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January 25, 2019

**Via UPS Next Day Air**

Hon. Jacob S. Gertsman, ALJ  
Office of Administrative Law  
3444 Quakerbridge Road  
Quakerbridge Plaza-Bldg.9  
Mercerville, New Jersey 08619

**Re: In the Matter of the Petition of New Jersey-American Water Company, Inc.  
for Approval to Change the Levels of its Purchased Water Adjustment  
Clause and Purchase Wastewater Treatment Clause  
BPU Docket No. WR18111241  
OAL Docket No. 16622-2018S**

Dear Judge Gertsman:

On behalf of New Jersey-American Water Company, Inc., enclosed please find an original and one copy of an Amended Petition with Exhibits in the referenced matter. Appendix A provided with the original petition has not changed.

Please stamp an extra copy of the filing as "Received" and return to the Company in the self-addressed, prepaid envelope provided.

Very truly yours,

Christine Soares  
Corporate Counsel

Enc.

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

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

IN THE MATTER OF THE PETITION OF	:	BPU Docket No. WR18111241
NEW JERSEY-AMERICAN WATER	:	OAL Docket No. 16622-2018S
COMPANY, INC. FOR AUTHORIZATION	:	
TO CHANGE THE LEVEL OF ITS	:	AMENDED PETITION
PURCHASED WATER ADJUSTMENT	:	
CLAUSE AND PURCHASED	:	
WASTEWATER TREATMENT	:	
ADJUSTMENT CLAUSE	:	

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

Petitioner, New Jersey-American Water Company, Inc. (“NJAWC”), a public utility corporation of the State of New Jersey, with its principal office at 1025 Laurel Oak Road, Voorhees, New Jersey 08043, hereby petitions the Board of Public Utilities (“Board”) of the State of New Jersey, pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:9-7.1 et seq., and such statutes, regulations and Board orders that may be deemed by the Board to be applicable, for approval to change the levels of its existing purchased water adjustment charges and purchased wastewater treatment adjustment charges. The proposed rates in this Amended Petition would increase annual revenues by \$1,946,639 or 0.29%. In support of this Amended Petition, NJAWC states as follows:

1. NJAWC is a regulated public utility corporation engaged in the production, treatment and distribution of water, and collection and treatment<sup>1</sup> of wastewater within its defined service territory within the State of New Jersey. Said service territory includes portions of the following counties: Atlantic, Bergen, Burlington, Camden, Cape May, Essex, Gloucester, Hunterdon, Middlesex, Mercer, Monmouth, Morris, Ocean, Passaic, Salem,

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<sup>1</sup> Currently, NJAWC treats wastewater at its Pottersville, Deep Run, and former AWWM facilities.

Somerset, Union and Warren. NJAWC serves approximately 631,000 metered water and fire service customers and 41,000 sewer service customers.

2. At the present time, NJAWC purchases water on a routine basis from seven separate entities and purchases wastewater treatment services from three separate entities, each of which adjusts its rates for service, and, in the case of wastewater treatment service providers, issues wastewater deficit/credit adjustments, at different times throughout the year. The seven water purveyors are: Passaic Valley Water Commission (“PVWC”); Morris County Municipal Utilities Authority; Montclair Water Bureau; New Jersey Water Supply Authority (“NJWSA”); City of Wildwood; City of Newark; and Marlboro Township Municipal Utilities Authority (“MTMUA”). The three wastewater treatment purveyors are: Cape May County Municipal Utilities Authority (“CMCMUA”) for the Company’s Ocean City Sewer tariff group; Ocean County Utilities Authority (“OCUA”) for the Company’s Lakewood Sewer tariff group; and Howell Township for the Company’s Adelphia Sewer tariff group. The aforementioned agreements are annexed to the Petition as Appendix A.

3. In BPU Docket No. WR06030257, the Board ordered that all purchased water adjustment costs and purchased wastewater treatment costs be removed from base rates and recovered through the Purchased Water Adjustment Clause (“PWAC”) and Purchased Wastewater Treatment Adjustment Clause (“PSTAC”) as applicable.

4. In that same docket, the Board ordered that these clauses will be subject to deferred accounting, pursuant to N.J.A.C. 14:9-7.1 et seq., and that all purchased water adjustment costs and all purchased wastewater treatment adjustment costs will be recovered through these clauses, as is appropriate.

5. In that same docket, the Board ordered that NJAWC will make annual filings for the recovery of these costs in accordance with the Board's rules and regulations pursuant to N.J.A.C. 14:9-7.1, et seq.

6. The present Amended Petition is filed in accordance with N.J.A.C. 14:9-7.1, et seq.

7. NJAWC's current PWAC and PSTAC rates were established in BPU Docket No. WR17111145, by an Order dated March 26, 2018, and effective April 1, 2018. By virtue of that Order, NJAWC's PWAC rate was established at \$0.4817 per thousand gallons of water as reflected in the Company's Tariff BPU No. 8, on PWAC Rate Schedule O-1.

