

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

**IN THE MATTER OF THE PETITION OF)
NEW JERSEY-AMERICAN WATER COMPANY,))
INC. FOR APPROVAL OF INCREASED) BPU DKT. NO. WR17090985
TARIFF RATES AND CHARGES FOR WATER) OAL DKT. NO. PUC 14251-2017S
AND WASTEWATER SERVICE, CHANGE IN))
DEPRECIATION RATES AND OTHER))
TARIFF MODIFICATIONS))**

**DIRECT TESTIMONY OF BRIAN KALCIC
ON BEHALF OF THE
NEW JERSEY DIVISION OF RATE COUNSEL**

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APPENDIX – Qualifications of Brian Kalcic

1

I. QUALIFICATIONS AND OVERVIEW

2 **Q. Please state your name and business address.**

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

4

5 **Q. What is your occupation?**

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

9

10 **Q. On whose behalf are you testifying in this case?**

11 A. I am testifying on behalf of the New Jersey Division of Rate Counsel (“Rate
12 Counsel”).

13

14 **Q. What is the subject of your testimony?**

15 A. Rate Counsel requested that I review the class cost of service and rate design
16 proposals submitted on behalf of New Jersey-American Water Company, Inc.
17 (“NJAWC” or the “Company”), and develop an appropriate rate design that reflects
18 Rate Counsel witness Robert J. Henkes’ recommended revenue decrease of \$17.07
19 million.

20

21 **Q. How is your testimony organized?**

Direct Testimony of Brian Kalcic

1 A. My direct testimony is organized as follows. Section I of my testimony contains my
2 qualifications and an overview of my testimony. Section II critiques the Company's
3 cost-of-service study for water service, and discusses my recommended cost study.
4 Section III presents Rate Counsel's recommended class revenue allocation and rate
5 design. Finally, Section IV discusses how Rate Counsel's recommended cost-of-
6 service study results should be used to determine an appropriate revenue allocation
7 in the event the Board awards NJAWC an overall revenue increase in this
8 proceeding.

9

10 **Q. Please summarize your recommendations.**

11 A. Based upon my review of the Company filing and interrogatory responses, I
12 recommend that Your Honor and the New Jersey Board of Public Utilities ("Board"
13 or "BPU"):

14

- 15 • reject the Company's class cost-of-service study for water service;
- 16
- 17 • adopt Rate Counsel's recommended water cost-of-service study;
- 18
- 19 • adopt Rate Counsel's recommended class revenue allocation, which includes
20 uniform decreases to the Company's water service rate classes;

21

1 **Q. Please summarize the major components of the BEC cost methodology that is**
2 **used in the Company's water COSS.**

3 A. In general, the BEC methodology consists of two major steps. First, the utility's
4 system-wide revenue requirement is *classified* (or split) into various functional cost
5 categories, namely: 1) base; 2) extra capacity (which consists of maximum day and
6 maximum hour costs); 3) customer; and 4) fire protection costs. Second, each
7 functional cost category is *allocated* to rate classes in accordance with a factor that
8 reflects relative cost responsibility.

9 The BEC classification and allocation steps combine to produce a measure
10 of total cost of service, by rate class. By comparing allocated cost responsibility to
11 actual revenue levels, one can determine whether a given rate class is contributing
12 above or below its cost-of-service indications.

13

14 **Q. Please explain the difference between base, maximum day and maximum hour**
15 **costs in the BEC cost methodology.**

16 A. Base costs consists of all costs incurred by the utility in order to satisfy demand
17 (i.e., supply water) under average load conditions. Maximum day costs consists of
18 the additional costs incurred by the utility in order to be able supply water under
19 system peak (or maximum) day load conditions. Finally, maximum hour costs
20 consists of the additional costs incurred by the utility in order to be able supply
21 water during maximum hourly load conditions.

22

1 **Q. How does the BEC cost methodology classify costs between the base and extra**
2 **capacity functions?**

3 A. The BEC methodology uses *system* maximum day and maximum hour ratios to
4 determine the level of costs that are functionalized as base-, maximum day- and
5 maximum hour-related in the COSS. All else equal, the greater the level of usage
6 on the system maximum day and in the system maximum hour, compared to the
7 level of average daily usage level on the system over the test year, the greater the
8 amount of costs deemed to be (i.e., classified as) either maximum day and/or
9 maximum hour related, as opposed to base (or average day) related.

10

11 **Q. How are base, maximum day and maximum hour costs allocated to rate classes**
12 **under the BEC methodology?**

13 A. Base costs are allocated to classes on the basis class usage levels, while maximum
14 day and maximum hours costs are allocated to classes on the basis of *excess* class
15 demand (or usage) under maximum day and maximum hours conditions,
16 respectively.

17

18 **Q. What rate classes are included in the Company's COSS?**

19 A. The study allocates functionalized costs to following rate classes: a) General
20 Metered Service (“GMS”); b) Manasquan Resale Service (“Manasquan”); c)
21 Optional Industrial Wholesale (“OIW”) Service; d) Sales for Resale – Commodity

1 Demand (“CD”) Service;¹ e) Sales for Resale – Service to Other Systems (“SOS”)
2 Service; f) Private Fire Protection Service; and g) Public Fire Protection Service.

3

4 **Q. Mr. Kalcic, based upon your review, do you agree with how the Company**
5 **implemented the BEC methodology in this proceeding?**

6 A. No. I disagree with the system maximum day and maximum hour ratios used by the
7 Company to classify costs between the base and extra capacity functions.

8

9 **Q. What system maximum day and system maximum hour ratios does the**
10 **Company use in its COSS?**

11 A. Mr. Herbert uses a system maximum day ratio of 1.70, and a system maximum hour
12 ratio of 2.40.

13

14 **Q. How did Mr. Herbert determine the level of these ratios?**

15 A. Mr. Herbert chose to employ a maximum day ratio of 1.70 based on a review of
16 actual system peak day delivery data over prior years. Since actual system peak
17 hour delivery information is apparently not available, Mr. Herbert used a peak hour
18 ratio of 2.40 (or approximately 1.4 times the system peak day value of 1.70) based
19 on his judgment and experience.²

20

¹ The Sales for Resale - CD class includes customers taking service under the Company’s Commodity-Demand and Off-Peak rate schedules.

² See the Company’s response to OIW-5.

1 **Q. Why do you disagree with the system maximum day and maximum hour ratios**
2 **used in the Company's COSS?**

3 A. Table 1 below shows the Company's actual system maximum-day ratios over the
4 period 2010-2016. As shown in Table 1, NJAWC's water system has not exhibited
5 a system maximum day ratio approaching 1.70 since 2011. Since that time, the
6 system maximum-day ratio has ranged from 1.31 to 1.53. In other words, Table 1
7 shows that overall water use on NJAWC's system has become less volatile (or more
8 uniform) in recent years – to the extent that it is no longer accurate to employ a
9 system maximum-day ratio of 1.70 in NJAWC's COSS.

10

11

12

13

Table 1
NJAWC System Maximum-Day Ratios
2010-2016

<i>Year</i>	<i>System Max-Day Ratio</i>
2010	1.64
2011	1.66
2012	1.53
2013	1.44
2014	1.31
2015	1.36
2016	1.42

14

Source: MWC-21 & OIW-5

15

16 **Q. What system maximum-day ratio do you recommend?**

Direct Testimony of Brian Kalcic

1 A. Based on the information shown in Table 1, I find that a maximum-day ratio of 1.50
2 is more reflective of the current nature of water use on NJAWC's system than the
3 Company's preferred value of 1.70.

4
5 **Q. Mr. Kalcic, what system *maximum-hour* ratio should be used in the COSS?**

6 A. Using the same calculation employed by Mr. Herbert, I recommend a system
7 maximum-hour ratio equal to 1.4 times the system maximum day ratio of 1.50, or
8 2.10 be used in the COSS.

9
10 **Q. Have you rerun the Company's filed COSS using system maximum-day and
11 maximum-hour ratios of 1.50 and 2.10, respectively?**

12 A. Yes, I have.

13
14 **Q. How do the results of Rate Counsel's COSS compare with the results of the
15 Company's filed study?**

16 A. Schedule BK-1 provides a summary of cost-of-service results across the two
17 studies.

18
19 **Q. Please discuss Schedule 1.**

20 A. Column 1 of Schedule BK-1 shows the pre-TCJA revenues used in the Company's
21 filed COSS, by rate class. Columns 2 and 5, respectively, show the cost-based
22 increases needed for each rate class to provide a system average rate of return of

1 8.07%, under the Company and Rate Counsel COSS.³ The remaining columns in
2 Schedule 1 simply restate the required cost-based increases shown in columns 2 and
3 5 in percentage and relative terms (see columns 3-4 for NJAWC, and columns 6-7
4 for Rate Counsel's cost study).

5 Under the **Company's COSS** (see column 3), the Manasquan and Private
6 Fire Protection classes would require rate adjustments of -1.3% and -6.6%,
7 respectively, in order to move to full cost of service (at the Company's requested
8 revenue level). The cost-based increases for the CD and GMS classes are 11.5%
9 and 18.0%, respectively. These rate adjustments are positive but still less than the
10 Company's requested system average water service increase of 19.0% shown on
11 line 8. On the other hand, column 3 indicates that the OIW, SOS and Public Fire
12 Protections classes would require increases significantly in excess of the 19.0%
13 system average in order to move to full cost of service.

14 From the above, one may generally conclude that the Manasquan, Private
15 Fire Protection, CD and GMS classes are (to varying degrees) over-contributing,
16 while the OIW, SOS and Public Fire Protections classes are currently under-
17 contributing, based on the Company's COSS.

18

19 **Q. Please discuss the results of Rate Counsel's COSS shown in Schedule 1.**

20 A. Under **Rate Counsel's COSS** (see column 6), the Private Fire Protection class
21 would require a rate adjustment of -4.7% in order to move to full cost of service.

³ The Company's cost study reflects its original (i.e., filed) revenue requirement level with an overall requested rate of return of 8.07%.

1 The cost-based increases for the Manasquan and GMS classes are 7.0% and 16.9%,
2 respectively, i.e., positive but less than the Company's requested system average
3 increase of 19.0%. Finally, column 6 shows that the OIW, CD, SOS and Public Fire
4 Protections classes would require increases in excess of the 19.0% system average
5 in order to move to full cost of service.

