



Agenda Date: 3/19/25

Agenda Item: 5B

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE PETITION OF NEW)	ORDER APPROVING
JERSEY-AMERICAN WATER COMPANY, INC. FOR)	STIPULATION OF SETTLEMENT
AUTHORIZATION TO CHANGE THE LEVEL OF ITS)	
PURCHASED WATER ADJUSTMENT CLAUSE)	
AND PURCHASED WASTEWATER TREATMENT)	
ADJUSTMENT CLAUSE)	DOCKET NO. WR24110850

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

Stephen R. Bishop, Esq., Vice President & General Counsel, New Jersey-American Water Company, Inc.

Jay L. Kooper, Esq., Vice President, General Counsel & Secretary, Middlesex Water Company

BY THE BOARD:

On November 15, 2024, pursuant to N.J.S.A. 48:2-21, N.J.A.C. 14:9-7.1 et seq., and other relevant statutes and regulations, New Jersey-American Water Company, Inc. ("NJAWC" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") requesting approval to modify its Purchased Water Adjustment Clause ("PWAC") and Purchased Wastewater Treatment Adjustment Clause ("PSTAC") rates ("Petition"). By this Order, the Board considers a stipulation of settlement ("Stipulation") executed by the Company, the New Jersey Division of Rate Counsel ("Rate Counsel"), and Board Staff ("Staff") (collectively, "Signatory Parties") intended to resolve the Company's requests in the Petition.

BACKGROUND

NJAWC is a regulated public utility corporation engaged in the production, treatment and distribution of water, and the collection and treatment 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, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Salem, Somerset, Union, and Warren. As of December 31, 2023, NJAWC serves approximately 668,000 water and fire service customers and approximately 64,200 wastewater service customers. The PWAC is not applicable to customers receiving private or public fire protection, since these customers do not receive metered water consumption services.

Currently, NJAWC purchases water on a routine basis from six (6) separate entities and purchases wastewater treatment services from six (6) 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 six (6) sources with which NJAWC collaborates to purchase water are: 1) Passaic Valley Water Commission; 2) Morris County Municipal Utilities Authority; 3) Montclair Water Bureau; 4) New Jersey Water Supply Authority; 5) City of Newark; and 6) Borough of Florham Park. Additionally, the six (6) wastewater treatment providers from which the Company purchases treatment services are: 1) the Cape May County Municipal Utilities Authority for the Company's Ocean City Wastewater tariff group; 2) the Ocean County Utilities Authority for the Company's Lakewood Wastewater tariff group; 3) Howell Township for the Company's Adelphia Wastewater tariff group; 4) Gloucester County Municipal Utilities Authority (pass-through Borough of Glassboro) for the Company's Elk Township Wastewater tariff group; 5) Atlantic County Utilities Authority for the Company's Egg Harbor City Wastewater tariff group; and 6) Somerset Raritan Valley Sewerage Authority (pass-through Borough of Somerville) for the Company's Somerville Wastewater tariff group.¹

By Order dated April 2, 2007, the Board ordered that all purchased water adjustment costs and purchased wastewater treatment costs be 1) removed from the Company's base rates, 2) subject to deferred accounting, and 3) recovered through the PWAC and PSTAC, pursuant to N.J.A.C. 14:9-7.1 et seq.² The Board further ordered NJAWC to make annual PWAC and PSTAC filings.

NJAWC's current PWAC and PSTAC rates, other than those noted in the following paragraph, were established by Board Order dated March 20, 2024.³

By Order dated September 4, 2024, the Board authorized the Company to establish new PSTAC Rate Schedules 12-B (Elk Township) and 20-B (Somerville), which became effective September 15, 2024, and 16-B (Egg Harbor City) which will become effective June 2, 2025.⁴ In the instant Petition, NJAWC proposed no increase for these tariffs, as the Company is maintaining the Rate Schedules established in the September 2024 Order. The Company indicated that it intends to file the respective true-up reconciliation schedules associated with the newly established rate schedules in its next PSTAC annual filing.

¹ In the Petition, the Company identified three (3) wastewater treatment providers for which the Company is seeking to adjust its rates for service (paragraph 2 of the Petition). NJAWC is not seeking a rate adjustment during this proceeding for rates associated with the remaining three (3) entities (paragraph 15 of the Petition).

