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April 28, 2022

VIA E-MAIL AND FIRST CLASS MAIL

Honorable Tricia Caliguire
Administrative Law Judge
Office of Administrative Law
P.O. Box 049
Trenton, NJ 08625-0049

Re: In the Matter of the Petition of New Jersey-American Water Company, Inc. for Approval of Increased Tariff Rates and Charges for Water and Wastewater Service, and Other Tariff Modifications
BPU Docket No. WR22010019
OAL Docket No. PUC 00808-22

Dear Judge Caliguire:

The undersigned represents the Petitioner, New Jersey-American Water Company, Inc. (the "Company"), in the above-referenced matter. Enclosed herein, please find the Company's 9&3 Update which consists of the following:

- Supplemental Direct Testimonies of Donald C. Shields, John S. Tomac, Jamie D. Hawn, and Charles B. Rea;
- Direct Testimony of Thomas O'Drain; and
- Updated Exhibit P-2, Schedules RR, and 1 through 17, redacted.

If you have any questions regarding this filing, please feel free to contact us.

Respectfully,

Bruce V. Miller
Sarmili Saha

Enclosures

cc: Ms. Nicole Newman (via e-mail w/ enclosures)
Attached OAL Service List (via e-mail w/ enclosures)

I/M/O the Petition of New Jersey American Water Company, Inc. for Approval of Increased Base Tariff Rates and Charges for Water and Wastewater Service and Other Tariff Revisions
BPU Docket No. WR22010019
OAL Docket No. PUC 00808-22

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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 COMPANY, INC.
FOR APPROVAL OF INCREASED TARIFF RATES
AND CHARGES FOR WATER AND WASTEWATER SERVICE, AND
OTHER TARIFF MODIFICATIONS

OAL Docket No. PUC 00808-2022 S

BPU Docket No. WR22010019

Supplemental Direct Testimony of

DONALD C. SHIELDS

in Support of 9&3 Updates

April 28, 2022

Exhibit P-5S

NEW JERSEY-AMERICAN WATER COMPANY, INC.

1. Q. Please state your name and business address.

A. My name is Donald C. Shields, and my current business address is 1 Water Street, Camden, New Jersey 08102.

2. Q. By whom are you employed and in what capacity?

A. I am employed by American Water Works Service Company, Inc. ("Service Company") as Vice President of Engineering supporting New Jersey-American Water Company, Inc. ("NJAWC" or the "Company"), Virginia-American Water Company and Maryland-American Water Company.

3. Q. Are you the same Donald C. Shields who filed Direct Testimony on January 14, 2022 in this proceeding, marked as Exhibit P-5?

A. Yes, I am.

4. Q. What is the purpose of your Supplemental Direct Testimony in this proceeding?

A. The purpose of my Supplemental Direct Testimony is to describe the updates and revisions to both replacement and investment projects that have been included on Schedule DCS-1.

5. Q. Has an update of Schedule DCS-1 that was filed with your Direct Testimony been prepared?

A. Yes. Please see updated Schedule DCS-1, attached to this Supplemental Direct Testimony.

6. Q. Please describe the updates that were made for projected additions to utility plant in service in Schedule DCS-1.

A. The following paragraphs discuss updates and revisions to Schedule DCS-1 that are included for recovery in this rate case. Please see the updated Schedule DCS-1 for a complete listing, including costs and in-service dates, of all Test Year and Post Test Year projects included in this base rate proceeding.

Recurring Project ("RP") updates are shown on updated Schedule DCS-1, but are not discussed herein, as the scope of the changes are normal for RPs. The updates for both RPs and Investment Projects ("IPs") result in a net increase of approximately $2.3 million. Projects designated as "Removed from Rate Case" were not able to be completed for various reasons, including delays in receiving materials, permitting applications, design changes and related issues. Other projects have revised in-service dates that have moved beyond the test year to be completed in the post-test year period

All projects are expected to be completed with in-service dates as shown on the schedule. Note that many of the projects with budget variances and in-service date variances are a result of changes in scope, unforeseen conditions, and delays due to various issues such as weather, manufacturing and equipment delivery delays, etc.

7. Q. Why has the Company included additional projects on Schedules DCS-1 for consideration in this proceeding?

A. The Company has identified additional projects that are essential for the Company to continue to provide safe, adequate and proper service. As a result, and in light

of other project movement, the Company re-allocated capital funding for these projects. NJAWC was thus able to accelerate certain capital projects that will provide needed benefits related to the Company's provision of safe, adequate, and proper service.

Individual descriptions and updates for the added projects are included below:

I18-180085 Pinebrook & Tinton Crossing: The purpose of this project is to improve transmission of water through the Monmouth Main Gradient. The transmission of water supply eastward through the Monmouth Main Gradient is difficult due to a lack of large transmission mains. Because of this, pressures in areas toward the Atlantic Ocean, specifically Rumson, suffer. This project will improve pressure in this area and provide water supply for future growth and development on Ft. Monmouth. The project includes the replacement of approximately 2,400 feet of 12" ductile iron pipe ("DIP") along Pinebrook Road between Pearl Harbor Road and Wayside Road in Eatontown, including crossing under the Garden State Parkway overpass, as well as jacking and boring across the railroad to connect the two portions of the Tinton Avenue main.

I18-230034 Summer Avenue Sanitary Sewer Improvements: The scope of this project is to replace and upsize the existing 12" sewer main within Summer Avenue with a new 15" SDR35 PVC main to alleviate surcharge conditions and avert potential sewer overflows. NJAWC will also replace the existing manhole structures and service laterals within this area.

I18-250143 Canal Road Intake Screens: The Canal Road Water Treatment Plant ("CRWTP") raw water intake is located on the Raritan Millstone Water Treatment Plant ("RMWTP") property adjacent to the Raritan and Millstone Rivers. Personnel must preemptively open manually operated unscreened intake valves to provide unobstructed flow to the CRWTP raw water pump station and to ensure adequate supply to the plant during any flooding event before it becomes too unsafe to access the intake. Large debris can make its way in the CRWTP raw water pump station causing damage to the pumps. And, although the existing rated capacity of the existing intake screens is 125 million gallons per day ("MGD"), there is excessive debris buildup in the intake channels due to damaged and inoperable sluice gates that reduces the effectiveness of the air burst system, screened water capacity of the intake screens and raw water flow into the CRWTP. Access to the Backwash Control Chamber ("BCC") building is also cut off during flood events. The BCC houses the controls, valves, and compressed air receiver for the intake screen air burst system and if there is a failure during a flood the system will be inoperable. This project addresses both issues by adding six new screens, air burst valves, controls and necessary upgrades to the system and installing a remote-control panel in the RMWTP Low Lift building.