6 All else equal, the above results suggest that it would be appropriate to
7 assign the OIW, CD, SOS and Public Fire Protections classes a greater-than-system-
8 average increase in this proceeding. Correspondingly, Rate Counsel's COSS
9 suggests that the GMS, Manasquan and Private Fire Protection classes should be
10 assigned a less-than-system-average increase in this case.

11

12 **Q. Have you utilized Rate Counsel's COSS results when preparing your**
13 **recommended class revenue allocation and rate design?**

14 A. No. As discussed below, I have not done so simply because Rate Counsel is
15 recommending a relatively modest overall percentage decrease in this proceeding.

16

17 **Q. Mr. Kalcic, would it be appropriate to use Rate Counsel's COSS results as a**
18 **guide in implementing a class revenue allocation and rate design, in the event**
19 **that the Board were to grant the Company an overall increase in this case?**

20 A. Yes, it would. I discuss how Rate Counsel's COSS results should be used to
21 determine the allocation of a hypothetical rate increase in the last section of my
22 testimony.

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III. REVENUE ALLOCATION & RATE DESIGN

Q. Mr. Kalcic, how does NJAWC propose to recover its requested revenue increase in this proceeding?

A. Schedule BK-2 summarizes the Company’s filed revenue allocation proposal.⁴ As shown on lines 1-7 of Schedule BK-2, the Company’s proposed water revenue increases range from 1.6% (for Public Fire) to 34.1% (for OIW). The overall proposed increase in water rate revenues is 19.0% (per line 8).

Lines 12-20 of Schedule BK-2 summarize the Company’s proposed allocation of its requested sewer service increase. As shown on lines 12-17, NJAWC is proposing sewer service increases ranging from 1.3% (for Adelphia) to 42.4% (for Haddonfield). The overall proposed increase in sewer service rate revenues is 18.3% (per line 18).

Q. How did Mr. Herbert arrive at the proposed revenue allocation for water service shown in Schedule BK-2?

A. On page 9 of his direct testimony, Mr. Herbert indicates that the Company’s proposed revenue allocation and rate design for water service reflect the following considerations: 1) class cost of service indications; 2) the present status of several rate schedules; 3) the goal of rate equalization; 4) the nature of existing contracts; and 5) the relative level of the NJAWC’s fixed charge revenue.

1

2 **Q. How did the Company determine its proposed revenue allocation for sewer**
3 **service?**

4 A. The Company first calculated a stand-alone revenue requirement for each of its
5 sewer service rate areas, which indicated that sewer service rates were, in aggregate,
6 approximately \$7.33 million below cost of service. The Company next proposed
7 that one-half of the shortfall should be recovered from GMS water customers, in
8 order limit the overall increase to sewer service customers to 18.3%, as shown on
9 line 20 of Schedule BK-2. Finally, the Company allocated the total proposed sewer
10 service increase of \$3.66 million so as to: 1) make progress toward sewer rate
11 consolidation; and 2) reflect the additional level of capital improvements placed in
12 service, by rate area, since the Company's last base rate case.

13

14 **Q. Have you prepared a recommended class revenue allocation for both water**
15 **service and sewer service, equivalent to that shown in Schedule BK-2?**

16 A. Yes, I have. My recommended class revenue allocation is shown in Schedule BK-3.

17

18 **Q. Does Schedule BK-3 reflect Rate Counsel's recommended pro forma 9+3**
19 **revenue adjustments?**

20 A. Yes, it does. Rate Counsel's recommended pro forma 9+3 revenue adjustments
21 produce total rate revenues of \$686.2 million at pre-TCJA rates, as shown on line
22 33 of Mr. Henkes' Schedule RJH-9, and on line 21 of Schedule BK-3, page 1 of 2.

⁴ Note that the Company's filed revenue allocation was not updated in its 9+3 Update.

1

2 **Q. How did you determine the revenue allocation shown in Schedule BK-3?**

3 A. Mr. Henkes is sponsoring an overall revenue decrease of \$17.07 million or 2.49%,
4 as shown on lines 7-8 of Schedule RJH-1. Given that modest overall percentage
5 change in total revenue, I determined that it would be reasonable to assign a
6 uniform system average decrease to all water rate classes and to total sewer rate
7 revenues.

8

9 **Q. Why did you decide not to use Rate Counsel's COSS results to guide the**
10 **development your recommended class revenue allocation?**

11 A. Typically, class cost-of-service results are used to identify the cost-based increases
12 applicable to both over- and under-contributing rate classes. In many cases,
13 however, such cost-based increases need to be tempered in order to mitigate
14 customer rate impacts, before beginning the rate design process. For example,
15 gradualism considerations may necessitate that no rate class receive an increase
16 more than, say, 150% of the system average. At the same time, any revenue
17 shortfall that results from limiting certain class increases will need to be recovered
18 from over-contributing classes. In the end, the final increases assigned to rate
19 classes will be constrained within permissible limits, or multiples, of the system
20 average.

21 In considering whether to attempt to allocate Rate Counsel's recommended
22 2.49% decrease in a more cost-based manner, I determined that constraining class

1 *decreases* to within, say, 0 to 1.5 times the system average (or between 0% and
2 3.74%) would not produce a meaningful movement towards cost of service.

3

4 **Q. Are you also recommending an across-the-board decrease in rates within each**
5 **rate class in order to implement Rate Counsel’s recommended revenue**
6 **allocation?**

7 A. No. I am not recommending a corresponding across-the-board decrease in all rates
8 since in most instances the Company’s rate classes are not served on a single (i.e.,
9 consolidated) rate schedule. As discussed below, my recommended rate design
10 assigns rate decreases to those rate zones that exhibit the highest rates within a
11 given class of customers (which is generally considered the Company’s statewide
12 rate).

13

14 **Q. What information is provided in Schedule BK-3, page 2 of 2?**

15 A. Schedule BK-3, page 2 of 2 provides a summary of my recommended GMS revenue
16 allocation, by rate zone. The individual GMS rate area results shown on page 2 are
17 a by-product of my recommended GMS rate design (discussed below).

18

1 A. SA-1 and Sewer Service Rate Design

2

3 **Q. Mr. Kalcic, please provide a brief description of the Company’s SA-1 rate**
4 **design proposals.**

5 A. For GMS customers, the Company proposes to increase the monthly 5/8” customer
6 charge from \$16.85 (inclusive of the DSIC) to \$19.00, or 12.8%. All other
7 customer charges would be increased proportionately. NJAWC proposes to
8 increase the SA-1 GMS consumption charge by 23.8%. For its Commodity-
9 Demand and Off-Peak resale classes, NJAWC is proposing to decrease the
10 consumption charges and increase the demand charge, so as to arrive at an overall
11 increase of 11.5%. The Company proposes to increase the Manasquan interruptible
12 usage charge, consistent with the class’s cost-of-service indications.

13 With respect to fire protection service, the Company’s Private Fire
14 Protection rate schedules would be increased approximately 5%, in order to move
15 toward rate consolidation. Finally, the Company proposes to increase the Public
16 Fire Protection hydrant charges by \$1.30 per month, in recognition of the
17 significant under-recovery of the cost to provide public fire protection in the SA-1
18 rate area.

19

20 **Q. Mr. Kalcic, please discuss your recommended SA-1 rate design.**

21 A. Schedule BK-4 presents my recommended rate design and proof of revenue for
22 NJAWC’s SA-1 rate classes. Pre-TCJA class rate revenue is derived in column 3

1 from the class billing determinants and pre-TCJA rates shown in columns 1 and 2,
2 respectively.

3 My recommended rates are shown in column 4. Column 5 shows the annual
4 class revenue produced by the recommended rates. Finally, column 6 shows my
5 recommended percentage increases to individual tariff components and class
6 revenue levels.

7

8 **Q. Please discuss your specific rate design recommendations, beginning with**
9 **NJAWC's GMS rate schedule.**

10 A. My recommended rates for SA-1 GMS service are shown on Schedule BK-4, page 1
11 of 6. As a first step in my rate design, I assigned a 2.49% (i.e., class average)
12 decrease to all SA-1 customer charges. Second, because the Company's SA-1
13 (statewide) GMS consumption charge is higher than the Company's non-statewide
14 GMS rate levels, I initially assigned the SA-1 GMS consumption charge 100% of
15 the *residual* decrease (or 4.13%) that is necessary to implement the overall target
16 GMS class decrease shown in Schedule BK-3. Finally, since the second step of my
17 rate design (temporarily) reduced the SA-1 GMS consumption charge below the
18 existing SA-2 usage rate, I consolidated my recommended SA-1 and SA-2
19 consumption charges, which resulted in a final recommended decrease of 3.44% to
20 the SA-1 GMS consumption charge.

21

1 **Q. Mr. Kalcic, please continue your rate design discussion by explaining how you**
2 **developed your recommended rates for Commodity-Demand Resale and Off-**
3 **Peak Sales for Resale service.**

4 A. I implemented my recommended CD and Off-Peak decrease via an across-the-board
5 usage and demand charge decrease of 2.51%, as shown on Schedule BK-4, page 1
6 of 6.

7

8 **Q. How did you develop your recommended rates for Manasquan?**

9 A. I implemented my recommended Manasquan class decrease by assigning the
10 residual decrease necessary to implement the overall target Manasquan decrease to
11 all Manasquan usage charges (excluding interruptible), as shown on Schedule BK-4,
12 page 1 of 6.⁵

13

14 **Q. Please explain how you developed your recommended rates for SA-1 Regular**
15 **Sales for Resale customers.**

16 A. Since the Company's current Regular Sales for Resale usage rates are linked to its
17 SA-1 GMS rates (i.e., exactly \$0.05 lower), I set my recommended Regular Sales
18 for Resale usage charge \$0.05 below the level of my recommended SA-1 GMS
19 consumption charge, as shown on Schedule BK-4, page 2 of 6.

20

21 **Q. How did you develop your recommended SA-1 Public Fire Protection rates?**

⁵ As in NJAWC's current tariff, the Manasquan interruptible usage charge is set at the same level as the SA-1 Regular Sales for Resale usage rate.

Direct Testimony of Brian Kalcic

1 A. Since the Company's SA-1 public hydrant rates are generally below the statewide
2 average hydrant rate, I left all such rates unchanged, as shown on Schedule BK-4,
3 page 2 of 6.

