



Agenda Date: 03/24/17
Agenda Item: 5A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE PETITION OF NEW)	ORDER ADOPTING INITIAL
JERSEY-AMERICAN WATER COMPANY, INC. FOR)	DECISION/SETTLEMENT
AUTHORIZATION TO CHANGE THE LEVEL OF ITS)	
PURCHASED WATER ADJUSTMENT CLAUSE AND)	
PURCHASED WASTEWATER (SEWERAGE))	BPU DOCKET NO. WR16111065
TREATMENT ADJUSTMENT CLAUSE)	OAL DOCKET NO. PUC 17239-2016N

Parties of Record:

Steven R. Bishop, Esq., New Jersey-American Water Company, Inc., Petitioner
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Jay L. Kooper, Esq., Vice President, General Counsel and Secretary, Middlesex Water Company

BY THE BOARD:

On November 4, 2016, New Jersey-American Water Company, Inc. ("Petitioner" or "Company"), a public utility of the State of New Jersey, filed a petition with the Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:2-21, N.J.A.C. 14:9-7.1 et seq., and N.J.A.C. 14:9-8.1 et seq., for authorization to change the levels of its existing Purchased Water Adjustment Clause ("PWAC") charge and Purchased Wastewater (sewerage) Treatment Adjustment Clause ("PSTAC") charges, with respect to increased purchased water expense and increased purchased wastewater treatment expense. The total amount originally requested was an overall increase of \$924,038 or 0.14% above estimated total Company revenues of \$638,796,586. As a result of settlement discussions, the Petitioner, the Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively the "Signatory Parties") have agreed to a total overall stipulated decrease of (\$737,263) or (0.12%) below total Company revenues of \$638,943,181. Intervenor Middlesex Water Company ("Middlesex") submitted a letter not objecting to the settlement.

The Petitioner services approximately 620,000 general metered water customers and approximately 41,000 sewer customers in all or part of 188 municipalities in 18 of the State's 21 counties.

The Company purchases water on a routine basis from nine 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 sewerage deficit/credit adjustments, at different times throughout the year. The nine water purveyors are: Passaic Valley Water Commission; Morris County Municipal Utilities Authority; Montclair Water Bureau; Shorelands Water Company; New Jersey Water Supply Authority; Atlantic City Municipal Utilities Authority; City of Wildwood; City of Newark; and Marlboro Township Municipal Utilities Authority. The three sewerage treatment purveyors are: Cape May County Municipal Utilities Authority for the Petitioner's Ocean City Sewer tariff group; Ocean County Utilities Authority for the Petitioner's Lakewood Sewer tariff group; and Howell Township for the Petitioner's Adelpia Sewer tariff group.

In I/M/O New Jersey American Water Company, Elizabethtown Water Company, and Mount Holly Water Company, (Docket No. WR06030257, April 2, 2007), the Board ordered that all purchased water costs and purchased wastewater treatment costs be removed from base rates and recovered through the PWAC and PSTAC as applicable. In this petition, Petitioner proposed to increase its PWAC rate in PWAC Rate Schedule O-1 from \$0.4659 per thousand gallons of water to \$0.4722 per thousand gallons of water for Non-Exempt customers. Petitioner proposed to increase its PWAC rate from \$0.4018 per thousand gallons of water to \$0.4072 per thousand gallons for Exempt customers. It also proposed to address its PSTAC charges as follows:

For customers in Lakewood Township, Ocean County, the rate per thousand gallons of prior year's winter water quarter usage (January, February and March meter readings), as reflected in PSTAC Rate Schedule 2-B, would increase from \$4.1625 per thousand gallons to \$4.2949 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 in PSTAC Rate Schedule 1-B, would decrease from \$25.7237 per thousand gallons to \$24.5226 per thousand gallons.

For customers in the Adelpia section of Howell Township, Monmouth County, the rate per thousand gallons of water, as reflected in PSTAC Rate Schedule 3-B, would decrease from \$6.2674 per thousand gallons to \$6.1299 per thousand gallons.

BACKGROUND/PROCEDURAL HISTORY

This matter was transmitted to the Office of Administrative Law ("OAL") on November 9, 2016, as a contested case and was assigned to Administrative Law Judge ("ALJ") Irene Jones. A telephonic prehearing conference was held on December 8, 2016, with ALJ Jones during which, among other things, the ALJ directed that public hearings be held on this matter.

On December 7, 2016, Middlesex filed a motion to intervene in the instant proceeding, and no party opposed the motion, which was subsequently granted. After proper notice, two public hearings were held in following locations in Petitioner's service area: in Ocean City on January 31, 2017 at 2:00 p.m. in the Ocean City public library and at 6:00 p.m. at the Howell Township Municipal Building. One member of the public attended the Ocean City public hearing but chose not to speak on the record.

Subsequent to the public hearings, the Petitioner, Rate Counsel, Staff and Middlesex engaged in settlement negotiations. On March 2, 2017, the Signatory Parties entered into a Stipulation of Settlement ("Stipulation). Middlesex submitted a letter to ALJ Jones on March 2, 2017, stating that it had no objection to the Stipulation and "will in the near future submit a formal request to [the Board] for deferred accounting as a result of the change in the level of [PWAC] adopted in the Stipulation." Id.

On March 7, 2017, ALJ Jones issued her Initial Decision Settlement recommending adoption of the Stipulation executed by the Signatory Parties, finding that they had voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues and is consistent with the law. Also, by letter dated March 3, 2017, the Company requested an expedited Board order to become effective on March 26, 2017, and allowing the subject rates to become effective on April 1, 2017, to avoid any compression of the resulting rates.

DISCUSSIONS AND FINDINGS¹

The Signatory Parties recommend that the Board approve a decrease to Petitioner's PWAC rate on PWAC Rate Schedule O-1 from \$0.4659 per thousand gallons of water for Non-Exempt customers to \$0.4540 per thousand gallons of water for Non-Exempt customers; and from \$0.4018 per thousand gallons of water for Exempt customers to \$0.3915 per thousand gallons of water for Exempt customers.

The Signatory Parties further recommend that the Board permit Petitioner to change its effective PSTAC charges as follows (including the effects of rate compression):

For Lakewood Township, Ocean County, the rate per thousand gallons of prior year's winter quarter as reflected within PSTAC Rate Schedule 2-B will increase from \$4.1625 per thousand gallons to \$4.4859 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 within PSTAC Rate Schedule 1-B, will decrease from \$24.9644 per thousand gallons to \$24.2286 per thousand gallons.

For customers in the Adelpia section of Howell Township, Monmouth County, the rate per thousand gallons of water, as reflected within PSTAC Rate Schedule 3-B, will increase from \$6.2674 per thousand gallons to \$6.5669 per thousand gallons.

The effective PWAC rate change would result in a decrease in the annual bill of an average residential customer utilizing 6,000 gallons per month as follows:

¹ Although described in this Order at some length, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions in this Order.

	<u>Present Monthly Bill</u>	<u>Proposed Per month</u>	<u>Amount Decrease</u>	<u>Percentage Decrease</u>
SA-1	\$55.49	\$55.42	(\$0.07)	(0.13%)
SA-1B Pennsgrove	\$45.29	\$45.22	(\$0.07)	(0.15%)
SA-2 Manville, SA-1D	\$52.01	\$51.94	(\$0.07)	(0.13%)
SA-2, SA-3 & SA-1A	\$54.62	\$54.54	(\$0.08)	(0.15%)
SA-3 Southampton	\$49.76	\$49.68	(\$0.08)	(0.16%)

The PSTAC rate changes will result in: (a) an increase for a typical residential sewer service customer in Lakewood Township, Ocean County utilizing 18,000 gallons of water in the winter quarter of \$1.94 per month or 3.21%; (b) a decrease to an average sewer service customer in Ocean City, Cape May County utilizing 20,000 gallons in the summer quarter and 44,000 gallons of water per year of (\$1.23) per month or (1.84%); and (c) an increase to an average sewer service customer in the Adelpia section of Howell Township, Monmouth County utilizing 48,000 gallons of water per year, of \$1.20 per month or 2.27%.

These PWAC and PSTAC rates are calculated as being effective April 1, 2017.

The Parties have agreed on a methodology for calculating the amount of interest to be applied to over-recoveries within the PWAC. This method is described as follows: Total PWAC True-up balance (Over)/Under-recovered (which is the adjusted total purchased water expense minus total PWAC revenues net of cost recoveries for the current month) of the current month, plus the total PWAC cumulative true-up balance (Over)/under recovery) of the prior month, minus the amortization of the PWAC true-up from the previous PWAC year of the current month. By way of example of this methodology, see Note 5, Schedule DMD-2, attached to this Stipulation. The Signatory Parties agree to review this methodology and adjust it as necessary and appropriate in future PWAC proceedings.

Having reviewed the Initial Decision and the Stipulation of Settlement, the Board **HEREBY FINDS** that the Signatory Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. The Board **FURTHER FINDS** the Initial Decision, which adopts the Stipulation, to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board **HEREBY ADOPTS** the Initial Decision and the Stipulation, attached hereto, including all attachments and schedules, as its own, incorporating by reference the terms and conditions of the Stipulation, as if they were fully set forth at length herein, subject to the following:

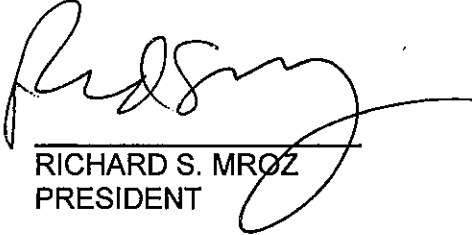
In accordance with the provisions of N.J.A.C. 14:9-7.3(c) and 14:9-8.3(c), the Petitioner shall file with the Board, no later than 45 days after the adjustment clause has been in effect for one year, a PWAC true-up schedule in connection with this proceeding. Copies of the true-up schedule shall be served upon all parties to the present proceeding.

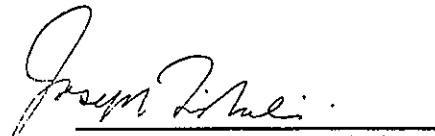
The Board **HEREBY DIRECTS** the Company to file tariff pages conforming to the terms and conditions of the Initial Decision, which adopts the Stipulation, and this Order within ten (10) days from the effective date of this Order.

The effective date of this Order is March 26, 2017 with rates to become effective on April 1, 2017.


DATED: 3/24/17

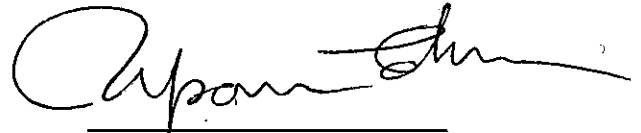
BOARD OF PUBLIC UTILITIES
BY:

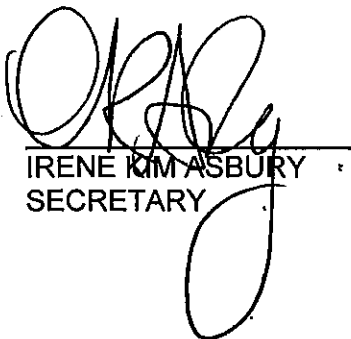

RICHARD S. MROZ
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER

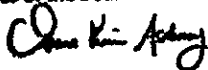

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
IRENE KIM ASBURY
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities



IN THE MATTER OF THE PETITION OF NEW JERSEY-AMERICAN WATER COMPANY, INC.
FOR AUTHORIZATION TO CHANGE THE LEVEL OF ITS PURCHASED WATER
ADJUSTMENT CLAUSE AND PURCHASED WASTEWATER (SEWERAGE) TREATMENT
ADJUSTMENT CLAUSE

BPU DOCKET NO. WR16111065
OAL DOCKET NO. PUC 17239-2016N

BOARD ORDER SERVICE LIST

Stephen R. Bishop, Esq.
Corporate Counsel
New Jersey American Water Company, Inc.
1025 Laurel Oak Road
Voorhees, NJ 08043
stephen.bishop@amwatter.com

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
sbrand@rpa.state.nj.us

Jay L. Kooper, Esq., Vice President,
General Counsel & Secretary
Middlesex Water Company, Inc.
1500 Ronson Road
Iselin, New Jersey 08830-3020
jkooper@middlesexwater.com

Irene Kim Asbury, Esq.
Secretary of the Board
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
irene.asbury@bpu.nj.gov

Maria L. Moran, Director
Division of Water
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
maria.moran@bpu.nj.gov



THE MIDDLESEX WATER ENTERPRISE

Middlesex Water Company • Pinelands Water & Wastewater Company • Southern Shores Water Company • Tidewater Utilities, Inc. • Tidewater Environmental Services, Inc.
Twin Lakes Utilities, Inc. • Utility Service Affiliates, Inc. • Utility Service Affiliates (Avalon) • Utility Service Affiliates (Perth Amboy) Inc. • White Marsh Environmental Systems, Inc.

