



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE PETITION OF)	ORDER ADOPTING INITIAL
NEW JERSEY AMERICAN WATER)	DECISION/STIPULATION
COMPANY, INC. FOR AUTHORIZATION TO)	
CHANGE THE LEVELS OF ITS PURCHASED)	
WATER ADJUSTMENT CLAUSE AND)	
PURCHASED WASTEWATER (SEWERAGE))	BPU DOCKET NO. WR12050390
TREATMENT ADJUSTMENT CLAUSE)	OAL DOCKET NO. PUC 8411-2012S

Parties of Record:

Robert J. Brabston, Esq., on behalf of New Jersey American Water Company, Inc., Petitioner
Stefanie A. Brand, Esq., Director, on behalf of the Division of Rate Counsel
Kenneth J. Quinn, Esq., on behalf of Middlesex Water Company, Intervener

BY THE BOARD¹:

On May 21, 2012, 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.A.C. 14:9-7.1 et seq. and 14:9-8.1 et seq., 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 expenses and increased purchased wastewater treatment expenses. The total amount originally requested was an increase of \$1,521,636 or 0.23% above total Company revenues of \$651,420,384. As a result of settlement discussions, the Parties have agreed to a total overall stipulated increase of \$1,256,121 or 0.19% above total Company revenues of \$651,444,085.

Petitioner services approximately 614,000 general metered water customers and approximately 34,000 sewer customers in all or part of 189 municipalities in 18 of the State's 21 counties.

¹ Commissioner Mary-Anna Holden did not participate.

Petitioner purchases water on a routine basis from twelve 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.

In Docket No. WR06030257 dated 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 petition filed within the instant proceeding, Petitioner proposed to increase its PWAC rate in PWAC Rate Schedule O-1 from \$0.4022 per thousand gallons of water to \$0.4391 per thousand gallons of water for Non-Exempt customers. Petitioner proposed to increase its PWAC rate from \$0.3469 per thousand gallons of water to \$0.3787 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 \$4.2060 per thousand gallons to \$4.3677 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 increase from \$18.4508 per thousand gallons to \$22.4523 per thousand gallons.

For customers in the Adelphia section of Howell Township, Monmouth County, the rate per thousand gallons of water as reflected in PSTAC Rate Schedule 3-B, would decrease from \$6.4907 per thousand gallons to \$6.3952 per thousand gallons.

BACKGROUND/PROCEDURAL HISTORY

This matter was transmitted to the Office of Administrative Law ("OAL") on June 8, 2012, as a contested case and was assigned to Administrative Law Judge ("ALJ") Elia A. Pelios. A telephonic prehearing conference was held on August 20, 2012, with ALJ Pelios during which, among other things, the Judge directed that public hearings be held on this matter.

On June 28, 2012, Middlesex Water Company ("Middlesex") filed a motion to intervene in the instant proceeding; the motion was not contested by Petitioner and remains pending before the OAL. After proper notice, four public hearings were held in Petitioner's service area: Maplewood on September 19, 2012, at 2 p.m. (no public attendees); Howell Township on September 19, 2012, at 6 p.m. (3 public attendees); Ocean City on September 20, 2012, at 2 p.m. (no public attendees); and Westampton on September 20, 2012, at 6 p.m. (3 public attendees). The Howell Township hearing had one member of the public enter testimony on the record (which was not applicable to this filing), while the Westampton hearing received no public testimony.

The Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") served interrogatories on Petitioner, which were responded to in full by Petitioner. Petitioner, Staff, Rate Counsel, (the "Signatory Parties") and Middlesex participated in a discovery/settlement conference on September 24, 2012, after the public hearings were held and public comment was received into the record for consideration by all parties. On October 2, 2012, the Signatory Parties entered into a Stipulation of Settlement ("Stipulation").

On October 10, 2012 ALJ Pelios issued his Initial Decision 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.

DISCUSSIONS AND FINDINGS²

The Parties recommend that the Board approve a change to Petitioner's PWAC rate on PWAC Rate Schedule O-1, reflecting the rate compression factor described further below in Paragraph 5, from \$0.4022 per thousand gallons of water for Non-Exempt customers to \$0.4528 per thousand gallons of water for Non-Exempt customers and from \$0.3469 per thousand gallons of water for Exempt customers to \$0.3905 per thousand gallons of water for Exempt customers.