8. The PWAC is not applicable to customers receiving private or public fire protection, since these customers do not receive metered water consumption services, nor to Sales for Resale—Uninterruptible Manasquan Service.

9. By that same Order, the Company's PSTAC rates were addressed as follows:

- For customers in Lakewood Township, Ocean County, the rate per thousand gallons of monthly usage (based upon winter usage - January, February and March meter readings) reflected on PSTAC Rate Schedule 2-B, was set at \$4.7362 per thousand gallons.
- For customers in Ocean City, Cape May County, the rate per thousand gallons of prior year's summer quarter water usage (July, August and September meter readings) reflected in the Company's PSTAC Rate Schedule 1-B, was set at \$25.6889 per thousand gallons.
- For customers in the Adelpia system in Howell Township, Monmouth County, the rate per thousand gallons of monthly water usage, reflected in PSTAC Rate Schedule 3-B, was set at \$6.9369 per thousand gallons.

10. By the present Amended Petition, NJAWC proposes an increase to its PWAC rate of \$0.4817 per thousand gallons of water to a new PWAC rate of \$0.5145 per thousand

gallons of water, as set forth within its present PWAC Rate Schedule O-1. The Company proposes to address its PSTAC charges as follows:

- For Lakewood Township, Ocean County, the rate per thousand gallons as reflected within PSTAC Rate Schedule 2-B will change from \$4.7362 per thousand gallons to \$4.6587 per thousand gallons.
- For customers in Ocean City, Cape May County, the rate per thousand gallons of prior year's summer water quarter usage (July, August and September meter readings) as reflected upon PSTAC Rate Schedule 1-B, will change from \$25.6889 per thousand gallons to \$23.8574 per thousand gallons.
- For customers in the Adelpia section of Howell Township, Monmouth County, the rate per thousand gallons of water as reflected upon PSTAC Rate Schedule 3-B, will change from \$6.9369 per thousand gallons to \$6.8309 per thousand gallons.

11. If implemented as proposed, the PWAC rate of a typical residential customer utilizing 72,000 gallons of water per year would result in a \$0.20 increase in the average monthly bill.

12. The PSTAC rate decrease for a typical residential wastewater treatment service customer in Lakewood Township, Ocean County utilizing 18,000 gallons of water in the winter quarter, would result in a decrease in the average monthly bill of \$0.47 or (0.73%); the PSTAC rate decrease for a typical residential wastewater treatment service customer in Ocean City, Cape May County utilizing 20,000 gallons of water in the summer quarter and 44,000 gallons of water per year, would result in a decrease in the average monthly bill of \$3.06 or (4.46%); the PSTAC rate decrease for a typical residential wastewater treatment service customer in the Adelpia section of Howell Township, Monmouth County utilizing 48,000 gallons of water per year, would result in a decrease in the average monthly bill of \$0.43 or (0.79%).

13. Attached hereto and incorporated herein is the following testimony:

- Amended Direct Testimony of Jamie D. Hawn, Senior Manager Regulatory Services, New Jersey-American Water Company, Inc., Exhibit PT-1
- Amended Direct Testimony of Robert R. Schaefer, Senior Director of Operations, New Jersey-American Water Company, Inc., Exhibit PT-2

14. Ms. Hawn's testimony addresses, *inter alia*, historic water supply purchases and historic purchased water costs incurred by NJAWC, and historic PWAC revenue recovered by NJAWC during the PWAC year ending March 31, 2019; historic purchased wastewater treatment costs and historic PSTAC revenue recovered by NJAWC during the PSTAC year ending March 31, 2019; efforts NJAWC has made and is making to control its purchased wastewater treatment costs; projected PWAC and PSTAC costs and revenues for the PWAC and PSTAC years ending March 31, 2020; and a true up reconciliation of actual purchased water and purchased wastewater treatment costs, versus PWAC and PSTAC revenues for the PWAC and PSTAC years ending March 31, 2019, and the calculation of interest thereon, as applicable. Ms. Hawn's testimony also provides a rate calculation for the PWAC and PSTAC rates for the PWAC and PSTAC years ending March 31, 2020. Finally, Ms. Hawn appends proposed PWAC and PSTAC tariffs to her testimony.

15. Mr. Schaefer's testimony addresses projected PWAC volumes and cost recoveries for the PWAC year ending March 31, 2020. Mr. Schaefer also addresses the numerous efforts that NJAWC has made to control its purchased water costs.

16. With respect to N.J.A.C. 14:9-7.3(a), the Company's total purchased water expense for the PWAC year ending March 31, 2019 amounts to \$34,799,320 and its purchased wastewater treatment expense for the same period amounts to \$15,143,482, whereas the total Company operating and maintenance expense for the 2017 calendar year

was \$243,028,562. Accordingly, NJAWC's total purchased water and wastewater treatment cost exceeds 10% of the total amount of its operating and maintenance expense.

