

December 11, 2003

VIA EMAIL ONLY

**RE: I/M/O the Petition of New Jersey-American Water Company, Inc. for
an Increase in Rates for Water and Sewer Service and Other Tariff
Modifications
BPU Docket No. WR03070511
OAL Docket No. PUCRL 07279-2003N**

TO SERVICE LIST MEMBERS:

Enclosed please find the electronic copies of the direct testimonies of the Division of the Ratepayer Advocate's witnesses, Robert J. Henkes, James A. Rothschild, Barbara R. Alexander, Howard J. Woods, and Brian Kalcic, in connection with the above referenced matter.

Should you require anything further, please do not hesitate to contact our office.

Very truly yours,
SEEMA M. SINGH, ESQ.
RATEPAYER ADVOCATE

By: _____
Robert J. Brabston, Esq.
Deputy Ratepayer Advocate

RJB/slc

**BEFORE THE STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES
OFFICE OF ADMINISTRATIVE LAW**

**IN THE MATTER OF THE PETITION)
OF NEW JERSEY-AMERICAN WATER) BPU Docket No. WR03070511
COMPANY FOR AN INCREASE IN) OAL Docket No. PUCRL 07279-2003N
RATES FOR WATER AND SEWER)
SERVICE AND OTHER TARIFF)
MODIFICATIONS)**

**DIRECT TESTIMONY AND EXHIBITS OF BRIAN KALCIC
ON BEHALF OF THE
NEW JERSEY DIVISION OF THE RATEPAYER ADVOCATE**

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Filed: December 1, 2003

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. Brian Kalcic, 225 S. Meramec Avenue, Suite 720, St. Louis, Missouri 63105.

3

4 **Q. WHAT IS YOUR OCCUPATION?**

5 A. I am an economist and consultant in the field of public utility regulation, and principal of
6 Excel Consulting. My qualifications are described in the Appendix to this testimony.

7

8 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS CASE?**

9 A. I am testifying on behalf of the New Jersey Division of the Ratepayer Advocate
10 ("Ratepayer Advocate").

11

12 **Q. WHAT IS THE SUBJECT OF YOUR TESTIMONY?**

13 A. The Ratepayer Advocate requested that I review the cost-of-service and rate design
14 analysis submitted by New Jersey-American Water Company ("NJAWC" or
15 "Company"), and present my findings and conclusions with respect to the Company's
16 proposed rate structure. In addition, I am sponsoring an appropriate rate design that
17 would recover the Ratepayer Advocate's recommended revenue requirement in this
18 proceeding.

19

20

21

1 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.**

2 A. Based upon my review of the Company's filing and existing rate structure, I recommend
3 that Your Honor and the New Jersey Board of Public Utilities ("Board" or "BPU") order
4 the Company:

- 5
- 6 • to adopt the Ratepayer Advocate's revisions to NJAWC's class cost-of-service
7 analysis;
- 8
- 9 • to adopt the Ratepayer Advocate's recommended revenue distribution which
10 reflects an appropriate balance between traditional cost of service and gradualism
11 considerations; and
- 12
- 13 • to implement the Ratepayer Advocate's recommended rate design which, like the
14 Company's proposal, reflects a further consolidation of NJAWC's General
15 Metered Service ("GMS") and Fire Protection Service rate schedules.
- 16

17 **Q. HOW IS THE REMAINDER OF YOUR TESTIMONY ORGANIZED?**

18 A. Section I of my testimony discusses the Company's cost-of-service methodology and
19 presents the Ratepayer Advocate's revised cost analysis. In Section II, I utilize the results
20 of the Ratepayer Advocate's cost-of-service analysis to develop my recommended class
21 revenue distribution and rate design.

1 **Cost-of-Service Study**

2

3 **Q. MR. KALCIC, WHAT TYPE OF COST-OF-SERVICE STUDY DID NJAWC**
4 **PERFORM FOR THIS PROCEEDING?**

5 A. Company witness Paul R. Herbert sponsored a class cost-of-service analysis (included in
6 Exhibit PT-8A) for water service customers at the Company’s requested revenue
7 requirement level utilizing the Base Extra-Capacity (“BEC”) cost methodology.

8

9 **Q. PLEASE SUMMARIZE THE MAJOR COMPONENTS OF THE BEC COST**
10 **METHODOLOGY.**

11 A. In general, the BEC methodology consists of two major steps. First, the utility’s system-
12 wide revenue requirement is *classified* into functional cost categories (e.g., base and extra
13 capacity). Second, each functional cost category is *allocated* to rate classes in
14 accordance with a factor that reflects relative cost responsibility.

15 The BEC functionalization and allocation steps combine to produce a measure of
16 total cost of service, by rate class. By comparing allocated cost responsibility to actual
17 revenue levels, one can determine whether a given rate class is contributing above or
18 below its cost-of-service indications.

1 **Q. IS THE COMPANY'S COST-OF-SERVICE METHODOLOGY CONSISTENT**
2 **WITH THAT EMPLOYED IN ITS MOST RECENT BASE RATE**
3 **PROCEEDING (I.E., BPU DOCKET NO. WR98010015)?**

4 A. Yes, it is.

5

6 **Q. MR. KALCIC, BASED UPON YOUR REVIEW OF NJAWC'S COST-OF-**
7 **SERVICE STUDY, DO YOU RECOMMEND THAT ANY CHANGES BE**
8 **INCORPORATED IN THE COMPANY'S BEC COST METHODOLOGY AT**
9 **THIS TIME?**

10 A. Yes. While I have generally adopted Mr. Herbert's methodology, I do recommend an
11 adjustment to certain allocation factors used to assign a portion of Taxes Other Than
12 Income in the Company's study.

13

14 **Q. PLEASE DISCUSS YOUR RECOMMENDED CHANGE.**

15 A. On Schedule B, page 10 of 10 of Exhibit PT-8A, the Company proposes to allocate
16 Utility Regulatory Assessment Fees and Property Taxes on Factor 16. However, Factor
17 16 is derived (internally) from the allocation of NJAWC's total operation and
18 maintenance expenses ("O&M") excluding purchased water, power, fuel, chemicals and
19 waste disposal. In my opinion, a more accurate allocation factor than O&M exists for
20 both of these expense categories.

1 Since the Company's Utility Regulatory Assessment Fees are a function of its
2 total rate revenues, I recommend allocating this expense on Factor 20 which is derived
3 from total class cost of service (excluding GRAFT). In the case of Property Taxes, I
4 recommend allocating such taxes on the basis of Factor 18 which is equivalent to original
5 cost plant in service less depreciation.

6

7 **Q. HAVE YOU CONDUCTED A REVISED COST-OF-SERVICE ANALYSIS FOR**
8 **NJAWC EMPLOYING THE ABOVE ADJUSTMENTS, AT THE RATEPAYER**
9 **ADVOCATE'S OVERALL RECOMMENDED REVENUE REQUIREMENT**
10 **LEVEL?**

11 A. Yes, I have. Schedule BK-1 summarizes the results of my recommended cost study using
12 the individual revenue requirement adjustments sponsored by Mr. Henkes. For ease of
13 identification, all of the Ratepayer Advocate's recommended revenue adjustments are
14 shown in *shaded* format.

15

16 **Q. WHAT IS SHOWN IN SCHEDULE BK-2?**

17 A. Schedule BK-2 provides an update to the Company's present value analysis contained in
18 Exhibit No. PT-8C, using the Ratepayer Advocate's overall recommended rate of return.
19 This analysis is utilized in the design of NJAWC's Off-Peak Resale Service rate, and will
20 be discussed later in my testimony.

21

1 **Q. DID YOU PERFORM A SEPARATE COST-OF-SERVICE ANALYSIS OF**
2 **MONMOUTH-ONLY COSTS, SUCH AS CONTAINED IN EXHIBIT NO. PT-**
3 **8D, AT THE RATEPAYER ADVOCATE’S RECOMMENDED REVENUE**
4 **REQUIREMENT LEVEL?**

5 A. No, I did not. The Ratepayer Advocate’s recommended revenue requirement was not
6 developed on a separate Monmouth-only basis. Consequently, such an analysis could not
7 be conducted. As the Company uses Exhibit No. PT-8D as a guide to develop its
8 proposed Manasquan Uninterruptible service rate, my recommended rate design for such
9 customers will, of necessity, differ somewhat from the Company’s approach.

10
11 **Q. MR. KALCIC, HAVE YOU UTILIZED THE COST-BASED CLASS REVENUE**
12 **REQUIREMENTS PRESENTED IN SCHEDULE BK-1 AS A GUIDE IN**
13 **PREPARING YOUR RECOMMENDED RATE STRUCTURE?**

14 A. Yes, I have.

15
16 **Revenue Distribution / Rate Design**

17
18 **Q. MR. KALCIC, HOW DOES THE COMPANY PROPOSE TO RECOVER ITS**
19 **REQUESTED REVENUE INCREASE IN THIS PROCEEDING?**

20 A. Schedule BK-3 summarizes the Company’s proposed class revenue distribution. The
21 class increases shown on Schedule BK-3 range from 7.8% (Public Fire) to 22.6%

1 (GMS) for water service, and from 0.2% (Lakewood) to 17.4% (Adelphia) for sewer
2 service.

3

4 **Q. HOW DID MR. HERBERT ARRIVE AT THE PROPOSED REVENUE**
5 **DISTRIBUTION SHOWN IN SCHEDULE BK-3?**

6 A. On page 8 of his direct testimony, Mr. Herbert indicates that the Company's proposed
7 revenue distribution and rate design reflect the following considerations: 1) class cost of
8 service indications; 2) the present status of certain rate schedules; 3) the goal of rate
9 consolidation; 4) the nature of existing contracts; and 5) the relative level of the
10 Company's fixed charge revenue.

11

12 **Q. MR. KALCIC, HAVE YOU DEVELOPED A RECOMMENDED CLASS**
13 **REVENUE DISTRIBUTION FOR THIS PROCEEDING?**

14 A. Yes, I have. My recommended class revenue distribution is shown in Schedule BK-4.

15

16 **Q. HOW DID YOU DERIVE THE REVENUE DISTRIBUTION SHOWN IN**
17 **SCHEDULE BK-4?**

18 A. I utilized most if not all of the same considerations identified by Mr. Herbert to guide the
19 development of the Ratepayer Advocate's recommended revenue distribution, although
20 the underlying weight given to the various considerations undoubtedly differs.