Via Federal Express and E-Mail

March 2, 2017

Honorable Irene Jones, ALJ
Office of Administrative Law
33 Washington Street
Newark, NJ 07102

**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 PURCHASED
WASTEWATER (SEWERAGE) TREATMENT ADJUSTMENT CLAUSE**

**BPU Docket No.: WR16111065
OAL Docket No.: PUC 17239-2016N**

Dear Judge Jones:

Middlesex Water Company ("Middlesex"), an Intervenor in the above-referenced matter, has reviewed the proposed Stipulation of Settlement ("Stipulation") that has been executed by the signatory parties and forwarded to Your Honor today. Please be advised that Middlesex does not object to the Stipulation.

Please be further advised that pursuant to N.J.A.C. 14:9-7.6(c), Middlesex Water will in the near future submit a formal request to the New Jersey Board of Public Utilities for deferred accounting as a result of the change in the level of the Purchased Water Adjustment Clause adopted in the Stipulation.

Respectfully submitted,

A handwritten signature in black ink that reads "Jay Kooper".

Jay L. Kooper
Vice President, General Counsel & Secretary

JLK:rk

Encl.

cc: Attached Service List (via e-mail only)



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 17239-16

AGENCY DKT. NO. WR16111065

**I/M/O THE PETITION OF NEW JERSEY
AMERICAN WATER COMPANY TO CHANGE
THE LEVEL OF ITS PURCHASED WATER
ADJUSTMENT CLAUSE AND PURCHASED
SEWERAGE TREATMENT ADJUSTMENT CLAUSE**

Stephen R. Bishop, Esq., Corporate Counsel for petitioner New Jersey American Water Company

Veronica Beke and **Andrew Kuntz**, Deputy Attorney Generals, for respondent, ("Staff") Board of Public Utilities (Christopher S. Porrino, Attorney General of New Jersey, attorney)

Susan E. McClure, Assistant Deputy Public Advocate, for respondent Division of Rate Counsel, (Stefanie A. Brand, Esq., Director)

Record Closed: March 6, 2017

Decided: March 7, 2017

BEFORE IRENE JONES, ALJ:

On November 4, 2016, petitioner New Jersey American Water Company ("Petitioner") filed a petition with the New Jersey Board of Public Utilities ("Board") seeking

approval of an increase in its Purchased Water Adjustment Clause ("PWAC") and its Purchased Sewerage Treatment Adjustment Clause (PSTAC) to recover increased purchased water costs and purchased wastewater treatment expense. Petitioner proposed to increase its rates by \$924,038 or 0.14% above current revenues.

On November 10, 2016, the Board transmitted the matter to the Office of Administrative Law ("OAL") for a hearing as a contested case pursuant to N.J.S.A. 52:14B-1 to -15 and N.J.S.A. 52:14F-1 to -13. On December 8, 2016, a prehearing conference was held and a prehearing order was issued on January 18, 2017. Two public hearings were held in the petitioner's service territory on January 31, 2017.

The petitioner filed, along with its petition, substantial accounting data and prefiled testimony. The parties engaged in extensive discovery. On February 16, and 17th, the parties held discovery and settlement conferences and agreed to settle the matter. The parties have prepared a Stipulation of Settlement, which is attached hereto.

I have reviewed the record and terms of the Stipulation of Settlement and **FIND**:

1. The parties have voluntarily agreed to the settlement as evidenced by the signatures of the parties or their representatives.
2. The settlement fully disposes of all issues in controversy and is consistent with law.

Therefore, it is **ORDERED** that the parties comply with the settlement terms and that these proceedings be and are hereby concluded.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

March 7, 2017



DATE

IRENE JONES, ALJ

Date Received at Agency:

March 7, 2017

Date Mailed to Parties:

sej

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

IN THE MATTER OF THE PETITION OF : BPU DOCKET NO. WR16111065
NEW JERSEY-AMERICAN WATER :
COMPANY, INC. FOR AUTHORIZATION TO : OAL DOCKET NO. PUC 17239-2016N
CHANGE THE LEVEL OF ITS PURCHASED :
WATER ADJUSTMENT CLAUSE AND : **STIPULATION OF SETTLEMENT**
PURCHASED WASTEWATER (SEWERAGE) :
TREATMENT ADJUSTMENT CLAUSE :

APPEARANCES:

Stephen R. Bishop, Esq., on behalf of New Jersey-American Water Company, Inc.,
Petitioner;

Andrew Kuntz and Veronica Beke, Deputy Attorneys General, on behalf of the Staff of
the Board of Public Utilities (Christopher S. Porrino, Attorney General of New
Jersey);

Susan McClure, Assistant Deputy Rate Counsel, on behalf of the Division of the Rate
Counsel; and

Jay L. Kooper, Esq., on behalf of Middlesex Water Company, Intervenor

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

On November 4, 2016, New Jersey-American Water Company, Inc. ("Petitioner" or "Company"), a public utility of the State of New Jersey, filed a Petition with the Board of Public Utilities ("Board") 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 clause ("PWAC") charge and purchased wastewater (sewerage) treatment adjustment clause ("PSTAC") charges, with respect to increased purchased water expense and increased purchased wastewater treatment expense. The total amount originally requested was an increase of \$924,038 or 0.14% above total Company revenues of \$638,796,586. As a result of settlement discussions, the Signatory Parties

indicated below have agreed to a total overall stipulated decrease of \$737,263 or (0.12%) below total Company revenues of \$638,943,181.

Petitioner purchases water on a routine basis from eight 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 sewerage deficit/credit adjustments, at different times throughout the year. The eight water purveyors are: Passaic Valley Water Commission; Morris County Municipal Utilities Authority; Montclair Water Bureau; Shorelands Water Company; New Jersey Water Supply Authority; City of Wildwood; City of Newark; and Marlboro Township Municipal Utilities Authority. The three sewerage treatment purveyors are: Cape May County Municipal Utilities Authority for the Petitioner's Ocean City Sewer tariff group; Ocean County Utilities Authority for the Petitioner's Lakewood Sewer tariff group; and Howell Township for the Petitioner's Adelpia Sewer tariff group. Petitioner serves approximately 610,000 general-metered water customers and approximately 41,000 sewer customers in all or part of 188 municipalities in 18 of the State's 21 counties.

On April 2, 2007, the Board ordered that all purchased water costs and purchased wastewater treatment costs be removed from base rates and recovered through the PWAC and PSTAC as applicable. In the Matter of the Joint Petition of New Jersey American Water Company, Inc., Elizabethtown Water Company, and the Mount Holly Water Company for Approval of Increased Tariff Rates and Charges for Water and Sewer Services and other Tariff Revisions, BPU Dkt No. WR06030257 (April 2, 2007). The Board last adjusted Petitioner's base rates on September 11, 2015. In the Matter of New Jersey American Water Company for Approval of Increased Tariff Rates and Charges for Water and Sewer Service, Change in Depreciation Rates and Other Tariff Modifications, Order Adopting Initial Decision/Stipulation,

BPU Dkt No. WR15010035 (September 11, 2015). Petitioner's base rates do not include PWAC or PSTAC pass-through charges to customers.

In the Petition filed within the instant proceeding, Petitioner proposed to increase its PWAC rate upon PWAC Rate Schedule O-1 from \$0.4659 per thousand gallons of water to \$0.4722 per thousand gallons of water for Non-Exempt customers. Petitioner proposed to increase its PWAC rate from \$0.4018 per thousand gallons of water to \$0.4072 per thousand gallons for Exempt customers. It also proposed to address its PSTAC charges as follows:

- For Lakewood Township, Ocean County, the rate per thousand gallons of prior year's winter quarter usage (January, February and March meter readings), as reflected upon PSTAC Rate Schedule 2-B, would change from \$4.1625 per thousand gallons to \$4.2949 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, would change from \$24.9644 per thousand gallons to \$25.7237 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, would change from \$6.2674 per thousand gallons to \$6.1299 per thousand gallons.

The Board transmitted this matter to the Office of Administrative Law (the "OAL") as a contested case. A telephonic prehearing conference was held on December 8, 2016, with the Honorable Irene Jones, Administrative Law Judge, during which, among other things, Judge Jones directed that public hearings be held on this matter. The ALJ granted intervenor status to Middlesex Water Company ("Middlesex"), following its December 7, 2016 motion to intervene, which was not opposed by any party. Middlesex has been included on the service list, received all discovery, and participated in all conferences and meetings. Two public hearings were held in Petitioner's service area: in Ocean City on January 31, 2017 at 2:00 p.m. with one public

attendee and no statement on the record; and Howell Township on January 31, 2017 at 6:00 p.m. with no public attendees. No written comments were received.

The Division of the Rate Counsel ("Rate Counsel") and Staff of the Board ("Board Staff") served interrogatories on Petitioner, which were responded to in full by Petitioner. During the proceeding, Petitioner received updated information from the various water and wastewater service purveyors whose costs comprise the Petitioner's requested relief. This information was provided to all of the parties on a timely basis. Petitioner, Board Staff, Rate Counsel and Middlesex participated in discovery/settlement conferences on February 16, 2017, and on February 17, 2017, after the public hearings had been held. As a result of the Petitioner's updates, which are reflected in Schedules DMD-1 to DMD-16 and RRS-1 attached to this Agreement as Exhibit A, the discovery conducted and negotiations held, Petitioner, Board Staff, and Rate Counsel ("Signatory Parties") have been able to reach agreement on this matter, the provisions of which are set forth below.

SETTLEMENT AGREEMENT

1. The Signatory Parties recommend that the Board approve a change to Petitioner's PWAC rate on PWAC Rate Schedule O-1 from \$0.4659 per thousand gallons of water for Non-Exempt customers to \$0.4540 per thousand gallons of water for Non-Exempt customers and from \$0.4018 per thousand gallons of water for Exempt customers to \$0.3915 per thousand gallons of water for Exempt customers.

2. The Signatory Parties further recommend that the Board permit Petitioner to change its effective PSTAC charges as follows:

- For Lakewood Township, Ocean County, the rate per thousand gallons of prior year's winter quarter as reflected within PSTAC Rate Schedule 2-B will change from \$4.1625 per thousand gallons to \$4.4859 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 \$24.9644 per thousand gallons to \$24.2286 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 \$6.2674 per thousand gallons to \$6.5669 per thousand gallons.