I18-130147 Beckett Station PFAS Removal: NJAWC owns and operates the Beckett Groundwater Production Station in Logan Township, NJ. The well station utilizes two (2) wells at a maximum instantaneous pumping capacity of 800 gallons per minute ("GPM") and the daily finished water output during operation was

between 0.8 and 1.0 MGD. The station has been offline due to detected PFOA levels between 8 – 10 ng/L (current State MCL is 14 ng/l). PFNA was also present but below 13 ng/L MCL. Similar to other projects NJAWC has completed, this project will include retrofitting of the station to add PFOA removal. This solution includes the new filters and associated feed/backwash piping, upgrades to the existing electrical and SCADA components in the station, as well as the replacement of the existing lime feed/storage system.

I18-130148 Ranney Station Replacement Well 1A: Well 1A is one of 6 wells that supply the Ranney Station located in the Gloucester/Salem County service area. During a recent inspection of Well 1A, a hole was found in the well screen. Due to elevated sodium levels in two of the Ranney Station wells, (Well 71 & Well 11A), the remaining shallow wells are needed for blending to keep sodium levels below the secondary maximum contaminant level ("SCML") of 100 mg/l. Additionally, two of the wells (Well 4 & Well 2) cannot operate simultaneously due to hydraulic interference. Because of this, Well 1A is critical to the operation of the Ranney Station and the capacity of the station will be reduced and will not be able to meet peak demands without the replacement of Well 1A.

This project consists of construction of a new ~60-ft deep Well (#77) in the surficial deposits overlying the Magothy Aquifer to replace the existing Well 1A as well as replacing the existing confined space vault housing the well meter, blow-off, sampling tap and valves with a new prefabricated building.

I18-150137 EchoShore DX Upgrades Irvington Little Falls: As both original deployments in Irvington and Little Falls have exceeded their useful life, both sites will be upgraded to the latest version of EchoShore DX Acoustic Leak monitoring.

I18-130138 Burlington North to Main Crossing: Recent finished water sampling has shown that chlorine residuals are low at the Edgewater Park Tank and the surrounding distribution system. The Edgewater Park Tank is located at the northeast end of the Burlington North gradient in a predominantly residential area. Hydraulic modeling shows excessive age given low demands in the area which contributes to a low chlorine residual due to degradation over time. This project consists of connecting the Burlington Main and Burlington North gradients with a 16-inch main under Rancocas Creek with the goal of increasing chlorine residuals as well as improved fire flows.

I18-120050 Coastal South A&C Upgrades Phase 6: The scope of this project is to upgrade the automation and controls at remote locations of the distribution system in the Coastal South operating area. For this project, fifty sites have been identified for evaluation and possible upgrades. The upgrades will consist of replacing existing, known, antiquated or deficient equipment as well as evaluating all remote sites for possible upgrades. The work also includes the creation of operator computer display screens that reflect system trends which follow the system process flow diagrams as a standard layout to build upon, archiving of operational data in the historical database for accessing and reporting, cyber security safeguards, and

new process instrumentation and programming to provide for operational efficiencies.

I18-250142 Raritan Millstone WTP Sludge Presses: This project will improve residuals processing at the RMWTP by purchasing four new portable belt filter press machines and replacing the residuals processing area between Lagoons 2 and 4. The project also includes the replacement of the electrical disconnects to power the new presses and other site work.

I18-260114 2022 Transmission Main Inspection: This project includes leak detection and condition assessment and repairs on certain transmission and intake mains within the Central Region, including a 30" PCCP main from Galloping Hill Rd. to Morris Avenue, site piping at Hummocks well facility, and twin 60" PCCP intakes at the CRWTP. Note that capital repairs resulting from these assessments will be included in the total project amounts in the Company's 12&0 update.

I18-350006 Long Hill Wastewater C&L 2022: The work under this project is to reduce infiltration and inflow ("I&I") in an area of the Long Hill sewer system with significant I&I. The work includes cleaning and lining of 3,490 linear feet of 14" vitrified clay/asbestos cement pipe ("VCP/ACP"), 1,200 linear feet 12" VCP/ACP as well as the rehabilitation of 20 manholes.

I18-250145 RMWTP Filter Building Sleeping Quarters: The RMWTP is bounded on its west, south and east sides by the Raritan River and on the north by Conrail's active sidetrack. Property, which is subject to flooding, has been protected in recent

years by construction of a flood wall on the north, and dikes and berms on the other three sides. There are two gates situated on the flood wall—a main access gate and a smaller one located on the west end of the wall that can be utilized as an emergency ingress/egress as a vehicle can travel on planking installed on the railroad bridge to Manville. During high flood stages, the gates are closed keeping the essential complement of employees remaining inside the confines of the flood protection system, much of the time this could last several days, for example the three days during hurricane Ida in 2021. There are no accommodations for sleeping, and this project will address the needs for accommodations by repurposing certain areas of the plant.

AMI Installation Projects: These projects consist of installation of a new advanced metering infrastructure ("AMI") system within the various operating regions through the Company's service territories. The fixed antennae system includes the necessary collector boxes, antennae, conduit, cable and communications equipment to read the existing 900mHz meters that are currently read via an automated meter reading system (drive by). The following projects are included:

I18-120052 AMI Installation Atlantic/Cape May: 13 sites at Coastal South production facilities throughout Atlantic and Cape May Counties.

I18-250148 AMI Installation Belle Mead: 19 sites at Belle Mead (aka Raritan West) production facilities throughout the Central Operations area.

I18-170016 AMI Installation Washington: 5 sites throughout the Washington District (Warren County) of Short Hills/North Ops.

I18-150138 AMI Installation Short Hills: 16 sites throughout Short Hills production facilities.

I18-260130 AMI Installation Plainfield: 17 sites within the Company's Raritan (East) system facilities throughout Union, Middlesex and Somerset Counties.

8. Q. Why was it necessary to update Schedule DCS-1?

A. This schedule was originally prepared early in the planning process. Not all projects were bid at that point. Local permit approvals were still pending for certain projects as well. It is very common to develop alternatives or adjustments to planned investment projects during the design, permitting, approvals and bidding processes based on changing needs, priorities or circumstances. Projects are added to or removed from the portfolio of projects based on changing priorities and/or individual project progression or delay. Scope, cost estimates and schedules can also be impacted by various factors during the permitting and local planning board approval process in advance of bidding.