1 As a first step, I assigned a recommended revenue adjustment to each of the
2 Company's sewer districts. Specifically, I chose to move each rate district one-half the
3 distance to full cost of service at the Ratepayer Advocate's recommended revenue
4 requirement. This resulted in an overall sewer revenue decrease of 0.6% as shown on line
5 13 of Schedule BK-4. Next, I determined the level of the revenue adjustments that
6 should be assigned to the Company's fire service classes. Since both the Private and
7 Public Fire protection classes are over-contributing, I chose to assign no overall increase
8 to either rate class. Instead, I recommend continuing the process of consolidating the
9 Company's various fire service rate schedules, as discussed in detail below. However, as
10 a result of my rate consolidation recommendations, the *overall* fire protection classes
11 receive slight decreases ranging from 0.1% and 0.3% in Schedule BK-4.

12 My recommended increase to NJAWC's Commodity-Demand resale service
13 class is 0.1%, as shown on line 2 of Schedule BK-4. This increase would move the
14 Commodity-Demand class to full cost of service. The Ratepayer Advocate's
15 recommended Off-Peak Resale service increase is 0.6%, as shown on line 7 of Schedule
16 BK-4. This increase follows directly from my recommended Commodity-Demand
17 Resale service rate design, as discussed below.

18 Finally, as both the GMS and Manasquan Uninterruptible service classes are
19 under-contributing in my recommended cost study, I chose to assign each of these classes
20 the residual increase (1.3%) necessary in order to arrive at Mr. Henkes' overall
21 recommended increase of \$2.672 million.

1

2 **Q. MR. KALCIC, HAVE YOU SUMMARIZED YOUR RECOMMENDED**
3 **CLASS COST OF SERVICE AND CLASS REVENUE LEVELS ON A SINGLE**
4 **SCHEDULE, SIMILAR TO THE COMPANY'S SCHEDULE A IN EXHIBIT**
5 **PT-8A?**

6 A. Yes. Schedule BK-5 contrasts class cost of service with present and recommended class
7 revenue levels, in the same format as Schedule A in Exhibit PT-8A.

8

9 **Q. WHAT INFORMATION IS PRESENTED IN SCHEDULE BK-6?**

10 A. Schedule BK-6 presents the Ratepayer Advocate's recommended rate design and proof
11 of revenue. Present class rate revenue is derived in column 3 from the class billing
12 determinants and present rates shown in columns 1 and 2, respectively. The Ratepayer
13 Advocate's class billing determinants reflect the pro forma revenue adjustments shown in
14 Schedules RJH-10 and RJH-11, and produce total pro forma operating revenues at
15 present rates of \$252.5 million. I note that all of the Ratepayer Advocate's billing
16 determinant adjustments associated with Mr. Henkes' sales normalization
17 recommendations (i.e., Schedule RJH-10) are reflected in the Off-Peak Sales for Resale
18 and Sales for Resale classes shown on Schedule BK-6, page 2 of 7.¹

19 The Ratepayer Advocate's recommended rates are shown in column 4. Column
20 5 shows the annual class revenue produced by the recommended rates in column 4.

¹ Mr. Henkes' adjustment for Antenna Lease revenues is included in total Other Revenue shown on Schedule BK-6, page 6 of 7.

1 Finally, column 6 shows the recommended percentage increases to individual tariff
2 components and class revenue levels.

3

4 **Q. PLEASE DISCUSS YOUR SPECIFIC RATE DESIGN**
5 **RECOMMENDATIONS, BEGINNING WITH THE COMPANY'S SEWER**
6 **SERVICE CUSTOMERS.**

7 A. My recommended rates for sewer service are shown on Schedule BK-6, page 7 of 7.
8 All individual charges were adjusted in an across-the-board fashion, by sewer district, to
9 arrive at the total revenue adjustments shown in Schedule BK-4, lines 10-13.

10

11 **Q. CONTINUING IN THE SAME ORDER OF PRESENTATION AS YOUR**
12 **PREVIOUS REVENUE DISTRIBUTION DISCUSSION, PLEASE DISCUSS**
13 **HOW YOU DEVELOPED YOUR RECOMMENDED PUBLIC FIRE**
14 **PROTECTION RATES.**

15 A. As shown on Schedule BK-6, page 3 of 7, NJAWC presently maintains five (5) separate
16 public fire rate schedules. Under my recommended rate design, the number of rate
17 schedules would be reduced to four (4), with Howell's public hydrant charges reduced to
18 the present statewide rate of \$33.46 per month. I recommend an increase of 3.6% or
19 three times the system average for Ortlely customers, and have combined Logan
20 customers on the Ortlely rate schedule. Finally, I have moved Adelphia customers half

1 way toward the underlying statewide hydrant cost of \$29.45 per month, which results in
2 an increase of 3.5%. Adelpia customers would remain on a separate rate schedule.

3
4 **Q. HOW DID YOU DEVELOP YOUR RECOMMENDED PRIVATE FIRE**
5 **PROTECTION RATES?**

6 A. My recommended rates for Private Fire Protection service are also shown on Schedule
7 BK-6, page 3 of 7. Under my recommended rate design, I have moved half way toward
8 equalizing rates under the statewide rate schedule (Rate L) and Rate J by implementing
9 equal (but opposite) rate adjustments of approximately 6.8%.² As in the Company's
10 proposal: a) Rate J-1 would be merged with Rate J; b) Rate K-2 charges would be
11 moved half way toward the (new) level of Rate L rates; and c) stand-by and sprinkler
12 charges under Rates K-1 and L-1 were left unchanged. Finally, I assigned the average
13 Rate J increase of 6.8% to the hydrant charges in Rates K-1 and L-1.

14
15 **Q. PLEASE DISCUSS YOUR RECOMMENDED RATES FOR COMMODITY-**
16 **DEMAND RESALE AND OFF-PEAK SALES FOR RESALE SERVICE.**

17 A. My recommended rates for these two classes are shown on Schedule BK-6, page 2 of 7.
18 In general, my recommended rate design follows the same methodology as the Company,
19 but utilizes the Ratepayer Advocate's cost of service results as inputs. As previously
20 mentioned, I have targeted the Commodity-Demand Resale class with a cost-based

² In other words, the existing rate differentials between Rate L and Rate J are reduced by one-half in Schedule BK-6.

1 increase of 0.1%. The class's usage charge (non-exempt) was set at the underlying
2 variable cost level of \$0.3106 per thousand gallons, and the balance of class revenue
3 requirement target was recovered via a demand rate of \$62.86.

4 To develop my recommended Off-Peak Sales for Resale service rates, I first
5 updated the Company's analysis of the present value of the savings associated with
6 delaying the construction of 1 MGD in treatment capacity for eight years. My updated
7 analysis, shown in Schedule BK-2, modifies the Company's study for the following: 1) a
8 revenue requirement factor that reflects the Ratepayer Advocate's recommended cost of
9 capital; and 2) a two-year adjustment for inflation in the initial (i.e., Year 1) cost of the
10 treatment facilities.³ As in the Company's proposed rate design, I have applied the
11 resulting savings to the Off-Peak demand rate, which amounts to 92.57% of the
12 corresponding Commodity-Demand Resale charge.

13
14 **Q. HOW DID YOU DETERMINE YOUR RECOMMENDED CUSTOMER**
15 **CHARGES WHICH ARE SHOWN ON PAGES 4 AND 5 OF SCHEDULE BK-**
16 **6?**

17 A. First, all current statewide customer charges were increased 2 times the Ratepayer
18 Advocate's overall recommended increase, or approximately 2.3%. The customer
19 charges for former Chester customers were then set equal to the statewide average.

³ The two-year inflation adjustment is based on the assumption that the Company's original 2001 construction cost estimates have not been updated in Exhibit No. PT-8C.

1 Finally, I moved the customer charges in Logan half way towards the corresponding
2 statewide charges.

3 **Q. MR. KALCIC, PLEASE EXPLAIN HOW YOU DEVELOPED YOUR**
4 **RECOMMENDED CONSUMPTION CHARGE FOR THE COMPANY’S**
5 **GMS AND REGULAR SALES FOR RESALE CUSTOMERS.**

6 A. As previously mentioned, I assigned a residual increase of 1.3% to the GMS class.
7 Accordingly, after allowing for the revenue increase generated by my recommended
8 customer charges, I set the consumption charge at the residual level necessary to attain the
9 targeted class increase of 1.3%. The resulting level is \$4.0488 per thousand gallons for
10 non-exempt customers.

11

12 **Q. WOULD ALL GMS CUSTOMERS PAY THE SAME CONSUMPTION**
13 **CHARGE UNDER YOUR RECOMMENDED RATE DESIGN?**

14 A. Yes. As a result, with the exception of Logan, all of the Company’s GMS customers
15 would now be consolidated on a single rate schedule.⁴

16

17 **Q. HOW DID YOU DEVELOP YOUR RECOMMENDED MANASQUAN**
18 **UNINTERRUPTIBLE SERVICE USAGE CHARGE?**

19 A. As in the case of my recommended GMS rate design, I increased the usage charge by the
20 residual amount necessary to achieve a targeted increase of 1.3% for the class. The

⁴ Logan customers would continue on a separate rate schedule due to the level of their customer charges.

1 resulting exempt and non-exempt consumption rates are shown on Schedule BK-6, page
2 2 of 7.

3

4 **Q. HAVE YOU PROVIDED A SUMMARY OF YOUR RECOMMENDED**
5 **GENERAL METERED SERVICE RATES?**

6 A. Yes. Schedule BK-7 provides a comparison of present and recommended GMS
7 charges, by current rate area.

8

9 **Q. MR. KALCIC, DO YOU RECOMMEND ANY CHANGES TO THE**
10 **COMPANY'S CURRENT CHARGES FOR RECONNECTION OF SERVICE?**

11 A. No. Given the modest size of the Ratepayer Advocate's overall recommended increase,
12 combined with the fact that NJAWC's present charges for such service already exceed
13 those in Elizabethtown and Mount Holly, I recommend that reconnection charges remain
14 unchanged.

15

16 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

17 A. Yes.

APPENDIX

Qualifications of Brian Kalcic

Mr. Kalcic graduated from Illinois Benedictine College with a Bachelor of Arts degree in Economics in December, 1974. In May, 1977 he received a Master of Arts degree in Economics from Washington University, St. Louis. In addition, he has completed all course requirements at Washington University for a Ph.D. in Economics.

From 1977 to 1982, Mr. Kalcic taught courses in economics at both Washington University and Webster University. The courses that he taught included Microeconomic and Macroeconomic Theory, Labor Economics and Public Finance.

During 1980 and 1981, Mr. Kalcic was a consultant to the Equal Employment Opportunity Commission, St. Louis District Office. His responsibilities included data collection and organization, statistical analysis and trial testimony.

From 1982 to 1996, Mr. Kalcic was employed by the firm of Cook, Eisdorfer & Associates, Inc. During that time, he participated in the analysis of electric, gas and water utility rate case filings. His primary responsibilities included cost-of-service and economic analysis, model building, and statistical analysis.

In March 1996, Mr. Kalcic founded Excel Consulting, a consulting practice which provides business and regulatory analysis.

