	Jersey Central Power & Light
2003	New Jersey 1/	ER02100724	Rockland Electric Co.
2003	Pennsylvania 3/	R-00027975	The York Water Co.
2003	Pennsylvania 3/	R-00038304	Pennsylvania-American Water Co.
2003	Kansas 20/ 40/	03-KGSG-602-RTS	Kansas Gas Service
2003	Nova Scotia, CN 49/	EMO NSPI	Nova Scotia Power, Inc.
2003	Kentucky 36/	2003-00252	Union Light Heat & Power
2003	Alaska 44/	U-96-89	ACS Communications, Inc.
2003	Indiana 29/	42359	PSI Energy, Inc.
2003	Kansas 20/ 40/	03-ATMG-1036-RTS	Atmos Energy
2003	Florida 50/	030001-E1	Tampa Electric Company

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2003	Maryland 51/	8960	Washington Gas Light
2003	Hawaii 42/	02-0391	Hawaiian Electric Company
2003	Illinois 28/	02-0864	SBC Illinois
2003	Indiana 28/	42393	SBC Indiana
2004	New Jersey 1/	ER03020110	Atlantic City Electric Co.
2004	Arizona 26/	E-01345A-03-0437	Arizona Public Service Company
2004	Michigan 27/	U-13531	SBC Michigan
2004	New Jersey 1/	GR03080683	South Jersey Gas Company
2004	Kentucky 36/	2003-00434,00433	Kentucky Utilities, Louisville Gas & Electric
2004	Florida 50/ 54/	031033-EI	Tampa Electric Company
2004	Kentucky 36/	2004-00067	Delta Natural Gas Company
2004	Georgia 23/	18300, 15392, 15393	Georgia Power Company
2004	Vermont 46/	6946, 6988	Central Vermont Public Service Corporation
2004	Delaware 24/	04-288	Delaware Electric Cooperative
2004	Missouri 58/	ER-2004-0570	Empire District Electric Company
2005	Florida 50/	041272-EI	Progress Energy Florida, Inc.
2005	Florida 50/	041291-EI	Florida Power & Light Company
2005	California 59/	A.04-12-014	Southern California Edison Co.
2005	Kentucky 36/	2005-00042	Union Light Heat & Power
2005	Florida 50/	050045 & 050188-EI	Florida Power & Light Co.
2005	Kansas 38/ 40/	05-WSEE-981-RTS	Westar Energy, Inc.
2006	Delaware 24/	05-304	Delmarva Power & Light Company
2006	California 59/	A.05-12-002	Pacific Gas & Electric Co.
2006	New Jersey 1/	GR05100845	Public Service Electric and Gas Co.
2006	Colorado 60/	06S-234EG	Public Service Co. of Colorado
2006	Kentucky 36/	2006-00172	Union Light, Heat & Power
2006	Kansas 40/	06-KGSG-1209-RTS	Kansas Gas Service
2006	West Virginia 2/	06-0960-E-42T, 06-1426-E-D	Allegheny Power
2006	West Virginia 2/	05-1120-G-30C, 06-0441-G-PC, et al.	Hope Gas, Inc. and Equitable Resources, Inc.
2007	Delaware 24/	06-284	Delmarva Power & Light Company
2007	Kentucky 36/	2006-00464	Atmos Energy Corporation
2007	Colorado 60/	06S-656G	Public Service Co. of Colorado
2007	California 59/	A.06-12-009, A.06-12-010	San Diego Gas & Electric Co., and Southern California Gas Co.
2007	Kentucky 36/	2007-00143	Kentucky-American Water Co.
2007	Kentucky 36/	2007-00089	Delta Natural Gas Co.
2007	Maine 71/	2007-00215	Central Maine Power
2008	Kansas 40/	08-ATMG-280-RTS	Atmos Energy Corporation