It is also important to note that the effects of COVID-19 are still impacting the construction industry. Material supply order delays are significant. For example, ductile iron pipe that historically was ordered and delivered within a two-week timeframe is now running at a delivery time of 12-16 weeks. Emergency generators

for booster stations and other facilities are running well over 26 weeks for delivery. These are but two examples of significant delays in materials, but the issue affects all components of the Company's projects: semiconductors for SCADA equipment and other instrumentation and control equipment, steel for plant structures, meters, pumping equipment, valves, etc. Moreover, availability of workers is an ongoing issue that hampers contractors' ability to staff and execute projects. Some contractors have declined to bid on work due to lack of personnel. These issues are expected to occur well into 2022 and perhaps in 2023.

Despite the issues mentioned above, the Company is now well into the construction phase for these projects, with approvals having been received, projects having been bid and construction contracts signed and in nearly all cases work is underway. The projects on Schedule DCS-1 are scheduled to be completed by the "In Service" dates shown in this schedule.

9. Q. Does this conclude your Supplemental Direct Testimony?

A. Yes.

NJAWC Additions to Plant in Service 07/01/21 - 12/31/22

		Original Filing		9 + 3 Update	
Project	Description	Project Total	Est In Service Date	Project Total	Est In Service Period
I18-150118-01	CBWTP Mtl Storage&Building Improvement	1,316,003	Apr-20	1,509,770	Apr-20
I18-180031-01	SRWTP's 2nd Clearwell	1,588,555	Dec-20	1,610,815	Dec-20
I18-180050-01	36-inch CI-Rumson Pl-Little Silver	1,245,797	Apr-21	739,854	Apr-21
I18-180070-02	Tinton/Ave of Mem Main Post DSIC	404,909	Oct-21	405,454	Oct-21
I18-150124-01	Baltusrol Station PFAS System, Interim	2,027,712	Sep-21	2,038,045	Sep-21
I18-250035-03	RMWTP Phase 3: Filters 15-18	3,161,816	Sep-21	3,191,958	Sep-21
I18-190046-01	Howell-to-Lakewood Trans Ph 2	23,284,202	Sep-21	23,370,453	Sep-21
I18-180065-01	Tinton Ave 24" Main Replacement/Ext	5,227,827	Oct-21	4,385,622	Oct-21
I18-130104-01	Bridgeport-Logan Syst Consolidation Main	2,971,481	Oct-21	3,159,209	Oct-21
I18-180078-01	River Rd Main Replacement Rumson	7,057,739	Oct-21	12,126,028	Oct-21
I18-260120-02	Central LSL Replacements	4,496,809	Oct-21	5,450,045	Oct-21
I18-260112-01	2021 Clark C&L	3,200,748	Oct-21	3,194,853	Oct-21
I18-250035-06	RMWTP Control Room	2,017,377	Dec-21	2,189,143	Dec-21
I18-260066-01	Central A&C Upgrades Ph 6 & 6f CPS:B10	4,608,759	Dec-21	4,560,987	Dec-21
I18-130052-01	Southwest A&C Upgrades Phase 4 (CPS-A4)	2,104,490	Dec-21	2,096,908	Jan-22
I18-190021-01	Coastal North A&C Upgrades Phase 2	2,184,320	Dec-21	2,155,306	Jan-22
I18-190022-01	Coastal North A&C Upgrades Phase 3	710,206	Dec-21	705,878	Jan-22
I18-150112-01	Phase 4 NRW 2021	1,239,755	Dec-21	1,249,756	Jan-22
I18-150129-01	North West Orange DX Upgrade 2021	1,038,339	Dec-21	1,053,618	Jan-22
I18-230036-01	Lakewood WW C&L 2020	609,061	Dec-21	617,969	Jan-22
I18-180070-01	Tinton/Ave of Mem 24" Main Ph 1/3c/3e/4	1,866,596	Dec-21	2,488,155	Feb-22
I18-250035-04	RMWTP Phase 4: Filters 1-6	4,374,129	Feb-22	3,766,404	Mar-22
I18-250101-01	CRWTP:Floc/SedBsn 1-2 CPS:B17	12,646,939	Dec-21	14,140,209	Apr-22
I18-190051-01	Lakewood C&L 2021	4,024,220	Apr-22	6,530,209	Apr-22
I18-190052-01	Bay Head HDD and Main	1,625,628	Apr-22	1,625,628	Apr-22
I18-190053-01	James Street Lakewood Water Main	1,712,728	Apr-22	1,712,728	Apr-22
I18-260129-01	60-in PCCP Piscataway Spot Repairs	3,969,100	Apr-22	3,969,100	Apr-22
I18-130131-01	DRRWTP Treatment Improvements	4,327,979	Feb-22	5,250,210	Apr-22
I18-180085-01	Pinebrook & Tinton Crossing			1,792,838	Apr-22
I18-250120-01	Bridgewater Tank Rechlor	1,588,221	Dec-21	1,588,221	May-22
I18-150052-01	Diamond Hill Booster Upgrades	3,009,191	May-22	3,009,191	May-22
I18-150052-03	Diamond Hill Booster Upgrades Phase 2	1,102,110	May-22	1,102,110	May-22
i18-120052-01	AMI Installation Atlantic/Cape May			1,293,660	Jun-22
I18-180071-01	Roberts Rd Booster Sta-Gen/Elect Upgrade	1,066,321	Mar-22	1,066,321	Jun-22
I18-180077-01	Turf Reduction Demonstration Project	575,814	Jun-22	575,814	Jun-22
I18-180079-01	Glendola to JB Raw Water Main Insp&Impr	1,222,463	Jun-22	1,222,463	Jun-22
I18-180080-01	Shrewsbury Ops Backup Generator	587,981	Jun-22	587,981	Jun-22
I18-180084-01	Meridian Building Rehab	1,411,716	Jun-22	1,411,716	Jun-22
I18-250114-01	RMWTP Flood Risk Reduction Ph I	231,563	Jun-22	231,563	Jun-22
I18-260086-01	Coles Ave Booster Repl CPS:B-2	1,359,857	Jun-22	1,359,857	Jun-22
I18-260121-01	Netherwood Office Building Upgrades	928,338	Jun-22	928,338	Jun-22
I18-230034-01	Summer Avenue Sanitary Sewer Improv			1,172,053	Jun-22
I18-250035-05	RMWTP Phase 5: Filters 7-14	5,487,628	Jul-22	5,487,628	Jul-22
I18-190050-02	Oak Glen Production & Water Quality Lab - Ph2	2,051,139	Aug-22	4,648,337	Aug-22
I18-260130-01	AMI Installation Plainfield			2,006,987	Aug-22
I18-250079-01	RMWTP Ammonia Hand Facility Impr CPS B-6	6,670,095	Sep-22	6,670,095	Sep-22
I18-350002-01	Phosphorous Removal Project	819,748	Oct-22	819,748	Oct-22
I18-250143-01	CR Intake Screens			3,872,810	Oct-22
I18-250145-01	RMWTP Filter Bldg Sleeping Quarters			951,088	Oct-22
I18-190049-01	Howell Field Ops Center	8,025,097	Nov-22	10,817,881	Nov-22
I18-180050-02	36-inch CI - Rumson Pl - Little Silver	250,000	Dec-21	2,323,600	Dec-22
I18-150119-01	Mendham Low Booster Improvements A5:CPS	3,213,572	Mar-22	4,206,568	Dec-22
I18-130089-01	Southwest Operations Center	23,464,491	Dec-22	25,328,663	Dec-22
I18-130125-01	Runnemede/Somerdale Detention Mains	833,333	Dec-22	833,333	Dec-22
I18-130143-01	Delran Roof Replacements	1,500,000	Dec-22	1,500,000	Dec-22
I18-150109-01	Canoe Brook Solar Expansion (PPA)	579,829	Dec-22	579,829	Dec-22
I18-150113-01	Phase 5 NRW 2022	1,475,004	Dec-22	1,475,004	Dec-22
I18-150120-01	Pottersville Tank Rechloramination (temp)	468,151	Dec-21	468,151	Dec-22
I18-130147-01	Beckett Station PFAS Removal			2,836,603	Dec-22
I18-130148-01	Ranney Station Replacement Well 1A			500,000	Dec-22
I18-150137-01	EchoShore DX Upgrades Irvington Lit			834,223	Dec-22
I18-150138-01	AMI Installation Short Hills			1,775,686	Dec-22
I18-170016-01	AMI Installation Washington			415,970	Dec-22
I18-130138-01	Burlington Main to North Creek Xing			2,000,000	Dec-22
I18-120050-01	Coastal South A&C Upgrades Phase 6			650,000	Dec-22
I18-250142-01	RMWTP Sludge Presses			3,193,622	Dec-22
I18-250148-01	AMI Installation Belle Mead			1,999,907	Dec-22
I18-260114-01	2022 Transmission Main Inspection			2,481,846	Dec-22
I18-350006-01	Long Hill Wastewater C&L 2022			1,131,609	Dec-22
I18-150132-01	Irvington LSL Replacement	5,011,436	Dec-22	10,119,934	Dec-22
I18-170008-01	Oxford Sta Treatment Upgrades	5,270,243	Dec-22	5,270,243	Dec-22
I18-190041-02	Lakewood Facility Relocation - Ph2	2,787,779	Feb-22	2,787,779	Jun-22
I18-190045-01	Monterey Backup Well (A-17)	2,269,430	Dec-22	2,269,430	Dec-22
I18-190054-01	Rt 9 Water Main Replacement - Lkwd	13,995,847	Dec-22	13,995,847	Dec-22
I18-220006-01	W 17th Street Lift Station	2,702,490	Dec-22	2,702,490	Dec-22
I18-250126-01	CRWTP Alum Tank Replacements	2,000,000	Dec-22	2,000,000	Dec-22
I18-250136-01	Belle Mead Training Yard Expansion	530,406	Feb-22	530,406	Dec-22