Mr. Kalcic has previously testified before the state regulatory commissions of Delaware, Kentucky, Maine, Massachusetts, Minnesota, Missouri, New Jersey, New York, Ohio, Oregon, Pennsylvania, Texas, and the Bonneville Power Administration.

NEW JERSEY-AMERICAN WATER COMPANY
RATEPAYER ADVOCATE ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003

Account Description	Factor Ref.	Cost of Service	GMS	Commodity-Demand	Manasquan	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
OPERATION AND MAINTENANCE EXPENSES							
Source of Supply							
----Operation----							
Labor Oper SS Super/Eng	2	\$0	0	0	0	0	0
Labor Oper SS	2	323,022	312621	3844	6364	65	129
Purchased Water-Outside	1	12,064,427	11345387	266624	439145	3619	9652
Purchased Water - NJWSA	3	3,656,516	3568394	83734	0	1097	3291
Diversión Rights	1	244,247	229690	5398	8891	73	195
Purch Power SS	1	47,841	44990	1057	1741	14	38
Fuel for Power Prod SS	1	7,282	6848	161	265	2	6
Rents-Real Prop Oper SS	2	5,000	4839	60	99	1	2
M & S Oper SS	2	8,993	8703	107	177	2	4
Contr Svc-Other Oper SS	2	297	287	4	6	0	0
Trans Oper SS	2	379	367	5	7	0	0
Misc Oper SS	2	21,896	21191	261	431	4	9
Telephone SS	2	310,677	300673	3697	6120	62	124
----Maintenance----							
Labor Maint SS	2	98,562	95388	1173	1942	20	39
Labor Maint SS Coll & Imp	1	1,734	1631	38	63	1	1
Labor Maint SS Lake, River	2	3,647	3530	43	72	1	1
Labor Maint SS Wells & Spr	2	125	121	1	2	0	0
Transport Maint SS	2	2,389	2312	28	47	0	1
Contr Svc-Eng Maint SS	2	1,461	1414	17	29	0	1
Mat and Sup Maint SS	2	1,120,193	1084123	13330	22068	224	448
Misc Maint SS Coll & Impoun	1	1,113	1047	25	41	0	1
Subtotal Source of Supply		17919801	17033557	379607	487510	5185	13942

NEW JERSEY-AMERICAN WATER COMPANY
RATEPAYER ADVOCATE ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003

Account Description (1)	Factor Ref. (2)	Cost of Service (3)	GMS (4)	Commodity-Demand (5)	Manasquan (6)	Private Fire Protection (7)	Public Fire Protection (8)
Power and Pumping Expenses							
----Operation----							
Labor Oper P Super/Eng	2	3,417	3307	41	67	1	1
Labor Oper P	2	2,069,661	2003018	24629	40772	414	828
Purch Power P	1	2,496,222	2347447	55167	90862	749	1997
M & S Oper P	2	21,938	21232	261	432	4	9
Trans Oper P	2	5,612	5431	67	111	1	2
Misc Oper P	2	697,407	674950	8299	13739	139	279
----Maintenance----							
Labor Maint P	2	566,497	548256	6741	11160	113	227
Labor Maint P Struct & Imp	2	464	449	6	9	0	0
Mat and Sup Maint P	2	328,590	318009	3910	6473	66	131
Misc Maint P	2	5,646	5464	67	111	1	2
Subtotal Power and Pumping		6195454	5927566	99188	163736	1488	3476
Water Treatment Expenses							
----Operation----							
Labor Oper WT	2	2,963,863	2868427	35270	58388	593	1186
Purch Power WT	1	5,675,053	5336820	125419	206572	1703	4540
Chemicals WT	1	3,441,143	3236051	76049	125258	1032	2753
Waste Disposal Exp WT	1	940,409	884361	20783	34231	282	752
Contr Svc-Mgmt Oper WT	2	546,347	528755	6502	10763	109	219
Rents-Real Prop Oper WT	2	3,101	3001	37	61	1	1
Rents-Equipment Oper WT	2	10,043	9720	120	198	2	4
M & S Oper WT	2	152,543	147631	1815	3005	31	61
Contr Svc-Legal Oper WT	2	999	967	12	20	0	0
Trans Oper WT	2	1,812	1754	22	36	0	1
Misc Oper WT	2	1,237,441	1197595	14726	24378	247	495
Office & Admin Supplies WT	2	3,291	3185	39	65	1	1
----Maintenance----							
Labor Maint WT Super/Eng	2	-46683	-45180	-556	-920	-9	-19

NEW JERSEY-AMERICAN WATER COMPANY
RATEPAYER ADVOCATE ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003

Account Description	Factor Ref.	Cost of Service	GMS	Commodity-Demand	Manasquan	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Labor Maint WT	2	803,866	777982	9566	15836	161	322
Labor Maint WT Struct & Imp	2	2,449	2370	29	48	0	1
Other Welf Maint WT	2	17,643	17075	210	348	4	7
Transport Maint WT	2	10,011	9689	119	197	2	4
Contr Svc-Eng Maint WT	2	23,682	22919	282	467	5	9
Mat and Sup Maint WT	2	741,447	717572	8823	14607	148	297
Misc Maint WT	2	849	822	10	17	0	0
Subtotal Water Treatment		16529309	15721511	299277	493575	4312	10634
Transmission & Distribution Expenses							
----Operation----							
Labor Oper TD Super/Eng	14	822	777	5	2	14	23
Labor Oper TD							
Storage Facilities	6	161,859	143876	1764	0	4257	11961
Mains	8	1,799,968	1660290	20340	8280	29159	81899
Meters	10	1,279,688	1265228	640	1920	11901	0
Services	11	347,811	330803	35	70	16904	0
Labor Oper TD Lines	8	997	920	11	5	16	45
Purch Power TD	14	11,431	10811	74	32	199	314
Rents-Real Prop Oper TD	14	204,416	193337	1329	572	3557	5621
Rents-Equipment Oper TD	14	48,972	46318	318	137	852	1347
Other Welf Oper TD	14	1,685	1594	11	5	29	46
M & S Oper TD	14	221,876	209850	1442	621	3861	6102
Contract Svc-Eng Oper TD	14	29,179	27597	190	82	508	802
Contr Svc-Legal Oper TD	14	1,327	1255	9	4	23	36
Contr Svc-Other Oper TD	14	40,325	38139	262	113	702	1109
Trans Oper TD	14	8,905	8422	58	25	155	245
Misc Oper TD	14	380,276	359665	2472	1065	6617	10458
Misc Oper TD Storage	6	107,627	95670	1173	0	2831	7954
Misc Oper TD Mains	8	77,320	71320	874	356	1253	3518
Misc Oper TD Meters	10	27,241	26933	14	41	253	0
Misc Oper TD Mtr Inst	10	31,182	30830	16	47	290	0

NEW JERSEY-AMERICAN WATER COMPANY
RATEPAYER ADVOCATE ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003

Account Description	Factor Ref.	Cost of Service	GMS	Commodity-Demand	Manasquan	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Office & Admin Supplies TD	14	1,097	1038	7	3	19	30
Telephone TD	14	50,406	47674	328	141	877	1386
-----Maintenance-----							
Labor Maint TD							
Storage Facilities	6	453,170	402823	4940	0	11918	33489
Mains	8	2,186,441	2016773	24707	10058	35420	99483
Meters	10	551,940	545703	276	828	5133	0
Services	11	1,140,266	1084507	114	228	55417	0
Hydrants	9	600,089	0	0	0	0	600089
Labor Maint TD Mains	8	-2264	-2088	-26	-10	-37	-103
Transport Maint TD	15	13,852	11375	84	32	302	2058
Contr Svc-Eng Maint TD	15	230,334	189150	1405	530	5021	34228
Mat and Sup Maint TD	15	3,155,424	2591234	19248	7257	68788	468896
Misc Maint TD	15	6,432	5282	39	15	140	956
Misc Maint TD Struct & Imp	6	1,190	1058	13	0	31	88
Misc Maint TD Dist Res	6	15,688	13945	171	0	413	1159
Misc Maint TD Mains	8	51,016	47057	576	235	826	2321
Misc Maint TD Services	11	2,660	2530	0	1	129	0
Misc Maint TD Meters	10	7,020	6941	4	11	65	0
Misc Maint TD Hydrants	9	9,387	0	0	0	0	9387
Subtotal Transmission & Distribution		13257055	11488636	82923	32706	267843	1384947
Customer Accounting Expenses							
Labor Oper CA	12	3,971,744	3925275	397	397	44881	794
Labor Oper CA Off/Dir	12	392	387	0	0	4	0
Labor Oper CA Mtr Read	13	147	145	0	0	2	0
Contr Svc-Mgmt Oper CA	12	1,285,109	1270073	129	129	14522	257
M & S Oper CA	12	26,932	26617	3	3	304	5
Uncollectible Accounts	12	1,555,259	1537062	156	156	17574	311
Misc Oper CA	12	1,806,734	1785595	181	181	20416	361
Misc Oper CA Mtr Read	13	148,289	146584	15	15	1676	0
Subtotal Customer Accounting		8794606	8691737	881	881	99379	1728

NEW JERSEY-AMERICAN WATER COMPANY
RATEPAYER ADVOCATE ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003

Account Description	Factor Ref.	Cost of Service	GMS	Commodity-Demand	Manasquan	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Administrative and General Expenses							
Labor Oper AG	16	3,235,317	3020815	21677	25883	34941	132001
Contr Svc-Mgmt Oper AG	16	-36983	-34531	-248	-296	-399	-1509
Mgmt Fees-Labor	16	7,605,100	7100882	50954	60841	82135	310288
Mgmt Fees-Administrative	16	1,111,298	1037619	7446	8890	12002	45341
Mgmt Fees-Employee Related	17	1010346	940733	6971	8184	11316	43142
Employee Pension and Benefits	17	7,482,276	6966748	51628	60606	83801	319493
Reg Commission Expense	16	465,451	434592	3119	3724	5027	18990
Ins Gen Liab Oper AG	16	2,789,303	2604373	18688	22314	30124	113804
Ins Work Comp AG	17	854,055	795211	5893	6918	9565	36468
Rents	16	456,679	426401	3060	3653	4932	18633
M & S Oper AG	16	574,027	535969	3846	4592	6199	23420
Dues/Membership	16	38,095	35570	255	305	411	1554
Employee Expenses AG	17	191,659	178454	1322	1552	2147	8184
Office & Admin Supplies & Expens	16	542231	506281	3633	4338	5856	22123
Contract Services	16	731,970	683440	4904	5856	7905	29864
Contr Svc-Temp Empl Oper AG	17	1,791	1668	12	15	20	76
Trans Oper AG	16	2,475,501	2311375	16586	19804	26735	101000
Ins Vehicle Oper AG	16	137,194	128098	919	1098	1482	5598
Misc Oper AG	16	2,601,790	2429291	17432	20814	28099	106153
Charitable Contrib	16	227,310	212239	1523	1818	2455	9274
Injuries and Damages	17	18,916	17612	131	153	212	808
Labor Maint AG	16	86,336	80612	578	691	932	3523
Mat and Sup Maint AG	16	608,819	568454	4079	4871	6575	24840
Misc Maint AG	16	31,821	29711	213	255	344	1298
Subtotal Administrative and General		33240302	31011620	224621	266879	362816	1374366
Total Operation & Maintenance Expenses		95936527	89874627	1086497	1445287	741023	2789093
Pro Forma Adjustments							
Salaries and Wages	17	942,795	877837	6505	7637	10559	40257
Group Insurance	17	642,679	598399	4434	5206	7198	27442