4
5 **Q. How did you determine your recommended Private Fire Protection rates?**

6 A. The Company's SA-1 private fire rates are generally below the statewide average.
7 Therefore, I left all such rates unchanged, per Schedule BK-4, page 2 of 6.

8

9 **Q. Please discuss how you determined your recommended rates for sewer service.**

10 A. I implemented my recommended 2.49% decrease in *total* sewer rate revenues via
11 an applicable across-the-board reduction of approximately 2.65% to all existing
12 sewer charges, except in Haddonfield, as shown on Schedule BK-4, pages 4-5. I did
13 not reduce any existing Haddonfield rates since Haddonfield is currently the farthest
14 from cost of service of any sewer service rate area, based on the Company's stand-
15 alone revenue requirement analysis.

16

17

1 B. SA-2 Rate Design

2

3 **Q. Have you developed a recommended SA-2 rate design for this proceeding?**

4 A. Yes, I have. My recommended SA-2 rate design and proof of revenue is shown in
5 Schedule BK-5. My recommended SA-2 class billing determinants reflect the
6 applicable pro forma revenue adjustments shown in Mr. Henkes' Schedule RJH-9.

7

8 **Q. Please discuss your specific rate design recommendations for the Company's**
9 **SA-2 GMS rate schedules.**

10 A. The SA-2 service area currently contains two (2) separate rate zones. These rate
11 zones exhibit a common set of customer charges (which are the same as SA-1) but
12 different consumption charges. As previously discussed, I consolidated the SA-2
13 GMS usage charge (excluding Manville) with my recommended SA-1 statewide
14 rate. I did not assign any decrease to the SA-2 Manville usage, which remains
15 below the statewide rate. In addition, all SA-2 GMS customer charges receive a
16 decrease in order to remain equal to Rate Counsel's recommended SA-1 statewide
17 rates.

18

19 **Q. How did you determine your recommended OIW usage charge?**

20 A. I reduced the OIW consumption charge by 2.51% in order to implement the target
21 class decrease of 2.51% shown on Schedule BK-3, page 1 of 2.

22

1 **Q. Please explain how you determined your recommended Sales for Resale – SOS**
2 **usage charge?**

3 A. As in the case of OIW, I reduced the existing Sales for Resale – SOS consumption
4 charge by 2.51% in order to attain the target class decrease of 2.51% shown on
5 Schedule BK-3, page 1 of 2.

6

7 **Q. How did you develop your recommended SA-2 Public Fire Protection rates?**

8 A. Since the SA-2 public hydrants rates are among the highest on NJAWC's system, I
9 implemented my recommended 2.51% decrease in *total* public fire rate revenues
10 solely within the SA-2 rate zone. More specifically, I assigned an across-the-board
11 reduction of 5.91% to all existing SA-2 hydrant charges in excess of the Company's
12 existing Rate M-1 annual hydrant charge of \$541.20. My recommended SA-2
13 Public Fire rate design is shown on Schedule BK-5, page 2 of 3.

14

15 **Q. Finally, please explain how you developed your recommended SA-2 Private**
16 **Fire Protection charges.**

17 A. The Company's Rate L-3 hydrant and connection charges are currently among the
18 highest on NJAWC's system, along with Private Fire connection charges in the SA-
19 1B and SA-1C rate areas (discussed below). Accordingly, I implemented my
20 recommended 2.51% decrease in *total* private fire rate revenues by restricting rate
21 decreases to the SA-2, SA-1B and SA-1C rate zones. In particular, I first
22 determined that the applicable rate reduction within these combined rate zones

1 should be 5.55%, and then I assigned a uniform decrease of 5.55% to the SA-2
2 private hydrant charge, and 2” through 8” connections charges. My recommended
3 SA-2 Private Fire rate design is shown on Schedule BK-5, page 2 of 3.

4

5 C. SA-3 Rate Design

6

7 **Q. Please discuss your recommended SA-3 rate design.**

8 A. Schedule BK-6 presents my recommended rate design and proof of revenue for
9 NJAWC’s SA-3 rate classes.

10

11 **Q. How did you derive your recommended SA-3 GMS rates?**

12 A. The SA-3 service area serves Southampton customers. Since the Southampton
13 consumption charge is below the statewide rate level, I left that charge unchanged,
14 as shown on Schedule BK-6, page 1 of 1. However, all SA-3 GMS customer
15 charges receive a decrease in order to remain equal to Rate Counsel’s recommended
16 SA-1 statewide rates.

17

18 **Q. How did you develop your recommended SA-3 Public Fire Protection rates?**

19 A All SA-3 public hydrant rates are below the statewide average. As such, I left all
20 such hydrant rates unchanged, as shown on Schedule BK-6, page 1 of 1.

21

1 **Q. Finally, please explain how you developed your recommended SA-3 Private**
2 **Fire Protection charges.**

3 A. The Company's SA-3 private fire charges are generally below the corresponding
4 SA-2 rate levels. Accordingly, I left all such charges at their current levels, as
5 shown on Schedule BK-6, page 1 of 1.

6

7 D. SA-1B Rate Design

8

9 **Q. Please discuss your recommended SA-1B rate design.**

10 A. Schedule BK-7 presents my recommended rate design and proof of revenue for
11 NJAWC's SA-1B rate classes.

12

13 **Q. How did you derive your recommended SA-1B GMS rates?**

14 A. The SA-1B service area serves Pennsgrove customers. Since the Pennsgrove
15 consumption charge is below the statewide rate level, I left that charge unchanged,
16 as shown on Schedule BK-7, page 1 of 1. However, all SA-1B GMS customer
17 charges receive a decrease in order to remain equal to Rate Counsel's recommended
18 SA-1 statewide rates.

19

20 **Q. How did you develop your recommended SA-1B Public Fire Protection rates?**

21 A. The SA-1B hydrant rate is below the statewide average, so I left the SA-1B public
22 hydrant rate unchanged, per Schedule BK-7, page 1 of 1.

1

2 **Q. Please explain how you developed your recommended SA-1B Private Fire**
3 **Protection charges.**

4 A. As previously discussed, certain Pennsgrove private fire connection charges are
5 among the highest on the Company's system. As a result, I assigned an applicable
6 across-the-board decrease of 5.55% to the 6" through 16" connection charges. All
7 remaining Pennsgrove private fire charges are unchanged. . My recommended SA-
8 1B Private Fire rate design is shown on Schedule BK-7, page 1 of 1.

9

10 E. SA-1C & 1D Rate Design

11

12 **Q. Please discuss your recommended SA-1C and SA-1D rate design.**

13 A. Schedule BK-8 presents my recommended rate design and proof of revenue for
14 NJAWC's SA-1C and SA-1D rate classes.

15

16 **Q. How did you derive your recommended SA-1C GMS rates?**

17 A. The SA-1C service area serves Shorelands customers. Since the Shorelands
18 consumption charge is below the statewide rate level, I left that charge unchanged.
19 Likewise, since all fixed charges applicable to Shorelands customers are below the
20 statewide rate level, I did not assign any decrease to such charges. My
21 recommended SA-1C GMS rate design is shown on Schedule BK-8, page 1 of 1.

22

1 **Q. How did you determine your recommended SA-1D GMS rates?**

2 A. The SA-1D service area applies only to Applied irrigation customers. Since the
3 Applied irrigation consumption charge is above the statewide rate level, I assigned
4 my recommended residual SA-1 usage charge decrease (before consolidation) of
5 4.13% to the Applied consumption rate. Likewise, all SA-1D GMS customer
6 charges receive a decrease in order to remain equal to Rate Counsel's recommended
7 SA-1 statewide rates. My recommended SA-1D GMS rate design is shown on
8 Schedule BK-8, page 1 of 1.

9

10 **Q. How did you develop your recommended SA-1C and SA-1D Public Fire
11 Protection rates?**

12 A. Since both the Company's SA-1C (Shorelands) and SA-1D (Applied) public fire
13 charges are below the statewide average, I left all such public fire rates unchanged,
14 as shown on Schedule BK-8, page 1 of 1.

15

16 **Q. Please explain how you developed your recommended SA-1C and SA-1D
17 Private Fire Protection charges shown on Schedule BK-8, page 1 of 1.**

18 A. As discussed above, the Shorelands private fire connection and hydrant charges are
19 among the highest on the Company's system. As a result, I assigned an applicable
20 across-the-board decrease of 5.55% to all SA-1C private fire rates.

1 On the other hand, since the current SA-1D (Applied) private fire hydrant
2 rate is below the statewide average, I left the Applied private hydrant rate
3 unchanged.

4 F. SA-1E and SA-1A Rate Design

5
6 **Q. Please discuss your recommended SA-1E and SA-1A rate design.**

7 A. Schedule BK-9 presents my recommended rate design and proof of revenue for
8 NJAWC's SA-1E and SA-1A rate classes.

9
10 **Q. How did you derive your recommended SA-1E GMS rates?**

11 A. The SA-1E rate area serves Haddonfield customers. Since all Haddonfield
12 customer charges are below statewide rate levels, I left such charges unchanged.
13 However, the current inclining block consumption charges applicable to
14 Haddonfield customers are above the statewide rate level. As such, I assigned my
15 applicable SA-1 GMS usage charge decrease of 4.13% to all Haddonfield rate
16 blocks. My recommended SA-1E GMS rate design is shown on Schedule BK-9,
17 page 1 of 1.

18
19 **Q. How did you develop your recommended SA-1A Public Fire Protection rates?**

20 A The SA-1A rate area applies only to Harrison public fire customers. Since the SA-
21 1A public hydrant rate is below the statewide average, I left the SA-1A public
22 hydrant rate unchanged, as shown on Schedule BK-9, page 1 of 1.

1

2 **Q. Does the Company maintain any separate SA-1E or SA-1A private fire rate**
3 **schedules?**

4 A. No, it does not.

5

6 **IV. ALLOCATION OF A HYPOTHETICAL AWARDED INCREASE**

7

8 **Q. Mr. Kalcic, do you have a revenue allocation recommendation in the event the**
9 **Board were to award the Company an overall increase in this proceeding?**

10 A. Yes, I do. In that event, I would recommend that the Board rely upon Rate
11 Counsel's recommended COSS results shown in Schedule BK-1, page 1 of 2 to
12 assign the following relative increases to rate classes:

- 13 1. Assign sewer service its overall cost-based increase, or an increase of
14 150% of the overall system average, whichever is lower;
- 15 2. Assign Public Fire Protection the Company's proposed increase of 1.6%;
- 16 3. Assign Private Fire Protection an increase of 0.2 times the water system
17 average;
- 18 4. Assign the CD class an increase of 1.10 times the water system average;
- 19 5. Assign the SOS class an increase of 1.50 times the water system average;
- 20 6. Assign Manasquan an increase of 0.30 times the water system average;
- 21 7. Assign the OIW class an increase of 1.75 times the water system average;
- 22 and
- 23 8. Assign the GMS class the residual increase necessary to implement the
24 Board's overall revenue award, including any sewer service revenue
25 shortfall.