3. The effective PWAC rate change would result in a decrease in the annual bill of an average residential customer utilizing 6,000 gallons per month as follows:

	<u>Present Per Month</u>	<u>Proposed Per Month</u>	<u>Amount Decrease</u>	<u>Percentage Decrease</u>
SA-1	\$55.49	\$55.42	\$0.07	0.13%
SA-1B Pennsgrove	\$45.29	\$45.22	\$0.07	0.15%
SA-2 Manville, SA-1D	\$52.01	\$51.94	\$0.07	0.13%
SA-2, SA-3 & SA1A	\$54.62	\$54.54	\$0.08	0.15%
SA-3 Southampton	\$49.76	\$49.68	\$0.08	0.16%

4. The PSTAC rate changes will result in: an increase for a typical residential sewer service customer in Lakewood Township, Ocean County utilizing 18,000 gallons of water in the winter quarter, of \$1.94 per month or 3.21%; a decrease to an average sewer service customer in Ocean City, Cape May County utilizing 20,000 gallons in the summer quarter and 44,000 gallons of water per year, of \$1.23 per month or 1.84%; and an increase to an average sewer service customer in the Adelpia section of Howell Township, Monmouth County utilizing 48,000 gallons of water per year, of \$1.20 per month or 2.27%.

5. These PWAC and PSTAC rates are calculated as being effective April 1, 2017.

6. NJAWC plans to file its 2018 PWAC/PSTAC petition on or before November 15, 2017.

7. Within this Stipulation, the Signatory Parties have agreed on a methodology for calculating the amount of interest to be applied to over-recoveries within the PWAC. This method is described as follows: Total PWAC True-up Balance (Over)/Under-recovered of the current month (which is the adjusted total purchased water expense minus total PWAC revenues net of cost recoveries for the current month), plus the total PWAC Cumulative True-Up Balance (Over)/Under-recovery) of the prior month, minus the amortization of the PWAC True-Up from the previous PWAC year of the current month. By way of example of this methodology, see Note 4, Schedule DMD-2 Updated, attached to this Stipulation. The Signatory Parties agree to review this methodology and adjust it as necessary and appropriate in future PWAC proceedings.

8. The PWAC/PSTAC rates established herein will decrease annual revenues by \$737,263 or 0.12%.

9. In accordance with the provisions of N.J.A.C. 14:9-7.3(c) and 14:9-8.3(c), the Petitioner shall file with the Board, not later than 45 days after the adjustment clauses have been in effect for one year, PWAC and PSTAC true-up schedules in connection with this proceeding. Copies of the true-up schedules will be served upon Board Staff and Rate Counsel.

10. This Stipulation shall be binding on the Signatory Parties to this proceeding upon approval hereof by the Board. This Stipulation shall bind the Signatory Parties in this matter only and shall not be considered precedential in any other proceeding involving the Signatory Parties hereto.

11. This Stipulation contains terms, each of which is interdependent with the others and essential in its own right to the signing of this Stipulation. Each term is vital to the agreement as a whole, since the Signatory Parties individually and jointly state that they would not have signed the Stipulation had any term been modified in any way. In the event that any modifications

whatsoever are made to this Stipulation, each of the Signatory Parties hereto is entitled to certain procedures in the event of such occurrence.

12. If any modification is made to the terms of this Stipulation, the Signatory Parties must be given the right to be placed in the position in which each Signatory Party was before this Stipulation was executed. It is essential that each Signatory Party be given the option to modify its own position, to accept the proposed change(s), or to resume the proceeding as if no agreement had been reached.

13. The Signatory Parties believe that these procedures are fair to all concerned and, therefore, they are made an integral and essential element of this Stipulation.

14. This Stipulation may be executed in as many counterparts as there are signatories to this Stipulation, each of which counterpart shall be an original, but all of which shall constitute one and the same instrument.

15. The Signatory Parties understand that Middlesex will file a letter with the OAL indicating that it does not object to the Stipulation.

STEFANIE A. BRAND, DIRECTOR
DIVISION OF THE RATE COUNSEL

By:




Susan McClure
Assistant Deputy Rate Counsel

Dated:

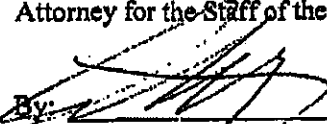
3/2/17

NEW JERSEY-AMERICAN WATER
COMPANY, INC.

By: 
Stephen R. Bishop
Corporate Counsel

Dated: 3/1/17

CHRISTOPHER S. PORRINO
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

By: 
Andrew Kuntz
Deputy Attorney General

Dated: 3/2/17

EXHIBIT A

TO THE STIPULATION OF SETTLEMENT

**I/M/O the Petition of New Jersey American Water Company, Inc. for Authorization to
Change the Level of Its Purchased Water Adjustment Clause and Purchased Wastewater
(sewerage) Treatment Adjustment Clause**

BPU DOCKET NO. WR16111065

OAL DOCKET NO. PUC 17239-2016N

*[Schedules DMD-1 to DMD-16 and RRS-1 are attached as separate documents and are
collectively Exhibit A to the Stipulation of Settlement]*

New Jersey American Water Company
 Statement of Actual Purchased Water Volumes (1000 Gallons) Associated with Actual Purchased Water Expense - PWAC Water Service
 PWAC Year 4/1/16 - 3/31/17 (1)

New Jersey American Water Company
 BPU Docket No. WR16111065
 Witness Responsible: Dante M. DeStefano

Schedule DMD-1a Updated through 1/31/17 - SETTLEMENT
 PWAC Filing Year: 4/1/2016 - 3/31/2017
 Page 1

Line No.	Purchased Water	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Total
1														
2														
3	Vendor/Vendor (1,000 gallons)													
4	Atlantic City Municipal Utility Authority	33,701	41,861	34,641	36,455	36,132	54,745	76,914	63,590	65,118	0	0	0	443,157
5	Borough of Florham Park	0	0	0	13	0	0	0	27	0	0	0	54	94
6	Township of Maple Shade	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Morris County Municipal Utilities Authority	17,156	18,159	19,843	25,208	26,498	26,518	20,509	17,209	16,021	16,365	17,650	16,021	237,157
8	Monclair Water Bureau	0	6,187	13,407	7,314	8,148	0	7,679	8,468	0	0	17,993	13,996	83,192
9	City of Newark - Shaw/Selva	0	7	6	6	0	47	15	15	0	0	43	15	154
10	NJWSA - Water - Manasquan	0	0	1,140,625	0	0	1,140,625	0	0	1,140,625	0	0	1,140,625	4,562,500
11	NJWSA - Overdrafts - Manasquan	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Passaic Valley Water Commission - Water	0	287,560	221,710	811,050	0	449,440	451,010	620,520	166,590	605,690	259,633	291,963	4,165,166
13	Sea Isle City	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Seaside Heights	0	0	0	0	0	0	0	0	0	0	0	0	0
15	Shorelands Water Company	12,555	13,841	14,722	29,993	18,027	18,158	15,582	13,258	12,445	12,979	13,005	12,662	187,224
16	City of Wildwood	0	0	0	0	0	35,030	0	0	0	0	0	0	35,030
17	Pemberton Borough	0	0	0	0	0	0	0	0	0	0	0	0	0
18	Other Vendors	0	0	0	0	0	0	0	0	0	0	0	0	0
19	Marlboro Municipal Utilities Authority	7,750	0	15,275	7,500	9,338	11,669	8,689	7,750	7,500	7,750	7,761	7,083	98,265
20	NJWSA - Water - Raritan	3,924,600	3,797,881	3,924,600	3,798,000	3,924,600	3,924,600	3,798,000	3,924,600	3,798,000	3,924,600	3,924,600	3,544,800	46,208,881
21	NJWSA - Water - Raritan Legislative Grant	90,210	87,300	90,210	87,300	90,210	90,210	87,300	90,210	87,300	90,210	90,210	81,480	1,062,150
22	NJWSA - Overdraft - Raritan	0	0	0	0	0	0	0	0	0	0	0	343,702	1,037,051
23	City of Newark - Summit	1	1	0	0	0	0	0	521,739	171,610	0	0	0	2,600
24	East Windsor Municipal Utility	0	0	0	0	0	0	0	0	0	2,598	0	0	0
25	Total Volume Assoc. with PW Expense as Adjusted (1)	4,085,973	4,252,797	5,475,036	4,802,839	4,112,953	5,751,242	4,465,696	5,267,384	5,465,209	4,660,192	4,330,695	6,462,401	58,122,621

(1) Purchased Water usage reflects actuals except for estimates utilized for February 2017 through March 2017 activity. The estimated activity is based on a 3-year average usage of year ended 3/31/14, 3/31/15, and 3/31/16 for that invoiced month.

New Jersey American Water Company
Statement of PWAC True Up Schedule - Revenue and Operating Expense - PWAC Water Service
PWAC Year 4/1/16 - 3/31/17

New Jersey American Water Company
 BPU Docket No. WR16111965
 Witness Responsible: Denis M. DeStefano

Schedule DMD-2 Updated through 1/31/17 - SETTLEMENT
 PWAC Filing Year: 4/1/2016 - 3/31/2017
 Page 1