² In re 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 Service and Other Tariff Revisions, BPU Docket No. WR06030257; OAL Docket No. PUCRL02635-2006S, Order dated April 2, 2007.

³ In re the Petition of New Jersey-American Water Company, Inc. for Authorization to Change the Level of its Purchased Water Adjustment Clause and Purchased Wastewater Treatment Adjustment Clause, BPU Docket No. WR23110791, Order dated March 20, 2024.

⁴ In re the Petition of New Jersey-American Water Company, Inc., for Approval of Increased Tariff Rates and Charges for Water and Wastewater Service, Change in Depreciation Rates, and Other Tariff Modifications, BPU Docket No. WR24010056; OAL Docket No. PUC 02409-24, Order dated September 4, 2024 ("September 2024 Order").

PETITION

By the Petition, NJAWC noted that the proposed PWAC and PSTAC rates are determined based on the costs of procuring water and wastewater treatment services. All associated costs for purchased water and wastewater treatment are recovered through the PWAC and PSTAC rider tariffs. Additionally, the Company does not incorporate any PWAC or PSTAC pass-through charges in its base rate cases.

On December 5, 2024, Middlesex Water Company ("MSW") filed an unopposed motion to intervene in this matter which the Board granted by Order dated January 15, 2025.⁵

On January 16, 2025, NJAWC filed a letter with the Board stating that during the pendency of this proceeding, NJAWC discovered several adjustments necessary to the schedules filed in support of its Petition ("January Letter"). The January Letter identified these adjustments to the Petition.

By the Petition, as adjusted by the January Letter, NJAWC proposed an increase in its PWAC rate from \$0.5289 to \$0.5396 per thousand gallons of water for Non-Exempt customers. Additionally, the Company proposed to modify its PWAC rate for Exempt customers from \$0.4568 to \$0.4690 per thousand gallons of water, reflected in PWAC Rate Schedule O-1.

The Company also proposed to modify its PSTAC charges as follows:

- For customers in Lakewood Township, Ocean County ("Lakewood Sewer"), the rate per thousand gallons, reflected in PSTAC Rate Schedule 2-B, would increase from \$4.2215 to \$4.4494. This change specifically applies to the winter quarter (January, February, and March meter readings).
- For customers in Ocean City, Cape May County ("Ocean City Sewer"), the rate per thousand gallons, reflected in PSTAC Rate Schedule 1-B, would increase from \$31.1310 to \$34.9564. This change specifically applies to the summer quarter (July, August, and September meter readings).
- For customers in the Adelpia section of Howell Township, Monmouth County ("Adelpia Sewer"), the rate per thousand gallons of water, reflected in PSTAC Rate Schedule 3-B, would increase from \$6.9696 to \$8.3199 per thousand gallons.

Overall, the Company requested to increase annual revenues by \$2,680,795 or 0.27%.

On February 7, 2025, NJAWC provided an update to its schedules to incorporate actual results through December 31, 2024, and forecasts through March 31, 2025 ("Update"). The Update reflected numbers that would increase NJAWC's PWAC rate from \$0.5289 to \$0.5330 per thousand gallons of water for Non-Exempt customers and from \$0.4568 to \$0.4633 per thousand gallons of water for Exempt customers.

The Update also reflected numbers that would modify its PSTAC charges as follows:

- For Ocean City Sewer, Cape May County, the rate per thousand gallons, reflected in PSTAC Rate Schedule 1-B, would change from \$31.1310 to \$32.4702. This change

⁵ In re the Petition of New Jersey-American Water Company, Inc. for Authorization to Change the Level of its Purchased Water Adjustment Clause and Purchased Wastewater Treatment Adjustment Clause, BPU Docket No. WR24110850, Order dated January 15, 2025.

specifically applies to the summer quarter (July, August, and September meter readings).

- For Lakewood Sewer, the rate per thousand gallons, reflected in PSTAC Rate Schedule 2-B, would change from \$4.2215 to \$4.3995. This change specifically applies to the winter quarter (January, February, and March meter readings).
- For Adelphia Sewer, the rate per thousand gallons of water, reflected in PSTAC Rate Schedule 3-B would change from \$6.9696 to \$9.1565 per thousand gallons.

A Board-appointed Regulatory Officer presided over two (2) virtual public hearings on February 27, 2025, at 4:30 p.m. and 5:30 p.m. One (1) member of the public attended with questions regarding an unrelated matter. No written comments were received.