NJAWC Additions to Plant in Service 07/01/21 - 12/31/22

		Original Filing		9 + 3 Update	
Project	Description	Project Total	Est In Service Date	Project Total	Est In Service Period
I18-250137-01	Kent Avenue Well 1 Arsenic Removal	1,726,008	Dec-22	1,726,008	Dec-22
I18-250138-01	BM Ops & RMWTP Admin HVAC Impr	1,013,333	Dec-22	1,013,333	Dec-22
I18-250139-01	CRWTP Solar Array (7.2MW)	588,672	Dec-22	588,672	Dec-22
I18-250140-01	Kent Ave Back-up Well	368,590	Dec-22	368,590	Dec-22
I18-260067-01	Central A&C Upgrades Ph 6a-d CPS:B10	4,738,693	Dec-22	4,738,693	Dec-22
I18-260100-01	Jerusalem Rd Booster Sta Imprv CPS:B1	3,439,611	Dec-22	3,439,611	Dec-22
I18-260108-01	EchoShore DX Central Region 2021-2022	3,719,626	Dec-22	3,719,626	Dec-22
I18-260122-01	Westfield Structural C&L-E Broad St	5,000,000	Dec-22	5,000,000	Dec-22
I18-260128-01	Netherwood Ops Center Storage Yard Impro	800,000	Dec-22	800,000	Dec-22
I18-280005-01	Statewide Sewer A&C Upgrades Ph 1 2022	1,901,990	Dec-22	1,901,990	Dec-22
I18-350001-01	Long Hill WW Vac Truck Building	5,510,913	Jun-22	5,510,913	Dec-22
I18-250036-01	CRWTP Ozone Conversion to LOX CPS A-17	20,029,482	Dec-22	17,787,597	Dec-22
I18-150079-01	Pottersvlle Well-Gas Mmbrane B21:CPS	638,235	Jun-22	Removed from Rate Case	
I18-280003-01	Glen Meadows - Treat Unit Upgrade (A-4)	3,220,043	Dec-22	Removed from Rate Case	
I18-350003-01	Long Hill PS Improvements Project	1,532,528	Dec-22	Removed from Rate Case	
I18-120049-01	Mill Road Station Iron & Mn Removal Proj	17,542,690	Dec-22	Removed from Rate Case	
I18-130114-01	Woodlane Plant Improvements (A3)	10,203,466	Dec-22	Removed from Rate Case	
I18-190055-01	Farmingdale Transmission Loop	5,039,042	Dec-22	Removed from Rate Case	
I18-270004-01	Homestead Chem Feed & Storage	2,390,021	Dec-22	Removed from Rate Case	
I18-340002-01	2nd Ave Lift Station Replacement	2,618,165	Dec-22	Removed from Rate Case	
	Total IP	299,553,625		308,716,791	
RP-A	New Mains	9,776,794	Various	8,587,408	Various
RP-B	Replaced Mains	172,657,193	Various	148,516,470	Various
RP-C	Unscheduled Main Replacements	13,635,392	Various	15,990,202	Various
RP-E	New Hydrants & Valves	5,976,592	Various	5,908,277	Various
RP-F	Replaced Hydrants & Valves	23,792,941	Various	24,085,219	Various
RP-G	New Services	21,450,954	Various	20,424,270	Various
RP-H	Replaced Services	48,449,323	Various	51,588,506	Various
RP-I	New Meters	2,786,162	Various	2,738,969	Various
RP-J	Replaced Meters	36,027,702	Various	31,965,491	Various
RP-K	ITS Equipment & Enterprise Solutions	3,150,083	Various	13,077,384	Various
RP-L	SCADA	3,033,928	Various	5,575,944	Various
RP-M	Security	3,102,572	Various	3,082,064	Various
RP-N	Offices & Facilities	6,440,105	Various	4,878,382	Various
RP-O	Vehicles	18,354,587	Various	19,048,358	Various
RP-P	Tools & Equipment	4,195,749	Various	4,024,479	Various
RP-Q	Plant Process Equipment	31,016,397	Various	36,785,038	Various
RP-S	Engineering Studies	-	Various	-	Various
DV	Developer Funded Projects	22,279,668	Various	22,990,785	Various
	Total RP/DV	426,126,142		419,267,245	
	Total Additions to Plant in Service 07/01/2021 - 12/31/22	725,679,767		727,984,036	