The 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 change from \$4.2060 per thousand gallons to \$4.4273 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 \$18.4508 per thousand gallons to \$22.4508 per thousand gallons.

For customers in the Adelphia section of Howell Township, Monmouth County, the rate per thousand gallons of water as reflected upon PSTAC Rate Schedule 3-B, will change from \$6.4907 per thousand gallons to \$6.0167 per thousand gallons.

The effective PWAC rate change, reflecting the effects of rate compression, would result in an increase in the annual bill of an average residential customer utilizing 6,500 gallons per month as follows:

	<u>Present Monthly Bill</u>	<u>Proposed Per month</u>	<u>Amount Increase</u>	<u>Percentage Increase</u>
SA-1	\$51.83	\$52.16	\$0.33	0.64%
SA-1B	\$38.06	\$38.39	\$0.33	0.87%
SA-1D	\$45.36	\$45.69	\$0.33	0.73%
SA-2, SA-3 & SA-1A	\$49.18	\$49.51	\$0.33	0.67%
SA-2 Manville	\$45.75	\$46.08	\$0.33	0.72%
SA-3 Southampton	\$42.34	\$42.67	\$0.33	0.78%

² 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.

The PSTAC rate changes, including the effects of rate compression, 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 \$1.32 per month or 2.17%; (b) an increase 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 \$6.67 per month or 11.89%; and (c) a decrease to an average sewer service customer in the Adelpia section of Howell Township, Monmouth County utilizing 48,000 gallons of water per year, of (\$1.89) per month or (3.52%).

These PWAC and PSTAC rates have been compressed using a rate-effective date of October 23, 2012. Compressed rates are used to avoid a large discrepancy between the level of revenues agreed to and approved in this proceeding, and the level of revenues actually generated by the rates set in this annual proceeding. In the event that these PWAC and PSTAC rates are implemented on a later date, these PWAC and PSTAC rates will be further compressed to take into account their effectiveness on this later date. However, the Signatory Parties acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

The Company has elected to forgo additional rate compression for the Ocean City Sewer rate class, and limit the new rates set in this proceeding to its as-filed average sewer service customer increase of \$6.67 per month or 11.89%. The Signatory Parties acknowledge that this decision results in a PSTAC revenue under-recovery of approximately \$240,000 for the 2012-2013 PSTAC rate year. The Company has elected to forgo deferred accounting treatment for this under-recovery, and the Signatory Parties recognize that this shortfall is to be addressed in the PSTAC True-Up Schedule performed as part of the Company's 2013 PWAC/PSTAC proceeding.

Having reviewed the Initial Decision and the Stipulation of Settlement, the Board 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 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:

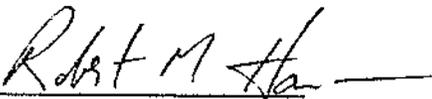
In accordance with the provisions of N.J.A.C. 14:9-7.3 (c), the Petitioner shall file with the Board, no later than 45 days after the adjustment clause has been in effect for one year, a PWAC true-up schedule in connection with this proceeding. Copies of the true-up schedule shall be served upon all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

The Board HEREBY ACCEPTS the tariff pages attached to the Stipulation as filed with the Board, to be effective as of the effective date stated below.

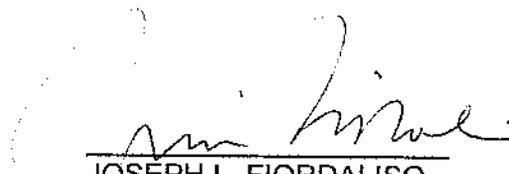
The effective date of this Order is October 23, 2012.