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2008	New Jersey 1/	GR07110889	New Jersey Natural Gas Co.
2008	North Dakota 37/	PU-07-776	Northern States Power/Xcel Energy
2008	Pennsylvania 3/	A-2008-2034045 et al	UGI Utilities, Inc. / PPL Gas Utilities Corp.
2008	Washington 63/	UE-072300, UG-072301	Puget Sound Energy
2008	Pennsylvania 3/	R-2008-2032689	Pennsylvania-American Water Co. - Coatesville
2008	New Jersey 1/	WR08010020	NJ American Water Co.
2008	Washington 63/ 64/	UE-080416, UG-080417	Avista Corporation
2008	Texas 65/	473-08-3681, 35717	Oncor Electric Delivery Co.
2008	Tennessee 66/	08-00039	Tennessee-American Water Co.
2008	Kansas	08-WSEE-1041-RTS	Westar Energy, Inc.
2009	Kentucky 36/	2008-00409	East Kentucky Power Coop.
2009	Indiana 29/	43501	Duke Energy Indiana
2009	Indiana 29/	43526	Northern Indiana Public Service Co.
2009	Michigan 33/	U-15611	Consumers Energy Company
2009	Kentucky 36/	2009-00141	Columbia Gas of Kentucky
2009	New Jersey 1/	GR00903015	Elizabethtown Gas Company
2009	District of Columbia 7/	FC 1076	Potomac Electric Power
2009	New Jersey 1/	GR09050422	Public Service Gas & Electric Co.
2009	Kentucky 36/	2009-00202	Duke Energy Kentucky Co.
2010	Kentucky 36/	2009-00549	Louisville Gas and Electric Co.
2010	Kentucky 36/	2009-00548	Kentucky Utilities Co.
2010	New Jersey 1/	GR10010035	Southern New Jersey Gas Co.
2010	Hawaii 42/	2009-0286	Maui Electric Co.
2010	Hawaii 42/	2009-0321	Hawaii Electric Light Co.
2010	Hawaii 42/	2010-0053	Hawaiian Electric Co.
2010	Lancaster 3/	R-2010-2179103	Lancaster Water Fund
2011	Kansas 40/	11-KCPE-581-PRE	Kansas City Power and Light Co.
2011	Delaware 24/	11-207	Artesian
2012	Kentucky 36/	2012-00221	Kentucky Utilities Company
2012	Kentucky 36/	2012-00222	Louisville Gas and Electric Company
2012	Massachusetts 67/	DPU 12-25	Bay State Gas Company
2012	District of Columbia 7/	FC 1093	Washington Gas Light Company
2012	New Jersey 1/	WR11070460	New Jersey American Water
2012	New Jersey 1/	ER11080469	Atlantic City Electric Company
2013	Michigan 33/	U-16769	Michigan Consolidated Gas
2013	New Jersey 1/	ER12111052	Jersey Central Power & Light

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2013	Alberta 68/	2322	ATCO Pipelines
2013	North Dakota 37/	PU-12-813	Northern States Power
2013	Massachusetts 67/	D.P.U 13-07	New England Gas Company
2013	Wyoming 69/	20000-427-EA-13	Rocky Mountain Power
2013	New York 70/	13-E-0030	Consolidated Edison
2013	Maine 71/	2013-00168	Central Maine Power
2014	Alberta 68/	2739	Enmax Power Company
2014	West Virginia 2/	14-0701-E-D	Monongahela Power Company
2014	West Virginia 2/	14-1151-E-D	APCO
2015	Maryland 8/	9319	Potomac Edison
2015	Maryland 8/	9385	PEPCO
2015	West Virginia 2/	15-0674-WS-D	WV American Water Company
2016	Pennsylvania 3/	R2016-2529660	Columbia Gas of Pa.

PARTICIPATION AS NEGOTIATOR IN FCC TELEPHONE DEPRECIATION RATE REPRESCRIPTION CONFERENCES

COMPANY	**YEARS**	**CLIENT**
Diamond State Telephone Co. 24/	1985 + 1988	Delaware Public Service Comm
Bell Telephone of Pennsylvania 3/	1986 + 1989	PA Consumer Advocate
Chesapeake & Potomac Telephone Co. - Md. 8/	1986	Maryland People's Counsel
Southwestern Bell Telephone – Kansas 20/	1986	Kansas Corp. Commission
Southern Bell – Florida 4/	1986	Florida Consumer Advocate
Chesapeake & Potomac Telephone Co.-W.Va. 2/	1987 + 1990	West VA Consumer Advocate
New Jersey Bell Telephone Co. 1/	1985 + 1988	New Jersey Rate Counsel
Southern Bell - South Carolina 22/	1986 + 1989 + 1992	S. Carolina Consumer Advocate
GTE-North – Pennsylvania 3/	1989	PA Consumer Advocate

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PARTICIPATION IN PROCEEDINGS WHICH WERE SETTLED BEFORE TESTIMONY WAS SUBMITTED