STIPULATION

After reviewing the Petition, its updates, and discovery responses, the Signatory Parties executed the Stipulation, which provides:⁶

1. As a result of the Update, NJAWC proposes and the Signatory Parties recommend that the Board approve a change to the Company's PWAC rate on PWAC Rate Schedule O-1 from \$0.5289 per thousand gallons of water for Non-Exempt customers to \$0.5330 per thousand gallons of water for Non-Exempt customers and from \$0.4568 per thousand gallons of water for Exempt customers to \$0.4633 per thousand gallons of water for Exempt customers.
2. The Signatory Parties further recommend that the Board permit the Company to change its effective PSTAC charges as follows:
 - a. 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, from \$31.1310 per thousand gallons to \$32.4702 per thousand gallons.
 - b. For Lakewood Township, Ocean County, the rate per thousand gallons of prior year's winter quarter as reflected within PSTAC Rate Schedule 2-B from \$4.2215 per thousand gallons to \$4.3995 per thousand gallons.
 - c. For customers in the Adelphia section of Howell Township, Monmouth County, the rate per thousand gallons of prior year's winter quarter as reflected upon PSTAC Rate Schedule 3-B, from \$6.9696 per thousand gallons to \$8.3199 per thousand gallons.

⁶ Although described in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions contained in this Order. Paragraphs are numbered and/or lettered to coincide with the Stipulation.

3. The effective PWAC rate change would result in a change in the monthly bill of an average residential customer utilizing 5,642 gallons per month as follows:

	<u>Present Per Month</u>	<u>Proposed Per Month</u>	<u>Amount Change</u>	<u>Percentage Change</u>
Statewide - GMS	\$75.69	\$75.72	\$0.03	0.04%
Statewide - SFR	\$75.69	\$75.72	\$0.03	0.04%
Rate Schedule A-16	\$50.82	\$50.84	\$0.02	0.04%

4. The effective PSTAC rates change would result in a change in the monthly bill of an average wastewater customer utilizing 16,926 gallons of water in a quarter consumption and 67,704 gallons of water annually as follows:

	<u>Present Per Month</u>	<u>Proposed Per Month</u>	<u>Amount Change</u>	<u>Percentage Change</u>
Ocean City (1-B)	\$86.66	\$88.55	\$1.89	2.18%
Lakewood (2-B)	\$72.26	\$73.26	\$1.00	1.38%
Adelphia (3-B)	\$87.76	\$95.38	\$7.62	8.68%
Elk Township (12-B)	\$71.01	\$71.01	\$0.00	0.00%
Egg Harbor City* (16-B)	\$61.68	\$61.68	\$0.00	0.00%
Somerville (20-B)	\$49.03	\$49.03	\$0.00	0.00%
*Effective date June 2, 2025, per September 2024 Order				

5. NJAWC agrees to file its next PWAC/PSTAC petition on or before November 15, 2025.
6. Within the 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: The Company's calculation utilizes over/under-recovered for the current month plus the over/under-recovered of the prior month less the amortization of the current month's over/under-recovered of prior year's PWAC amount to determine the monthly cumulative true-up balance. Then, in accordance with the interest rules at N.J.A.C. 14:3-13.3(d), the average cost balance for the month is multiplied by the rate determined. The interest per month is then added together for the PWAC period to determine the total interest for the over/under-recovered amount. This method is the same method that the Company is currently utilizing. The Signatory Parties agree to review this methodology and adjust it as necessary and appropriate in future PWAC proceedings.

7. The PWAC/PSTAC rates established within the Stipulation will increase annual revenues by \$1,269,209, or 0.13%. Thus, the rates are designed so that the Company will collect annual PWAC revenues of \$46,152,069 and annual PSTAC revenues of \$20,863,447, for an aggregate total of \$67,015,516.
8. The Company will comply with the provisions of N.J.A.C. 14:9-7.4 regarding PWAC and PSTAC true-up schedules in connection with this proceeding. Copies of the true-up schedules will be served upon Staff and Rate Counsel.
14. The Signatory Parties understand that MSW will file a letter with the Board indicating that they do not object to the terms of the Stipulation.

On March 3, 2025, MSW filed a letter of non-objection.

DISCUSSION AND FINDINGS

Having carefully reviewed the record in this matter, including the Petition, the January Letter, the Update, and the Stipulation, the Board **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY APPROVES** the attached Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as though fully stated herein.