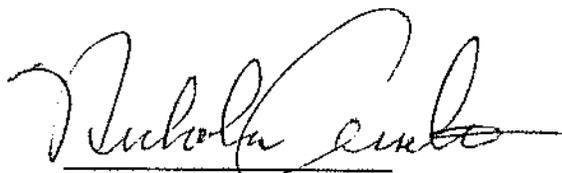
DATED: 10/23/12

BOARD OF PUBLIC UTILITIES
BY:

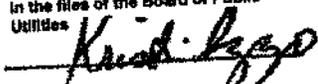

ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER


NICHOLAS ASSELTA
COMMISSIONER

ATTEST: 
KRISTI IZZO
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 Levels of its Purchased Water Adjustment Clause and
Purchased Wastewater (Sewerage) Treatment Adjustment Clause
BPU Docket No. WR12050390
OAL Docket No. PUC 8411-2012S

SERVICE LIST

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State of New Jersey

OFFICE OF ADMINISTRATIVE LAW

NEW JERSEY
CASE MANAGEMENT

INITIAL DECISION SETTLEMENT

OAL DKT. NO. PUC 08411-12

AGENCY DKT. NO. WR12050390

**I/M/O NEW JERSEY AMERICAN WATER
COMPANY, INC. FOR AUTHORIZATION
TO CHANGE THE LEVELS OF ITS
PURCHASED WATER ADJUSTMENTS
CLAUSE ("PWAC") AND PURCHASED
SEWERAGE TREATMENT ADJUSTMENT
CLAUSE ("PSTAC")**

Robert J. Bradston, Esq., for petitioner (New Jersey-American Water Company, Inc.)

Alex Moreau, Deputy Attorney General, for respondent (Jeffrey S. Chiesa, Attorney General of New Jersey, attorney)

Christine M. Juarez, Esq., for Division of Rate Counsel, appearing pursuant to N.J.A.C. 1:1-5.4(a)2,

Record Closed: October 9, 2012

Decided: October 10, 2012

BEFORE ELIA A. PELIOS, ALJ:

This proceeding involves a petition by New Jersey American Water Company, Inc. for approval of a purchased water adjustment clause and purchased sewerage treatment adjustment clause. The petition was transmitted to the Office of Administrative Law on June 26, 2012, for determination as a contested case. Duly noticed public hearings were held in Maplewood, New Jersey, and Howell Township, New Jersey on September 19, 2012, and Ocean City, New Jersey, and Westampton, New Jersey, on September 20, 2012. Three members of the public appeared on September 19, 2012, in Howell, with one member of the public offering comment which was not applicable to the current petition. One member of the public appeared in Westampton but did not comment. No members of the public appeared in Ocean City or Maplewood. No written comments were submitted by the public.

The parties filed, on October 9, 2012, a Stipulation of Settlement (J-1) which resolves all issues in this proceeding. Said Stipulation of Settlement has been signed by all parties, indicates the terms of settlement, and is attached and fully incorporated herein.

A motion to intervene was filed on behalf of Middlesex Water Company. The motion was still pending at the time the Stipulation of Settlement was filed. Middlesex Water Company has conveyed that it does not object to the stipulation (I-1).

I have reviewed the terms of settlement and I **FIND:**

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

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.

October 10, 2012

DATE



ELIA A. PELIOS, ALJ

Date Received at Agency:

Date Mailed to Parties:

/mel

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EXHIBITS

Jointly Submitted

J-1 Stipulation of Settlement

Submitted by Middlesex Water Company

I-1 Letter Expressing Lack of Objection to J-1

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MAILROOM

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF : BPU DOCKET NO. WR12050390
NEW JERSEY-AMERICAN WATER :
COMPANY, INC. FOR APPROVAL TO : OAL DOCKET NO. PUC 8411-2012S
CHANGE THE LEVEL OF ITS PURCHASED :
WATER ADJUSTMENT CLAUSE AND :
PURCHASED WASTEWATER (SEWERAGE) :
TREATMENT ADJUSTMENT CLAUSE : **STIPULATION OF SETTLEMENT**

APPEARANCES:

Robert J. Brabston, Esq., on behalf of New Jersey-American Water Company, Inc.,
Petitioner;

Alex Moreau and Jennifer Hsia, Deputy Attorneys General, on behalf of the Staff of the
Board of Public Utilities (Jeffrey S. Chiesa, Attorney General of New Jersey);