NEW JERSEY-AMERICAN WATER COMPANY
RATEPAYER ADVOCATE ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003

Account Description	Factor Ref.	Cost of Service	GMS	Commodity-Demand	Manasquan	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Pension Expense	17	1,880,919	1751325	12978	15235	21066	80315
Post-Retirement Other than Pensi	17	261,216	243218	1802	2116	2926	11154
401(k)	17	90,240	84022	623	731	1011	3853
Employee Investment Plan	17	8,802	8196	61	71	99	376
Electric Power	1	(290,556)	-273240	-6421	-10576	-87	-232
Painting of Storage Facilities	6	525,757	467346	5731	0	13827	38853
Regulatory Expense	16	(405,270)	-378401	-2715	-3242	-4377	-16535
Water Diversion	1	(16,431)	-15452	-363	-598	-5	-13
Waste Disposal - Water Operation	1	184,891	173871	4086	6730	55	148
Chemicals	1	(398,822)	-375052	-8814	-14517	-120	-319
Purchased Water	1	1,955,621	1839066	43219	71185	587	1564
Deferred Purchased Water	1	1,121,854	1054992	24793	40835	337	897
Amort. of Deferred DRRWTP Rev.	2	0	0	0	0	0	0
Insurance Other Than Group	16	166,324	155297	1114	1331	1796	6786
Service Company Expenses	16	973,867	909299	6525	7791	10518	39734
Amortization of Bus. Serv. Exp.	16	(761,009)	-710554	-5099	-6088	-8219	-31049
Security Costs	16	2,200,000	2054140	14740	17600	23760	89760
Amortization of Def. Security Cost	16	280,000	261436	1876	2240	3024	11424
Rental Expense	16	(255,094)	-238181	-1709	-2041	-2755	-10408
Lease of Granular Activated Carbk	2	171,598	166073	2042	3380	34	69
Leased Vehicle Expense	16	226,569	211547	1518	1813	2447	9244
Amort. Deferred Winter of '94 Exp	16	(116,377)	-108661	-780	-931	-1257	-4748
Refund of Charitable Cont.	16	(49,736)	-46439	-333	-398	-537	-2029
Postage	16	65,026	60715	436	520	702	2653
Charitable Contr. & Lobbying Exp:	16	(252,954)	-236182	-1695	-2024	-2732	-10321
Thames Water Institute	16	0	0	0	0	0	0
Other O&M	16	(428,078)	-399696	-2868	-3425	-4623	-17466
Synergy Savings	16	-387,1354	-3614683	-25938	-30971	-41811	-157951
Total Pro Forma Expense Adjustments	16	4852477	4520238	75748	109610	33423	113458
Total Pro Forma O & M Expenses		100789004	94394865	1162245	1554897	774446	2902551

NEW JERSEY-AMERICAN WATER COMPANY
RATEPAYER ADVOCATE ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003

Account Description (1)	Factor Ref. (2)	Cost of Service (3)	GMS (4)	Commodity-Demand (5)	Manasquan (6)	Private Fire Protection (7)	Public Fire Protection (8)
DEPRECIATION EXPENSE							
Structures & Improvements - SS	2	133,183	128895	1585	2624	27	53
Collecting & Impounding Reservoir	1	240,870	226514	5323	8768	72	193
Lakes, rivers & other intakes	1	160,756	151175	3553	5852	48	129
Wells & springs	1	986,992	928167	21813	35927	296	790
Infiltration galleries and tunnels	1	400	376	9	15	0	0
Supply mains	1	241,806	227394	5344	8802	73	193
Other water source plant	2	13,796	13352	164	272	3	6
Structures & Improvements - Pump	2	913,969	884539	10876	18005	183	366
Other power production equipment	2	221,185	214063	2632	4357	44	88
Electric pumping equipment	2	1,752,709	1696272	20857	34528	351	701
Diesel pumping equipment	2	38,622	37378	460	761	8	15
Hydraulic pumping equipment	2	2,177	2107	26	43	0	1
Other pumping equipment	2	218,328	211298	2598	4301	44	87
Structures & improvements - WT	2	1,683,871	1629650	20038	33172	337	674
Water treatment equipment	2	3,490,166	3377783	41533	68756	698	1396
Water treatment - GAC	2	1,439,498	1393146	17130	28358	288	576
WH Structures & improvements	2	33,785	32697	402	666	7	14
WH equipment	2	125,701	121653	1496	2476	25	50
T & D structures & improvements	14	29,754	28141	193	83	518	818
Distribution reservoirs & standpipe:	6	983,584	874308	10721	0	25868	72687
Transmission & distribn mains -4"	5	539,277	496782	6094	0	9545	26856
Transmission & distribn mains -6"	5	2,244,592	2067718	25364	0	39729	111781
Transmission & distribn mains -10'	4	2,036,686	1885564	23218	38290	23626	65989
Transmission & distribn mains -18'	4	1,817,962	1683069	20725	34178	21088	58902
Services	11	2,800,417	2663477	280	560	136100	0
Meters	10	888,730	878687	444	1333	8265	0
Meter installations	10	1,299,109	1284429	650	1949	12082	0
Hydrants	9	654,874	0	0	0	0	654874
Office structures & improvements	16	538,637	502925	3609	4309	5817	21976

NEW JERSEY-AMERICAN WATER COMPANY
RATEPAYER ADVOCATE ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003

Account Description	Factor Ref.	Cost of Service	GMS	Commodity-Demand	Manasquan	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Stores, shops & garage structures	16	248,176	231722	1663	1985	2680	10126
Miscellaneous structures	16	290,217	270976	1944	2322	3134	11841
Data handling equipment	16	0	0	0	0	0	0
Transportation equipment - light tru	16	125,611	117282	842	1005	1357	5125
Transportation equipment - heavy	16	263,801	246311	1767	2110	2849	10763
Transportation equipment - cars	16	22,290	20812	149	178	241	909
Transportation equipment - other	16	40,329	37655	270	323	436	1645
Stores equipment	16	19,636	18334	132	157	212	801
Tools, shop & garage equipment	16	278,748	260267	1868	2230	3010	11373
Laboratory equipment	2	257,345	249059	3062	5070	51	103
Power operated equipment	16	68,718	64162	460	550	742	2804
Communication equipment	16	286,226	267249	1918	2290	3091	11678
Communication equipment - telept	16	626	584	4	5	7	26
Miscellaneous equipment	16	76,624	71544	513	613	828	3126
Corporate Plant	16	3,613,377	3373810	24210	28907	39024	147426
Contributions and Advances - Mair	8	(675,574)	-623149	-7634	-3108	-10944	-30739
Contributions and Advances - Serv	11	(149,470)	-142161	-15	-30	-7264	0
Contributions and Advances - Metk	10	(87,479)	-86490	-44	-131	-814	0
Contributions and Advances - Hydi	9	(56,950)	0	0	0	0	-56950
RA Depreciation Adj	a	(1,219,711)	-1133478	-11221	-15490	-13051	-46471
Total Depreciation Expense		28933976	26886048	267025	367371	310731	1102801
AMORTIZATIONS							
Amortization of ITC	19	(142,987)	-132692	-1330	-1730	-1687	-5548
Amortization of Acquisition Adjs.	18	187,496	173696	1762	2156	2306	7575
Amortization of Comprehensive Pl;	18	47,706	44195	448	549	587	1927
RA Amortization Adj	18	(1,359,117)	-1259086	-12776	-15630	-16717	-54908
Total Depreciation & Amortization		27667074	25712161	255129	352716	295220	1051847
Basis for RA Deprec Adj	a	30153687	28019526	0.9293	278246	382861	1149272
			0.9293	0.0092	0.0127	0.0107	0.0381

NEW JERSEY-AMERICAN WATER COMPANY
RATEPAYER ADVOCATE ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003

Account Description	Factor Ref.	Cost of Service	GMS	Commodity-Demand	Manasquan	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TAXES OTHER THAN INCOME TAXES							
Utility Reg Assessment Fee	20	471,010	439217	4851	6500	4522	15920
Property Taxes	18	2,628,062	2434637	24704	30223	32325	106174
Payroll Taxes	17	1,890,522	1760265	13045	15313	21174	80725
Water Monitoring	7	425,777	425777	0	0	0	0
Other Taxes and Licenses	16	33,308	31100	223	266	360	1359
Total Taxes Other Than Income Taxes		5448679	5090996	42823	52302	58381	204178
INCOME TAXES							
Federal and State Income Taxes	19	16696180	15494055	155274	202024	197015	647812
Total Income Taxes		16696180	15494055	155274	202024	197015	647812
UTILITY OPERATING INCOME	19	54929749	50974807	510847	664650	648171	2131274
Total Cost of Service (Excl. GRFT)		205530686	191666884	2126318	2826589	1973233	6937662
Less:							
Off-Peak Contract Sales (Excl. GR	20	-1778453	-1658408	-18318	-24543	-17073	-60112
Other Revenues	12	-341156	-337165	-34	-34	-3855	-68
Antenna Lease Rev.	18	-508000	-470612	-4775	-5842	-6248	-20523
Total Cost of Service Related to Sales (Excl. GRFT)		202,903,077	189,200,699	2,103,191	2,796,170	1,946,057	6,856,959
Gross Receipts and Franchise Tax		32352199	30401928	338855	191891	313866	1105660
Total Including Gross Receipts		\$235,255,276	\$219,602,627	\$2,442,046	\$2,988,061	\$2,259,923	\$7,962,619