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 COMPANY, INC.
FOR APPROVAL OF INCREASED TARIFF RATES
AND CHARGES FOR WATER AND WASTEWATER SERVICE, AND
OTHER TARIFF MODIFICATIONS

BPU Docket No. WR22010019

Supplemental Direct Testimony of

JOHN S. TOMAC

in Support of 9&3 Updates

April 28, 2022

Exhibit P-6S

NEW JERSEY-AMERICAN WATER COMPANY, INC.

1. Q. Please state your name and business address.

A. My name is John S. Tomac, and my business address is 1 Water Street, Camden, New Jersey 08102.

2. Q. By whom are you employed and in what capacity?

A. I am employed by American Water Works Service Company, Inc. ("AWWSC" or "Service Company") as the Senior Director of Rates & Regulatory for New Jersey-American Water Company, Inc. ("NJAWC" or the "Company"), Virginia-American Water Company and Maryland-American Water Company.

3. Q. Are you the same John S. Tomac who filed Direct Testimony on January 14, 2022, in this proceeding, marked as Exhibit P-6?

A. Yes, I am.

4. Q. Why is the Company filing supplemental testimony?

A. Supplemental testimony will describe certain material updates to the Company's rate case since it was filed on January 14, 2022. This includes updating the Test Year ending June 30, 2022, in the original filing, which included 5 months actual and 7 months projected information, to a test year that is now includes 9 months actual and 3 months projected information. Also, since the filing date, the Company has responded to hundreds of Discovery Requests. While responding to the Discovery Requests and in preparing updates to schedules, whereby we replaced numbers with more up-to-date numbers, the Company has also identified areas where economic conditions have changed, or specific issues have emerged

that the Company could not have reasonably foreseen at the time of filing. The Company is providing updates to its exhibits to provide the most accurate and up-to-date information possible. Additionally, for those exhibits that have been updated because of more current and accurate information, revised Schedules, Workpapers, SIRs and Discovery Responses are being provided.

5. Q. How is your Supplemental Direct Testimony organized?

A. My Supplemental Direct Testimony summarizes the changes included in this 9&3 Update to the Company's filing of January 14, 2022, on the attached Schedule JST-2, which is further supported by updated Exhibit P-2. This Schedule is intended to summarize the changes made by the Company in the 9&3 Update. Specifically, Schedule JST-2 indicates the topic, exhibit and schedule from the Company's January 14, 2022, filing; the initial amount filed for; the updated amount; the difference between the initial amount and the update; the related interrogatory where the proposed adjustment was referenced, if applicable; and general comments related to the change. As a result of the updates shown on Schedule JST-2, Schedule JST-1, also attached, updates Schedule RR from the original filing, showing both the original revenue requirement and the revised amount. Schedule JST-1 includes an updated rate of return, as the overall cost of debt has been slightly increased from the original filing due to an updated interest rate projection on a long new term debt issuance anticipated in May of 2022. The estimated interest rate will be updated to actual in the Company's 12&0 filing.

Additionally, my Supplemental Direct Testimony supports changes to the Exhibits and Schedules that were prepared by me or under my supervision and direction. This Supplemental Direct Testimony also addresses changes to Plant in Service values, primarily supported by the Supplemental Direct Testimony of Company Witness Shields, Exhibit P-5S, changes in operating expenses, except for chemical expense, and tariff language supported by the Supplemental Direct Testimony of Company Witness Hawn, Exhibit P-7S, updates to operating revenues supported by the Supplemental Direct Testimony of Company Witness Rea, Exhibit P-8S, and updates to chemical prices, and therefore chemical expense, supported by the Direct Testimony of Thomas O'Drain, Exhibit P-15, who is a new witness included with this Supplemental Filing. Please see Schedule JST-2 for the summary of all changes that have been reflected in the Company's 9&3 Update.

Revised Revenue Requirements

6. Q. Please describe the update to revenue requirements as shown on Schedule JST-1.

A. As a result of updates to rate base, rate of return, revenues, operating expenses and taxes, both income taxes and taxes other than income taxes that change because of the above-mentioned updates, the total revenue requirement proposed in this application increases from $94,666,545 to $99,045,947, an increase of $4,379,402. This calculation is depicted on Schedule JST-2.

Capital Structure /Overall Rate of Return

7. Q. Please summarize changes to the Capital Structure / Overall Rate of Return since the Company's original filing.

A. Since the initial filing on January 14, 2022, the Company has increased the interest rate on its projected new long-term debt issuance of $133,000,000 anticipated in May of 2022 from 3.9% to 4.15%. This has increased the effective cost of long-term debt from 3.8564% to 3.8737%. Please see Exhibit P-2, Schedule 16 and updated Workpaper Schedule 16-2 for the calculation of the revised effective cost of long-term debt. The calculation of the overall rate of return set forth on Exhibit P-2, Schedule 16, results in an increase from 7.4811% to 7.4890%.

Revenues

8. Q. Please summarize the changes to Exhibit P-2, Schedule 5, Operating Revenues.

A. The Company has reduced pro forma present rate revenues in this Update by $581,677, the details of which are provided on Exhibit P-2, Schedule 5, and Schedule JST-2. Please see the Supplemental Direct Testimony of Mr. Rea, Exhibit P-10S, for the details in the reduction of pro forma present rate revenues.