Accordingly, the Board **HEREBY APPROVES** the PWAC and PSTAC rates as set forth in the Stipulation, to become effective as of April 1, 2025.

As a result of the Stipulation, a typical residential water customer using 5,642 gallons per month would see an increase in their monthly bill of approximately \$0.03, or 0.04%. The PSTAC rate changes will result in: an increase of \$1.89 per month, or 2.18%, for a typical residential wastewater service customer in Ocean City, Cape May County utilizing 16,926 gallons of water in the summer quarter and 67,704 gallons of water annually; an increase of \$1.00 per month, or 1.38%, for a typical residential wastewater service customer in Lakewood Township, Ocean County utilizing 16,926 gallons of water in the winter quarter and 67,704 gallons of water annually; and an increase of \$7.62 per month, or 8.68%, for a typical residential wastewater service customer in the Adelphia section of Howell Township, Monmouth County utilizing 16,926 gallons of water in the winter quarter and 67,704 gallons of water annually.

The Board **HEREBY ORDERS** NJAWC to file revised tariff sheets conforming to the terms of the Stipulation prior to April 1, 2025.

The Company's costs, including those related to its PWAC and PSTAC, will remain subject to audit by the Board. This Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

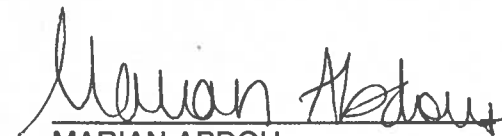
The effective date of this Board Order is March 26, 2025.

DATED: March 19, 2025

BOARD OF PUBLIC UTILITIES
BY:


CHRISTINE GUHL-SADOVY
PRESIDENT


DR. ZENON CHRISTODOULOU
COMMISSIONER


MARIAN ABDOU
COMMISSIONER


MICHAEL BANGE
COMMISSIONER

ATTEST:


SHERRIL L. LEWIS
BOARD 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 TREATMENT ADJUSTMENT CLAUSE
DOCKET NO. WR24110850
SERVICE LIST

NEW JERSEY-AMERICAN WATER COMPANY, INC.

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March 11, 2025

Via Email

Hon. Sherri L. Lewis, RMC
Secretary to the Board
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
P.O. Box 350
Trenton, NJ 08625-0350

**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. WR24110850**

Dear Secretary Lewis:

Enclosed herewith for the Board's consideration is a **2nd REVISED** signed stipulation representing the signatory parties' settlement of the above-captioned matter.¹ Also enclosed is a letter of no objection to the stipulation of settlement submitted on behalf of Middlesex Water Company, with their permission.

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

Very truly yours,

Stephen R. Bishop
VP and General Counsel

SRB:dlc
Enc.

c: Attached service list (via email, w/enc.)

¹ This 2nd REVISED stipulation has one minor correction: in paragraph 1, "\$0.4658" has been changed to "\$0.4568" as the present rate per thousand gallons of water for Exempt customers. All parties have agreed to these corrections to the stipulation.

**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 Treatment Adjustment Clause
BPU Docket No. WR24110850**

Service List

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**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 Treatment Adjustment Clause
BPU Docket No. WR24110850**

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

IN THE MATTER OF THE PETITION OF : BPU Docket No. WR24110850
NEW JERSEY-AMERICAN WATER :
COMPANY, INC. FOR AUTHORIZATION : STIPULATION OF SETTLEMENT
TO CHANGE THE LEVEL OF ITS :
PURCHASED WATER ADJUSTMENT :
CLAUSE AND PURCHASED :
WASTEWATER TREATMENT :
ADJUSTMENT CLAUSE :

APPEARANCES:

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

Meliha Arnautovic, Deputy Attorney General, on behalf of the Staff of the Board of
Public Utilities (Matthew J. Platkin, Attorney General of New Jersey);

Susan McClure, Deputy Rate Counsel, and **Christine Juarez, Assistant Deputy Rate
Counsel**, on behalf of the Division of Rate Counsel (Brian O. Lipman, Director);
and