NEW JERSEY-AMERICAN WATER COMPANY
RATEPAYER ADVOCATE ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003

Account Description	Factor Ref.	Cost of Service	GMS	Commodity-Demand	Manasquan	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
UTILITY PLANT IN SERVICE LESS DEPRECIATION							
Intangible and Nondepreciable							
Intangible	18	439,209	406883	4129	5051	5402	17744
Organization	18	505,301	468111	4750	5811	6215	20414
Franchises	18	184,981	171366	1739	2127	2275	7473
Land & Ld Rights SS	2	5,543,310	5364815	65965	109203	1109	2217
Land & Ld Rights P	2	2,641,328	2556277	31432	52034	528	1057
Land & Ld Rights WT	2	3,056,282	2957870	36370	60209	611	1223
Land & Ld Rights TD	8	12,628,571	11648594	142703	58091	204583	574600
Land & Land Rights AG	16	323114	301692	2165	2585	3490	13183
Subtotal Intangible and Nondepreciable		25,322,096	23,875,608	289,253	295,111	224,213	637,911
Depreciable Plant							
Structures & improvements - SS	2	4,759,995	4606723	56644	93772	952	1904
Collecting & impounding reservoirs	1	15,145,119	14242470	334707	551282	4544	12116
Lakes, rivers & other intakes	2	9,671,642	9360215	115093	190531	1934	3869
Wells & springs	2	23,251,236	22502546	276690	458049	4650	9300
Infiltration galleries and tunnels	2	12,426	12026	148	245	2	5
Supply mains	2	15,115,501	14628782	179874	297775	3023	6046
Other water source plant	2	489,237	473484	5822	9638	98	196
Structures & Imp. - pumping	2	36,200,859	35035191	430790	713157	7240	14480
Other power production equipment	2	6,815,866	6566395	81109	134273	1363	2726
Electric pumping equipment	2	39,750,431	38470467	473030	783083	7950	15900
Diesel pumping equipment	2	898,479	869548	10692	17700	180	359
Hydraulic pumping equipment	2	36,853	35666	439	726	7	15
Other pumping equipment	2	7,160,133	6929577	85206	141055	1432	2864
Structures & Imp. - WT	2	78,780,410	76243681	937487	1551974	15756	31512
Water treatment equipment	2	144,590,518	139934703	1720627	2848433	28918	57836
Water treatment - GAC	2	6,935,092	6711782	82528	136621	1387	2774
WH Structures & improvements	2	1,494,330	1446213	17783	29438	299	598
WH equipment	2	3,979,156	3851027	47352	78389	796	1592
T & D structures & improvements	14	1,225,016	1158620	7963	3430	21315	33688

NEW JERSEY-AMERICAN WATER COMPANY

RATEPAYER ADVOCATE ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003

Account Description	Factor Ref.	Cost of Service	GMS	Commodity-Demand	Manasquan	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Distribution reservoirs & standpipe:	6	40,982,626	36429456	446711	0	1077843	3028616
T & D mains -4" & less	5	36,925,072	34015376	417253	0	653574	1838869
T & D mains -6"-8"	5	177,757,004	163749752	2008654	0	3146299	8852299
T & D mains -10"-16"	4	157,174,490	145512144	1791789	2954880	1823224	5092453
T & D mains -18" & more	4	123,532,929	114366787	1408275	2322419	1432982	4002467
Services	11	110,919,932	105495947	11092	22184	5390709	0
Meters	10	24,272,269	23997993	12136	36408	225732	0
Meter installations	10	63,371,186	62655092	31686	95057	589352	0
Hydrants	9	24,258,981	0	0	0	0	24258981
Office structures & improvements	16	16,963,444	15838769	113655	135708	183205	692109
Stores, shops & garage structures	16	8,831,883	8246330	59174	70655	95384	360341
Miscellaneous structures	16	6,378,392	5955505	42735	51027	68887	260238
Transportation equip. - light trucks	16	835,047	779683	5595	6680	9019	34070
Transportation equip. - heavy truck	16	1,791,467	1672693	12003	14332	19348	73092
Transportation equip. - cars	16	145,588	135937	975	1165	1572	5940
Transportation equip. - other	16	236,948	221238	1588	1896	2559	9667
Stores equipment	16	387,492	361802	2596	3100	4185	15810
Tools, shop & garage equipment	16	4,989,398	4658601	33429	39915	53885	203567
Laboratory equipment	2	4,998,124	4837184	59478	98463	1000	1999
Power operated equipment	16	1,193,461	1114336	7996	9548	12889	48693
Communication equipment	16	4,380,342	4089925	29348	35043	47308	178718
Communication equip. - telephone	16	14,562	13597	98	116	157	594
Miscellaneous equipment	16	1,208,947	1128794	8100	9672	13057	49325
Corporate Plant Allocated	16	25,590,486	23893837	171456	204724	276377	1044092
Subtotal Depreciable Plant		1,233,452,369	1,142,279,894	11,539,806	14,152,563	15,230,393	50,249,720
RA Adjustment	18	(50,819,031)	-47078750	-477699	-584419	-625074	-2053089
Total Utility Plant in Service		1,207,955,434	1,119,076,752	11,351,360	13,863,255	14,829,532	48,834,542

NEW JERSEY-AMERICAN WATER COMPANY

RATEPAYER ADVOCATE ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003

Account Description	Factor Ref.	Cost of Service	GMS	Commodity-Demand	Manasquan	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Other Rate Base Elements							
Accumulated Depr. Reserve	18	-288370960	-267146857	-2710687	-3316266	-3546963	-11650187
Accumulated Amortization	18	-47706	-44195	-448	-549	-587	-1927
Working Capital - Expenses	16	1483267	1384926	9938	11866	16019	60517
Working Capital - Return & Taxes	18	1152378	1067563	10832	13252	14174	46556
Utility Plant Acquisition Adjustment	18	4970184	4604379	46720	57157	61133	200795
Prepayments	16	3602007	3363194	24133	28816	38902	146962
Materials and Supplies	16	2906856	2714130	19476	23255	31394	118600
Tax on CIAC	8	518269	478051	5856	2384	8396	23581
Unamortized Deferred DRRTWP	2	0	0	0	0	0	0
Customer Advances	8	-29581576	-27286046	-334272	-136075	-479222	-1345962
CIAC - Mains	8	-33329318	-30742963	-376621	-153315	-539935	-1516484
CIAC - Services	11	-3451314	-3282545	-345	-690	-167734	0
CIAC - Meters	10	-1284022	-1269513	-642	-1926	-11941	0
CIAC - Hydrants	9	-1227665	0	0	0	0	-1227665
RA - CIAC Adj	c	-514253	-461953	-4937	-2057	-9411	-35895
Pre-1971 ITC	18	-419951	-389043	-3948	-4829	-5165	-16966
Deferred FIT	18	-82925249	-76821951	-779497	-953640	-1019981	-3350180
Unclaimed Ext Deposits	8	-649000	-598638	-7334	-2985	-10514	-29530
Unamort. Gain Land Sales	a	-3670000	-3463012	-42205	-42939	-31929	-89915
Consolid. Income Tax Benefits	b	-20882933	-19379362	-194211	-252683	-246419	-810258
Subtotal Other Rate Base Elements		(451,720,986)	(417,273,835)	(4,338,192)	(4,731,224)	(5,899,783)	(19,477,958)
Total Original Cost Rate Base		\$756,234,448	\$701,802,917	\$7,013,168	\$9,132,031	\$8,929,749	\$29,356,584
Basis for Allocating Land Sales	a	24192605	22829248	278635	282122	210321	592280
Basis for Allocating Consol. Tax Savings	b	7777117381	721182279	7207379	9384714	9176168	30166842
Basis for Allocating CIAC Adj	c	-39292319	-35295021	-377608	-155931	-719610	-2744149
			0.8983	0.0096	0.0040	0.0183	0.0698

NEW-JERSEY AMERICAN WATER COMPANY

Updated Analysis of Present Value Savings Associated with Delaying Expansion of Treatment Facilities for Eight Years

Year	BUILD 1 MGD TREATMENT PLANT CAPACITY NOW				BUILD 1 MGD TREATMENT PLANT CAPACITY IN 8 YRS.				
	Rate Base	Revenue Requirement Factor	Annual Depreciation	Annual Revenue Requirement	Rate Base	Revenue Requirement Factor	Annual Depreciation	Annual Revenue Requirement	Annual Savings
1	\$1,220,035	0.1095	\$24,401	\$157,995					\$0
2	1195634	0.1095	24401	155,323					155323
3	1171234	0.1095	24401	152,651					152651
4	1146833	0.1095	24401	149,979					149979
5	1122432	0.1095	24401	147,307					147307
6	1098032	0.1095	24401	144,635					144635
7	1073631	0.1095	24401	141,963					141963
8	1049230	0.1095	24401	139,291					139291
9	1024829	0.1095	24401	136,620	\$1,545,500	0.1095	\$30,910	200,142	-63523
10	1000429	0.1095	24401	133,948	1514590	0.1095	30,910	196,758	-62810
11	976028	0.1095	24401	131,276	1483680	0.1095	30,910	193,373	-62097
12	951627	0.1095	24401	128,604	1452770	0.1095	30,910	189,988	-61384
13	927227	0.1095	24401	125,932	1421860	0.1095	30,910	186,604	-60672
14	902826	0.1095	24401	123,260	1390950	0.1095	30,910	183,219	-59959
15	878425	0.1095	24401	120,588	1360040	0.1095	30,910	179,834	-59246
16	854025	0.1095	24401	117,916	1329130	0.1095	30,910	176,450	-58533
17	829624	0.1095	24401	115,245	1298220	0.1095	30,910	173,065	-57821
18	805223	0.1095	24401	112,573	1267310	0.1095	30,910	169,680	-57108
19	780822	0.1095	24401	109,901	1236400	0.1095	30,910	166,296	-56395
20	756422	0.1095	24401	107,229	1205490	0.1095	30,910	162,911	-55682
21	732021	0.1095	24401	104,557	1174580	0.1095	30,910	159,527	-54970
22	707620	0.1095	24401	101,885	1143670	0.1095	30,910	156,142	-54257
23	683220	0.1095	24401	99,213	1112760	0.1095	30,910	152,757	-53544
24	658819	0.1095	24401	96,541	1081850	0.1095	30,910	149,373	-52831
25	634418	0.1095	24401	93,869	1050940	0.1095	30,910	145,988	-52118

NEW-JERSEY AMERICAN WATER COMPANY

Updated Analysis of Present Value Savings Associated with Delaying Expansion of Treatment Facilities for Eight Years