26

27 **Q. Why do you recommend assigning sewer service an increase of up to 150% of**
28 **the overall system average in the above scenario?**

1 A. As previously discussed, the Company proposed to limit its overall sewer service
2 revenue increase to approximately the system average, or 18.3%, which necessitated
3 that water service customer recover a revenue shortfall of \$3.66 million. However,
4 I find no valid reason to assign the aggregate sewer service class, which the
5 Company has shown to be *under-contributing*, only a system average increase,
6 when the Company's under-contributing *water* classes are reasonably assigned
7 proposed increases in excess of the system average.

8 In short, my alternative sewer service recommendation is intended to ensure
9 that the aggregate sewer service class moves closer to cost of service, while at the
10 same limiting the maximum increase to the class to 150% of the overall system
11 average.

12

13 **Q. Do you have any recommendation concerning how GMS rates should be**
14 **designed in the event that the GMS class is assigned an overall increase in this**
15 **case?**

16 A. Yes. In that event, I would recommend (i) leaving the Company's current
17 consolidated GMS customer charges (inclusive of the DSIC) unchanged, (ii) setting
18 the SA-1C (Shorelands) customer charges at the current statewide rate levels, and
19 (iii) setting SA-1E (Haddonfield) customers charges at the Company's proposed
20 levels shown in Schedule PRH-8, page 10 of 13. The remaining GMS revenue
21 requirement should be recovered in GMS consumption charges, using the GMS rate

1 consolidation guidelines discussed by Mr. Herbert on pages 16-18 of his direct
2 testimony.

3

4 **Q. Why do you believe it is appropriate to leave the 5/8" SA-1 customer charge at**
5 **\$16.85 per month (inclusive of the DSIC), rather than increase it to \$19.00 per**
6 **month, as proposed by the Company?**

7 A. The current 5/8" SA-1 customer charge, exclusive of the DSIC, is \$13.60 per
8 month. Since the Company is proposing to roll the current DSIC into base rates, the
9 current DSIC will be reset to zero at the conclusion of this proceeding. Therefore,
10 setting the SA-1 5/8" customer charge at \$16.85 per month is equivalent to
11 increasing the current (zero DSIC) 5/8" customer charge from \$13.60 per month to
12 \$16.85 per month, or 23.9%. In contrast, the Company's proposal is equivalent to
13 increasing the current (zero DSIC) 5/8" customer charge from \$13.60 per month to
14 \$19.00 per month, or 39.7%.

15 In Rate Counsel's view, a 23.9% customer charge increase would provide
16 significant movement toward cost, whereas the Company's proposed 39.7%
17 increase would be excessive. Accordingly, I recommend that the Board reject the
18 Company's proposed increase to SA-1 GMS customer charges.

19

20 **Q. Does this conclude your direct testimony?**

21 A. Yes.

SCHEDULES BK-1 THROUGH BK-9

NEW JERSEY-AMERICAN WATER COMPANY
Comparison of Present Water Revenues to Class Cost of Service
Basis: NJAWC v. RC Cost-of-Service Study

Line Class	Pre-TCJA	Cost-Based Increase per NJAWC COSS 1/			Cost-Based Increase per RC COSS 1/		
	Rate Revenue (1)	Amount (2)	Percent (3)	Relative (4)	Amount (5)	Percent (6)	Relative (7)
1 General Metered 2/	\$553,024,407	\$99,361,803	18.0%	95	\$93,315,727	16.9%	89
2 Manasquan	\$1,719,244	(\$22,996)	-1.3%	-7	\$120,935	7.0%	37
3 OIW	\$13,499,869	\$4,587,198	34.0%	179	\$5,485,873	40.6%	214
4 Sales for Resale - CD	\$13,819,767	\$1,592,856	11.5%	61	\$2,968,927	21.5%	113
5 Sales for Resale - SOS	\$24,313,581	\$6,652,142	27.4%	144	\$8,113,773	33.4%	176
6 Private Fire Prot.	\$24,995,189	(\$1,660,718)	-6.6%	-35	(\$1,181,165)	-4.7%	-25
7 Public Fire Prot.	<u>\$28,304,252</u>	<u>\$14,866,754</u>	52.5%	276	<u>\$16,552,960</u>	58.5%	308
8 Total Rate Revenue	\$659,676,309	\$125,377,039	19.0%	100	\$125,377,030	19.0%	100

Source: Exh. No. PT-14, Exh. No. PT-14,
Sch. PRH-2 Sch. PRH-2

Notes:

- 1/ Rate revenue necessary to produce an 8.07% rate of return.
- 2/ Includes Regular Sales for Resale.

NEW JERSEY AMERICAN WATER COMPANY

COMPARISON OF REVENUES UNDER PRE-TCJA RATES TO CLASS COST OF SERVICE
BASIS: RATE COUNSEL RECOMMENDED COST STUDY
PRO FORMA POST TEST YEAR PERIOD ENDED SEPTEMBER 30, 2018

Customer Classification (1)	Cost of Service			Revenues, Pre-TCJA Rates			
	Cost of Service Amount (2)	PWAC/PSTAC (3)	Total (4)	Amount (6)	PWAC/PSTAC (7)	Total (8)	Percent of Total (9)
<u>WATER</u>							
General Metered Service	\$ 646,340,134	\$ 28,718,963	\$ 675,059,097	\$ 553,024,407	\$ 28,718,963	\$ 581,743,370	83.47%
Manasquan	1,840,179	-	1,840,179	1,719,244	-	1,719,244	0.25%
Optional Industrial Wholesale	18,985,742	1,780,169	20,765,911	13,499,869	1,780,169	15,280,038	2.19%
Sales For Resale - CD	16,788,694	2,531,635	19,320,329	13,819,767	2,531,635	16,351,402	2.35%
Sales For Resale - SOS	32,427,354	4,225,646	36,653,000	24,313,581	4,225,646	28,539,227	4.09%
Private Fire Protection	23,814,024	-	23,814,024	24,995,189	-	24,995,189	3.59%
Public Fire Protection	44,857,212	-	44,857,212	28,304,252	-	28,304,252	4.06%
Subtotal	785,053,339	37,256,413	822,309,752	659,676,309	37,256,413	696,932,722	100.0%
DSIC Revenue				(\$502,512)	-	(\$502,512)	
Other Revenue	5,337,024	-	5,337,024	\$5,553,024	-	\$5,553,024	
Total Water	\$ 790,390,363	\$ 37,256,413	\$ 827,646,776	\$ 664,726,820	\$ 37,256,413	\$ 701,983,233	

NEW JERSEY-AMERICAN WATER COMPANY
Summary of Company Proposed Allocation of its
Requested Increase in Total Rate Revenue
 (As Filed)

Line	Description	Pre-TCJA	Proposed Increase		
		Rate Revenue	Amount	Percent	Relative
		(1)	(2)	(3)	(4)
	<u>Water</u>				
1	General Metered *	\$553,024,407	\$111,159,990	20.1%	106
2	Manasquan	\$1,719,244	\$86,649	5.0%	27
3	OIW	\$13,499,869	\$4,602,296	34.1%	179
4	Sales for Resale - CD	\$13,819,767	\$1,594,479	11.5%	61
5	Sales for Resale - SOS	\$24,313,581	\$6,666,026	27.4%	144
6	Private Fire Prot.	\$24,995,189	\$816,965	3.3%	17
7	Public Fire Prot.	<u>\$28,304,252</u>	<u>\$450,271</u>	1.6%	8
8	Subtotal	\$659,676,309	\$125,376,676	19.0%	100
9	DSIC Price-Out Adjust.	(\$502,512)	\$502,512		
10	Other Revenue	<u>\$5,553,024</u>	<u>(\$216,000)</u>	-3.9%	
11	Total Water	\$664,726,821	\$125,663,188	18.9%	
	<u>Sewer</u>				
12	Adelphia	\$1,204,163	\$15,517	1.3%	
13	Lakewood	\$7,676,431	\$1,770,767	23.1%	
14	Ocean City	\$5,070,849	\$1,267,715	25.0%	
15	Statewide Tariff	\$4,749,222	\$146,632	3.1%	
16	Haddonfield	\$1,065,097	\$451,887	42.4%	
17	Other Contract Services	<u>\$207,524</u>	<u>\$6,225</u>	3.0%	
18	Subtotal	\$19,973,286	\$3,658,743	18.3%	
19	Other Revenue	<u>\$10,813</u>	<u>\$4,914</u>	45.4%	
20	Total Sewer	\$19,984,099	\$3,663,657	18.3%	
21	Total Company	<u>\$684,710,920</u>	<u>\$129,326,845</u>	18.9%	

Source: Exh. No. PT-14,
 Sch. PRH-2;
 Exh. No. P-2,
 Sch. 5, pg. 4 of 4.