Line No.	Purchased Water	Note (1) Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Total
1															
2	Total Billed PWAC Revenue (non-exempt & exempt) (2)		\$2,631,769	\$2,784,276	\$3,505,857	\$4,136,310	\$3,952,770	\$4,375,472	\$3,521,611	\$2,982,927	\$2,862,024	\$2,826,469	\$2,491,481	\$2,614,425	\$39,665,389
3	Less: Exempt PWAC Revenue (from In 49)		80,702	85,695	86,870	89,487	91,449	103,664	85,516	80,780	85,003	89,194	85,651	81,985	1,086,502
4	Non-Exempt PWAC Revenue		\$2,551,067	\$2,698,581	\$3,418,987	\$4,046,823	\$3,861,321	\$4,271,808	\$3,436,095	\$2,882,141	\$2,767,021	\$2,737,275	\$2,395,830	\$2,532,440	\$37,569,387
5															
6	GRFT tax rate (3)		13.76%	13.76%	13.76%	13.76%	13.76%	13.76%	13.76%	13.76%	13.76%	13.76%	13.76%	13.76%	13.76%
7	PWAC Non-exempt. Rev. net of GRFT (In. 4 * (100% - In 6))		\$2,200,040	\$2,327,256	\$2,848,534	\$3,409,980	\$3,330,003	\$3,684,007	\$2,963,269	\$2,485,558	\$2,366,279	\$2,360,626	\$2,066,164	\$2,183,976	\$32,425,712
8	Add Back: Exempt PWAC Revenue (In. 3)		80,702	85,695	86,870	89,487	91,449	103,664	85,516	80,780	85,003	89,194	85,651	81,985	1,066,502
9	PWAC Revenue net of GRFT		\$2,280,742	\$2,412,951	\$3,035,404	\$3,579,467	\$3,421,452	\$3,787,671	\$3,048,805	\$2,566,344	\$2,481,282	\$2,449,820	\$2,181,815	\$2,265,961	\$33,491,714
10															
11	Less: Uncollectible & BPU/ Div. Rate Counsel Exp. Factor (3)		0.9928	0.9928	0.9928	0.9928	0.9928	0.9928	0.9928	0.9928	0.9928	0.9928	0.9928	0.9928	0.9928
12	PWAC Rev. net of GRFT, Uncoll. BPU/DRG exp (In. 9*11)		\$2,264,321	\$2,395,578	\$3,013,549	\$3,553,995	\$3,396,818	\$3,760,400	\$3,026,854	\$2,547,866	\$2,463,417	\$2,432,161	\$2,146,250	\$2,249,646	\$33,250,575
13															
14	Less: PWAC True-up Under-recovery of \$152,762														
15	from PWAC Year 4/15-3/16 divided by 12 mos (1)		12,681	12,878	12,878	12,878	12,878	12,878	12,878	12,878	12,878	12,878	12,878	12,878	154,539
16															
17	Total PWAC Revenues net of Cost recoveries detailed above		\$2,251,440	\$2,382,700	\$3,000,671	\$3,540,817	\$3,383,940	\$3,747,522	\$3,013,976	\$2,534,986	\$2,450,539	\$2,419,303	\$2,133,372	\$2,236,768	\$33,096,036
18															
19	Total Purchased Water Exp as Adjusted - (per Sch DMD-1, In 46)		1,244,012	2,033,850	3,211,019	3,202,190	1,450,539	4,045,180	2,591,585	3,437,141	3,092,659	2,762,729	1,992,072	3,335,123	32,398,098
20															
21	Total PWAC True-Up Balance														
22	(Over-Recovered) / Under-Recovered (In. 21- 19)		(\$1,007,427)	(\$348,650)	\$210,348	(\$338,627)	(\$1,933,401)	\$297,658	(\$422,391)	\$902,153	\$642,120	\$349,426	(\$141,300)	\$1,088,355	(\$697,938)
23															
24	Interest Calculation														
25	Total PWAC Cumulative True-up Balance														
26	(Over-Recov) / Under-Recov (4)	\$154,539	(\$865,769)	(\$1,227,497)	(\$1,030,028)	(\$1,381,533)	(\$3,327,812)	(\$3,043,032)	(\$3,478,302)	(\$2,589,027)	(\$1,959,785)	(\$1,829,236)	(\$1,783,415)	(\$697,938)	
27															
28	Average of the Current & Prior months Cumulative		(355,615)	(1,046,833)	(1,128,762)	(1,205,780)	(2,354,672)	(3,185,422)	(3,260,667)	(3,033,664)	(2,274,408)	(1,794,511)	(1,706,326)	(1,240,676)	
29	True-up Balances (Over rec.) / Under rec.														
30															
31	Overall ROR Per Docket BPUWWR15010035 (5)		7.5496%	7.5496%	7.5496%	7.5496%	7.5496%	7.5496%	7.5496%	7.5496%	7.5496%	7.5496%	7.5496%	7.5496%	7.5496%
32	Monthly Overall Rate of Return		0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
33	Interest on True-up Balances - (Over) / Under		(\$2,240)	(\$6,594)	(\$7,111)	(\$7,596)	(\$14,834)	(\$20,068)	(\$20,542)	(\$19,112)	(\$14,329)	(\$11,305)	(\$10,750)	(\$7,816)	(\$142,297)
34															
35	Total PWAC (Over-Recov.) / Under-Recov. including interest														(\$848,235)
36															
37	Exempt (from GRFT) Customers Actual Water Sales (1000 gals): (6)														
38	Cogen (Bayway) - OW		79,310	86,999	85,568	85,901	93,597	126,696	86,182	70,406	78,877	107,598	109,875	101,843	1,122,859
39	Aqua NJ Water Co. - SFR-CD		21,390	20,700	21,390	20,700	21,390	21,390	20,700	21,390	20,700	21,390	21,379	19,539	252,057
40	Lawrenceville Water Co - SFR-SOS		18,399	15,579	16,214	15,751	16,644	16,446	15,913	16,037	16,558	0	0	0	145,541
41	Middlesex Water Co - SFR SOS		83,751	90,000	93,030	80,362	95,966	93,467	90,028	83,227	120,310	93,000	106,803	82,663	1,132,608
42	Routtous Water Co - SFR Reg. GMS		0	0	0	0	0	0	0	0	0	0	0	0	0
43	Total Exempt Customer Actual Water Sales		200,650	213,278	216,202	222,714	227,597	257,999	212,833	201,060	236,445	221,986	238,057	204,045	2,853,065
44															
45	Exempt PWAC Rate per 1000 gals (7)		\$0.4018	\$0.4018	\$0.4018	\$0.4018	\$0.4018	\$0.4018	\$0.4018	\$0.4018	\$0.4018	\$0.4018	\$0.4018	\$0.4018	\$0.4018
46	Exempt PWAC Revenue		\$80,702	\$85,695	\$86,870	\$89,487	\$91,449	\$103,664	\$85,516	\$80,780	\$85,003	\$89,194	\$85,651	\$81,985	\$1,066,502
47															

Notes: (1) March 2016 represents Total PWAC True-up balance per Schedule DMD-2a.
 (2) Billed PWAC water revenues are based on actuals, except estimates utilized for February 2017 through March 2017. Estimates are based on prior year, same month revenues, adjusted by the rate change effective 04/01/16 per Docket #WR15111289.
 (3) NJAWC Authorized GRFT rate is 13.76% per Docket #WR15010035. Uncollectible rate utilized herein is per Settlement, BPU Docket #WR15111289 and BPU Rate Counsel expense factor per Actual Assessment Rates.
 (4) Line 22 of the current month plus line 28 of the prior month less line 15 of the current month.
 (5) The ROR utilized for 04/01/16-3/31/17 based on BPU Docket #WR15010035
 (6) Water sales for all entities were based upon actual monthly water sales, except estimates utilized for February 2017 through March 2017. Estimates are based on a 3-year average of 2014, 2015, and 2016 usage for the same month
 (7) For Settlement - exempt rate reflects \$0.4018 effective 4/1/16 per BPU Docket #WR15111289.

New Jersey American Water Company
Statement of PWAC True Up Schedule - Revenue and Operating Expense - PWAC Water Service
PWAC Year 4/1/15 - 3/31/16

New Jersey American Water Company
 BPU Docket No. WR15111278
 Witness Responsible: Danie M. DeStefano

Schedule DMD-2, Actuals through 3/31/16
 PWAC Filing Year: 4/1/2015 - 3/31/2016
 Page 1

Line No.	Note (1) Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Total
1														
2	Total Billed PWAC Revenue (non-exempt & exempt) (2)	\$2,757,520	\$2,858,552	\$3,420,388	\$3,582,183	\$3,848,481	\$3,909,986	\$3,430,798	\$2,609,837	\$2,555,721	\$2,462,195	\$2,325,227	\$2,439,968	\$36,330,856
3	Less: Exempt PWAC Revenue (from In 4)	89,836	83,302	79,822	78,092	83,538	76,129	79,918	72,436	68,097	76,789	84,026	82,310	972,395
4	Non-Exempt PWAC Revenue	\$2,667,584	\$2,775,250	\$3,340,566	\$3,504,091	\$3,764,943	\$3,833,857	\$3,350,879	\$2,537,401	\$2,569,624	\$2,415,406	\$2,241,201	\$2,357,658	\$35,358,461
5														
6	GRFT tax rate (3)	13.78%	13.76%	13.78%	13.76%	13.78%	13.78%	13.76%	13.78%	13.76%	13.78%	13.76%	13.78%	13.76%
7	PWAC Non-exempt Rev net of GRFT (In 4 * (100% - In 6))	\$2,300,525	\$2,383,375	\$2,880,905	\$3,021,828	\$3,246,897	\$3,306,318	\$2,880,798	\$2,183,254	\$2,218,044	\$2,083,046	\$1,932,812	\$2,033,244	\$30,493,136
8	Add Back: Exempt PWAC Revenue (In 3)	89,835	83,302	79,822	78,092	83,538	76,129	79,919	72,436	68,097	76,788	84,026	82,310	972,395
9	PWAC Revenue net of GRFT	\$2,390,460	\$2,478,577	\$2,960,727	\$3,100,020	\$3,330,425	\$3,382,447	\$2,960,717	\$2,260,690	\$2,362,141	\$2,159,835	\$2,016,838	\$2,115,554	\$31,465,531
10														
11	Less: Uncollectibles & BPU Div Rate Counsel Exp Factor (3)	0.9926	0.9926	0.9926	0.9926	0.9926	0.9926	0.9925	0.9925	0.9925	0.9925	0.9925	0.9925	0.9926
12	PWAC Rev net of GRFT, Uncoil, BPU/MRC exp (In 9*11)	\$2,372,771	\$2,458,350	\$2,938,818	\$3,077,060	\$3,305,780	\$3,357,417	\$2,947,444	\$2,243,735	\$2,284,875	\$2,143,636	\$2,001,712	\$2,099,687	\$31,231,305
13														
14	Less: PWAC True-up Over-recovery of (\$1,836,056) from PWAC Year 4/14-3/15 divided by 12 mos (1)	(153,032)	(153,034)	(153,034)	(153,034)	(153,034)	(153,034)	(153,034)	(153,034)	(153,034)	(153,034)	(153,034)	(153,034)	(1,836,406)
15														
16														
17	Less: PWAC Filing Cost Authorized (4)	286	282	282	282	282	282	282	282	282	282	282	282	3,388
18														
19	Total PWAC Revenues net of Cost recoveries detailed above	\$2,525,517	\$2,611,102	\$3,091,570	\$3,229,832	\$3,458,532	\$3,510,169	\$3,100,196	\$2,396,487	\$2,437,627	\$2,296,388	\$2,154,464	\$2,252,439	\$33,064,323
20														
21	Total Purchased Water Exp as Adjusted-(per Sch DMD-1, In 4)	1,825,791	2,126,338	3,054,303	1,871,987	2,435,301	3,865,602	2,910,589	2,948,730	4,775,753	1,438,992	1,955,398	4,228,747	33,435,531
22														
23	Total PWAC True-Up Balance													
24	(Over-Recovered) / Under-Recovered (In 21 - 19)	(969,273)	(544,764)	(87,267)	(81,357,845)	(1,023,231)	335,433	(189,807)	\$562,243	\$2,338,126	(685,736)	(\$199,066)	\$1,974,308	\$371,207
25														
26	Interest Calculation													
27	Total PWAC Cumulative True-up Balance													
28	(Over/Recov) / Under-Recov (5)	(\$1,836,406)	(\$2,383,101)	(\$2,714,831)	(\$2,599,064)	(\$3,803,874)	(\$4,674,071)	(\$4,165,604)	(\$4,202,178)	(\$3,496,901)	(\$1,005,741)	(\$1,710,103)	(\$1,756,135)	\$371,207
29														
30	Average of the Current & Prior months Cumulative True-up Balances (Over rec) / Under rec	(2,109,754)	(2,548,965)	(2,656,947)	(3,201,463)	(4,238,973)	(4,419,838)	(4,163,891)	(3,849,539)	(2,251,321)	(1,357,922)	(1,733,119)	(692,464)	
31														
32														
33	Overall ROR Per Docket BPU#WR11070480 (8)	8.0398%	8.0398%	8.0398%	8.0398%	8.0398%	8.0398%							
34	Overall ROR Per Docket BPU#WR15010035 (8)							7.8784%	7.5496%	7.5498%	7.5496%	7.5498%	7.5496%	7.5496%
35	Monthly Overall Rate of Return	0.67%	0.67%	0.67%	0.67%	0.67%	0.66%	0.83%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
36	Interest on True-up Balances - (Over) / Under	(\$14,135)	(\$17,078)	(\$17,822)	(\$21,450)	(\$28,401)	(\$29,171)	(\$28,359)	(\$24,252)	(\$14,183)	(\$8,555)	(\$10,919)	(\$4,363)	(\$216,668)
37														
38	Total PWAC (Over-Recov) / Under-Recov, Including Interest													\$154,538
39														
40	Exempt from GRFT Customers Actual Water Sales (1000 gals): (7)													
41	Cogen (Bayway) - CIW	107,566	94,843	78,245	73,285	88,089	75,810	77,755	61,837	75,615	72,930	87,337	93,065	986,375
42	Aqua NJ Water Co - SFR-CD	21,390	20,700	21,390	21,700	21,390	21,390	21,390	21,390	20,700	21,390	21,390	20,010	253,540
43	Lanternville Water Co - SFR-SOS	16,598	15,981	15,536	15,536	16,190	16,160	16,665	16,220	16,430	16,558	17,002	15,878	183,745
44	Middlesex Water Co - SFR-SOS	83,732	90,000	98,213	98,213	95,508	87,306	97,244	93,000	116,327	93,882	89,340	90,521	1,148,396
45	Rockaway Water Co - SFR Reg. GMS	560	615	1,275	1,510	1,510	2,345	1,755	715	520	0	0	0	10,995
46	Total Exempt Customer Actual Water Sales	239,827	222,139	212,859	208,244	222,767	203,011	213,119	193,162	229,592	204,770	224,069	219,484	2,993,051
47														
48	Exempt PWAC Rate per 1000 gals (8)	\$0.3750	\$0.3750	\$0.3750	\$0.3750	\$0.3750	\$0.3750	\$0.3750	\$0.3750	\$0.3750	\$0.3750	\$0.3750	\$0.3750	\$0.3750
49	Exempt PWAC Revenue	\$89,835	\$83,302	\$79,822	\$78,092	\$83,538	\$76,129	\$79,919	\$72,436	\$68,097	\$76,789	\$84,026	\$82,310	\$972,395
50														