Year	BUILD 1 MGD TREATMENT PLANT CAPACITY NOW				BUILD 1 MGD TREATMENT PLANT CAPACITY IN 8 YRS.				
	Revenue Requirement Factor	Annual Depreciation	Revenue Requirement	Rate Base	Revenue Requirement Factor	Annual Depreciation	Revenue Requirement	Annual Savings	
26	610018	0.1095	24401	91,198	1020030	0.1095	30,910	142,603	-51406
27	585617	0.1095	24401	88,526	989120	0.1095	30,910	139,219	-50693
28	561216	0.1095	24401	85,854	958210	0.1095	30,910	135,834	-49980
29	536815	0.1095	24401	83,182	927300	0.1095	30,910	132,449	-49267
30	512415	0.1095	24401	80,510	896390	0.1095	30,910	129,065	-48555
31	488014	0.1095	24401	77,838	865480	0.1095	30,910	125,680	-47842
32	463613	0.1095	24401	75,166	834570	0.1095	30,910	122,295	-47129
33	439213	0.1095	24401	72,494	803660	0.1095	30,910	118,911	-46416
34	414812	0.1095	24401	69,823	772750	0.1095	30,910	115,526	-45704
35	390411	0.1095	24401	67,151	741840	0.1095	30,910	112,141	-44991
36	366011	0.1095	24401	64,479	710930	0.1095	30,910	108,757	-44278
37	341610	0.1095	24401	61,807	680020	0.1095	30,910	105,372	-43565
38	317209	0.1095	24401	59,135	649110	0.1095	30,910	101,988	-42852
39	292808	0.1095	24401	56,463	618200	0.1095	30,910	98,603	-42140
40	268408	0.1095	24401	53,791	587290	0.1095	30,910	95,218	-41427
41	244007	0.1095	24401	51,119	556380	0.1095	30,910	91,834	-40714
42	219606	0.1095	24401	48,448	525470	0.1095	30,910	88,449	-40001
43	195206	0.1095	24401	45,776	494560	0.1095	30,910	85,064	-39289
44	170805	0.1095	24401	43,104	463650	0.1095	30,910	81,680	-38576
45	146404	0.1095	24401	40,432	432740	0.1095	30,910	78,295	-37863
46	122004	0.1095	24401	37,760	401830	0.1095	30,910	74,910	-37150
47	97603	0.1095	24401	35,088	370920	0.1095	30,910	71,526	-36438
48	73202	0.1095	24401	32,416	340010	0.1095	30,910	68,141	-35725
49	48801	0.1095	24401	29,744	309100	0.1095	30,910	64,756	-35012
50	24401	0.1095	24401	27,073	278190	0.1095	30,910	61,372	-34299

NEW-JERSEY AMERICAN WATER COMPANY

Updated Analysis of Present Value Savings Associated with Delaying Expansion of Treatment Facilities for Eight Years

BUILD 1 MGD TREATMENT PLANT CAPACITY NOW

BUILD 1 MGD TREATMENT PLANT CAPACITY IN 8 YRS.

Year	Rate Base	Revenue		Annual Requirement	Rate Base	Revenue		Annual Requirement	Annual Savings
		Requirement Factor	Annual Revenue			Requirement Factor	Annual Revenue		
51	0	0.1095	0	0	247280	0.1095	30,910	57,987	-57987
52	0	0.1095	0	0	216370	0.1095	30,910	54,603	-54603
53	0	0.1095	0	0	185460	0.1095	30,910	51,218	-51218
54	0	0.1095	0	0	154550	0.1095	30,910	47,833	-47833
55	0	0.1095	0	0	123640	0.1095	30,910	44,449	-44449
56	0	0.1095	0	0	92730	0.1095	30,910	41,064	-41064
57	0	0.1095	0	0	61820	0.1095	30,910	37,679	-37679
58	0	0.1095	0	0	30910	0.1095	30,910	34,295	-34295
59	0	0.1095	0	0	0	0.1095	0	0	0
		Present Value =		\$2,019,594	Present Value =		\$1,667,021	\$352,573	
		4,626,678			5,860,922		(1,234,245)		

Discount Rate = 5.500% 8 -YEAR AMORTIZATION OF PRESENT VALUE SAVINGS \$55,659
 Inflation = 3.0% Annual Savings per 365,000 kgals. \$0.152

	Avg. Day	Monthly Usage	Commodity Rate	Commodity Charge	Max Day Fac.	Nomination Demand	Demand Rate	Demand Charge	Commodity & Demand Charges	Average Rate
Resale Service	2,791	84,902	\$0.3231	\$27,431.91	1.0	2791	\$62.45	\$174,298	\$201,729.86	\$2.376
	Less: Unit Cost Savings									
Off-Peak Service	2,791	84,902	0.3231	27,431.91	1.0	2791	57.81	161,347.71	188,779.62	2.224
				Percent of Demand Charge =		92.57%				

NEW JERSEY-AMERICAN WATER COMPANYCompany Proposed Distribution of its
Requested Increase in Total Revenue

<u>Line Class</u>	<u>Present Revenue</u>	<u>Proposed Increase</u>		
		<u>Amount</u>	<u>Percent</u>	<u>Index</u>
	(1)	(2)	(3)	(4)
<u>Water</u>				
1 General Metered	\$211,628,268	\$47,745,089	22.6%	105
2 Commodity-Demand	\$2,440,798	\$422,405	17.3%	81
3 Manasquan	\$2,775,976	\$249,413	9.0%	42
4 Private Fire Prot.	\$6,062,167	\$515,683	8.5%	40
5 Public Fire Prot.	<u>\$8,995,030</u>	<u>\$700,357</u>	7.8%	36
6 Subtotal	\$231,902,239	\$49,632,947	21.4%	100
7 Off-Peak Contract	\$1,913,584	\$327,853	17.1%	
8 Other Revenue	<u>\$341,156</u>	<u>\$187,746</u>	55.0%	
9 Total Water	\$234,156,979	\$50,148,546	21.4%	
<u>Sewer</u>				
10 Ocean City	\$9,228,437	\$1,460,724	15.8%	
11 Lakewood	\$6,361,726	\$14,106	0.2%	
12 Adelphia	<u>\$1,638,660</u>	<u>\$284,469</u>	17.4%	
13 Total Sewer	\$17,228,823	\$1,759,299	10.2%	
14 Total Water & Sewer	<u>\$251,385,802</u>	<u>\$51,907,845</u>	20.6%	

Source: Exhibit PT-8A,
Sch. A

NEW JERSEY-AMERICAN WATER COMPANYRatepayer Advocate Distribution of its
Recommended Adjustment in Total Revenue

Line Class	Present Revenue (1)	Recommended Increase		
		Amount (2)	Percent (3)	Index (4)
<u>Water</u>				
1 General Metered	\$212,129,698	\$2,741,946	1.3%	109
2 Commodity-Demand	\$2,440,797	\$1,473	0.1%	5
3 Manasquan	\$2,775,978	\$35,803	1.3%	109
4 Private Fire Prot.	\$6,062,093	(\$16,032)	-0.3%	-22
5 Public Fire Prot.	<u>\$8,995,030</u>	<u>(\$9,780)</u>	-0.1%	-9
6 Subtotal	\$232,403,596	\$2,753,410	1.2%	100
7 Off-Peak Contract	\$2,046,618	\$11,945	0.6%	
8 Other Revenue	<u>\$849,156</u>	<u>\$0</u>	0.0%	
9 Total Water	\$235,299,370	\$2,765,355	1.2%	
<u>Sewer</u>				
10 Ocean City	\$9,228,437	\$311,663	3.4%	
11 Lakewood	\$6,361,726	(\$440,747)	-6.9%	
12 Adelphia	<u>\$1,638,660</u>	<u>\$33,939</u>	2.1%	
13 Total Sewer	\$17,228,823	(\$95,145)	-0.6%	
14 Total Water & Sewer	<u><u>\$252,528,193</u></u>	<u><u>\$2,670,210</u></u>	1.1%	

\$2,672,000 Target
(\$1,790) Rounding

Source: Exhibit PT-8A,
Sch. A, plus
Sch. RJH-10 & 11

NEW JERSEY-AMERICAN WATER COMPANY

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND RECOMMENDED RATES
FOR THE PRO FORMA YEAR ENDED DECEMBER 31, 2003

Customer Classification	Ratepayer Advocate Cost of Service		Present Revenues		Recommended Revenues		Recommended Revenue Increase	
	Amount (2)	Percent of Total (3)	Amount (4)	Percent of Total (5)	Amount (6)	Percent of Total (7)	Amount (8)	Percent Increase (9)
WATER								
General Metered Service	\$219,602,627	93.35%	\$212,129,698	91.28%	\$214,871,644	91.37%	\$2,741,946	1.3%
Commodity-Demand	2,442,046	1.04%	2,440,797	1.05%	2,442,270	1.04%	1,473	0.1%
Manasquan	2,988,061	1.27%	2,775,978	1.19%	2,811,781	1.20%	35,803	1.3%
Private Fire Protection	2,259,923	0.96%	6,062,093	2.61%	6,046,061	2.57%	(16,032)	-0.3%
Public Fire Protection	7,962,619	3.38%	8,995,030	3.87%	8,985,250	3.82%	(9,780)	-0.1%
Subtotal	235,255,276	<u>100.00%</u>	232,403,596	<u>100.00%</u>	235,157,006	<u>100.00%</u>	2,753,410	1.2%
Off-Peak Contract Sales	2,058,563		2,046,618		2,058,563		11,945	0.6%
Other Revenue	849,156		849,156		849,156		0	0.0%
Total Water	\$238,162,995		\$235,299,370		\$238,064,725		\$2,765,355	1.2%
SEWER								
Ocean City	9,851,802	57.82%	9,228,437	53.56%	9,540,100	55.68%	311,663	3.4%
Lakewood	5,480,285	32.17%	6,361,726	36.92%	5,920,979	34.56%	(440,747)	-6.9%
Adelphia	1,705,751	10.01%	1,638,660	9.51%	1,672,599	9.76%	33,939	2.1%
Total Sewer	17,037,838	100.00%	17,228,823	100.00%	17,133,678	100.00%	(95,145)	-0.6%
Total Water & Sewer	<u>\$255,200,833</u>		<u>\$252,528,193</u>		<u>\$255,198,403</u>		<u>\$2,670,210</u>	1.1%

New Jersey-American Water Company
Ratepayer Advocate Rates and Proof of Revenue

	Billing Determinants (1)	Present Rate (2)	Present Revenue (3)	Recomm. Rate (4)	Recomm. Revenue (5)	% Increase (6)
General Metered						
<u>Statewide-w/Acq.</u>						
Facility Charge			\$36,103,017		\$36,913,262	2.24%
Usage	40,886,549	\$3.9817	\$162,797,972	\$4.0488	\$165,541,460	1.69%
Growth Adj. Agreements			\$2,001,788 \$15,760		\$2,037,554 \$15,760	1.79% 0.00%
<u>Exempt</u>						
Facility Charge			\$806		\$825	2.36%
Usage	512	\$3.4272	\$1,755	\$3.4867	\$1,785	1.71%
subt			\$200,921,098		\$204,510,646	1.79%
<u>Chester</u>						
Facility Charge			\$51,156		\$44,237	-13.53%
Usage - Allowance	9,411	\$0.00	\$0	\$4.0488	\$38,103	-
- Billed	25,595	\$3.4434	\$88,134	\$4.0488	\$103,629	17.58%
subt			\$139,290		\$185,969	33.51%
<u>Adelphia</u>						
Facility Charge			\$202,290		\$371,214	83.51%
Usage	174,838	\$5.9166	\$1,034,447	\$4.0488	\$707,884	-31.57%
Growth Adj. subt			\$69,377 \$1,306,114		\$60,534 \$1,139,632	-12.75% -12.75%
<u>Howell</u>						
Facility Charge			\$1,061,151		\$721,247	-32.03%
Usage - 1st block	513,318	\$3.9817	\$2,043,878	\$4.0488	\$2,078,322	1.69%
All other	196,240	\$6.5740	\$1,290,082	\$4.0488	\$794,537	-38.41%
Growth Adj. subt			\$97,802 \$4,492,913		\$79,978 \$3,674,084	-18.22% -18.22%
<u>Logan</u>						
Facility Charge			\$175,300		\$208,635	19.02%
Usage	273,174	\$4.0038	\$1,093,734	\$4.0488	\$1,106,027	1.12%
Growth Adj. subt			(\$24,012) \$1,245,022		(\$24,875) \$1,289,787	3.59% 3.60%
<u>Ortley *</u>						
Facility Charge			\$428,080		\$180,746	
Usage	58,975		\$6,235	\$4.0488	\$238,778	
subt			\$434,315		\$419,524	-3.41%
Total GMS			\$208,538,752		\$211,219,642	1.29%

* Includes unmetered service at present rates.