* Includes Regular Sales for Resale

NEW JERSEY-AMERICAN WATER COMPANY
Summary of Rate Counsel Allocation of its
Recommended Increase in Total Revenue

Line	Class	Pre-TCJA Rate Revenue (1)	Recommended Increase		
			Amount (2)	Percent (3)	Relative (4)
	<u>Water</u>				
1	General Metered *	\$553,993,995	(\$13,838,646)	-2.50%	100
2	Manasquan	\$1,718,906	(\$43,131)	-2.51%	100
3	OIW	\$12,745,475	(\$319,727)	-2.51%	100
4	Sales for Resale - CD	\$13,818,969	(\$346,676)	-2.51%	100
5	Sales for Resale - SOS	\$24,313,581	(\$610,043)	-2.51%	100
6	Private Fire Prot.	\$25,350,842	(\$635,925)	-2.51%	100
7	Public Fire Prot.	<u>\$28,294,387</u>	<u>(\$709,830)</u>	-2.51%	100
8	Subtotal	\$660,236,156	(\$16,503,979)	-2.50%	100
9	DSIC Price-Out Adjust.	\$56,600	(\$56,600)	-100.00%	
10	Other Revenue	<u>\$5,722,438</u>	<u>\$0</u>	0.00%	
11	Total Water	\$666,015,194	(\$16,560,579)	-2.49%	
	<u>Sewer</u>				
12	Adelphia	\$1,229,433	(\$32,469)	-2.64%	
13	Lakewood	\$7,658,856	(\$202,710)	-2.65%	
14	Ocean City	\$5,078,421	(\$134,150)	-2.64%	
15	Statewide	\$4,994,825	(\$131,390)	-2.63%	
16	Haddonfield	\$1,016,416	\$0	0.00%	
17	Other Contract Services	<u>\$207,524</u>	<u>(\$5,483)</u>	-2.64%	
18	Subtotal	\$20,185,475	(\$506,202)	-2.51%	
19	Other Revenue	<u>\$10,813</u>	<u>\$0</u>	0.00%	
20	Total Sewer	\$20,196,288	(\$506,202)	-2.51%	
21	Total Company	<u>\$686,211,482</u>	<u>(\$17,066,781)</u>	-2.49%	

(\$17,068,228) Target
\$1,447 Rounding

Source: Schs. BK-4,
BK-5, BK-6, BK-7,
BK-8 & BK-9

* Includes Regular Sales for Resale.

NEW JERSEY-AMERICAN WATER COMPANY
Summary of Rate Counsel Recommended GMS Revenues,
by Service Area

Line	Service Area	Pre-TCJA	Recommended		Source:
		Rate Revenue (1)	Revenues (2)	Increase (3)	
1	Statewide SA-1*	\$333,529,488	\$322,992,511	(\$10,536,977)	Sch. BK-4
2	General SA-2*	\$204,146,995	\$200,993,441	(\$3,153,554)	Sch. BK-5
3	Manville SA-2	\$2,280,002	\$2,257,863	(\$22,139)	Sch. BK-5
4	Southampton SA-3	\$239,498	\$236,655	(\$2,843)	Sch. BK-6
5	Pennsgrove SA-1B	\$2,790,980	\$2,762,970	(\$28,010)	Sch. BK-7
6	Shorelands SA-1C	\$8,463,888	\$8,463,888	\$0	Sch. BK-8
7	Applied Irrigation SA-1D	\$31,438	\$30,202	(\$1,237)	Sch. BK-8
8	Haddonfield SA-1E	<u>\$2,511,706</u>	<u>\$2,417,819</u>	<u>(\$93,886)</u>	Sch. BK-9
9	Total GMS	\$553,993,995	\$540,155,349	(\$13,838,646)	-2.50%

* Includes Regular Sales for Resale

New Jersey-American Water Company
Rate Counsel Recommended SA-1 / Other Revenues / Sewer Rates
and Proof of Revenue

	Billing Determinants	Pre-TCJA Rate	Pre-TCJA Revenue	Recomm. Rate	Recomm. Revenue	% Increase
	(1)	(2)	(3)	(4)	(5)	(6)
Metered Service						
Statewide SA-1						
Facility Charge			\$99,311,878		\$96,835,245	-2.49%
Usage	36,162,811	\$6.1998	\$224,202,196	\$5.9864	\$216,485,052	-3.44%
EDP Rider 1	8,297	(\$0.92997)	(\$7,716)	(\$0.89796)	(\$7,450)	-3.44%
EDP Rider 2	5,867	(\$1.8599)	(\$10,912)	(\$1.7959)	(\$10,537)	-3.44%
Exempt Credit	1,790	(\$0.8536)	(\$1,528)	(\$0.8242)	(\$1,475)	-3.44%
Growth Adj.			\$2,821,673		\$2,732,764	-3.15%
subt GMS			\$326,315,591		\$316,033,598	-3.15%
Commodity/Dem.						
Facilities			\$159,748		\$155,757	-2.50%
Usage	4,447,160	\$0.5264	\$2,340,985	\$0.5132	\$2,282,283	-2.51%
Demand	12,184	\$62.49	\$9,136,538	\$60.92	\$8,907,284	-2.51%
subt			\$11,637,271		\$11,345,324	-2.51%
Exempt						
Facility			\$8,719		\$8,501	-2.50%
Usage	251,850	\$0.4539	\$114,315	\$0.4425	\$111,449	-2.51%
Demand	690	\$53.89	\$446,209	\$52.54	\$435,015	-2.51%
subt			\$569,243		\$554,965	-2.51%
Off-Peak						
Facilities			\$35,978		\$35,078	-2.50%
Usage	650,364	\$0.5264	\$342,352	\$0.5132	\$333,767	-2.51%
Demand	3,068	\$57.47	\$1,234,125	\$56.03	\$1,203,159	-2.51%
subt			\$1,612,455		\$1,572,004	-2.51%
Manasquan						
Uninterruptible						
Facilities			\$90,187		\$87,934	-2.50%
Usage	508,680	\$1.8848	\$958,760	\$1.8419	\$936,938	-2.28%
Interruptible						
Usage	51,634	\$6.1498	\$317,539	\$5.9364	\$306,520	-3.47%
Sales for Resale						
Rate Sch. J						
Facilities			\$12,600		\$12,285	-2.50%
Usage	130,000	\$2.6140	\$339,820	\$2.5546	\$332,098	-2.27%
subt Manasquan			\$1,718,906		\$1,675,775	-2.51%

New Jersey-American Water Company
Rate Counsel Recommended SA-1 / Other Revenues / Sewer Rates
and Proof of Revenue

Billing Determinants	Pre-TCJA Rate	Pre-TCJA Revenue	Recomm. Rate	Recomm. Revenue	% Increase	
(1)	(2)	(3)	(4)	(5)	(6)	
Reg. Sale for Resale						
Facilities		\$112,903		\$110,081	-2.50%	
Usage	1,008,326	\$6.1498	\$6,201,003	\$5.9364	\$5,985,826	-3.47%
Peaking Rate I	76,780	\$9.0331	\$693,561	\$8.6605	\$664,953	-4.12%
Facility Charge		\$8,400		\$8,190	-2.50%	
Usage	41,481	\$4.7740	<u>\$198,030</u>	\$4.5771	<u>\$189,863</u>	-4.12%
subt Reg. Resale			\$7,213,897		\$6,958,913	-3.53%
TOTAL METERED SERVICE		<u>\$349,067,363</u>		<u>\$338,140,579</u>	-3.13%	
Public Fire						
ANNUAL RATES						
Rate M-1	24,536	\$541.20	\$13,278,883	\$541.20	\$13,278,883	0.00%
Rate M-2	288	\$484.40	\$139,507	\$484.40	\$139,507	0.00%
Rate M-3	209	\$487.56	<u>\$101,900</u>	\$487.56	<u>\$101,900</u>	0.00%
Total Public Fire	25,033		\$13,520,290		\$13,520,290	0.00%
Private Fire						
Rate L-1						
2"	280	\$239.28	\$66,998	\$239.28	\$66,998	0.00%
4"	1,404	\$957.12	\$1,343,796	\$957.12	\$1,343,796	0.00%
6"	2,756	\$2,153.52	\$5,935,101	\$2,153.52	\$5,935,101	0.00%
8"	800	\$3,828.48	\$3,062,784	\$3,828.48	\$3,062,784	0.00%
10"	27	\$5,982.00	\$161,514	\$5,982.00	\$161,514	0.00%
12"	29	\$8,614.08	<u>\$249,808</u>	\$8,614.08	\$249,808	0.00%
subt			\$10,820,001		\$10,820,001	0.00%
Rate L-2						
Sprinkler	161,053	\$11.04	\$1,778,025	\$11.04	\$1,778,025	0.00%
Hydrant	307	\$346.32	<u>\$106,320</u>	\$346.32	<u>\$106,320</u>	0.00%
subt			\$1,884,345		\$1,884,345	0.00%
Total Private Fire			\$12,704,346		\$12,704,346	0.00%

New Jersey-American Water Company
Rate Counsel Recommended SA-1 / Other Revenues / Sewer Rates
and Proof of Revenue

Billing Determinants	Pre-TCJA Rate	Pre-TCJA Revenue	Recomm. Rate	Recomm. Revenue	% Increase	
(1)	(2)	(3)	(4)	(5)	(6)	
Statewide SA-1						
Fixed Charge Detail						
5/8"	4,048,090	\$16.85	\$68,210,320	\$16.43	\$66,510,122	-2.49%
3/4"	47,811	\$25.28	\$1,208,671	\$24.65	\$1,178,550	-2.49%
1"	321,975	\$42.13	\$13,564,808	\$41.08	\$13,226,734	-2.49%
1-1/2"	20,130	\$84.26	\$1,696,128	\$82.15	\$1,653,654	-2.50%
2"	90,247	\$134.81	\$12,166,180	\$131.44	\$11,862,048	-2.50%
3"	967	\$252.77	\$244,454	\$246.45	\$238,342	-2.50%
4"	2,111	\$421.28	\$889,497	\$410.75	\$867,264	-2.50%
6"	941	\$842.56	\$792,539	\$821.50	\$772,729	-2.50%
8"	220	\$1,348.10	\$296,924	\$1,314.40	\$289,502	-2.50%
10"	144	\$1,685.12	\$242,357	\$1,643.00	\$236,300	-2.50%
12"	0	\$2,106.40	\$0	\$2,053.75	\$0	-2.50%
Subtotal			\$99,311,878		\$96,835,245	-2.49%
Commodity/Demand						
2"	0	\$134.81	\$0	\$131.44	\$0	-2.50%
3"	24	\$252.77	\$6,066	\$246.45	\$5,915	-2.49%
4"	144	\$421.28	\$60,664	\$410.75	\$59,148	-2.50%
6"	48	\$842.56	\$40,443	\$821.50	\$39,432	-2.50%
8"	24	\$1,348.10	\$32,354	\$1,314.40	\$31,546	-2.50%
10"	12	\$1,685.12	\$20,221	\$1,643.00	\$19,716	-2.50%
Subtotal			\$159,748		\$155,757	-2.50%
Exempt						
4"	24	\$363.28	\$8,719	\$354.20	\$8,501	-2.50%
16"	0	\$2,906.24	\$0	\$2,833.60	\$0	-2.50%
Subtotal			\$8,719		\$8,501	-2.50%
Off-Peak						
4"	7	\$421.28	\$2,949	\$410.75	\$2,875	-2.51%
6"	28	\$842.56	\$23,592	\$821.50	\$23,002	-2.50%
8"	7	\$1,348.10	\$9,437	\$1,314.40	\$9,201	-2.50%
Subtotal			\$35,978		\$35,078	-2.50%
Manasquan						
Uninterruptible						
1"	24	\$42.13	\$1,011	\$41.08	\$986	-2.47%
2"	24	\$134.81	\$3,235	\$131.44	\$3,155	-2.47%
3"	12	\$252.77	\$3,033	\$246.45	\$2,957	-2.51%
4"	24	\$421.28	\$10,111	\$410.75	\$9,858	-2.50%
6"	48	\$842.56	\$40,443	\$821.50	\$39,432	-2.50%
8"	24	\$1,348.10	\$32,354	\$1,314.40	\$31,546	-2.50%
Subtotal			\$90,187		\$87,934	-2.50%