Debra F. Robinson, Deputy Rate Counsel, Christine M. Juarez, Assistant Deputy Rate
Counsel, and Susan E. McClure, Assistant Deputy Rate Counsel, on behalf of the
Division of Rate Counsel; and

Kenneth J. Quinn, Esq., on behalf of Middlesex Water Company, Intervenor

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

On May 21, 2012, New Jersey-American Water Company, Inc. ("Petitioner"), a public utility of the State of New Jersey, filed a Petition with the Board of Public Utilities ("Board") pursuant to N.J.A.C. 14:9-7.1 et seq. and 14:9-8.1 et seq., 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 \$1,521,636 or 0.23% above total Company revenues of

\$651,420,384. As a result of settlement discussions, the Parties have agreed to a total overall stipulated increase of \$1,256,121 or 0.19% above total Company revenues of \$651,444,085.

Petitioner purchases water on a routine basis from twelve 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 twelve water purveyors are: Passaic Valley Water Commission ("PVWC"); Morris County Municipal Utilities Authority; Montclair Water Bureau; Shorelands Water Company; New Jersey Water Supply Authority ("NJWSA"); Atlantic City Municipal Utilities Authority ("ACMUA"); City of Wildwood; Borough of Seaside Heights; City of Newark; Township of Maple Shade; East Windsor Municipal Utilities Authority; and Marlboro Township Municipal Utilities Authority ("MTMUA"). The three sewerage treatment purveyors are: Cape May County Municipal Utilities Authority ("CMCMUA") for the Petitioner's Ocean City Sewer tariff group; Ocean County Utilities Authority ("OCUA") for the Petitioner's Lakewood Sewer tariff group; and Howell Township for the Petitioner's Adelpia Sewer tariff group.

In 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 the Petition filed within the instant proceeding, Petitioner proposed to increase its PWAC rate upon PWAC Rate Schedule O-1 from \$0.4022 per thousand gallons of water to \$0.4391 per thousand gallons of water for Non-Exempt customers. Petitioner proposed to increase its PWAC rate from \$0.3469 per thousand gallons of water to \$0.3787 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 \$4.2060 per thousand gallons to \$4.3677 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 \$18.4508 per thousand gallons to \$22.4523 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 \$6.4907 per thousand gallons to \$6.3952 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 with ALJ Elia Pelios during which, among other things, the Judge directed that public hearings be held on this matter.

On June 28, 2012, Middlesex Water Company ("Middlesex") filed a motion to intervene in the instant proceeding; the motion was not contested by Petitioner and remains pending before the OAL. Four public hearings were held in Petitioner's service area: in Howell Township on September 19 at 6 p.m. (3 public attendees); Ocean City on September 20 at 2 p.m. (no public attendees); Maplewood on September 19 at 2 p.m. (no public attendees); and Westampton on September 20 at 6 p.m. (3 public attendees). For hearings attended by the public, the Howell Township hearing had one member of the public enter testimony on the record (which was not applicable to this filing), while the Westampton hearing received no public testimony.

The Division of Rate Counsel ("Rate Counsel") and Board Staff served interrogatories on Petitioner, which were responded to in full by Petitioner. Petitioner, Board Staff and Rate Counsel, ("Signatory Parties") and Middlesex participated in a discovery/settlement conference on September 24, 2012, after the public hearings had been held and public comment received

into the record for consideration by all parties. As a result of discovery conducted and of the negotiations, the Signatory Parties have been able to reach agreement on this matter, the provisions of which are set forth below.

SETTLEMENT AGREEMENT

1. The Parties recommend that the Board approve a change to Petitioner's PWAC rate on PWAC Rate Schedule O-1, reflecting the rate compression factor described further below in Paragraph 5, from \$0.4022 per thousand gallons of water for Non-Exempt customers to \$0.4528 per thousand gallons of water for Non-Exempt customers and from \$0.3469 per thousand gallons of water for Exempt customers to \$0.3905 per thousand gallons of water for Exempt customers.

2. The 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 change from \$4.2060 per thousand gallons to \$4.4273 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 \$18.4508 per thousand gallons to \$22.4508 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 \$6.4907 per thousand gallons to \$6.0167 per thousand gallons.