Operating and Maintenance Expenses

9. Q. Please summarize the changes to Exhibit P-2, Schedule 6, Operating and Maintenance Expenses

A. The Company has increased pro forma operating and maintenance expenses by $4,193,312, the details of which are provided on Exhibit P-2, Schedule 6. Of that amount, chemical expense and power costs has increased $7,405,848 while changes

to all other operating expenses have decreased by $3,212,536, driven by a reduction in OPEB expense of $3,262,888. Please see the Supplemental Direct Testimony of Ms. Hawn, Exhibit P-7S, for the details in the change of pro forma operating and maintenance expenses, and the Direct Testimony of Mr. O'Drain, Exhibit P-15, on the increase in chemical pricing.

Rate Base Adjustments

10. Q. Has the Company made any adjustments to rate base since the initial filing?

A. Yes. As a result of updating projected amounts through March 30, 2022, to actual balances, as well as revising projected capital expenditures for the period April 1, 2022, through December 31, 2022, rate base has decreased by $5,564,202 as shown on Schedule JST-2. These changes are reflected on Exhibit P-2, Schedule 15, and the corresponding Workpapers that support Exhibit P-2, Schedule 15.

11. Q. Please summarize the changes to Exhibit P-2, Schedule 15, Pro Forma Rate Base on December 30, 2022.

A. The Company has updated the rate base schedules to reflect actuals as of March 31, 2022, with projected changes to the end of the test year, June 30, 2022, and then projecting additional changes to the end of the post-test year period, December 31, 2022.

12. Q. Please summarize the changes to Exhibit P-2, Schedule 15, Utility Plant in Service ("UPIS").

A. The Company has updated its projected UPIS to reflect the actual balances on the general ledger on March 31, 2022. The Company then added the projected capital additions and retirements through December 31, 2022. The increase in projected capital additions is depicted in the Supplemental Direct Testimony of Mr. Shields, Exhibit P-5S. Updates to retirements were also made, which more than offset the increase in the additional capital additions. Please see updated Workpaper Schedule 15-3 for those revisions.

13. Q. Please summarize the changes to Exhibit P-2, Schedule 15, Accumulated Depreciation and Amortization.

A. The Company has updated its projected accumulated depreciation and amortization to reflect the actual balances on the general ledger on March 31, 2022. The Company then added the adjusted projected additions and retirements through December 31, 2022. Please see updated Workpaper Schedule 15-4 for those revisions.

14. Q. Please summarize the changes to Exhibit P-2, Schedule 15, Working Capital.

A. The Company has updated the value of working capital included in rate base because of the adjustments made in the 9&3 Update to revenues, operating expenses, interest expense and depreciation expense.

15. Q. Please summarize the changes to Exhibit P-2, Schedule 15, Prepayments and Materials & Supplies.

A. The 13-month average balances were updated to reflect actual balances through March 31, 2022, for both material and supplies and prepayments. Please see the updated Workpapers Schedules 15-10 and 15-11, respectively.

16. Q. Please summarize the changes to Exhibit P-2, Schedule 15, Contributions in Aid of Construction ("CIAC") and Customer Advances.

A. The projected balances for CIAC and customer advances were updated to reflect the actual balances at March 31, 2022. Projected balances for the period April 1, 2022, through December 31, 2022, were also adjusted to reflect the revisions to the capital plan. Please see the updated Workpaper Schedule 15-15.

17. Q. Please summarize the changes to Exhibit P-2, Schedule 15, MTBE and Aluminum Sulfate Settlements.

A. The as filed balance was increased to reflect additional monies received from an Aluminum Sulfate settlement. Please see the updated Workpaper Schedule 15-17.

18. Q. Please summarize the changes to Exhibit P-2, Schedule 15, Deferred FIT Accelerated Depreciation.

A. The projected balance for deferred federal income tax ("FIT") was updated to reflect the actual balances on March 31, 2022. Projected balances for the period April 1, 2022, through December 31, 2022, were also adjusted to reflect the revisions to the capital plan. Please see the updated Workpaper Schedule 15-20.

19. Q. Please summarize the changes to Exhibit P-2, Schedule 15, Excess ADIT – TCJA Liability.

A. The three columns labeled Projected 2021, 2022, and 2023 Excess, on Workpaper Schedule 15-21, have been updated to reflect actual amounts for 2021 and projected changes in retirements and book depreciation expense for 2022 and 2023. These changes will flow through Workpaper Schedule 15-21, updating the true-up amounts as well as the calculation of the pro-forma excess deferred income tax ("EDIT") amortization amount for the rate year. Please see updated Workpaper Schedule 15-21 for details.

Depreciation Expense

20. Q. Is the Company proposing to make a change to the depreciation expense requested in this proceeding?

A. Yes. The Company has updated its depreciation expense to reflect the actual March 31, 2022, UPIS balances plus the revised projected additions and retirements through December 31, 2022, as provided in the Supplemental Direct Testimony of Mr. Shields, Exhibit P-5S. The Company has utilized the depreciation rates in the original filing. Please see updated Exhibit P-2, Schedules 8 and 9.

COVID-19 Deferral

21. Q. Please summarize the changes to Exhibit P-2, Schedule 8-5, Covid-19 Deferral.

A. The projected costs for the deferral on December 31, 2021, were updated to reflect actual costs on December 31, 2021. Please see updated Exhibit P-2, Schedules 8-5.

22. Q. Does this conclude your Supplemental Direct Testimony?

A. Yes, it does.

Revenue Requirement Summary

	Filed Pro Forma Amount	9 & 3 Updated Pro Forma Amount	Difference
Proposed Rate Base	$4,267,405,697	$4,261,841,495	($5,564,202)
Rate of Return Required	7.4811%	7.4890%	0.0079%
Utility Operating Income Under Proposed Rates	319,248,888	319,169,310	(79,578)
Utility Operating Income at Pro Forma Present Rates	255,165,441	252,122,770	(3,042,671)
Utility Operating Income Deficiency	64,083,447	67,046,540	2,963,093
Gross Revenue Conversion Factor	1.47724	1.47727	0.00003
Revenue Increase Requested	$94,666,545	$99,045,947	$4,379,402