51 Notes: (1) March 2015 represents Total PWAC True-up balance per Schedule DMD-2a.
 52 (2) Billed PWAC water revenues are based on actuals.
 53 (3) GRFT rate and Uncollectible/BPU/Rate Counsel expense factor utilized herein is per Settlement, BPU Docket #WR14111278. Updated 9/21/15 per Docket #WR15010035.
 54 (4) Amount per the 2015 PWAC Rate Filing BPU Docket #WR14111278, Schedule DMD-12 - Per Settlement.
 55 (5) Line 24 of the current month plus line 28 of the prior month less line 15 of the current month.
 56 (6) The ROR utilized for the period 4/1/15 - 9/20/15 is based upon the ROR per Board Order in the Base Rate Case BPU Docket #WR11070460. For 9/21/15-3/31/16, ROR is based on BPU Docket #WR15010035.
 57 (7) Water sales for all entities were based upon actual monthly water sales.
 58 (8) For Settlement - exempt rate reflects \$0.3750 effective 4/1/15 per BPU Docket #WR14111278.
 59
 60

New Jersey American Water Company
Statement of Pro Forma PWAC
PWAC Year 4/1/2017-3/31/2018

New Jersey American Water Company
BPU Docket No. WR16111065
Witness Responsible: Dante M. DeStefano

Schedule DMD-3 Updated through 1/31/17 - SETTLEMENT
PWAC Filing Year: 4/1/2016 - 3/31/2017

Page 1

Line	(1)	(2)
1	CALCULATION of PWAC Rates for Year 4/1/2017-3/31/2018 Without Compression (regular calc.)	
		<u>Regular Calc.</u>
2	Pro forma Purchased Water Exp.- PWAC Year 4/01/17-3/31/18 (Sched. RRS-1)	\$32,877,363
3	PWAC True-up from PWAC Year 4/01/16-3/31/17 (Schedule DMD-2)	(840,235)
4		
5		
6	sub-total (lines 2+3)	\$32,037,128
7		
8	Gross-up factor for Uncollect. Exp. & Actual 2016 BPU / Div. Rate Counsel Assessments (1)	0.9928
9		
10	PWAC for Recovery 4/1/17-3/31/18 pre-GRFT (line 6 / 8)	\$32,269,468
11		
12	Total Projected Water Sales subject to PWAC (1000 gallons) (line 51) (3)	82,428,104
13		
14	PWAC Exempt Rate per 1000 gallons (line 10 / 12)	\$0.3915
15		
16	PWAC Non-Exempt Rate per 1000 gals. (line 14 / grossed up for GRFT @ 13.76%) (2)	\$0.4540
17		
18		
19		
20	<u>Pricing</u>	
21	<u>Exempt Sales</u>	
22	Projected Exempt Water Sales subject to PWAC (1000 gallons) (line 50) (3)	2,655,139
23	PWAC Exempt Rate per 1000 gallons (line 14)	\$0.3915
24	PWAC Exempt Revenue	\$1,039,487
25		
26	<u>Non-Exempt Sales</u>	
27	Non-Exempt PWAC recovery pre-GRFT (line 10 - 24)	\$31,229,981
28	Non-Exempt PWAC recovery grossed-up for GRFT (line 27 / (100% - 13.76%))	\$36,212,872
29		
30	Projected Non-exempt Water Sales subject to PWAC (1000 gallons) (line 50) (3)	79,772,965
31	PWAC Non-Exempt Rate per 1000 gallons (line 16)	\$0.4540
32	PWAC Non-Exempt Revenue	\$36,216,926
33		
34	Total PWAC Revenue (ln. 24 + 32)	\$37,256,413
35		
36		
37	Notes:	
38	(1) Uncollectible rate @ 0.48% per 3-year average of 2012-2014 uncollectible rates and Actual Assessment Rates	
39	@ 0.242144% (combined) (BPU = 0.193247% for 2016, Rate Counsel = 0.048897%	
40	for 2016). Gross-up factor (100% - (0.48% + 0.242144%)) or 99.28%.	
41	(2) NJAWC Authorized GRFT rate is 13.76% per Docket #WR15010035	
42	(3) Projected water sales are an average of calendar years 2014, 2015 and 2016 actual water usage.	
43		
44		
45	Water Sales (in 1000 gallons)	
	<u>Exempt</u>	<u>Non-Exempt</u>
	2,655,139	79,772,965
		<u>Total</u>
		82,428,104

**New Jersey American Water Company
Statement of Pro Forma Purchased Water Expense
PWAC Year 4/1/2017-3/31/2018**

**New Jersey American Water Company
BPU Docket No. WR16111065
Witness Responsible: Robert R. Schaefer**

**Schedule RRS-1 Updated through 1/31/17 - SETTLEMENT
PWAC Filing Year: 4/1/2016 - 3/31/2017**

Page 1

<u>Purchased Water Vendor</u>	Actual PWAC Year 4/1/16-3/31/17 Purchases (MGY)	Annual Contract Minimum (MGY)	Pro Forma Purchases (MGY)	Pro Forma Rate per MG	Pro Forma PWAC Year 4/1/2017-3/31/2018 Expense
(1)	(2)	(3)	(4)	(5)	(6)
Passaic Valley Water Commission (PVWC):	4,165.166	3,777.750	4,214.222 (1a)	\$2,666.94 (1)	\$11,239,077
PVWC - power component					(2) \$652,456
Morris County Municipal Utilities Authority	237.157	220.000	237.157	\$2,719.93 (3)	\$645,050
Montclair Water Bureau	83.192	65.000	86.932 (1a)	\$5,224.52 (4)	\$454,178
New Jersey Water Supply Authority (NJWSA)					
Manasquan:	4,562.500				
Contract @ Initial rate		2,943.725	2,943.725	\$1,058.66 (5)	\$3,116,404
Contract @ Delayed rate		1,618.775	1,618.775	\$1,162.83 (5a)	\$1,882,360
Power component					(2) \$209,612
Overdraft service	0.000		42.724		(5b) \$123,718
Raritan:					
Contract	46,208.88	46,209.00	46,209.00	\$287.92 (6)	\$13,304,495
Legislative grant	1,062.15	1,062.15	1,062.15	\$0.00	\$0
Overdraft service	1,037.05		730.87		(6a) \$219,312
Retroactive Debt Service					(6b) \$200,301
Credit against Retroactive Debt Serv. Pymts					(6c) (\$190,717)
Atlantic City Municipal Utilities Authority:					
Base rate	180.000	180.000	180.000	\$0.00 (7)	\$0
Excess rate	263.157	372.822	372.822	\$0.00 (7)	\$0
Shorelands Water Company:					
Union Beach connections:	175.864				
Sale for Resale rate		162.500	149.609	\$2,248.50 (8)	\$336,396
Backup bulk sales rate			12.891	\$4,099.00 (8)	\$52,840
Fixed chg:2 - 4" meter (per mo.)				\$300.00 (8)	\$7,200
Fixed chg:2 - 6" meter (per mo.)				\$600.00 (8)	\$14,400
Union Beach Deficiency bill					(9) \$61,353
Holmdel connection:					
Backup bulk sales rate	11.360		10.585 (1a)	\$4,099.00 (8)	\$43,388
Fixed chg:1 - 6" meter (per mo)				\$600.00 (8)	\$7,200
Marlboro Township MUA	98.265	91.250	93.956 (1a)	\$4,293.46 (10)	\$403,394
City of Wildwood	35.030	35.000	35.165 (1a)	\$2,700.00 (11)	\$94,946
			<u>58,000.583</u>		<u>\$32,877,363</u>

**New Jersey American Water Company
Statement of Pro Forma Purchased Water Expense
PWAC Year 4/1/2017-3/31/2018**

**New Jersey American Water Company
BPU Docket No. WR16111065
Witness Responsible: Robert R. Schaefer**

**Schedule RRS-1 Updated through 1/31/17 - SETTLEMENT
PWAC Filing Year: 4/1/2016 - 3/31/2017
Page 2**

RRS-1 Notes:

- (1) Prorated Rate - 9 months of rate effective 1/1/17 - \$2,634.01 and 3 months increase by 5% effective 1/1/18 per letter dated 12/22/16.
- (1a) 3 year average of usage for the 12 months ended 3/31/15, 3/31/16 and 3/31/17. See Note 1, DMD-1a for explanation for year ended 3/31/17.
- (2) 3 year average of power costs for the 12 months ended 3/31/15, 3/31/16 and 3/31/17. See Note 1, DMD-1a for explanation for year ended 3/31/17.
- (3) Prorated rate effective 1/1/17 rate of \$2,693 for 9 months, plus 3 months of estimated rate effective 1/1/18, estimating 4% increase to 2017 rate.
- (4) Rates as applicable per Montclair Water Bureau Ordinance and agreement dated 6/16/15.
- (5) Prorated rate - 3 months of actual rate Eff. 7/1/16-6/30/17 \$1,104.58 per mg and 9 mos. of 7/1/17-6/30/18 estimated rate increase , \$1,043.35 per mg, per NJWSA Basis and Background Statement.
- (5a) Prorated rate - 3 months of actual rate Eff. 7/1/16-6/30/17 \$1,238.04 per mg and 9 mos. of 7/1/17-6/30/18 estimated rate increase, \$1,137.76 per mg, per NJWSA Basis and Background Statement.
- (5b) Estimated overdraft service charge based upon average of 12 months ended 3/31/15, 3/31/16 and 3/31/17 actual monthly and annual overdraft charges. See Note 2, DMD-1 for explanation for year ended 3/31/17.
- (6) Per settlement - average of as-filed rate and RCR-15 updated rate (\$260.59 vs. \$315.25).
- (6a) Estimated overdraft service charge based upon 3 year average for the periods ended 3/31/15, 3/31/16 and 3/31/17 actual monthly and annual overdraft charges. See Note 2, DMD-1 for explanation for year ended 3/31/16.
- (6b) Actual annual retroactive debt service charge effective January 2008.
- (6c) Estimated prior period credit against the debt service charge is based upon a 3 year average of these credits for the 12 months ended 3/2015, 3/2016 and 3/2017.
- (7) Contract expired on November 20, 2016 and was not renewed.
- (8) Present rates - Effective 3/18/15.
- (9) Estimated Union Beach deficiency bill based upon a 3-year average of the dollars associated with the deficiency in PWAC Years ended 3/31/15, 3/31/16 and 3/31/17.
- (10) Prorated rate reflects the average of the 12 monthly projected rates during PWAC Yr. 4/1/17 - 3/31/18. The rate incorporates MWC (Middlesex) and MTMUA components. The MWC rate component was based on the current actual rate eff. 8/29/2015 of \$2,927.84 per mg. The MTMUA component was prorated based on 11 months of the current contractual rate of \$1,360.89 and 1 month of a contractual 2% rate incr. effective 3/1/18 of \$1,388.11. The MTMUA rate increase is effective on the anniversary of the Water Service Effective Date of 3/1/09.
- (11) Present rates - Effective 1/1/2016.