New Jersey-American Water Company
Ratepayer Advocate Rates and Proof of Revenue

	Billing Determinants (1)	Present Rate (2)	Present Revenue (3)	Recomm. Rate (4)	Recomm. Revenue (5)	% Increase (6)
Commodity/Dem.						
Facilities			\$20,075		\$20,550	2.37%
Usage	1,018,715	\$0.3231	\$329,147	\$0.3106	\$316,413	-3.87%
Demand	2,791	\$62.45	<u>\$2,091,575</u>	\$62.86	<u>\$2,105,307</u>	0.66%
subt			\$2,440,797		\$2,442,270	0.06%
Off-Peak						
Facilities			\$16,586		\$16,978	2.36%
Usage	895,982	\$0.3231	\$289,492	\$0.3106	\$278,292	-3.87%
Demand	4,228	\$57.4300	\$1,699,698	\$58.1900	\$1,722,191	1.32%
Exempt						
Facilities			\$346		\$354	2.31%
Usage	21,199	\$0.2781	\$5,895	\$0.2675	\$5,671	-3.80%
Demand	100	\$49.4300	<u>\$34,601</u>	\$50.1100	<u>\$35,077</u>	1.38%
subt			\$2,046,618		\$2,058,563	0.58%
Manasquan						
Uninterruptible						
Facilities			\$38,428		\$39,333	2.36%
Usage	636,180	\$1.7642	\$1,122,349	\$1.7859	\$1,136,154	1.23%
Sales for Resale	27,250	\$3.9717	\$108,229	\$4.0388	\$110,057	1.69%
Exempt						
Facilities			\$31,147		\$31,899	2.41%
Usage	1,043,170	\$1.5185	<u>\$1,584,054</u>	\$1.5380	<u>\$1,604,395</u>	1.28%
subt			\$2,884,207		\$2,921,838	1.30%
Sale for Resale						
Facility Charge			\$33,674		\$34,470	2.36%
Usage	832,214	\$3.9717	\$3,305,304	\$4.0388	\$3,361,146	1.69%
Exempt						
Facility Charge			\$20,765		\$21,265	2.41%
Usage	35,972	\$3.4186	<u>\$122,974</u>	\$3.4767	<u>\$125,064</u>	1.70%
subt			\$3,482,717		\$3,541,945	1.70%
Total Oth. Metered			\$10,854,339		\$10,964,616	1.02%

New Jersey-American Water Company
Ratepayer Advocate Rates and Proof of Revenue

Billing Determinants (1)	Present Rate (2)	Present Revenue (3)	Recomm. Rate (4)	Recomm. Revenue (5)	% Increase (6)	
Public Fire						
Hydrants						
Statewide-w/Acq.	21,693	\$33.46	\$8,710,173	\$33.46	\$8,710,173	0.00%
Howell	456	\$35.62	\$194,913	\$33.46	\$183,093	-6.06%
Logan	142	\$12.15	\$20,704	\$12.22	\$20,823	0.57%
Adelphia	133	\$27.51	\$43,906	\$28.48	\$45,454	3.53%
Chester	37	\$33.46	\$14,856	\$33.46	\$14,856	0.00%
Ortley	74	\$11.80	\$10,478	\$12.22	\$10,851	3.56%
Total Public Fire	22,535		\$8,995,030		\$8,985,250	-0.11%
Private Fire						
Statewide-w/Acq.						
2"	114	\$15.12	\$20,684	\$14.09	\$19,275	-6.81%
4"	289	\$60.48	\$209,745	\$56.36	\$195,456	-6.81%
6"	848	\$136.08	\$1,384,750	\$126.81	\$1,290,419	-6.81%
8"	359	\$241.92	\$1,042,191	\$225.44	\$971,196	-6.81%
10"	6	\$378.00	\$27,216	\$352.25	\$25,362	-6.81%
12"	13	\$544.32	\$84,914	\$507.24	\$79,129	-6.81%
16"	0	\$967.68	\$0	\$901.76	\$0	-6.81%
subt			\$2,769,500		\$2,580,837	-6.81%
Rate J						
2"	399	\$11.50	\$55,062	\$12.28	\$58,797	6.78%
4"	616	\$46.00	\$340,032	\$49.12	\$363,095	6.78%
6"	1,170	\$103.50	\$1,453,140	\$110.52	\$1,551,701	6.78%
8"	310	\$184.00	\$684,480	\$196.48	\$730,906	6.78%
10"	9	\$287.50	\$31,050	\$307.00	\$33,156	6.78%
12"	12	\$414.00	\$59,616	\$442.08	\$63,660	6.78%
16"	0	\$736.00	\$0	\$785.92	\$0	6.78%
subt			\$2,623,380		\$2,801,315	6.78%
Rate J-1						
6"	1	\$86.61	\$1,039	\$110.52	\$1,326	27.62%
Rate K-1						
Stand-By	19	\$229.58	\$52,344	\$229.58	\$52,344	0.00%
Hydrant	6	\$35.62	\$2,565	\$38.04	\$2,739	6.78%
subt			\$54,909		\$55,083	0.32%
Rate K-2						
2" (w/o hose)	15	\$25.00	\$4,500	\$19.55	\$3,519	-21.80%
4" (w/o hose)	2	\$100.00	\$2,400	\$78.18	\$1,876	-21.83%
8"	2	\$655.84	\$15,740	\$440.64	\$10,575	-32.81%
subt			\$22,640		\$15,970	-29.46%
Rate L-1						
Sprinkler	92,218	\$0.5216	\$577,211	\$0.5216	\$577,211	0.00%
hydrant	92	\$12.15	\$13,414	\$12.97	\$14,319	6.75%
subt			\$590,625		\$591,530	
Total Private Fire			\$6,062,093		\$6,046,061	-0.26%

New Jersey-American Water Company
Ratepayer Advocate Rates and Proof of Revenue

Billing Determinants (1)	Present Rate (2)	Present Revenue (3)	Recomm. Rate (4)	Recomm. Revenue (5)	% Increase (6)	
General Metered		Fixed Charge Detail				
<u>Statewide</u>						
5/8"	3,649,965	\$7.18	\$26,206,752	\$7.34	\$26,790,746	2.23%
3/4"	40,350	\$10.77	\$434,565	\$11.01	\$444,249	2.23%
1"	241,334	\$17.95	\$4,331,952	\$18.35	\$4,428,486	2.23%
1-1/2"	14,967	\$35.90	\$537,306	\$36.75	\$550,027	2.37%
2"	69,415	\$57.44	\$3,987,199	\$58.78	\$4,080,215	2.33%
3"	231	\$107.70	\$24,836	\$110.25	\$25,424	2.37%
4"	1,150	\$179.50	\$206,339	\$183.76	\$211,236	2.37%
6"	839	\$359.00	\$301,212	\$367.45	\$308,302	2.35%
8"	120	\$574.40	\$68,692	\$587.96	\$70,314	2.36%
10"	4	\$1,041.10	\$4,164	\$1,065.67	\$4,263	2.38%
12"	0	\$1,543.70	\$0	\$1,580.13	\$0	2.36%
Subtotal			\$36,103,017		\$36,913,262	2.24%
<u>Exempt</u>						
5/8"	35	\$6.18	\$213	\$6.32	\$218	2.35%
2"	12	\$49.44	\$593	\$50.62	\$607	2.36%
Subtotal			\$806		\$825	
<u>Chester</u>						
5/8"	3,179	\$13.13	\$41,747	\$7.34	\$23,332	-44.11%
1"	492	\$13.13	\$6,465	\$18.35	\$9,033	39.72%
1-1/2"	59	\$13.13	\$779	\$36.75	\$2,180	179.85%
2"	165	\$13.13	\$2,165	\$58.78	\$9,692	347.67%
Subtotal			\$51,156		\$44,237	-13.53%
<u>Adelphia</u>						
5/8"	41,361	\$4.00	\$165,445	\$7.34	\$303,591	83.50%
3/4"	96	\$6.00	\$576	\$11.01	\$1,057	83.51%
1"	3,050	\$10.00	\$30,497	\$18.35	\$55,961	83.50%
1-1/2"	24	\$20.00	\$484	\$36.75	\$890	83.88%
2"	100	\$32.00	\$3,194	\$58.78	\$5,867	83.69%
4"	21	\$100.00	\$2,094	\$183.76	\$3,848	83.76%
Subtotal			\$202,290		\$371,214	83.51%
<u>Howell</u>						
5/8"	77,112	\$10.80	\$832,807	\$7.34	\$566,000	-32.04%
3/4"	166	\$16.20	\$2,688	\$11.01	\$1,827	-32.03%
1"	5,603	\$27.00	\$151,292	\$18.35	\$102,822	-32.04%
1-1/2"	180	\$54.00	\$9,727	\$36.75	\$6,620	-31.94%
2"	448	\$86.40	\$38,722	\$58.78	\$26,343	-31.97%
3"	61	\$162.00	\$9,931	\$110.25	\$6,758	-31.95%
4"	24	\$270.00	\$6,480	\$183.76	\$4,410	-31.94%
6"	18	\$540.00	\$9,504	\$367.45	\$6,467	-31.95%
Subtotal			\$1,061,151		\$721,247	-32.03%