New Jersey-American Water Company
Rate Counsel Recommended SA-1 / Other Revenues / Sewer Rates
and Proof of Revenue

Billing Determinants	Pre-TCJA Rate	Pre-TCJA Revenue	Recomm. Rate	Recomm. Revenue	% Increase	
(1)	(2)	(3)	(4)	(5)	(6)	
Rate Sch. J						
4"	12	\$350.00	\$4,200	\$341.25	\$4,095	-2.50%
6"	12	\$700.00	<u>\$8,400</u>	\$682.50	<u>\$8,190</u>	-2.50%
Subtotal			\$12,600		\$12,285	-2.50%
Reg. Sale for Resale						
5/8"	0	\$16.85	\$0	\$16.43	\$0	-2.49%
1"	0	\$42.13	\$0	\$41.08	\$0	-2.49%
2"	0	\$134.81	\$0	\$131.44	\$0	-2.50%
3"	12	\$252.77	\$3,033	\$246.45	\$2,957	-2.50%
4"	0	\$421.28	\$0	\$410.75	\$0	-2.50%
6"	92	\$842.56	\$77,516	\$821.50	\$75,578	-2.50%
8"	24	\$1,348.10	<u>\$32,354</u>	\$1,314.40	<u>\$31,546</u>	-2.50%
Subtotal			\$112,903		\$110,081	-2.50%
Rate I						
6"	12	\$700.00	<u>\$8,400</u>	\$682.50	<u>\$8,190</u>	-2.50%
Subtotal			\$8,400		\$8,190	-2.50%
Sewer Service						
<u>Adelphia</u>						
Fixed						
5/8"	42,909	\$5.69	\$244,152	\$5.54	\$237,716	-2.64%
3/4"	0	\$8.54	\$0	\$8.31	\$0	-2.69%
1"	3,104	\$14.23	\$44,170	\$13.85	\$42,990	-2.67%
1-1/2"	36	\$28.45	\$1,024	\$27.70	\$997	-2.64%
2"	79	\$45.52	\$3,596	\$44.32	\$3,501	-2.64%
3"	0	\$85.35	\$0	\$83.10	\$0	-2.64%
4"	12	\$142.25	\$1,707	\$138.49	\$1,662	-2.64%
6"	0	\$284.50	\$0	\$276.99	\$0	-2.64%
Usage	168,498	\$5.5060	\$927,750	\$5.3606	\$903,250	-2.64%
Growth Adj.			<u>\$7,034</u>		<u>\$6,848</u>	-2.64%
subtotal			\$1,229,433		\$1,196,964	-2.64%
<u>Lakewood</u>						
Fixed						
Residential	149,363	\$15.06	\$2,249,407	\$14.66	\$2,189,662	-2.66%
Commercial	11,046	\$15.06	\$166,353	\$14.66	\$161,934	-2.66%
Other	476	\$15.06	\$7,169	\$14.66	\$6,978	-2.66%
Flat Rate	152	\$28.70	\$4,364	\$27.94	\$4,248	-2.66%
Usage-W. Annual.	1,424,456	\$3.4102	\$4,857,680	\$3.3201	\$4,729,336	-2.64%

New Jersey-American Water Company
Rate Counsel Recommended SA-1 / Other Revenues / Sewer Rates
and Proof of Revenue

Billing Determinants	Pre-TCJA Rate	Pre-TCJA Revenue	Recomm. Rate	Recomm. Revenue	% Increase	
(1)	(2)	(3)	(4)	(5)	(6)	
Usage - Elk Twn.	1,116	\$6.8546	\$7,650	\$6.6735	\$7,448	-2.64%
Growth Adj. subtotal			<u>\$366,233</u>	<u>\$356,540</u>	-2.65%	
			\$7,658,856	\$7,456,146	-2.65%	
<u>Ocean City</u>						
Summer Usage						
Residential	222,135	\$11.1038	\$2,466,543	\$10.8105	\$2,401,390	-2.64%
Commercial	109,154	\$11.1038	\$1,212,024	\$10.8105	\$1,180,009	-2.64%
Other	6,467	\$11.1038	\$71,808	\$10.8105	\$69,912	-2.64%
Usage - Annual	683,688	\$1.8698	\$1,278,360	\$1.8204	\$1,244,586	-2.64%
Growth Adj. subtotal			<u>\$49,686</u>	<u>\$48,374</u>	-2.64%	
			\$5,078,421	\$4,944,271	-2.64%	
Statewide						
<u>Fixed</u>						
Class A	6,301	\$81.20	\$511,625	\$79.06	\$498,141	-2.64%
Class B	14,949	\$98.80	\$1,476,917	\$96.19	\$1,437,901	-2.64%
Residential	36,085	\$46.00	\$1,659,910	\$44.79	\$1,616,247	-2.63%
Commercial	340	\$46.00	\$15,624	\$44.79	\$15,213	-2.63%
Jensen's	2,920	\$20.00	\$58,400	\$19.47	\$56,852	-2.65%
Usage - Winter	135,769	\$8.80	\$1,194,767	\$8.57	\$1,163,540	-2.61%
Growth Adj. subtotal			<u>\$77,582</u>	<u>\$75,541</u>	-2.63%	
			\$4,994,825	\$4,863,435	-2.63%	
Haddonfield						
Municipal Vols.	19,944	\$2.8815	\$57,469	\$2.8815	\$57,469	0.00%
<u>Block Rates</u>						
#1	119,698	\$2.69	\$321,988	\$2.69	\$321,988	0.00%
#2	138,024	\$3.39	\$467,901	\$3.39	\$467,901	0.00%
#3	45,588	\$3.77	\$171,867	\$3.77	\$171,867	0.00%
Growth Adj. subtotal			<u>(\$2,809)</u>	<u>(\$2,809)</u>	0.00%	
			\$1,016,416	\$1,016,416	0.00%	
Other Contracts	2,077	\$99.93	\$207,524	\$97.29	\$202,041	-2.64%
Total Sewer Service			\$20,185,475		\$19,679,273	-2.51%
Other Revenues			<u>\$10,813</u>	<u>\$10,813</u>	0.00%	
Total Sewer Revenues			<u>\$20,196,288</u>	<u>\$19,690,086</u>	-2.51%	

New Jersey-American Water Company
Rate Counsel Recommended SA-1 / Other Revenues / Sewer Rates
and Proof of Revenue

Billing Determinants	Pre-TCJA Rate	Pre-TCJA Revenue	Recomm. Rate	Recomm. Revenue	% Increase
(1)	(2)	(3)	(4)	(5)	(6)

Summary - Water Service

Class

GMS		\$326,315,591		\$316,033,598	-3.15%
Commodity Demand		\$12,206,514		\$11,900,289	-2.51%
Off-Peak		\$1,612,455		\$1,572,004	-2.51%
Manasquan		\$1,718,906		\$1,675,775	-2.51%
Reg. Sales for Resale		\$7,213,897		\$6,958,913	-3.53%
Public Fire		\$13,520,290		\$13,520,290	0.00%
Private Fire		\$12,704,346		\$12,704,346	0.00%
Subtotal		\$375,291,999		\$364,365,215	-2.91%

Other Revenues

NSF Check Charges		\$138,040		\$138,040	0.00%
Reconnection Charges		\$605,208		\$605,208	0.00%
Rental Fees / Antenna Lease		\$4,366,872		\$4,366,872	0.00%
Late Payment Charges		\$209,294		\$209,294	0.00%
SREC Revenue		\$714,545		\$714,545	0.00%
Miscellaneous Revenues		\$228,479		\$228,479	0.00%
Low Income Program		(\$540,000)		(\$540,000)	0.00%
Subtotal		\$5,722,438		\$5,722,438	0.00%

Total SA-1 Water & Other Revenues		\$381,014,437		\$370,087,653	-2.87%
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Summary - Sewer Service

Adelphia		\$1,229,433		\$1,196,964	-2.64%
Lakewood		\$7,658,856		\$7,456,146	-2.65%
Ocean City		\$5,078,421		\$4,944,271	-2.64%
Statewide		\$4,994,825		\$4,863,435	-2.63%
Haddonfield		\$1,016,416		\$1,016,416	0.00%
Other Contracts		\$207,524		\$202,041	-2.64%
Subtotal		\$20,185,475		\$19,679,273	-2.51%

Other Revenues		\$10,813		\$10,813	0.00%
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Total Sewer Revenues		\$20,196,288		\$19,690,086	-2.51%
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TOTAL OPERATING REVENUES		\$401,210,725		\$389,777,739	-2.85%
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New Jersey-American Water Company
Rate Counsel Recommended SA-2 Rates and Proof of Revenue