3. The effective PWAC rate change, reflecting the effects of rate compression, would result in an increase in the annual bill of an average residential customer utilizing 6,500 gallons per month as follows:

	<u>Present Monthly Bill</u>	<u>Proposed Per month</u>	<u>Amount Increase</u>	<u>Percentage Increase</u>
SA-1	\$51.83	\$52.16	\$0.33	0.64%
SA-1B	\$38.06	\$38.39	\$0.33	0.87%
SA-1D	\$45.36	\$45.69	\$0.33	0.73%
SA-2, SA-3 & SA1A	\$49.18	\$49.51	\$0.33	0.67%
SA-2 Manville	\$45.75	\$46.08	\$0.33	0.72%
SA-3 Southampton	\$42.34	\$42.67	\$0.33	0.78%

4. The PSTAC rate changes, including the effects of rate compression, 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 \$1.32 per month or 2.17%; an increase 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 \$6.67 per month or 11.89%; and a decrease to an average sewer service customer in the Adelphia section of Howell Township, Monmouth County utilizing 48,000 gallons of water per year, of \$1.89 per month or 3.52%.

5. These PWAC and PSTAC rates have been compressed using a rate-effective date of October 23, 2012. Compressed rates are used to avoid a large discrepancy between the level of revenues agreed to and approved in this proceeding, and the level of revenues actually generated by the rates set in this annual proceeding. In the event that these PWAC and PSTAC rates are implemented on a later date, these PWAC and PSTAC rates will be further compressed to take into account their effectiveness on this later date. However, the Signatory Parties acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

6. The Company has elected to forego additional rate compression for the OC Sewer rate class, and limit the new rates set in this proceeding to its as-filed average sewer service

customer increase of \$6.67 per month or 11.89%. The parties acknowledge that this decision results in a PSTAC revenue under-recovery of approximately \$240,000 for the 2012-2013 PSTAC rate year. The Company has elected to forego deferred accounting treatment for this under-recovery, and the parties recognize that this shortfall is to be addressed in the PSTAC True Up Schedule performed as part of the Company's 2013 PWAC/PSTAC proceeding.

7. In recognition of the impact rate compression has on the monthly bills of customers, NJAWC has committed to filing its 2013 PWAC/PSTAC petition on or before November 15 2012. Filing on this date should allow the 2013 PWAC/PSTAC rates to be implemented closer to the beginning of the 2013-2014 PWAC/PSTAC rate year, reducing the level of compression that currently exists.

8. Within this Stipulation, 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 Parties agree to review this methodology and adjust it as necessary and appropriate in future PWAC proceedings.

9. The PWAC/PSTAC rates established herein will increase annual revenues by \$1,256,121 or 0.19%.

10. 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 all Parties to the present proceeding.

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

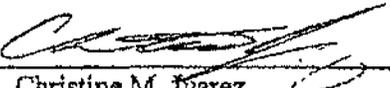
12. This Stipulation contains terms, each of which is interdependent with the others and essential in its own right to the signing of this Stipulation. Each term is vital to the agreement as a whole, since the signatory Parties individually and jointly state that they would not have signed the Stipulation had any term been modified in any way. In the event that any modifications whatsoever are made to this Stipulation, each of the Parties hereto is entitled to certain procedures in the event of such occurrence.

13. 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 Party was before this Stipulation was executed. It is essential that each party be given the option either to modify its own position, to accept the proposed change(s) or to resume the proceeding as if no agreement had been reached.

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

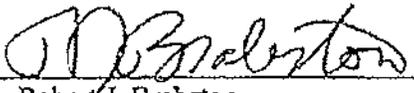
15. This Stipulation may be executed in as many counterparts as there are signatories to this Stipulation, each of which counterpart shall be an original, but all of which shall constitute one and the same instrument.

STEFANIE A. BRAND, DIRECTOR
DIVISION OF RATE COUNSEL

By: 
Christine M. Juárez
Assistant Deputy Rate Counsel

Dated: 10/2/12

NEW JERSEY-AMERICAN WATER
COMPANY, INC.