New Jersey American Water Company
 Statement of Lakewood Sewer Service Actual Purchased Wastewater Treatment Operating Expense - PSTAC Sewer Service
 PSTAC Year 4/1/16 - 3/31/17

New Jersey American Water Company
 BPU Docket No. WR16111965
 Witness Responsible: Dante M. DeStefano

Schedule DMD-4 Updated through 1/31/17 - SETTLEMENT
 PWAC Filing Year: 4/1/2016 - 3/31/2017

Line No.	Purchased Wastewater Treatment	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Total
1														
2														
3	<u>Lakewood Sewer Service</u>													
4														
5	<u>Journal Entries</u>													
6	Entries/Accruals (1)	\$452,900	\$452,900	\$452,900	\$452,900	\$452,900	\$452,900	\$452,900	\$452,900	\$452,900	\$452,900	\$778,433	\$452,900	\$5,758,333
7	Total Bal. Purch. Wastewater Treatment	\$452,900	\$452,900	\$452,900	\$452,900	\$452,900	\$452,900	\$452,900	\$452,900	\$452,900	\$452,900	\$778,433	\$452,900	\$5,758,333
8														
9	<u>Adjustments</u>													
10	<u>Additions/Vouchers</u>													
11	Ocean County Utilities Authority (OCUA) Vouchers (2)	\$0	\$1,358,700	\$0	\$0	\$1,358,700	\$0	\$0	\$1,358,700	\$0	\$0	\$1,358,700	\$0	\$5,434,800
12	OCUA - 2018 Deficiency Charge Voucher (2)											323,533		323,533
13														0
14														0
15	Total of Additions	\$0	\$1,358,700	\$0	\$0	\$1,358,700	\$0	\$0	\$1,358,700	\$0	\$0	\$1,682,233	\$0	\$5,758,333
16														
17														
18	<u>Eliminations</u>													
19	Eliminate Accruals for Account	(\$452,900)	(\$452,900)	(\$452,900)	(\$452,900)	(\$452,900)	(\$452,900)	(\$452,900)	(\$452,900)	(\$452,900)	(\$452,900)	(\$778,433)	(\$452,900)	(\$5,758,333)
20														0
21	Total of Eliminations	(\$452,900)	(\$452,900)	(\$452,900)	(\$452,900)	(\$452,900)	(\$452,900)	(\$452,900)	(\$452,900)	(\$452,900)	(\$452,900)	(\$778,433)	(\$452,900)	(\$5,758,333)
22														
23	Total Purch. Wastewater Treat. Exp. As Adjusted	\$0	\$1,358,700	\$0	\$0	\$1,358,700	\$0	\$0	\$1,358,700	\$0	\$0	\$1,682,233	\$0	\$5,758,333

26 Notes

27 (1) Journal Entries/accruals are based on actuals

28 (2) February 2017 invoice per letter dated February 3, 2017 from the OCUA

New Jersey American Water Company
 Statement of Adolphus Sewer Service PSTAC True Up Schedule - Revenue and Operating Expense - PSTAC Sewer Service
 PSTAC Year 4/1/16 - 3/31/17

New Jersey American Water Company
 BRU Docket No. WRR1611005
 Witness Responsible: Dennis M. DeSantis
 Schedule DMD-7 Updated through 1/31/17 - SETTLEMENT
 PSTAC Filing Year 4/1/2016 - 3/31/2017
 Page 1

Line	Description	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Total
1	Adolphus Sewer Service														
2	Total Billed PSTAC Revenue (2)		\$78,530	\$86,625	\$91,086	\$108,727	\$90,145	\$105,947	\$88,195	\$82,481	\$78,308	\$91,255	\$87,988	\$87,988	\$1,081,100
3	GRTT Fee Rate (N/A) (3)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4	Billed PSTAC Revenue net of GRTT		\$78,530	\$86,625	\$91,086	\$108,727	\$90,145	\$105,947	\$88,195	\$82,481	\$78,308	\$91,255	\$87,988	\$87,988	\$1,081,100
5	Less: Uncollectible & BRUDIV Rate Counsel Exp. Factor (3)		0.9928	0.9928	0.9928	0.9928	0.9928	0.9928	0.9928	0.9928	0.9928	0.9928	0.9928	0.9928	0.9928
6	PSTAC Rev net of GRTT, Uncoll., BRUDIV exp. (line 5)		\$78,537	\$86,501	\$90,103	\$108,837	\$90,146	\$105,005	\$88,539	\$81,807	\$78,729	\$90,288	\$87,035	\$87,035	\$1,073,318
7	Less: PSTAC True-up Under-recovery of \$17,785 from PSTAC Year 4/15-3/16 divided by 12 mos (1)		1,485	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	17,785
8	Total PSTAC Revenue net of Cost recoveries detailed above		77,472	84,521	88,623	107,457	88,016	103,605	87,073	80,407	77,249	89,118	85,655	85,655	1,055,591
9	Total Purch. Wastewater Treat Exp. As Adjusted - (per Schedule DMD-4, ln 22)		259,123	0	0	259,123	0	0	259,123	0	0	259,123	0	14,940	1,051,332
10	Total PSTAC True-up Balance		\$181,651	(\$84,521)	(\$88,623)	\$181,988	(\$88,016)	(\$103,605)	\$177,856	(\$80,407)	(\$177,249)	\$170,003	(\$85,655)	(\$85,655)	(\$4,219)
11	Interest Calculation														
12	Total PSTAC Cumulative True-up Balance		\$181,651	(\$84,521)	(\$88,623)	\$181,988	(\$88,016)	(\$103,605)	\$177,856	(\$80,407)	(\$177,249)	\$170,003	(\$85,655)	(\$85,655)	(\$4,219)
13	(Over/Recovery)/Under-Recovery (4)		\$187,831	\$111,930	\$21,627	\$171,713	\$82,217	(\$22,869)	\$147,702	\$65,815	(\$12,914)	\$155,611	\$68,278	(\$4,219)	
14	Average of the Current & Prior months Cumulative True-up Balances		107,848	154,830	66,728	98,820	128,985	29,674	62,417	106,758	28,450	71,348	111,943	32,028	
15	Overall ROR Per Docket BRUDIV15010035 (5)		7.5486%	7.5486%	7.5486%	7.5486%	7.5486%	7.5486%	7.5486%	7.5486%	7.5486%	7.5486%	7.5486%	7.5486%	
16	Monthly Overall Rate of Return		0.633%	0.633%	0.633%	0.633%	0.633%	0.633%	0.633%	0.633%	0.633%	0.633%	0.633%	0.633%	
17	Monthly True-up Balances - (Over) / Under		\$879	\$376	\$420	\$609	\$500	\$187	\$383	\$973	\$167	\$410	\$705	\$202	\$6,280
18	Total PSTAC (Over-Recovery)/Under-Recovery, Including Interest														(\$4,219)

Notes:
 29 (1) March 2016 represents the Total PSTAC True-up balance for Adolphus Sewer per Schedule DMD-7a
 40 (2) Billed PSTAC revenues are based on actual, except as otherwise indicated for February 2017 through March 2017
 42 (3) The GRTT rate (not applicable to wastewater treatment costs) and the Uncollectible/BRUDIV Rate Counsel expense factor utilized herein is per Schedule DMD-4.
 43 (4) Line 23 of the current month plus line 27 of the prior month less line 12 of the current month
 44 (5) The ROR utilized for the period 4/1/16 - 3/31/17, based on BRU Docket #WRR15010035

New Jersey American Water Company
 Statement of Ocean City Sewer Service PSTAC True Up Schedule - Revenue and Operating Expense - PSTAC Sewer Service
 PSTAC Year 4/1/16 - 3/31/17

Schedule DMD-9 Updated through 1/31/17 - SETTLEMENT
 PWAC Filing Year: 4/1/2016 - 3/31/2017
 Page 1

New Jersey American Water Company
 BPU Docket No. WR16111065
 Witness Responsible: Dante M. DeStefano

Line No.	Purchased Wastewater Treatment	Note (1) Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Total
1															
2	Ocean City Sewer Service														
3															
4	Total Billed PSTAC Revenue (2)		\$715,098	\$695,997	\$695,029	\$698,182	\$740,649	\$715,942	\$732,420	\$641,582	\$795,296	\$735,506	\$696,344	\$696,344	\$8,558,289
5	GRFT tax rate (N/A) (3)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6	Billed PSTAC Revenues net of GRFT		\$715,098	\$695,997	\$695,029	\$698,182	\$740,649	\$715,942	\$732,420	\$641,582	\$795,296	\$735,506	\$696,344	\$696,344	\$8,558,289
7															
8	Less: Uncollectibles & BPU/Div Rate Counsel Exp Factor (3)		0.9928	0.9928	0.9928	0.9928	0.9928	0.9928	0.9928	0.9928	0.9928	0.9928	0.9928	0.9928	0.9928
9	PSTAC Rev net of GRFT, Uncoll, BPU/DRC exp (line 6*8)		\$709,949	\$690,986	\$690,025	\$693,155	\$735,316	\$710,680	\$727,147	\$636,963	\$789,570	\$730,210	\$691,330	\$691,330	\$8,496,669
10															
11	Less: PSTAC True-up Over-recovery of (\$71,273) from PSTAC Year 4/15-3/16 divided by 12 mos (1)		(5,935)	(5,940)	(5,940)	(5,940)	(5,940)	(5,940)	(5,940)	(5,940)	(5,940)	(5,940)	(5,940)	(5,940)	(71,273)
12															
13															
14															
15	Total PSTAC Revenue net of Cost recoveries detailed above		715,894	696,328	695,965	699,095	741,258	716,628	733,087	642,903	795,510	736,150	697,270	697,270	8,567,944
16															
17	Total Purch Wastewater Treat. Exp As Adjusted - (per Schedule DMD-8, ln 19)		0	0	0	2,105,097	2,105,097	0	0	0	0	2,105,097	0	1,887,870	8,203,161
18															
19															
20	Total PSTAC True-up Balance														
21	(Over-Recovered) / Under-Recovered (ln. 17 - 15)		(\$715,894)	(\$696,326)	(\$695,965)	\$1,406,002	\$1,363,841	(\$716,628)	(\$733,087)	(\$642,903)	(\$795,510)	\$1,368,947	(\$697,270)	\$1,190,600	(\$364,784)
22															
23	Interest Calculation														
24	Total PSTAC Cumulative True-up Balance														
25	(Over-Recov) / Under-Recov (4)		(\$71,275)	(\$781,224)	(\$1,472,210)	(\$2,162,235)	(\$750,293)	\$819,488	(\$91,200)	(\$818,347)	(\$1,455,310)	(\$2,244,880)	(\$989,993)	(\$1,561,323)	(\$364,784)
26															
27	Average of the Current & Prior months Cumulative True-up Balances		(428,250)	(1,126,717)	(1,817,223)	(1,458,284)	(65,403)	264,144	(454,774)	(1,136,829)	(1,850,095)	(1,557,437)	(1,215,658)	(963,054)	
28															
29															
30	Overall ROR Per Docket BPU/PAR15010035 (5)		7.5496%	7.5496%	7.5496%	7.5496%	7.5496%	7.5496%	7.5496%	7.5496%	7.5496%	7.5496%	7.5496%	7.5496%	7.5496%
31	Monthly Overall Rate of Return		0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
32	Interest on True-up Balances - (Over) / Under		(\$2,885)	(\$7,098)	(\$11,448)	(\$9,174)	(\$412)	\$1,684	(\$2,985)	(\$7,162)	(\$11,856)	(\$9,812)	(\$7,659)	(\$6,067)	(\$74,375)
33															
34															
35	Total PSTAC (Over-Recov.) / Under-Recov. including Interest														<u>(\$439,159)</u>