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

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

On November 15, 2024, New Jersey-American Water Company, Inc. (“New Jersey-American Water” or “Company”), a public utility of the State of New Jersey, filed a petition with the New Jersey 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 other relevant statutes and regulations, for approval to change the levels of its existing purchased water adjustment clause (“PWAC”) charge and purchased wastewater (sewerage) treatment adjustment clause (“PSTAC”) charges, to reflect changed purchased water expenses and changed purchased wastewater treatment expenses (“Petition”). On January 16, 2025, New Jersey-American Water filed a letter with the Board stating that during the pendency

of this proceeding, the Company discovered several adjustments necessary to the schedules filed in support of its Petition (“January Letter”). The January Letter identified these adjustments to the Petition. By the Petition, as adjusted by the January Letter, New Jersey-American Water proposed to increase annual total Company revenues of approximately \$932,132,465 by \$2,680,795, or 0.27%. On February 7, 2025, the Company provided an update to its schedules to incorporate actual results through December 31, 2024, and forecasts through March 31, 2025 (“Update”). As a result of the Update, the Company proposed to increase annual revenues by \$1,394,783, or 0.14%.

New Jersey-American Water purchases water on a routine basis from six (6) separate entities and purchases wastewater treatment services from six (6) separate entities¹, 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 six (6) water purveyors are: Passaic Valley Water Commission (“PVWC”); Morris County Municipal Utilities Authority; Montclair Water Bureau; New Jersey Water Supply Authority (“NJWSA”); City of Newark; and Borough of Florham Park. The six (6) wastewater treatment purveyors are: Cape May County Municipal Utilities Authority (“CMCMUA”) for the Company’s Ocean City Wastewater tariff group; Ocean County Utilities Authority (“OCUA”) for the Company’s Lakewood Wastewater tariff group; Howell Township for the Company’s Adelphia Wastewater tariff group; Gloucester County Municipal Utilities Authority (passthrough Borough of Glassboro)

¹ In re the Petition of New Jersey-American Water Company, Inc. for Authorization to Change the Level of its Purchased Water Adjustment Clause and Purchased Wastewater Treatment Adjustment Clause, BPU Docket No. WR24110850, the Company at the present time included the three separate entities for purchased wastewater treatment services which the Company was seeking to adjust its rates for service (paragraph 2). The remaining three separate entities, as address in paragraph 15 of the Petition, the Company is not seeking a rate adjustment during this proceeding. Collectively, New Jersey-American Water purchases wastewater treatment services from six (6) separate entities.

for the Company's Elk Township Wastewater tariff group; Atlantic County Utilities Authority ("ACUA") for the Company's Egg Harbor City Wastewater tariff group; and Somerset Raritan Valley Sewerage Authority (passthrough Borough of Somerville) for the Company's Somerville Wastewater tariff group.

As of December 31, 2023, New Jersey-American Water serves approximately 668,000 water and fire service customers and approximately 64,200 wastewater service customers. The PWAC is not applicable to customers receiving private or public fire protection, since these customers do not receive metered water consumption services.

By Order dated April 2, 2007, the Board ordered that all purchased water adjustment costs and purchased wastewater treatment costs be 1) removed from the Company's base rates, 2) subject to deferred accounting, and 3) recovered through the PWAC and PSTAC, pursuant to N.J.A.C. 14:9-7.1 et seq.² The Board further ordered New Jersey-American water to make annual PWAC and PSTAC filings.

The Company's current PWAC and PSTAC rates, other than those noted in the following paragraph, were established by Board Order dated March 20, 2024.³

By Order dated September 4, 2024, the Board authorized the Company to establish new PSTAC Rate Schedules 12-B (Elk Township) and 20-B (Somerville), which became effective

² In re 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 Service and Other Tariff Revisions, BPU Docket No. WR06030257; OAL Docket No. PUCRL02635-2006S, Order dated April 2, 2007.

³ In re the Petition of New Jersey-American Water Company, Inc. for Authorization to Change the Level of its Purchased Water Adjustment Clause and Purchased Wastewater Treatment Adjustment Clause, BPU Docket No. WR23110791, Order dated March 20, 2024.

September 15, 2024, and 16-B (Egg Harbor City) which will become effective June 2, 2025.⁴ In the instant Petition, the Company proposed no increase for these tariffs, as the Company is maintaining the Rate Schedules established in the September 2024 Order. The Company indicated that it intends to file the respective true-up reconciliation schedules associated with the newly established rate schedules in its next PSTAC annual filing. The Company's base rates do not include PWAC or PSTAC pass-through charges to customers.