SUMMARY of UPDATES

Topic	Exhibit and Schedule	Filed Pro Forma Amount	9 & 3 Updated Pro Forma Amount	Difference	Interrogatory Reference	Comments
Water Revenue - Metered Service	P-2, Sch 5	$718,127,263	$717,574,527	($552,736)		A new addendum has been made to the agreement between NJAWC and the Borough of Point Pleasant (SFR) which resulted in a change in the annual purchase agreement from 99,934 TG to 129,190 TG. The post test year revenue from this increase in usage is $80,808. The meter count in the As-filed Schedule 5-4.0 page 7 - OIW Rate Schedule "F" included the sale for resale meter count which resulted in double counting the SFR meter count. The update for this corrected OIW meter count resulted in a reduction of ($633,544) in the post-test year revenues.
Water Revenue - Private Fire Service	P-2, Sch 5	26,815,521	26,815,521	0		
Water Revenue - Public Fire Service	P-2, Sch 5	30,824,066	30,824,066	0		
Water Revenue - Other	P-2, Sch 5	5,361,623	5,361,623	0		
Sewer Revenue	P-2, Sch 5	27,267,612	27,238,671	(28,941)		The flat rate used for the Bound Brook Bridgewater area customers is updated from $39.58 to $33.25.The post test year revenue impact is a reduction of ($28,941).
Sewer Revenue - Other	P-2, Sch 5	15,627	15,627	0		
		$808,411,712	**$807,830,035**	**($581,677)**		
Purchased Water	P-2, Sch 6-2	722,032	722,032	0		
Power	P-2, Sch 6-3	22,442,968	24,229,900	1,786,932		Updated the anticipated vendor tariff and contract rates.
Chemicals	P-2, Sch 6-4	16,178,085	21,797,001	5,618,916		Updated for 2022 contracted pricing and anticipated increases due to current market conditions.
Waste Disposal	P-2, Sch 6-5	6,379,022	6,536,813	157,792		Updated the cost for disposal based upon new vendor contract at the Somerset/Mercer district.
Salaries and Wages	P-2, Sch 6-6	51,928,504	52,030,018	101,514		Updated the estimated merit increase for March 2022 to the actual; Updated estimated union hourly wages to new contract rates.
Pensions	P-2, Sch 6-7	(3,233,927)	(4,448,089)	(1,214,162)		Updated 2021 amount to 2022 amount.
Group Insurance	P-2, Sch 6-8	8,631,311	5,368,423	(3,262,888)		Updated 2021 to projected 2023 amount for OPEB expense. Included non-service costs in the pro forma level of expense.
Other Benefits	P-2, Sch 6-9	3,398,208	3,403,594	5,386		Flow-through of adjustments to Salaries and Wages.
Support Services	P-2, Sch 6-10	48,864,048	48,430,471	(433,577)		Updated the estimated merit increase for March 2022 to the actual; updated pension to 2022 amount; updated OPEB to projected 2023 amount.
Rents	P-2, Sch 6-11	475,274	475,274	0		
Transportation	P-2, Sch 6-12	3,673,752	3,996,130	322,378		Updated fuel cost estimate.
Uncollectible Accounts Expense	P-2, Sch 7	3,282,317	3,279,955	(2,362)		Flow-through of adjustments to Present Rate Revenues.
Customer Accounting	P-2, Sch 6-14	7,044,953	7,044,319	(634)		Fixed error in the calculation of the expense for Egg Harbor and Bound Brook.
Regulatory Expense	P-2, Sch 6-15	560,998	580,822	19,825		Updated estimate of regulatory expenses to be incurred for the case.
Insurance Other Than Group	P-2, Sch 6-16	9,136,770	9,950,408	813,638		Updated for 2022 policy premiums and anticipated 2023 premiums.
Engineered Coating of Steel Structures	P-2, Sch 6-17	6,941,429	7,777,896	836,467	RCR-A-47, SR-11	Updated coating cost estimates to reflect current market conditions.
Property Sales	P-2, Sch 6-18	(81,076)	(81,076)	0		
Other Operating Expenses	P-2, Sch 6-19	43,408,220	42,834,527	(573,693)	SR-18	Updated Software Licenses and Maintenance to reflect 3-year average historical expense.
Total change in O&M Present Rates		**$229,752,886**	**$233,928,417**	**$4,175,531**		
Uncollectible Accounts Expense-Proforma Adj	P-2, Sch 7	384,365	402,146	17,781		Flow-through of proposed revenue requirement changes.
Total change in O&M Pro Forma Rates		**$230,137,251**	**$234,330,563**	**$4,193,312**		

SUMMARY of UPDATES

Topic	Exhibit and Schedule	Filed Pro Forma Amount	9 & 3 Updated Pro Forma Amount	Difference	Interrogatory Reference	Comments
Depreciation & Amortization	P-2, Sch 8	166,805,766	166,067,037	(738,730)		Flow-through of adjustments to UPIS.
Property Taxes	P-2, Sch 10-3	7,179,450	7,179,450	0		
Payroll Taxes	P-2, Sch 10-4	4,069,860	4,076,468	6,608		Flow-through of adjustments to Salaries and Wages.
Gross Receipts and Franchise Tax (Proposed Rates)	P-2, Sch 11	121,194,816	121,714,901	520,085		Flow-through of proposed revenue requirement changes.
Utility Assessment (Proposed Rates)	P-2, Sch 12	2,427,747	2,434,545	6,798		Updated Rate Counsel assessment rate; Flow-through of proposed revenue requirement changes.
Water Monitoring Tax	P-2, Sch 13	634,308	634,308	0		
Other Taxes	P-2, Sch 10	80,988	82,079	1,090		Updated Test Year forecast
FIT (Proposed Rates)	P-2, Sch 14	51,299,181	51,187,321	(111,859)		Updated true-up of EADIT passback and flow-through of proposed revenue requirement changes.
Total change in Depr, Amort & Taxes		**353,692,116**	**353,376,109**	**(316,007)**		
Rate Base	P-2, Sch 15	4,267,405,697	4,261,841,495	(5,564,202)		Updated for Actuals at 03/31/2022. Refer to Mr. Shields' testimony regarding reforecasting of capital additions and the testimony of Mr. Tomac for the change in UPIS
Capital Structure	P-2, Sch 16	7.4811%	7.4890%	0.0079%		Updated interest rate projection on new long-term debt issuance anticipated in May 2022.
Requested Increase	P-2, Sch 4	$94,666,545	$99,045,947	$4,379,402		

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 COMPANY, INC.
FOR APPROVAL OF INCREASED TARIFF RATES AND
CHARGES FOR WATER AND WASTEWATER SERVICE, AND
OTHER TARIFF MODIFICATIONS

OAL Docket No. PUC 00808-2022 S

BPU Docket No. WR22010019

Supplemental Direct Testimony of

JAMIE D. HAWN

in Support of 9&3 Update

April 28, 2022

Exhibit P-7S

NEW JERSEY-AMERICAN WATER COMPANY, INC.

1. Q. Please state your name and business address.

A. My name is Jamie D. Hawn, and my business address is 1 Water Street, Camden, New Jersey 08102.

2. Q. By whom are you employed and in what capacity?

A. I am employed by American Water Works Service Company, Inc. ("Service Company") as Senior Manager of Rates and Regulatory for New Jersey-American Water Company, Inc. ("NJAWC," "New Jersey-American Water" or the "Company").