Notes:
 36 (1) March 2016 represents the Total PSTAC True-up balance for Ocean City Sewer per Schedule DMD-9a
 39 (2) Billed PSTAC revenues are based on actuals, except estimates utilized for February 2017 through March 2017.
 40 (3) The GRFT rate (not applicable to wastewater treatment costs) and the Uncollectible/BPU/Rate Council expense factor utilized herein is per Schedule DMD-11
 41 (4) Line 23 of the current month plus line 27 of the prior month less line 12 of the current month
 42 (5) The ROR utilized for the period 4/1/16 - 3/31/17, based on BPU Docket #WR15010035

New Jersey American Water Company
 Summary Statement of Pro Forma Purchased Wastewater Treatment Expense
 PSTAC Year 4/1/2017-3/31/2018

New Jersey American Water Company
 BPU Docket No. WR16111065
 Witness Responsible: Dante M. DeStefano

Schedule DMD-10 Updated through 1/31/17 - SETTLEMENT
 PWAC Filing Year: 4/1/2016 - 3/31/2017

Line No.	Sewer Service Tariff Area / Vendor (1)	Calendar Year 2017 Annual Charge (2)	Projected Increase Effective 1/1/2018 (3)	Projected Calendar Year 2018 Annual Charge (4)	Pro Forma PSTAC Year 4/1/17-3/31/18 Expense (5)
1	<u>Adelphia Sewer Service</u>				
2	Howell Township	\$1,095,853 (1)	2.36% (1a)	\$1,121,715	
3	<u>Annual Charge:</u>				
4	@ 9/12ths	821,890			
5	@ 3/12ths			280,429	
6	Pro forma Annual Cost PSTAC Yr. 4/1/2017-3/31/2018				\$1,102,319
7					
8					
9	Total Pro forma Costs PSTAC Yr. 4/1/2017-3/31/2018				<u>\$1,102,319</u>
10					
11	<u>Lakewood Sewer Service</u>				
12	Ocean County Utilities Authority	\$5,434,800 (2)	2.25% (2a)	\$5,557,264	
13					
14	<u>Annual Charge:</u>				
15	@ 9/12ths	4,076,100			
16	@ 3/12ths			1,389,318	
17	Pro forma Annual Cost PSTAC Yr. 4/1/2017-3/31/2018				\$5,465,416
18	OCUA's 2017 Estimated True-Up Deficiency Chg.				188,849 (3)
19					
20					
21	Total Pro forma Costs PSTAC Yr. 4/1/2017-3/31/2018				<u>\$5,654,265</u>
22					
23	<u>Ocean City Sewer Service</u>				
24	Cape May County Municipal Utilities Authority	8,530,454 (4)	1.01% (4a)	\$8,616,327	
25	<u>Annual Charge:</u>				
26	@ 9/12ths	6,397,841			
27	@ 3/12ths			2,154,082	
28	Pro forma Annual Cost PSTAC Yr. 4/1/2017-3/31/2018				\$8,551,923
29	CMCUA's 2017 Estimated True-Up Deficiency Chg.				(61,295) (5)
30					
31					
32	Total Pro forma Costs PSTAC Yr. 4/1/2017-3/31/2018				<u>\$8,490,628</u>
33					
34					
35					
36	Total PSTAC Costs for PSTAC Year 4/1/2017-3/31/2018				<u><u>\$15,247,211</u></u>

Notes:
 (1) Estimate equal to the actuals updated through January 31, 2017.
 (1a) Reflects 3-year average of increases in total expenses for 2015, 2016, and 2017.
 (2) Reflects the Preliminary Estimate of 2017 Annual Charge per letter dated November 14, 2016 from the OCUA.
 (2a) Reflects 3-year average of increases in total expenses for 2015, 2016, and 2017.
 (3) Estimate equal to 3-year average of 2014, 2015 and 2016 deficiency charge
 (4) Reflects the 2017 proposed per the CMCMUA Rate Setting Report effective 1/1/2017
 (4a) Reflects 3-year average of increases in total expenses for 2015, 2016, and 2017.
 (5) Estimating deficiency charge reflecting 3-year average of 2014, 2015, and 2016.

New Jersey American Water Company
Statement of Pro Forma PSTAC
PSTAC Year 4/1/2017-3/31/2018

New Jersey American Water Company
BPU Docket No. WR1811065
Witness Responsible: Dante M. DeStefano

Schedule DMD-11 Updated through 1/31/17 - SETTLEMENT
PWAC Filing Year: 4/1/2016 - 3/31/2017
Page 1

Line No.	(1)	(2) Regular Calc.
CALCULATION of PSTAC Rates for Year 4/1/17-3/31/18 Without Compression (regular calc.)		
<u>Lakewood Sewer Service</u>		
1	Pro Forma Purchased Wastewater Treatment Expense - PSTAC Year 4/01/2017-3/31/2018 (Schedule DMD-10)	\$5,654,265
2	PSTAC True-up from PSTAC Year 4/01/15-3/31/16 (Schedule DMD-5)	338,264
3	sub-total (lines 1 + 2)	\$5,992,529
4	Gross-up factor for Uncollectibles Exp. & Actual 2016 BPU / Div. Rate Counsel Assessments (1)	0.9928
5	PSTAC for Recovery 4/1/2017-3/31/2018 (line 3 / 4)	\$6,035,998
6	Total Projected Sewer Service Sales subject to PSTAC (1000 gallons) (2)	1,345,532
7	PSTAC per 1000 gallons (line 5 / 6) (3)	\$4,4859
<u>Adelphia Sewer Service</u>		
8	Pro Forma Purchased Wastewater Treatment Expense - PSTAC Year 4/01/2017-3/31/2018 (Schedule DMD-10)	\$1,102,319
9	PSTAC True-up from PSTAC Year 4/01/15-3/31/16 (Schedule DMD-7)	(4,219)
10	sub-total (lines 8 + 9)	\$1,098,100
11	Gross-up factor for Uncollectibles Exp. & Actual 2016 BPU / Div. Rate Counsel Assessments (1)	0.9928
12	PSTAC for Recovery 4/1/2017-3/31/2018 (line 10 / 11)	\$1,106,084
13	Total Projected Sewer Service Sales subject to PSTAC (1000 gallons) (2)	168,430
14	PSTAC per 1000 gallons (line 12 / 13) (3)	\$6,5669
<u>Ocean City Sewer Service</u>		
15	Pro Forma Purchased Wastewater Treatment Expense - PSTAC Year 4/01/2017-3/31/2018 (Schedule DMD-10)	\$8,490,628
16	PSTAC True-up from PSTAC Year 4/01/15-3/31/16 (Schedule DMD-9)	(439,159)
17	sub-total (lines 15 + 16)	\$8,051,469
18	Gross-up factor for Uncollectibles Exp. & Actual 2016 BPU / Div. Rate Counsel Assessments (1)	0.9928
19	PSTAC for Recovery 4/1/2017-3/31/2018 (line 17 / 18)	\$8,109,860
20	Total Projected Sewer Service Sales subject to PSTAC (1000 gallons) (2)	334,722
21	PSTAC per 1000 gallons (line 19 / 20) (3)	\$24,2286

Notes:

(1) Uncollectible rate @ 0.48% per 3-year average of 2012-2014 uncollectible rates and Actual Assessment Rates @ 0.242144% (combined) (BPU = 0.193247% for 2016, Rate Counsel = 0.048897% for 2016) Gross-up factor (100% - (0.48% + 0.242144%)) or 99.28%

(2) See Schedule DMD-11, page 2 for explanation of Projected Sewer Sales.

(3) Gross-up for GRFT not applicable - wastewater treatment costs are deductible from Gross Receipts when computing GRFT

**New Jersey American Water Company
Pro Forma PSTAC-Supporting Sewer Service Sales Worksheet
PSTAC Year 4/1/2017-3/31/2018**

**New Jersey American Water Company
BPU Docket No. WR16111065
Witness Responsible: Dante M. DeStefano**

**Schedule DMD-11 Updated through 1/31/17 - SETTLEMENT
PWAC Filing Year: 4/1/2016 - 3/31/2017
Page 2**

Pro forma Lakewood Sewer Service Sales:

	1,345,532 (1)
Total Sales Lakewood	<u>1,345,532</u>

Pro forma Adelphia Sewer Service Sales:

	168,430 (2)
Total Sales Adelphia	<u>168,430</u>

Pro forma Ocean City Sewer Service Sales:

	334,722 (3)
Total Sales Ocean City	<u>334,722</u>

Notes:

- (1) Source: Average of customers' 2014, 2015 & 2016 actual wastewater consumption during the winter quarter, annualized. Also included is a usage adjustment to account for Lakewood minimum usage charges, which began 1/1/2011 as approved in Docket #WR10040260. This usage adjustment is consistent with that exhibited in SIR-14, Workpaper 5S, page 2 of 10 in Docket #WR15010035.
- (2) Source: Average of customers' 2014, 2015 & 2016 actual wastewater consumption.
- (3) Source: Average of 2014, 2015 and 2016 actual summer wastewater consumption.

Schedule DMD-15 Updated through 1/31/17 - SETTLEMENT

New Jersey American Water Company
 PWAC/PSTAC Filing Year 4/1/2016-3/31/2017 BPU Docket # WR161065
 Calculation of Revenue Increase

TOTAL REVENUES (Base + PWAC/PSTAC)

Base Rate Revenues per BPU ORDER Doc. #WR15010035 note (3)

Water - Exh. P-2, Schd.5, Pg.1, Col.10, ln. 11

Sewer- Exh. P-2, Schd 5, Pg 4, Col. 10

Adelphia Sewer - ln. 6

Lakewood Sewer - ln. 7

Ocean City Sewer - ln. 8

Other Sewer Service not subject to PSTAC - lns. 9-11 & 20

Total Base Rate Revenues per BPU ORDER

Water	Sewer	Total
\$558,126,620		\$558,126,620
	1,223,663	1,223,663
	6,942,698	6,942,698
	5,246,236	5,246,236
	5,167,445	5,167,445
<u>\$558,126,620</u>	<u>\$18,580,042</u>	<u>\$576,706,662</u>

DSIC Rate Revenues per BPU Order Doc #WR15060724

Total DSIC Rate Revenues per BPU Order

\$8,990,931		\$ 8,990,931
<u>\$567,117,551</u>	<u>\$18,580,042</u>	<u>\$585,697,593</u>

Pro Forma PWAC/PSTAC Present Rate Revenues per Current Filing

PWAC per Schedule DMD-3, Col.2, (ln 23 * \$0.4018) + (ln 31 * \$0.4659) note (1)

PSTAC per Schedule DMD-11 (ref. cols and lines below) note (2):

Adelphia Sewer - Col. 2, ln 14 * \$6.2674

Lakewood Sewer - Col. 2, ln 7 * \$4.1625

Ocean City Sewer - Col. 2, ln 21 * \$24.9644

Total Pro Forma PWAC/PSTAC Revenue Increase

\$38,233,059		\$38,233,059
	1,055,618	1,055,618
	5,600,777	5,600,777
	8,356,134	8,356,134
<u>\$38,233,059</u>	<u>\$15,012,529</u>	<u>\$53,245,588</u>

Total Present Rate Revenues (Base + DSIC + PWAC/PSTAC) per above

Water

Adelphia Sewer

Lakewood Sewer

Ocean City Sewer

Other Sewer Service not subject to PSTAC

Total Present Rate Revenues

\$605,350,610		\$605,350,610
	2,279,281	2,279,281
	12,543,475	12,543,475
	13,602,370	13,602,370
	5,167,445	5,167,445
<u>\$605,350,610</u>	<u>\$33,592,571</u>	<u>\$638,943,181</u>

Pro Forma PWAC/PSTAC Proposed Revenue Increase per Current Filing

PWAC

PSTAC Adelphia Sewer

PSTAC Lakewood Sewer

PSTAC Ocean City Sewer

Total Pro Forma PWAC/PSTAC Revenue Increase

(\$976,646)		(\$976,646)
	50,446	50,446
	435,211	435,211
	(246,274)	(246,274)
<u>(\$976,646)</u>	<u>\$239,383</u>	<u>(\$737,263)</u>

Pro Forma PWAC/PSTAC Proposed Rev.Incr.% over current Total Present Rev.