On December 5, 2024, Middlesex Water Company ("Middlesex") filed a motion to intervene, which was not opposed by any party. On January 15, 2025, the Board granted Middlesex's motion to intervene.⁵

New Jersey-American Water proposed and noticed to customers in its January Letter an increase to its PWAC rate within its PWAC Rate Schedule O-1 from \$0.5289 per thousand gallons of water to \$0.5396 per thousand gallons of water for Non-Exempt customers. The Company proposed to increase its PWAC rate from \$0.4568 per thousand gallons of water to \$0.4690 per thousand gallons for Exempt customers. It also proposed to address its PSTAC charges as follows:

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 \$31.1310 per thousand gallons to \$34.9564 per thousand gallons.

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

⁴ In re the Petition of New Jersey-American Water Company, Inc., for Approval of Increased Tariff Rates and Charges for Water and Wastewater Service, Change in Depreciation Rates, and Other Tariff Modifications, BPU Docket No. WR24010056; OAL Docket No. PUC 02409-24, Order dated September 4, 2024 ("September 2024 Order").

⁵ In re the Petition of New Jersey-American Water Company, Inc. for Authorization to Change the Level of its Purchased Water Adjustment Clause and Purchased Wastewater Treatment Adjustment Clause, BPU Docket No. WR24110850, Order dated January 15, 2025.

Rate Schedule 2-B, would change from \$4.2215 per thousand gallons to \$4.4494 per thousand gallons.

For customers in the Adelpia section of Howell Township, Monmouth 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 3-B, would change from \$6.9696 per thousand gallons to \$8.3199 per thousand gallons.

Furthermore, as noted above, the Company provided an Update to its schedules, through a discovery request, to incorporate actual results through December 31, 2024, and forecasts through March 31, 2025. The Update resulted in a rate on PWAC Rate Schedule O-1 of \$0.5330 per thousand gallons of water for Non-Exempt customers and \$0.4633 per thousand gallons of water for Exempt customers. The Update resulted in the following PSTAC rates on the applicable Rate Schedules for the specific service areas: a) Rate Schedule 1-B of \$32.4702 per thousand gallons; b) Rate Schedule 2-B of \$4.3995 per thousand gallons; and c) Rate Schedule 3-B of \$9.1565.

On February 27, 2025, after publication of proper notice to the general public in newspapers of general circulation, posting of notice on the Company's website, and service of notice upon affected municipalities and counties within New Jersey-American Water's service area, two (2) virtual public hearings were held, at 4:30 p.m. and 5:30 p.m., presided over by a hearing officer of the Board. One member of the public attended with questions regarding an unrelated matter. No written comments were received.

The New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") have served interrogatories on New Jersey-American Water, which were responded to in full by the Company.

The parties engaged in settlement negotiations during February 2025. As a result of the Company's Petition, discovery responses and negotiations, the Company, Rate Counsel, and Staff

(collectively, “Signatory Parties”) reached a stipulation of settlement (“Stipulation”), the provisions of which are set forth below.

STIPULATION OF SETTLEMENT

1. As a result of the Update, NJAWC proposes and the Signatory Parties recommend that the Board approve a change to the Company’s PWAC rate on PWAC Rate Schedule O-1 from \$0.5289 per thousand gallons of water for Non-Exempt customers to \$0.5330 per thousand gallons of water for Non-Exempt customers and from \$0.4568 per thousand gallons of water for Exempt customers to \$0.4633 per thousand gallons of water for Exempt customers.
2. The Signatory Parties further recommend that the Board permit the Company to change its effective PSTAC charges as follows:
 - a. 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, from \$31.1310 per thousand gallons to \$32.4702 per thousand gallons.
 - b. For Lakewood Township, Ocean County, the rate per thousand gallons of prior year’s winter quarter as reflected within PSTAC Rate Schedule 2-B from \$4.2215 per thousand gallons to \$4.3995 per thousand gallons.
 - c. For customers in the Adelpia section of Howell Township, Monmouth County, the rate per thousand gallons of prior year’s winter quarter as reflected upon PSTAC Rate Schedule 3-B, from \$6.9696 per thousand gallons to \$8.3199 per thousand gallons.
3. The effective PWAC rate change would result in a change in the monthly bill of an average residential customer utilizing 5,642 gallons per month as follows:

	<u>Present Per Month</u>	<u>Proposed Per Month</u>	<u>Amount Change</u>	<u>Percentage Change</u>
Statewide - GMS	\$75.69	\$75.72	\$0.03	0.04%
Statewide - SFR	\$75.69	\$75.72	\$0.03	0.04%
Rate Schedule A-16	\$50.82	\$50.84	\$0.02	0.04%

4. The effective PSTAC rates change would result in a change in the monthly bill of an average wastewater customer utilizing 16,926 gallons of water in a quarter consumption⁶ and 67,704 gallons of water annually as follows:

	<u>Present Per Month</u>	<u>Proposed Per Month</u>	<u>Amount Change</u>	<u>Percentage Change</u>
Ocean City (1-B)	\$86.66	\$88.55	\$1.89	2.18%
Lakewood (2-B)	\$72.26	\$73.26	\$1.00	1.38%
Adelphia (3-B)	\$87.76	\$95.38	\$7.62	8.68%
Elk Township (12-B)	\$71.01	\$71.01	\$0.00	0.00%
Egg Harbor City* (16-B)	\$61.68	\$61.68	\$0.00	0.00%
Somerville (20-B)	\$49.03	\$49.03	\$0.00	0.00%

*Effective date June 2, 2025, per
September 2024 Order

5. NJAWC agrees to file its next PWAC/PSTAC petition on or before November 15, 2025.
6. 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

⁶ New Jersey-American Water for certain wastewater service areas calculates wastewater service on winter quarter consumption or a summer quarter consumption. The winter quarter consumption shall be determined utilizing the metered water usage in January, February and March. The summer quarter consumption, applicable to Ocean City only, is based on the water usage for the prior July, August and September meter readings.

described as follows: The Company's calculation utilizes over/under-recovered for the current month plus the over/under-recovered of the prior month less the amortization of the current month's over/under-recovered of prior year's PWAC amount to determine the monthly cumulative true-up balance. Then, in accordance with the interest rules at N.J.A.C. 14:3-13.3(d), the average cost balance for the month is multiplied by the rate determined. The interest per month is then added together for the PWAC period to determine the total interest for the over/under-recovered amount. This method is the same method that the Company is currently utilizing. The Signatory Parties agree to review this methodology and adjust it as necessary and appropriate in future PWAC proceedings.

7. The PWAC/PSTAC rates established herein will increase annual revenues by \$1,269,209, or 0.13%. Thus, the rates are designed so that the Company will collect annual PWAC revenues of \$46,152,069 and annual PSTAC revenues of \$20,863,447, for an aggregate total of \$67,015,516.
8. The Company will comply with the provisions of N.J.A.C. 14:9-7.4 regarding 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.
9. This Stipulation shall be binding on the Signatory Parties 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.
10. This Stipulation contains terms, each of which is interdependent with the others and essential to the signing of this Stipulation. Each term is vital to the agreement, 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.

11. 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.
12. 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.
13. 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.
14. The Signatory Parties understand that Middlesex will file a letter with the Board indicating that they do not object to the terms of the Stipulation.

[SPACE INTENTIONALLY LEFT BLANK]

BRIAN O. LIPMAN, DIRECTOR
DIVISION OF RATE COUNSEL

By: Christine M. Juarez
Christine Juarez
Assistant Deputy Rate Counsel

Dated:

NEW JERSEY-AMERICAN WATER
COMPANY, INC.

By: Stephen R. Bishop
Stephen R. Bishop
Vice President and General Counsel

Dated: 3/5/2025

MATTHEW J. PLATKIN
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

By: Meliha Arnautovic DAG
Meliha Arnautovic
Deputy Attorney General

Dated: 3/4/2025



March 3, 2025

Via Electronic Mail

The Honorable Sherri Golden
Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Trenton, NJ 08625

Re: In the Matter of the Petition of New Jersey American Water Company for
Approval To Change The Levels of Its Purchased Water Adjustment
Clause and Purchased Wastewater (Sewer) Adjustment Clause Pursuant
to N.J.A.C. 14:9-7.1, et seq.
BPU Docket No. WR24110850

Dear Secretary Golden:

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. Please be advised that Middlesex does not object to the Stipulation.

Respectfully submitted,

A handwritten signature in black ink that reads 'Jay Kooper'. The signature is fluid and cursive, with the first and last names clearly legible.

Jay L. Kooper
Vice President, General Counsel & Secretary

cc: Service List (via electronic mail)