New Jersey-American Water Company
Ratepayer Advocate Rates and Proof of Revenue

Billing Determinants (1)	Present Rate (2)	Present Revenue (3)	Recomm. Rate (4)	Recomm. Revenue (5)	% Increase (6)	
Logan						
Fixed Charge Detail						
5/8"	19,121	\$5.32	\$101,722	\$6.33	\$121,034	18.99%
3/4"	0	\$7.98	\$0	\$9.50	\$0	19.05%
1"	308	\$13.30	\$4,102	\$15.83	\$4,882	19.02%
1-1/2"	415	\$26.60	\$11,039	\$31.68	\$13,147	19.10%
2"	1,373	\$42.56	\$58,437	\$50.67	\$69,572	19.05%
Subtotal			\$175,300		\$208,635	19.02%
Ortley						
5/8"	23,760	Unmetered		\$7.34	\$174,398	
2"	108			\$58.78	\$6,348	
Subtotal					\$180,746	
Commodity/Dem.						
2"	12	\$57.44	\$689	\$58.78	\$705	2.32%
4"	84	\$179.50	\$15,078	\$183.76	\$15,436	2.37%
6"	12	\$359.00	\$4,308	\$367.45	\$4,409	2.34%
Subtotal			\$20,075		\$20,550	
Off-Peak						
4"	14	\$179.50	\$2,513	\$183.76	\$2,573	2.39%
6"	28	\$359.00	\$10,052	\$367.45	\$10,289	2.36%
8"	7	\$574.40	\$4,021	\$587.96	\$4,116	2.36%
Subtotal			\$16,586		\$16,978	2.36%
Exempt						
2"	7	\$49.44	\$346	\$50.62	\$354	2.31%
Manasquan						
Uninterruptible						
1"	24	\$17.95	\$431	\$18.35	\$440	2.09%
2"	24	\$57.44	\$1,379	\$58.78	\$1,411	2.32%
3"	12	\$107.70	\$1,292	\$110.25	\$1,323	2.40%
4"	24	\$179.50	\$4,308	\$183.76	\$4,410	2.37%
6"	48	\$359.00	\$17,232	\$367.45	\$17,638	2.36%
8"	24	\$574.40	\$13,786	\$587.96	\$14,111	2.36%
Subtotal			\$38,428		\$39,333	2.36%
Exempt						
6"	24	\$309.00	\$7,416	\$316.44	\$7,595	2.41%
8"	48	\$494.40	\$23,731	\$506.34	\$24,304	2.41%
Subtotal			\$31,147		\$31,899	
Sale for Resale						
1"	12	\$17.95	\$215	\$18.35	\$220	2.33%
1-1/2"	12	\$35.90	\$431	\$36.75	\$441	2.32%
4"	88	\$179.50	\$15,796	\$183.76	\$16,171	2.37%
6"	48	\$359.00	\$17,232	\$367.45	\$17,638	2.36%
Subtotal			\$33,674		\$34,470	2.36%
Exempt						
6"	48	\$309.00	\$14,832	\$316.44	\$15,189	2.41%
8"	12	\$494.40	\$5,933	\$506.34	\$6,076	2.41%
Subtotal			\$20,765		\$21,265	2.41%

New Jersey-American Water Company
 Ratepayer Advocate Rates and Proof of Revenue

Billing Determinants (1)	Present Rate (2)	Present Revenue (3)	Recomm. Rate (4)	Recomm. Revenue (5)	% Increase (6)
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Summary - Water Service

Class

GMS		\$208,538,752		\$211,219,642	1.29%
Commodity Demand		\$2,440,797		\$2,442,270	0.06%
Off-Peak		\$2,046,618		\$2,058,563	0.58%
Manasquan		\$2,884,207		\$2,921,838	1.30%
Reg. Sales for Resale		\$3,482,717		\$3,541,945	1.70%
Public Fire		\$8,995,030		\$8,985,250	-0.11%
Private Fire		<u>\$6,062,093</u>		<u>\$6,046,061</u>	-0.26%
Subtotal		\$234,450,214		\$237,215,569	1.18%
Other Revenues		<u>\$849,156</u>		<u>\$849,156</u>	0.00%
Total Water Revenues		\$235,299,370		\$238,064,725	1.18%

New Jersey-American Water Company
Ratepayer Advocate Rates and Proof of Revenue

Billing Determinants (1)	Present Rate (2)	Present Revenue (3)	Recomm. Rate (4)	Recomm. Revenue (5)	% Increase (6)	
Sewer Service						
<u>Adelphia</u>						
Fixed						
5/8"	41,086	\$4.00	\$164,343	\$4.08	\$167,629	2.00%
3/4"	94	\$6.00	\$562	\$6.12	\$573	1.96%
1"	810	\$10.00	\$8,102	\$10.20	\$8,264	2.00%
1-1/2"	20	\$20.00	\$407	\$20.41	\$416	2.21%
2"	69	\$32.00	\$2,208	\$32.66	\$2,254	2.08%
3"	0	\$60.00	\$0	\$61.23	\$0	2.05%
4"	13	\$100.00	\$1,263	\$102.05	\$1,289	2.06%
6"	0	\$200.00	\$0	\$204.09	\$0	2.05%
Usage	156,530	\$8.17	\$1,278,850	\$8.34	\$1,305,460	2.08%
Growth Adj.			<u>\$182,925</u>		<u>\$186,714</u>	2.07%
subt			\$1,638,660		\$1,672,599	2.07%
<u>Lakewood</u>						
Fixed						
Residential	84,166	\$10.83	\$911,518	\$10.07	\$847,552	-7.02%
Commercial	9,943	\$10.83	\$107,686	\$10.07	\$100,129	-7.02%
Other	450	\$10.83	\$4,875	\$10.07	\$4,533	-7.02%
Usage	953,404	\$5.1740	\$4,932,912	\$4.8109	\$4,586,731	-7.02%
Growth Adj.			<u>\$323,481</u>		<u>\$300,780</u>	-7.02%
subt			\$6,280,472		\$5,839,725	-7.02%
<u>Ocean City</u>						
Summer Usage						
Residential	220,296	\$21.2032	\$4,670,980	\$21.9193	\$4,828,734	3.38%
Commercial	161,322	\$21.2032	\$3,420,543	\$21.9193	\$3,536,065	3.38%
Other	5,484	\$21.2032	\$116,278	\$21.9193	\$120,205	3.38%
Usage - Annual	832,418	\$1.0604	\$882,696	\$1.0962	\$912,497	3.38%
Growth Adj.			<u>\$137,940</u>		<u>\$142,599</u>	3.38%
			\$9,228,437		\$9,540,100	3.38%
Total Sewer Service			\$17,147,569		\$17,052,424	-0.55%
Other Revenues			<u>\$81,254</u>		<u>\$81,254</u>	0.00%
Total Sewer Revenues			\$17,228,823		\$17,133,678	-0.55%

Total Inc.	\$2,670,210
Target	\$2,672,000
Rounding	(\$1,790)

NEW JERSEY-AMERICAN WATER COMPANY

Comparison of General Metered Service
Present and Recommended Rates

Line	Monthly Facilities Charge	Present	Recommended	Increase	
		Rate	Rate	Amount	%
		(1)	(2)	(3)	(4)
<u>Statewide</u>					
1	5/8"	\$7.18	\$7.34	\$0.16	2.23%
2	3/4"	\$10.77	\$11.01	\$0.24	2.23%
3	1"	\$17.95	\$18.35	\$0.40	2.23%
4	1 1/2"	\$35.90	\$36.75	\$0.85	2.37%
5	2"	\$57.44	\$58.78	\$1.34	2.33%
6	3"	\$107.70	\$110.25	\$2.55	2.37%
7	4"	\$179.50	\$183.76	\$4.26	2.37%
8	6"	\$359.00	\$367.45	\$8.45	2.35%
9	8"	\$574.40	\$587.96	\$13.56	2.36%
10	10"	\$1,041.10	\$1,065.67	\$24.57	2.36%
11	12"	\$1,543.70	\$1,580.13	\$36.43	2.36%
<u>Chester</u>					
12	5/8"	\$13.13	\$7.34	(\$5.79)	-44.11%
13	1"	\$13.13	\$18.35	\$5.22	39.72%
14	1 1/2"	\$13.13	\$36.75	\$23.62	179.82%
15	2"	\$13.13	\$58.78	\$45.65	347.56%
<u>Adelphia</u>					
16	5/8"	\$4.00	\$7.34	\$3.34	83.50%
17	3/4"	\$6.00	\$11.01	\$5.01	83.50%
18	1"	\$10.00	\$18.35	\$8.35	83.50%
19	1 1/2"	\$20.00	\$36.75	\$16.75	83.75%
20	2"	\$32.00	\$58.78	\$26.78	83.69%
21	4"	\$100.00	\$183.76	\$83.76	83.76%
<u>Howell</u>					
22	5/8"	\$10.80	\$7.34	(\$3.46)	-32.04%
23	3/4"	\$16.20	\$11.01	(\$5.19)	-32.04%
24	1"	\$27.00	\$18.35	(\$8.65)	-32.04%
25	1 1/2"	\$54.00	\$36.75	(\$17.25)	-31.94%
26	2"	\$86.40	\$58.78	(\$27.62)	-31.97%
27	3"	\$162.00	\$110.25	(\$51.75)	-31.94%
28	4"	\$270.00	\$183.76	(\$86.24)	-31.94%
29	6"	\$540.00	\$367.45	(\$172.55)	-31.95%

NEW JERSEY-AMERICAN WATER COMPANY

Comparison of General Metered Service
Present and Recommended Rates

Line	Monthly Facilities Charge	Present	Recommended	Increase	
		Rate	Rate	Amount	%
		(1)	(2)	(3)	(4)
	<u>Logan</u>				
1	5/8"	\$5.32	\$6.33	\$1.01	18.98%
2	3/4"	\$7.98	\$9.50	\$1.52	19.05%
3	1"	\$13.30	\$15.83	\$2.53	19.02%
4	1 1/2"	\$26.60	\$31.68	\$5.08	19.10%
5	2"	\$42.56	\$50.67	\$8.11	19.06%
	<u>Consumption Charge (1000 G.)</u>				
6	Statewide	\$3.9817	\$4.0488	\$0.0671	1.69%
	<u>Chester</u>				
7	Allowance	\$0.0000	\$4.0488	\$4.0488	-
8	Billed	\$3.4434	\$4.0488	\$0.6054	17.58%
9	Adelphia	\$5.9166	\$4.0488	(\$1.8678)	-31.57%
	<u>Howell</u>				
10	1st block	\$3.9817	\$4.0488	\$0.0671	1.69%
11	All Other	\$6.5740	\$4.0488	(\$2.5252)	-38.41%
12	Logan	\$4.0038	\$4.0488	\$0.0450	1.12%