PWAC

PSTAC Adelphia Sewer

PSTAC Lakewood Sewer

PSTAC Ocean City Sewer

Total Pro Forma PWAC/PSTAC Revenue Increase %

-0.16%		-0.16%
	2.21%	2.21%
	3.47%	3.47%
	-1.81%	-1.81%
<u>-0.16%</u>	<u>0.71%</u>	<u>-0.12%</u>

Notes:(1) Present Rates on an Uncompressed basis per Schedule DMD-3 - Per Settlement, WR15111289. Usage per DMD-3, lines 22 and 30.

(2) Present Rates on an Uncompressed basis per Schedule DMD-11 - Per Settlement, WR15111289. Usage per DMD-11.

(3) Approx. \$58 mil. Of Base Revenues are not subject to PWAC (Fire Service, Uninter. Manasquan Serv., and Other Operating Revenues)

New Jersey American Water Company
PWAC & PSTAC Rate Filing - Bill Comparisons
 Usage In Gallons, Usage Rates in 1000 gallons
 Proposed Rates are Compressed Rates

Schedule DMD-16 Updated through 1/31/17 - SETTLEMENT
 BPU Docket No. WR1611065

PWAC

Service Area	Monthly Usage	Present Rates					Present Monthly Bill	Present Annual Bill
		Base Rates Eff. 9/21/15		PWAC Eff. 4/1/16		OSIC Eff. 12/1/16		
		Mon Fix Serv. Chg. 5/8	Usage Chg Rate	Usage Chg Rate	Usage Chg Rate	Monthly Chg. 5/8		
SA1 - STATEWIDE	6,000	\$13.60	\$6.1998	\$0.4659	\$1.90	\$55.49	\$665.68	
SA2 & SA3 & SA1a	6,000	13.60	6.0533	0.4659	1.90	54.62	655.44	
Marville, SA-1d	6,000	13.60	5.8185	0.4659	1.90	52.01	624.12	
Southampton	6,000	13.60	5.2433	0.4659	1.90	49.76	597.12	
SA-1b Pennsgrove	6,000	13.60	4.4988	0.4658	1.90	45.29	543.48	

PSTAC

Adelphia Sewer Rates	Monthly Usage	Present Rates				Present Monthly Bill	Present Annual Bill
		Base Rates Eff. 9/21/15		PSTAC Eff. 4/1/16			
		Mon Fix Serv. Chg. 5/8	Usage Chg Rate	Usage Chg Rate	Usage Chg Rate		
Rates		\$5.69	\$5.5080	\$6.2674			
Monthly Bill Calculation	4,000	\$5.69	\$22.62	\$25.87	\$62.78	\$633.36	

PSTAC

Ocean City Sewer Rates	Annual Usage	Summer Qtr. Usage	Present Rates			Present Monthly Bill	Present Annual Bill
			Base Rates Eff. 9/21/15		PSTAC Eff. 4/1/16		
			Sewer Usage Charge (1)	Minimum Service Charge (2)	Service Charge (2)		
Rates			\$1.8696	\$11.1038	\$24.9644		
Annual Bill Calculation	44,000	28,000	\$82.27	\$222.08	\$483.28	\$669.97	

Notes: (1) Applicable to each month's current usage \$0.6921
 (2) Applicable to prior year's summer quarter usage

PSTAC

Lakewood Sewer Rates	Monthly Usage	Present Rates				Present Monthly Bill	Present Annual Bill
		Base Rates Eff. 9/21/15		PSTAC Eff. 4/1/16			
		Mon Fix Serv. Chg. 5/8	Usage Chg Rate	Usage Chg Rate	Usage Chg Rate		
Rates		\$15.06	\$3.4102	\$4.1625			
Monthly Bill Calculation	6,000	\$15.06	\$20.46	\$24.98	\$60.50	\$726.00	

(1) Exempt PWAC rate of \$0.3915 per 1000 gallons

Service Area	Monthly Usage	Present Rates			Proposed		Proposed Monthly Bill	Proposed Annual Bill
		Base Rates Eff. 9/21/15		OSIC Eff. 12/1/16	PWAC (1)			
		Mon Fix Serv. Chg. 5/8	Usage Chg Rate	Monthly Chg. 5/8	Usage Chg Rate			
		\$13.60	\$6.1998	\$1.90	\$0.4540	\$55.42	\$665.04	
		13.60	6.0533	1.90	0.4540	54.54	654.48	
		13.60	5.8185	1.90	0.4540	51.94	623.28	
		13.60	5.2433	1.90	0.4540	49.68	596.16	
		13.60	4.4988	1.90	0.4540	45.22	542.64	

Adelphia Sewer Rates	Monthly Usage	Present Rates		Proposed		
		Base Rates Eff. 9/21/15		PSTAC		
		Mon Fix Serv. Chg. 5/8	Usage Chg Rate	Usage Chg Rate	Usage Chg Rate	
Rates		\$5.69	\$5.5080	\$6.5669		
Monthly Bill Calculation	4,000	\$5.69	\$22.62	\$26.27	\$62.68	\$647.76

Ocean City Sewer Rates	Annual Usage	Summer Qtr. Usage	Present Rates		Proposed	
			Base Rates Eff. 9/21/15		PSTAC	
			Sewer Usage Charge (1)	Minimum Service Charge (2)	Minimum Service Charge (2)	Minimum Service Charge (2)
Rates			\$1.8696	\$11.1038	\$24.2286	
Monthly Bill Calculation	44,000	28,000	\$82.27	\$222.08	\$484.57	\$65.74

Lakewood Sewer Rates	Monthly Usage	Present Rates		Proposed		
		Base Rates Eff. 9/21/15		PSTAC		
		Mon Fix Serv. Chg. 5/8	Usage Chg Rate	Usage Chg Rate	Usage Chg Rate	
Rates		\$15.06	\$3.4102	\$4.4858		
Monthly Bill Calculation	6,000	\$15.06	\$20.46	\$26.92	\$62.44	\$749.28

5/8" Customer				
Increase				
Monthly	Monthly%	Annual	%	
(30.07)	-0.13%	(30.84)	-0.13%	
(0.08)	-0.15%	(0.96)	-0.15%	
(0.07)	-0.13%	(0.84)	-0.13%	
(0.06)	-0.16%	(0.96)	-0.16%	
(0.07)	-0.15%	(0.84)	-0.15%	

5/8" Customer				
Increase				
Monthly	Monthly%	Annual	%	
\$1.20	2.27%	\$14.40	2.27%	

5/8" Customer				
Increase				
Monthly	Monthly%	Annual	%	
(\$1.23)	-1.84%	(\$14.76)	-1.84%	

5/8" Customer				
Increase				
Monthly	Monthly%	Annual	%	
\$1.84	3.21%	\$23.28	3.21%	



NEW JERSEY
AMERICAN WATER

1025 Laurel Oak Road
Voorhees, NJ 08043
stephen.bishop@amwater.com

P 856.309.4589
F 856.782.2481

March 3, 2017

Via E-Mail and Overnight Delivery

Hon. Irene Jones, ALJ
Office of Administrative Law
33 Washington Street
Newark, NJ 07102

**Re: I/M/O the Petition of New Jersey American Water Company, Inc. to Change the Levels of its Purchased Water Adjustment Clause and Purchased Wastewater (Sewerage) Treatment Adjustment Clause
OAL DOCKET NO. PUC 17239-2016N**

Dear Judge Jones:

Attached to this letter is a signed stipulation, representing the parties' settlement of the above-captioned matter. It is our understanding that Middlesex Water Company has already submitted a letter indicating it has no objection to this matter proceeding by way of the attached settlement. The parties wish to have this matter before the Board of Public Utilities for approval at its March 24, 2017 meeting and as such all documents need to be finalized by March 9, 2017.

Thank you for your attention to and handling of this matter. Please do not hesitate to contact me should you have any questions.

Respectfully submitted,

Very truly yours,

Stephen R. Bishop
Corporate Counsel

SRB:dlc

cc: Service list (via e-mail)

**I/M/O the Petition of New Jersey American Water Company, Inc. to
Change the Levels of its Purchased Water Adjustment Clause and
Purchased Wastewater (Sewerage) Treatment Adjustment Clause
BPU Docket No. WR16111065
OAL Docket No. PUC PUC 17239-2016N**

Service List

Maria Moran, Director
Division of Water and Wastewater
Board of Public Utilities
44 South Clinton Avenue, 9th Fl.
PO Box 350
Trenton, NJ 08625

Matthew J. Koczur
Board of Public Utilities
Division of Water and Wastewater
44 South Clinton Avenue, 9th Fl.
PO Box 350
Trenton, NJ 08625

Mike Kammer
Board of Public Utilities
Division of Water and Wastewater
44 South Clinton Avenue, 9th Fl.
PO Box 350
Trenton, NJ 08625

Kyle Felton
Board of Public Utilities
Division of Water and Wastewater
44 South Clinton Avenue, 9th Fl.
PO Box 350
Trenton, NJ 08625

James Kane, Esq.
Board of Public Utilities
44 South Clinton Avenue, 9th Fl.
PO Box 350
Trenton, NJ 08625

Veronica Beke, DAG
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Andrew Kuntz, DAG
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Emma Xiao, DAG
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Stefanie A. Brand, Director
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

Debra F. Robinson, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

Susan E. McClure, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

Robert J. Henkes
Henkes Consulting
7 Sunset Road
Old Greenwich, CT 06870

Stephen R. Bishop, Esq.
New Jersey American Water Company
1025 Laurel Oak Road
Voorhees, NJ 08043

**I/M/O the Petition of New Jersey American Water Company, Inc. to
Change the Levels of its Purchased Water Adjustment Clause and
Purchased Wastewater (Sewerage) Treatment Adjustment Clause
BPU Docket No. WR16111065
OAL Docket No. PUC PUC 17239-2016N**

Service List

Frank X. Simpson
Director of Rates & Regulation
New Jersey American Water Company
1025 Laurel Oak Road
Voorhees, NJ 08043

Dante DeStefano
Director of Rates & Regulation
New Jersey American Water Company
1025 Laurel Oak Road
Voorhees, NJ 08043

Robert R. Schaefer, PE
Senior Director of Operations
New Jersey American Water
P.O. Box 102
Bound Brook, NJ 08805

Jay L. Kooper, Esq.
Middlesex Water Company
1500 Ronson Road
Iselin, NJ 08830

Bruce O'Connor
Middlesex Water Company
1500 Ronson Road
Iselin, NJ 08830