Billing Determinants	Pre-TCJA Rate	Pre-TCJA Revenue	Recomm. Rate	Recomm. Revenue	% Increase
(1)	(2)	(3)	(4)	(5)	(6)
GMS SA-2					
Facility Charge Usage	22,929,049	\$6.0533	\$5.9864	\$62,588,236	-2.49%
Exempt Credit Growth Adj.	574,863	(\$0.8334)	(\$0.8242)	(\$473,802)	-1.10%
		<u>\$934,468</u>		<u>\$920,035</u>	-1.54%
subt		\$203,441,176		\$200,296,928	-1.55%
Manville					
Facility Charge Usage	257,172	\$5.6185	\$5.6185	\$898,807	-2.49%
Growth Adj.	80,579	(\$86,707)		(\$85,865)	-0.97%
subt		\$2,280,002		\$2,257,863	-0.97%
OIW					
Facility Charge Usage	2,530,962	\$3.5144	\$3.4262	\$716,265	-2.50%
		\$734,629		\$8,671,633	-2.51%
Exempt Facilities Usage	1,016,716	\$3.0305	\$2.9545	\$34,003	-2.50%
		\$3,081,158		\$3,003,847	-2.51%
Subtotal OIW		\$12,745,475		\$12,425,748	-2.51%
SOS					
Non-Exempt	7,833,841	\$2.7698	\$2.7003	\$21,153,721	-2.51%
Exempt	1,095,000	\$2.3885	\$2.3286	\$2,549,817	-2.51%
SOS at GMS Rates					
Facilities - 4"	12	\$421.28	\$410.75	\$4,929	-2.49%
6"	24	\$842.56	\$821.50	\$19,716	-2.50%
8"	24	\$1,348.10	\$1,314.40	\$31,546	-2.50%
Peaking Usage	2,366	\$9.0331	\$8.6605	\$20,491	-4.12%
	104,412	\$6.0033	\$5.9364	\$619,831	-1.11%
Subtotal SOS		\$25,019,400		\$24,400,051	-2.48%

New Jersey-American Water Company
Rate Counsel Recommended SA-2 Rates and Proof of Revenue

Billing Determinants	Pre-TCJA Rate	Pre-TCJA Revenue	Recomm. Rate	Recomm. Revenue	% Increase	
(1)	(2)	(3)	(4)	(5)	(6)	
Public Fire SA-2						
<u>hydrant zone</u>						
Annual						
2A	73	\$472.92	\$34,523	\$472.92	\$34,523	0.00%
2C	489	\$541.20	\$264,647	\$541.20	\$264,647	0.00%
2D	1,308	\$555.48	\$726,568	\$541.20	\$707,890	-2.57%
2E	150	\$597.00	\$89,550	\$561.72	\$84,258	-5.91%
2F	1,743	\$645.00	\$1,124,235	\$606.88	\$1,057,792	-5.91%
2G	2,498	\$698.76	\$1,745,502	\$657.46	\$1,642,335	-5.91%
2H	4,278	\$750.00	\$3,208,253	\$705.67	\$3,018,623	-5.91%
2I	1,180	\$800.04	\$944,047	\$752.76	\$888,257	-5.91%
2J	3,297	\$850.08	\$2,802,374	\$799.84	\$2,636,753	-5.91%
2K	563	\$900.00	\$506,700	\$846.81	\$476,754	-5.91%
2L	1,341	\$949.92	\$1,273,496	\$893.78	\$1,198,233	-5.91%
Growth Adj.			\$0	\$0	-	
Subt. Public	16,919		\$12,719,895	\$12,010,065	-5.58%	
Private Fire SA-2						
<u>Rate L-3</u>						
Hydrants	1,662	\$406.44	\$675,503	\$383.90	\$638,042	-5.55%
Usage	38,777	\$6.0533	\$234,727	\$5.9864	\$232,133	-1.11%
2"	181	\$485.64	\$87,901	\$458.71	\$83,027	-5.55%
3"	113	\$953.76	\$107,775	\$900.87	\$101,798	-5.55%
4"	1,145	\$1,538.16	\$1,761,193	\$1,452.86	\$1,663,525	-5.55%
6"	1,632	\$2,853.00	\$4,656,096	\$2,694.79	\$4,397,897	-5.55%
8"	689	\$4,872.84	\$3,357,387	\$4,602.61	\$3,171,198	-5.55%
10"	82	\$5,994.00	\$491,508	\$5,994.00	\$491,508	0.00%
12"	8	\$8,631.36	\$69,051	\$8,631.36	\$69,051	0.00%
16"	1	\$18,002.04	\$18,002.04	\$18,002.04	\$18,002	0.00%
Grandfathered Adj.			\$0	\$0		
Subt. Private			\$11,459,143	\$10,866,181	-5.17%	
Tot. Rate Revenues			\$267,665,090	\$259,998,972	-2.86%	

Summary	Pre-TCJA Revenue	Recommended Revenue	% Increase
GMS	\$205,721,178	\$202,554,791	-1.54%
OIW	\$12,745,475	\$12,425,748	-2.51%
SOS	\$25,019,400	\$24,400,051	-2.48%
Public Fire Prot.	\$12,719,895	\$12,010,065	-5.58%
Private Fire Prot.	\$11,459,143	\$10,866,181	-5.17%
Total Revenue	\$267,665,090	\$262,256,835	-2.02%

New Jersey-American Water Company
Rate Counsel Recommended SA-2 Rates and Proof of Revenue

Billing Determinants	Pre-TCJA Rate	Pre-TCJA Revenue	Recomm. Rate	Recomm. Revenue	% Increase	
(1)	(2)	(3)	(4)	(5)	(6)	
Facilities Charge Detail						
GMS SA-2						
5/8"	2,235,309	\$16.85	\$37,664,957	\$16.43	\$36,726,127	-2.49%
3/4"	159,219	\$25.28	\$4,025,056	\$24.65	\$3,924,748	-2.49%
1"	167,267	\$42.13	\$7,046,959	\$41.08	\$6,871,328	-2.49%
1-1/2"	27,511	\$84.26	\$2,318,077	\$82.15	\$2,260,029	-2.50%
2"	47,195	\$134.81	\$6,362,358	\$131.44	\$6,203,311	-2.50%
3"	9,779	\$252.77	\$2,471,737	\$246.45	\$2,409,936	-2.50%
4"	5,856	\$421.28	\$2,467,016	\$410.75	\$2,405,352	-2.50%
6"	1,178	\$842.56	\$992,536	\$821.50	\$967,727	-2.50%
8"	469	\$1,348.10	\$631,585	\$1,314.40	\$615,796	-2.50%
10"	70	\$1,685.12	\$117,958	\$1,643.00	\$115,010	-2.50%
12"	24	\$2,106.40	\$50,554	\$2,053.75	\$49,290	-2.50%
16"	12	\$3,382.84	\$40,594	\$3,298.49	\$39,582	-2.49%
Subtotal			\$64,189,387		\$62,588,236	-2.49%
Manville						
5/8"	48,377	\$16.85	\$815,152	\$16.43	\$794,834	-2.49%
3/4"	1,257	\$25.28	\$31,777	\$24.65	\$30,985	-2.49%
1"	288	\$42.13	\$12,133	\$41.08	\$11,831	-2.49%
1-1/2"	102	\$84.26	\$8,595	\$82.15	\$8,379	-2.50%
2"	123	\$134.81	\$16,582	\$131.44	\$16,167	-2.50%
3"	24	\$252.77	\$6,066	\$246.45	\$5,915	-2.50%
4"	36	\$421.28	\$15,306	\$410.75	\$14,923	-2.50%
6"	0	\$842.56	\$0	\$821.50	\$0	-2.50%
8"	12	\$1,348.10	\$16,177	\$1,314.40	\$15,773	-2.50%
10"	0	\$1,685.12	\$0	\$1,643.00	\$0	-2.50%
12"	0	\$2,106.40	\$0	\$2,053.75	\$0	-2.50%
Subtotal			\$921,788		\$898,807	-2.49%
OIW						
5/8"	132	\$16.85	\$2,227	\$16.43	\$2,171	-2.49%
3/4"	48	\$25.28	\$1,213	\$24.65	\$1,183	-2.49%
1"	84	\$42.13	\$3,539	\$41.08	\$3,451	-2.49%
1-1/2"	168	\$84.26	\$14,156	\$82.15	\$13,802	-2.50%
2"	840	\$134.81	\$113,240	\$131.44	\$110,409	-2.50%
3"	468	\$252.77	\$118,343	\$246.45	\$115,384	-2.50%
4"	403	\$421.28	\$169,881	\$410.75	\$165,635	-2.50%
6"	132	\$842.56	\$111,218	\$821.50	\$108,438	-2.50%
8"	36	\$1,348.10	\$48,532	\$1,314.40	\$47,319	-2.50%
10"	60	\$1,685.12	\$101,726	\$1,643.00	\$99,183	-2.50%
12"	24	\$2,106.40	\$50,554	\$2,053.75	\$49,290	-2.50%
Subtotal			\$734,629		\$716,265	-2.50%
Exempt						
10"	24	\$1,453.12	\$34,875	\$1,416.80	\$34,003	-2.50%
Subtotal			\$34,875		\$34,003	-2.50%
Tot. Facilities Revenue			\$65,880,679		\$64,237,311	-2.49%

New Jersey-American Water Company

Rate Counsel Recommended SA-3 Southampton Rates and Proof of Revenue

Billing Determinants (1)	Pre-TCJA Rate (2)	Pre-TCJA Revenue (3)	Recomm. Rate (4)	Recomm. Revenue (5)	% Increase (6)		
GMS SA-3							
<u>Southampton</u>							
Facilities Charge		\$113,973		\$111,131	-2.49%		
Usage	23,940	\$5.2433	\$5.2433	\$125,525	0.00%		
Growth Adj.		\$0		\$0			
subt		\$239,498		\$236,655	-1.19%		
Public Fire SA-3							
Annual							
<u>Hydrant zone</u>							
3A	153	\$282.48	\$282.48	\$43,219	0.00%		
3B	71	\$335.28	\$335.28	\$23,805	0.00%		
3C	109	\$388.20	\$388.20	\$42,314	0.00%		
3D	246	\$441.12	\$441.12	\$108,516	0.00%		
3G	791	\$520.32	\$520.32	\$411,505	0.00%		
subt	1,370	\$629,359	\$629,359	\$629,359	0.00%		
Private Fire SA-3							
<u>Rate L-7</u>							
2"	9	\$239.28	\$239.28	\$2,154	0.00%		
3"	4	\$538.44	\$538.44	\$2,154	0.00%		
4"	55	\$957.12	\$957.12	\$52,642	0.00%		
6"	87	\$2,153.52	\$2,153.52	\$187,356	0.00%		
8"	31	\$3,828.48	\$3,828.48	\$118,683	0.00%		
10"	1	\$5,982.00	\$5,982.00	\$5,982	0.00%		
Hydrants	141	\$124.920	\$124.92	\$17,614	0.00%		
subt		\$386,585	\$386,585	\$386,585	0.00%		
Total Rate Revenues		\$1,255,442		\$1,252,599	-0.23%		
Facilities Charge Detail							
<u>Southampton</u>							
5/8"	5,135	\$16.85	\$16.43	\$84,360	-2.49%		
3/4"	36	\$25.28	\$24.65	\$882	-2.49%		
1"	265	\$42.13	\$41.08	\$10,873	-2.49%		
1 1/2"	36	\$84.26	\$82.15	\$2,923	-2.50%		
2"	48	\$134.81	\$131.44	\$6,281	-2.50%		
3"	24	\$252.77	\$246.45	\$5,811	-2.50%		
Total Facilities Revenue		\$113,973		\$111,131	-2.49%		
Summary		Pre-TCJA Revenue		Recommended Revenue		% Increase	
GMS		\$239,498		\$236,655		-1.19%	
Public Fire		\$629,359		\$629,359		0.00%	
Private Fire		\$386,585		\$386,585		0.00%	
TOTAL		\$1,255,442		\$1,252,599		-0.23%	