17. In accordance with the provisions of N.J.A.C. 14:9-7.6(b)(1), attached to this Petition as Appendix A and incorporated into the amended direct testimony of Ms. Hawn are the contracts for the purchase of wastewater treatment and the contracts for the purchase of water. The contracts for the purchase of water are also incorporated into the amended direct testimony of Mr. Schaefer.

18. In accordance with the provisions of N.J.A.C. 14:9-7.6(b)(3), as of the conclusion of NJAWC's most recent base rate proceeding, BPU Docket No. WR17090985, NJAWC served approximately 631,000 water and fire service customers and 41,000 sewer service customers. The Order in that case was issued on October 29, 2018, and was effective October 29, 2018.

19. In accordance with N.J.A.C. 14:9-7.6(b)(4), the total actual volume of water (MGY) and purchased wastewater treatment (MGY) contained within and that underlie the NJAWC's current PWAC and PSTAC rates in the NJAWC's most recent PWAC/PSTAC filing, BPU Docket No. WR17111145, were 56,366.2 MGY and 2,689.6 MGY, respectively. For calendar year 2017, the volumes are 56,707.8 MGY and 2,709.4 MGY, respectively.

20. In accordance with N.J.A.C. 14:9-7.6(b)(6) and N.J.A.C. 14:1-5.12, copies of the proposed PWAC and PSTAC tariff sheets are annexed to the amended testimony of Ms. Hawn as Schedule JDH-A and Schedule JDH-B, respectively.

21. In accordance with N.J.A.C. 14:9-7.6(b)(7), a copy of the most recent Board Orders approving base rates and PWAC/PSTAC rates for NJAWC are appended to the amended testimony of Ms. Hawn.

22. In accordance with N.J.A.C. 14:9-7.6(b)(8), there is a description of NJAWC's efforts to investigate and negotiate with purveyors, to ensure that charges are such that they will not hamper NJAWC's efforts to ensure that its rates are just and reasonable, are set forth in the amended testimonies of Mr. Schaefer and Ms. Hawn.

23. In accordance with N.J.A.C. 14:9-7.6(b)(9), attached to the amended direct testimony of Ms. Hawn is a schedule of expenses anticipated in connection with this proceeding.

24. Notice of this filing, and the effect thereof, will be served by mail upon the clerks of municipalities within NJAWC's service area, upon the Clerks of the Boards of Chosen Freeholders within NJAWC's service area, and upon the County Executives within NJAWC's service area, at least twenty (20) days prior to the date set for the public hearing, which notice shall include and specify the time and place of said hearing. A copy of the proposed form of Notice is attached to this Amended Petition as Exhibit A.

25. Customers will be notified of this filing and the effect thereof as well as the time and place of the public hearing by publication of Exhibit A, at least twenty (20) days prior to the date set for the public hearing, in newspapers of general circulation within NJAWC's service territory.

26. Additionally, the Amended Petition and applicable attachments as well as the Public Hearing Notice for this proceeding can be viewed on NJAWC's website at [www.newjerseyamwater.com](http://www.newjerseyamwater.com) by first selecting Customer Service and then Your Rates.

27. Notice of this filing and two copies thereof have been served upon the Director, Division of Rate Counsel, 140 East Front Street 4<sup>th</sup> Floor, P.O. Box 003, Trenton, New Jersey 08625.



28. Notice of this filing and two copies of the filing have been served upon the Department of Law & Public Safety, 124 Halsey Street, P.O. Box 45029, Newark, New Jersey 07101.

29. Proof of Service of the Notice as previously referred to herein will be filed with the Board.

30. NJAWC respectfully submits that the rates requested by it herein are just and reasonable in all respects.

WHEREFORE, Petitioner New Jersey-American Water Company, Inc. respectfully requests that the Board find and determine as follows:

1. That the proposed PWAC and PSTAC rates set forth in this Amended Petition are just and reasonable; and

2. That NJAWC has such other and further relief as the Board may deem reasonable and proper under the circumstances represented to it in this case.

Respectfully submitted,

NEW JERSEY-AMERICAN  
WATER COMPANY, INC.

By: Christine Soares  
Christine Soares

Dated: January 25, 2019

Communications addressed to Petitioner  
in this case should be sent to:

Christine Soares, Esq.  
New Jersey-American Water Company, Inc.  
1025 Laurel Oak Road  
Voorhees, NJ 08043

Jamie D. Hawn  
Senior Manager Regulatory Services  
New Jersey-American Water Company, Inc.  
1025 Laurel Oak Road  
Voorhees, NJ 08043  
(856) 782-2355

## VERIFICATION

STATE OF NEW JERSEY :  
COUNTY OF CAMDEN : SS

Jamie D. Hawn, of full age, being duly sworn, according to law, deposes and says:

1. I am the Senior Manager Regulatory Services for New Jersey-American Water Company, Inc. and authorized to make this Verification on behalf of that Company.

2. I have reviewed the within Petition, and the information contained therein is true according to the best of my knowledge, information and belief.

Jamiet/awn

Sworn to and subscribed this  
25th day of January, 2019

Susan S. Barton  
Notary