STATE	DOCKET NO.	UTILITY
Maryland 8/	7878	Potomac Edison
Nevada 21/	88-728	Southwest Gas
New Jersey 1/	WR90090950J	New Jersey American Water
New Jersey 1/	WR900050497J	Elizabethtown Water
New Jersey 1/	WR91091483	Garden State Water
West Virginia 2/	91-1037-E	Appalachian Power Co.
Nevada 21/	92-7002	Central Telephone - Nevada
Pennsylvania 3/	R-00932873	Blue Mountain Water
West Virginia2/	93-1165-E-D	Potomac Edison
West Virginia2/	94-0013-E-D	Monongahela Power
New Jersey 1/	WR94030059	New Jersey American Water
New Jersey 1/	WR95080346	Elizabethtown Water
New Jersey 1/	WR95050219	Toms River Water Co.
Maryland 8/	8796	Potomac Electric Power Co.
South Carolina 22/	1999-077-E	Carolina Power & Light Co.
South Carolina 22/	1999-072-E	Carolina Power & Light Co.
Kentucky 36/	2001-104 & 141	Kentucky Utilities, Louisville Gas and Electric
Kentucky 36/	2002-485	Jackson Purchase Energy Corporation
Kentucky 36/	2009-00202	Duke Energy Kentucky
New Jersey 1/	ER09080664	Atlantic City Electric Co.
New Jersey 1/	ER09080668	Rockland Electric Co.

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Clients

1/ New Jersey Rate Counsel/Advocate	36/ Kentucky Attorney General
2/ West Virginia Consumer Advocate	37/ North Dakota Public Service Commission
3/ Pennsylvania OCA	38/ Kansas Industrial Group
4/ Florida Office of Public Advocate	39/ City of Witchita
5/ Toms River Fire Commissioner's	40/ Kansas Citizens' Utility Rate Board
6/ Iowa Office of Consumer Advocate	41/ NIPSCO Industrial Group
7/ D.C. People's Counsel	42/ Hawaii Division of Consumer Advocacy
8/ Maryland's People's Counsel	43/ Nevada Bureau of Consumer Protection
9/ Idaho Public Service Commission	44/ GCI
10/ Western Burglar and Fire Alarm	45/ Wisc. Citizens' Utility Rate Board
11/ U.S. Dept. of Defense	46/ Vermont Department of Public Service
12/ N.M. State Corporation Comm.	47/ Oklahoma Corporation Commission
13/ City of Philadelphia	48/ National Assn. of State Utility Consumer Advocates
14/ Resorts International	49/ Nova Scotia Utility and Review Board
15/ Woodlake Condominium Association	50/ Florida Office of Public Counsel
16/ Illinois Attorney General	51/ Maryland Public Service Commission
17/ Mass Coalition of Municipalities	52/ MCI
18/ U.S. Department of Energy	53/ Transmission Agency of Northern California
19/ Arizona Electric Power Corp.	54/ Florida Industrial Power Users Group
20/ Kansas Corporation Commission	55/ Sierra Club
21/ Public Service Comm. – Nevada	56/ Our Children's Earth Foundation
22/ SC Dept. of Consumer Affairs	57/ National Parks Conservation Association, Inc.
23/ Georgia Public Service Comm.	58/ Missouri Office of the Public Counsel
24/ Delaware Public Service Comm.	59/ The Utility Reform Network
25/ Conn. Ofc. Of Consumer Counsel	60/ Colorado Office of Consumer Counsel
26/ Arizona Corp. Commission	61/ MD State Senator Paul G. Pinsky
27/ AT&T	62/ MD Speaker of the House Michael Busch
28/ AT&T/MCI	63/ Washington Office of Public Counsel
29/ IN Office of Utility Consumer Counselor	64/ Industrial Customers of Northwestern Utilities
30/ Unitel (AT&T – Canada)	65/ Steering Committee of Cities
31/ Public Interest Advocacy Centre	66/ City of Chattanooga
32/ U.S. General Services Administration	67/ Massachusetts Attorney General
33/ Michigan Attorney General	68/ Alberta Office of the Utilities Consumer Advocate
34/ New Mexico Attorney General	69/ Wyoming Industrial Energy Consumers
35/ Environmental Protection Agency Enforcement Staff	70/ New York State Department
	71/ Maine Office of Public Advocate