New Jersey-American Water Company
Rate Counsel Recommended SA-1B Rates and Proof of Revenue

	Billing Determinants	Pre-TCJA	Pre-TCJA	Recomm.	Recomm.	%
		Rate	Revenue	Rate	Revenue	Increase
	(1)	(2)	(3)	(4)	(5)	(6)
GMS SA-1B						
<u>Pennsgrove</u>						
Facilities Charge			\$1,126,770		\$1,098,662	-2.49%
Usage	372,085	\$4.4988	\$1,673,936	\$4.4988	\$1,673,936	
Growth Adj.			(\$9,726)		(\$9,628)	-1.00%
subt			\$2,790,980		\$2,762,970	-1.00%
Public Fire SA-1B						
<u>Pennsgrove</u>						
Hydrants	464	\$306.48	\$142,207	\$306.48	\$142,207	0.00%
subt			\$142,207		\$142,207	0.00%
Private Fire SA-1B						
<u>Pennsgrove</u>						
	<u>Rate L-9</u>					
2"	0	\$330.12	\$0	\$330.12	\$0	0.00%
4"	4	\$1,320.36	\$5,281	\$1,320.36	\$5,281	0.00%
6"	8	\$2,971.68	\$23,773	\$2,806.88	\$22,455	-5.54%
8"	2	\$5,281.44	\$10,563	\$4,988.56	\$9,977	-5.55%
10"	2	\$8,252.28	\$16,505	\$7,794.65	\$15,589	-5.55%
12"	3	\$11,883.36	\$35,650	\$11,224.36	\$33,673	-5.55%
16"	1	\$21,127.68	\$21,128	\$19,956.04	\$19,956	-5.55%
Hydrants	53	\$346.32	\$18,355	\$346.32	\$18,355	0.00%
subt			\$131,255		\$125,286	-4.55%
Total Rate Revenues			\$3,064,442		\$3,030,463	-1.11%
Facilities Charge Detail						
<u>Pennsgrove District</u>						
5/8"	46,852	\$16.85	\$789,457	\$16.43	\$769,779	-2.49%
3/4"	0	\$25.28	\$0	\$24.65	\$0	-2.49%
1"	1,625	\$42.13	\$68,474	\$41.08	\$66,767	-2.49%
1 1/2"	806	\$84.26	\$67,873	\$82.15	\$66,173	-2.50%
2"	837	\$134.81	\$112,871	\$131.44	\$110,049	-2.50%
3"	84	\$252.77	\$21,233	\$246.45	\$20,702	-2.50%
4"	120	\$421.28	\$50,685	\$410.75	\$49,418	-2.50%
6"	19	\$842.56	\$16,177	\$821.50	\$15,773	-2.50%
8"	0	\$1,348.10	\$0	\$1,314.40	\$0	-2.50%
Total	50,324		\$1,126,770		\$1,098,662	-2.49%

Summary	Pre-TCJA Revenue	Recommended Revenue	% Increase
GMS	\$2,790,980	\$2,762,970	-1.00%
Public Fire	\$142,207	\$142,207	0.00%
Private Fire	\$131,255	\$125,286	-4.55%
TOTAL	\$3,064,442	\$3,030,463	-1.11%

New Jersey-American Water Company
 Rate Counsel Recommended SA-1C and SA-1D Rates and Proof of Revenue

Billing Determinants	Pre-TCJA Rate	Pre-TCJA Revenue	Recomm. Rate	Recomm. Revenue	% Increase
(1)	(2)	(3)	(4)	(5)	(6)
GMS SA-1C & 1D					
<u>Shorelands</u>					
Facilities Charge		\$2,640,372		\$2,640,372	0.00%
Usage	1,219,840	\$4.7740	\$4.7740	\$5,823,516	0.00%
Growth Adj.		\$0		\$0	
subt		\$8,463,888		\$8,463,888	0.00%
<u>Applied- Irrigation</u>					
Facilities Charge		\$3,717		\$3,624	-2.50%
Usage	3,618	\$7.6619	\$7.34580	\$26,577	-4.13%
subt		\$31,438		\$30,202	-3.93%
Public Fire SA-1C & 1D					
<u>Shorelands</u>					
Hydrants	842	\$330.00	\$330.00	\$277,860	0.00%
Inch-feet	7,713,640	\$0.1078	\$0.1078	\$831,530	
subt		\$1,109,390		\$1,109,390	0.00%
<u>Applied</u>					
Hydrants	31	\$252.12	\$252.12	\$7,816	0.00%
subt		\$7,816		\$7,816	
Private Fire SA-1C & 1D					
<u>Shorelands</u>					
<u>Hose Conn.</u>					
3"	3	\$3,000.00	\$2,833.63	\$8,501	-5.54%
4"	9	\$6,000.00	\$5,667.27	\$51,005	-5.55%
8"	7	\$9,600.00	\$9,067.63	\$63,473	-5.55%
10"	1	\$14,880.00	\$14,054.82	\$14,055	-5.54%
<u>w/o Hose Conn.</u>					
2"	3	\$600.00	\$566.73	\$1,700	-5.56%
3"	2	\$1,260.00	\$1,190.13	\$2,380	-5.56%
4"	44	\$2,100.00	\$1,983.54	\$87,276	-5.55%
6"	49	\$4,200.00	\$3,967.09	\$194,387	-5.55%
8"	14	\$6,720.00	\$6,347.34	\$88,863	-5.55%
Hydrants	190	\$660.00	\$623.40	\$118,446	-5.55%
subt		\$667,080		\$630,086	-5.55%
<u>Applied</u>					
Hydrants	8	\$304.08	\$304.08	\$2,433	0.00%
subt		\$2,433		\$2,433	0.00%
Total Rate Revenues		\$9,575,711		\$9,575,711	0.00%
Facilities Charge Detail					
<u>Shorelands District</u>					
5/8"	101,352	\$14.00	\$14.00	\$1,418,928	0.00%
3/4"	8,268	\$21.00	\$21.00	\$173,628	0.00%
1"	18,672	\$35.00	\$35.00	\$653,520	0.00%
1 1/2"	828	\$70.00	\$70.00	\$57,960	0.00%
2"	1,908	\$112.00	\$112.00	\$213,696	0.00%
3"	204	\$210.00	\$210.00	\$42,840	0.00%
4"	180	\$350.00	\$350.00	\$63,000	0.00%
6"	24	\$700.00	\$700.00	\$16,800	0.00%
Total	131,412			\$2,640,372	0.00%
<u>Applied</u>					
5/8"	15	\$16.85	\$16.43	\$246	-2.49%
2"	26	\$134.81	\$131.44	\$3,378	-2.50%
Total				\$3,624	-2.50%

Summary	Pre-TCJA Revenue	Recommended Revenue	% Increase
GMS	\$8,495,326	\$8,494,090	-0.01%
Public Fire	\$1,117,206	\$1,117,206	0.00%
Private Fire	\$669,513	\$632,519	-5.53%
TOTAL	\$10,282,046	\$10,243,815	-0.37%

New Jersey-American Water Company
Rate Counsel Recommended SA-1E Rates and Proof of Revenue

	Billing Determinants	Pre-TCJA Rate	Pre-TCJA Revenue	Recomm. Rate	Recomm. Revenue	% Increase
	(1)	(2)	(3)	(4)	(5)	(6)
GMS SA-1E						
<u>Haddonfield</u>						
Facilities Charge			\$235,959		\$235,959	0.00%
Usage						
1st 2,700	127,548	\$5.6000	\$714,269	\$5.3690	\$684,805	-4.13%
Next 10,700	154,949	\$7.0600	\$1,093,940	\$6.7687	\$1,048,803	-4.13%
Over 13,400	64,431	\$7.8400	\$505,139	\$7.5166	\$484,302	-4.13%
Norm Adj.	-5,639	\$6.6681	(\$37,601)	\$6.3930	(\$36,050)	-4.13%
Growth Adj.			\$0		\$0	
subt			\$2,511,706		\$2,417,819	-3.74%
Public Fire SA-1A						
<u>Harrison</u>						
Hydrants	430	\$384.72	\$165,430	\$384.72	\$165,430	0.00%
subt			\$165,430		\$165,430	0.00%
Total Rate Revenues			\$2,677,136		\$2,583,249	-3.51%
Facilities Charge Detail						
<u>Haddonfield District</u>						
5/8"	44,773	\$4.16	\$186,256	\$4.16	\$186,256	0.00%
3/4"	3,489	\$4.16	\$14,514	\$4.16	\$14,514	0.00%
1"	7,355	\$4.16	\$30,597	\$4.16	\$30,597	0.00%
1 1/2"	463	\$4.16	\$1,926	\$4.16	\$1,926	0.00%
2"	557	\$4.16	\$2,317	\$4.16	\$2,317	0.00%
3"	48	\$4.16	\$200	\$4.16	\$200	0.00%
4"	36	\$4.16	\$150	\$4.16	\$150	0.00%
6"	0	\$4.16	\$0	\$4.16	\$0	0.00%
Total	56,721		\$235,959		\$235,959	0.00%

Summary	Pre-TCJA Revenue	Recommended Revenue	% Increase
GMS	\$2,511,706	\$2,417,819	-3.74%
Public Fire	\$165,430	\$165,430	0.00%
TOTAL	\$2,677,136	\$2,583,249	-3.51%

APPENDIX

APPENDIX

Qualifications of Brian Kalcic

Mr. Kalcic graduated from Benedictine University 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, including 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 that offers business and regulatory analysis.

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