By: 
Robert J. Brabston
Corporate Counsel

Dated: 9/26/2012

JEFFREY S. CHIESA
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

By: 
Alex Moreau
Deputy Attorney General

Dated: 09/07/2012

New Jersey American Water Company
 Statement of PWAC True Up Schedule - Revenue and Operating Expense - PWAC Water Service
 Prior PWAC Year: 4/1/11 - 3/31/12

New Jersey American Water Company
 BPU Docket No. WRI12009390
 Witness: Responsible: Dante M. DeStefano

Line No	Purchased Water	Note (1) (Net-1)	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Total
1	Total Billed PWAC Revenue (non-exempt & exempt) (2)		\$2,305,723	\$2,425,214	\$3,074,755	\$3,522,637	\$3,852,318	\$3,143,960	\$2,515,734	\$2,936,773	\$2,576,525	\$2,438,966	\$2,280,017	\$2,264,282	\$32,647,483
2	Less: Exempt PWAC Revenue (non-n. 48)		74,417	88,551	71,088	70,747	70,211	71,065	66,301	68,245	69,285	70,095	72,560	72,081	845,697
3	Non-Exempt PWAC Revenue		\$2,235,306	\$2,336,663	\$3,003,667	\$3,451,890	\$3,782,107	\$3,072,895	\$2,449,433	\$2,868,527	\$2,507,240	\$2,368,871	\$2,207,457	\$2,192,201	\$31,701,786
4	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%
5	PWAC Non-exempt Rev. net of GRFT (in 4 (100% - 46.6))		\$1,927,728	\$2,031,487	\$2,593,847	\$2,976,910	\$3,281,688	\$2,112,391	\$1,586,378	\$1,991,480	\$1,637,955	\$1,507,777	\$1,404,891	\$1,390,111	\$18,950,594
6	Add Basic Exempt PWAC Revenue (n. 3)		74,417	88,551	71,088	70,747	70,211	71,065	66,301	68,245	69,285	70,095	72,560	72,081	845,697
7	PWAC Revenue net of GRFT		\$2,002,145	\$2,120,038	\$2,664,935	\$3,047,657	\$3,351,899	\$2,178,692	\$1,652,679	\$2,059,725	\$1,707,235	\$1,577,872	\$1,477,442	\$1,462,192	\$19,796,291
8	Less: Uncollectibles & BPU Dev. Rate Counselor Exp. Factor (3)		0.9911	0.9911	0.9911	0.9911	0.9911	0.9911	0.9911	0.9911	0.9911	0.9911	0.9911	0.9911	0.9911
9	PWAC Rev. net of GRFT, Uncoll. BPUORC exp. (n 9'11)		\$1,984,326	\$2,092,376	\$2,644,217	\$3,020,633	\$3,302,246	\$2,697,675	\$2,160,391	\$2,007,617	\$2,043,464	\$2,096,715	\$1,893,670	\$1,846,149	\$27,941,985
10	Less: PWAC True-up Over-recovery of (\$192,403)		(16,028)	(16,028)	(16,028)	(16,028)	(16,028)	(16,028)	(16,028)	(16,028)	(16,028)	(16,028)	(16,028)	(16,028)	(162,403)
11	Total PWAC Revenue net of Cost recoveries debited above		\$1,959,518	\$2,097,578	\$2,656,418	\$3,036,734	\$3,317,447	\$2,713,080	\$2,175,552	\$2,022,818	\$2,059,655	\$2,111,316	\$1,974,871	\$1,931,350	\$28,124,388
12	Total Purchased Water Exp. as Adjusted (per Sch. DMD-1, n. 48)		1,775,496	1,205,383	3,677,666	1,953,060	2,287,890	2,630,810	3,821,727	1,420,275	3,849,222	1,865,990	1,208,215	3,471,819	29,004,364
13	Total PWAC True-Up Balance		\$224,022	(\$89,185)	(\$1,021,248)	(\$1,042,674)	(\$1,029,767)	(\$82,277)	(\$1,446,135)	(\$592,543)	(\$1,790,567)	(\$245,326)	(\$765,656)	(\$1,516,459)	\$883,956
14	(Over-Recovered) / Under-Recovered (No. 21 - 19)		(\$192,403)												
