



About Distribution System Improvement Charge

The New Jersey Board of Public Utilities (NJ BPU) approved implementation of a Distribution System Improvement Charge (DSIC) for New Jersey American Water's water customers in September of 2015. The Company's first DSIC filing was made in April of 2016, with a change in rates effective June 1, 2016. The company filed for an updated charge in October 2016, with new rates effective December 1, 2016. DSIC is a proven regulatory tool that allows for modest surcharges outside of the general rate proceeding for approved and completed rehabilitation and replacement of aging infrastructure, while maintaining BPU oversight and review.

When and how will the increase affect my water bill?

The charge is based on the customer's meter size and is not based on water usage. The monthly DSIC charge for all meter sizes are listed in the chart below:

Size of Meter	Current Monthly DSIC Charge
5/8"	\$1.90
3/4"	2.86
1"	4.76
1-1/2"	9.52
2"	15.23
3"	28.56
4"	47.59
6"	95.19
8"	152.30
10"	190.38
12"	237.97
16"	380.76

When did the current DSIC rates become effective?

December 1, 2016

How much did the company invest in DSIC-eligible projects?

The company has invested approximately \$165.2 million in DSIC-qualified projects that were placed in service between September 21, 2015 and September 30, 2016.

What is the purpose of the DSIC Charge? How will a DSIC benefit customers?



The Distribution System Improvement Charge (DSIC) pays for critical infrastructure projects, including replacing and repairing water mains, fire hydrants and customer service lines that are old, made of substandard materials, or otherwise in urgent need of repairs.

These types of projects benefit our customers by improving the reliability of the water distribution system, as well as enhancing water quality and fire protection. Delaying work on these kinds of projects could actually result in more costly problems down the road. The DSIC also allows companies to fund these critical infrastructure projects on an ongoing basis, helping to create jobs in our communities and attract and retain businesses that rely on stable, efficient and cost-effective water supplies.

Don't I already pay the company for this in my existing rates?

No. Your existing rates cover projects that were completed and placed in service before the end of the company's last rate case, which was effective September 21, 2015. The DSIC pays for specific types of projects that have been completed and placed in service since the end of the last case, subject to the review and approval of the BPU.

Is this charge reviewed or approved by the state?

Yes. The company has already submitted a comprehensive list of projects to the BPU for review and approval. About every six months or so, the Company will submit its list of completed projects to the BPU, along with information about costs and the proposed charge to customers. Each filing to the BPU is also reviewed by the Division of Rate Counsel.

When do you anticipate a change in the DSIC charge?

Water utilities are permitted to make DSIC filings twice a year, at approximately 6 month intervals. New Jersey American Water's first filing covers infrastructure investments for approximately 6 months ending March 31, 2016 (with a DSIC rate change effective June 1). The Company's next filing will cover the six months of projects ending September 30, 2016, and go into effect on December 1, 2016. The Company expects to maintain this schedule for now.

When did it first begin appearing on bills?

The DSIC charge began appearing on customers' bills on August 1, 2013. It has been reset to \$0 since the most recent rate case was effective, September 21, 2015. It was reinstituted based on the company's first DSIC filing after the rate case, effective June 1, 2016.

Will the DSIC charge be separately identified on the customer's regular bill?

Yes, it appears as a separate line item on customers' bills.

Why is it so critical that we accelerate distribution system improvements?



As it stands today, over 15 percent – or 1,300 miles – of New Jersey American Water’s 8,700 miles of pipe are between 100 and 140 years old and nearing the end of their useful lives. These mains may run down the main street of your town, or in front of your house, school or job. As these mains age, they become more likely to leak or break, which can be very disruptive. The DSIC is intended to help the water companies fix these issues before they turn into major leaks or breaks.

Older assets like water pipes are frequently made of less robust materials, or were manufactured to standards that are no longer adequate to meet the needs of the water distribution system. Safe, reliable drinking water service is essential to the health and well-being of our communities as well as an irreplaceable part of our economy.

Before the DSIC, the pace of these important projects was falling further and further behind the need for such work. At the same time, drinking water and infrastructure standards are becoming stricter. That is why the New Jersey Board of Public Utilities, after a lengthy public stakeholder process that lasted almost two years, created a distribution system improvement program. A DSIC mechanism helps New Jersey American Water and other water utilities in New Jersey meet the challenge posed by aging infrastructure.

Where can I find more information?

- [New Jersey Rates](#)
- Please contact our customer service center at 1-800-272-1325, Monday through Friday, 7 a.m. to 7 p.m.