15	Average of the Current & Prior months Cumulative True-up Balance (Over rec.) / Under rec.		6.3245%	6.3248%	6.3248%	6.3248%	6.3248%	6.3248%	6.3248%	6.3248%	6.3248%	6.3248%	6.3248%	6.3248%	6.3248%
16	Monthly Overall Rate of Return		0.69%	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%
17	Interest on True-up Balances - (Over) / (Under)		(\$2,045)	(\$5,785)	(\$5,230)	(\$5,193)	(\$12,222)	(\$15,858)	(\$11,442)	(\$8,121)	(\$3,912)	(\$1,530)	(\$1,847)	(\$833)	(\$69,102)
18	Total PWAC (Over-Recovered) / Under-Recovered, including interest		\$211,977	(\$94,970)	(\$1,076,478)	(\$1,057,867)	(\$94,499)	(\$97,727)	(\$1,457,577)	(\$673,664)	(\$1,824,479)	(\$246,856)	(\$767,503)	(\$1,517,292)	\$814,854
19	Exempt (from GRFT) Customer's Actual Water Sales (1000 gals.) (7)		84,019	72,971	74,759	77,250	71,763	70,689	66,776	74,078	73,779	66,984	81,602	90,631	912,170
20	Cogan (Bywater) - OHW		21,056	20,294	21,067	20,416	21,051	20,768	20,244	21,176	20,727	21,478	21,478	18,034	246,734
21	Aqua NJ Water Co. - SFR-CD		16,275	15,839	15,183	14,216	15,053	15,324	15,316	14,941	15,859	16,379	16,379	14,803	184,598
22	Lawrenceville Water Co. - SFR-SOS		91,364	89,360	91,761	89,385	90,812	91,107	88,832	89,428	89,378	94,928	89,018	82,484	1,073,885
23	Alachua Water Co. - SFR-SOS		700	1,095	1,095	1,610	1,240	940	730	930	375	840	855	855	13,300
24	Peelous Water Co. - SFR Reg. GAS		213,413	199,873	203,665	202,887	201,466	191,125	196,730	199,765	202,061	209,168	207,787	207,787	2,432,667
25	Total Exempt Customer Actual Water Sales		50,2487	50,3487	50,3487	50,3485	50,3469	50,3469	50,3469	50,3469	50,3469	50,3469	50,3469	50,3469	50,3478
26	Exempt PWAC Rate per 1000 gals. (6)		\$74,417	\$88,551	\$71,088	\$70,747	\$70,211	\$71,065	\$66,301	\$68,245	\$69,285	\$70,095	\$72,560	\$72,081	\$845,697
27	Exempt PWAC Revenue		\$2,235,306	\$2,336,663	\$3,003,667	\$3,451,890	\$3,782,107	\$3,072,895	\$2,449,433	\$2,868,527	\$2,507,240	\$2,368,871	\$2,207,457	\$2,192,201	\$31,701,786

51 Notes: (1) March 2011 represents Total PWAC True-up balance per Schedule DMD-3 - Per Settlement, line 3, 2011 PWAC Rate Filing BPU Docket #WRI1030131.
 (2) Billed PWAC water revenues are based on actuals.
 (3) GRFT rate and Uncollectible/BPUORC Council expense factor utilized herein is per Settlement, BPU Docket #WRI1030131.
 (4) Amount per the 2011 PWAC Rate Filing BPU Docket #WRI1030131, Schedule DMD-3 - Per Settlement (lines 3 and 4).
 (5) Line 24 of the current month plus line 28 of the prior month less line 15 of the current month.
 (6) The ROR utilized for the period 4/1/11 - 3/31/12 is based upon the ROR per Board Order in the 2010 Base Rate Case BPU Docket #WRI10040260.
 (7) Water sales for all entities were based upon actual monthly water sales for April 2011 through March 2012.
 (8) Per Settlement - pro-rated exempt rate reflects 4 days of the PWAC rate of \$0.3469 effective 8/28/11 per BPU Docket #WRI1030131 and 27 days of the PWAC rate of \$0.3467 effective 8/4/10 per BPU Docket #WRI0020149.