3. Q. Are you the same Jamie D. Hawn who filed Direct Testimony on January 14, 2022, in this proceeding, marked as Exhibit P-7?

A. Yes, I am.

4. Q. What is the purpose of your Supplemental Direct Testimony?

A. My Supplemental Direct Testimony summarizes the Company's 9&3 Update as it relates to operating and maintenance ("O&M") expenses, taxes other than income, the COVID-19 regulatory asset, and tariff changes. Additionally, my supplemental testimony will address changes to Schedules 6 through 7 and Schedules 10 through 14, which were prepared by me or under my supervision and direction. These updates, along with others provided by the Company's witnesses, are listed in Schedule JST-2 attached to the Supplemental Direct Testimony of Company witness John Tomac.

NEW JERSEY-AMERICAN WATER COMPANY, INC.

I. O&M

5. Q. Please summarize the changes to Exhibit P-2, Schedule 6, line 3, Power.

A. The Company has updated its pro forma power expense to reflect approved and filed rate increases by its providers as well as updated its supplier rate to annualize the post-test year since the original filing date of January 14, 2022.[1] Additionally, the Company has updated the post-test year system delivery based on the Supplemental Direct Testimony of Company witness Charles Rea, Exhibit P-8S.

6. Q. Please summarize the changes to Exhibit P-2, Schedule 6, line 4, Chemicals.

The Company has increased its pro forma chemical expense based on the Direct Testimony of Thomas O'Drain in support of the 9&3 Update, Exhibit P-15. The Company has updated its contract pricing for current 2022 contract rates and current market trends for the remaining 2022 period and projected the post-test year price levels for the respective chemicals in the production process. The Company will continue to monitor the market and provide updates for its contract pricing at the 12&0 Update. Additionally, the Company has updated for the change in post-test year system delivery.

[1]The Company made the following update for production costs to reflect tariff changes: 1) reduced from 11.4% to 5.7% for the 50/50 split of supply and distribution in billing for New Jersey Natural Gas Company's rate increase approved in November 2021 in BPU Docket GR21030679; 2) reduced from a 7.7% increase to a 4.6% increase for Rockland Electric Company's rate increase approval in BPU Docket No. ER21050823; 3) included a 10.8% increase due to Elizabethtown Gas Company's rate increase filed in December 2021in BPU Docket No. GR21121254; and 4) included a 23.32% increase due to the usage index rate increase at March 2022 in the contracted supply charge for electric.

7. Q. Please summarize the changes to Exhibit P-2, Schedule 6, line 5, Waste Disposal.

A. The Company has increased its pro forma waste disposal expense based on vendor contract agreements. Additionally, the Company has updated for the change in post-test year system delivery.

8. Q. Please summarize the changes to Exhibit P-2, Schedule 6, line 6, Compensation.

A. The Company projected merit increases, effective in March of 2022, in the original application filed in January of 2022. The Company has now increased pro forma compensation expense to reflect actual non-union merit increases for 2022, and has updated union hourly wages based on new contracts. The Company maintains the level of employees at 898.9 FTEs as the appropriate staffing level, as well as the 3.7% vacancy rate, and three-year average for the capital ratios.

9. Q. Please summarize the changes to Exhibit P-2, Schedule 10, line 4, Payroll Taxes.

A. The Company has increased its pro forma payroll taxes based on the updates to compensation expense.

10. Q. Please summarize the changes to Exhibit P-2, Schedule 6, line 7, Pension.

A. The Company has reduced its pro forma pension expense based on the update of the 2022 ASC 715 amounts, as provided by Willis Towers Watson since the Company's original filing in January of 2022.

11. Q. Please summarize the changes to Exhibit P-2, Schedule 6, Line 8, Group Insurance.

A. The Company has updated its pro forma group insurance expense based on the updates to the compensation expense. Additionally, included in group insurance expense is OPEB expense, which was updated for the forecasted 2023 amounts. The assets held for investment in OPEB are divided into three VEBAs: Union Medical VEBA, Non-Union Medical VEBA and Life Insurance VEBA. In 2016 and 2018, American Water negotiated a cap on benefits in the Non-Union and Union plans, respectively. The Company adjusted its request to include the expense associated with the Union Medical VEBA, which previously was in an account subject to a 100% tax if removed from the plan. As of January 1, 2023, the balance associated with the Union Medical VEBA is anticipated to be available without any tax implications, therefore the associated OPEB expense, which results in a reduction of $3.2 million to the Company's as-filed position, is included in the Company's post-test year adjustment.

12. Q. Please summarize the changes to Exhibit P-2, Schedule 6, line 9, Other Benefits.

A. The Company has increased its pro forma other benefits expense based on the updates to the compensation expense.

13. Q. Please summarize the changes to Exhibit P-2, Schedule 6, line 10, Support Services.

A. The Company has decreased its pro forma Support Services expense. Like the updates for NJAWC, the estimated merit increases were replaced with the actual non-union merit increases for 2022, which resulted in an increase of the expense. The pension and OPEB portions of the expense were also updated for the 2022 and forecasted 2023 amounts, respectively, as provided by Wills Towers Watson, which resulted in a reduction of the expense.

14. Q. Please summarize the changes to Exhibit P-2, Schedule 6, Line 12, Transportation.

A. The Company has updated its pro forma transportation expense to recognize the significant increase in fuel costs, dollars per gallon as of March 28, 2022, over the average annual price for the twelve months ended June 30, 2021.

15. Q. Please summarize the changes to Exhibit P-2, Schedule 6, line 13, Uncollectible Expense.

A. The Company has reduced its pro forma uncollectible expense to recognize the change in pro forma present rate revenues.

16. Q. Please summarize the changes to Exhibit P-2, Schedule 6, line 14, Customer Accounting.

A. The Company has updated its pro forma customer accounting expense to reflect the correction of a minor calculation error related to the cost per customer for the acquisition costs as identified in the Company's response to Discovery Request RCR-A-1.

17. Q. Please summarize the changes to Exhibit P-2, Schedule 6, line 15, Regulatory Expense.

A. The Company has increased its pro forma regulatory expense to reflect estimated and actual expenses associated with the Company's rate filings.

18. Q. Please summarize the changes to Exhibit P-2, Schedule 6, line 16, Insurance Other than Group.

A. The Company has increased its pro forma insurance other than group expense to reflect the 2022 actual insurance invoices, a new 2022 premium, and the projected post-test year increases.

19. Q. Please summarize the changes to Exhibit P-2, Schedule 6, line 17, Engineered Coating of Steel Structures.

A. The Company has updated its pro forma expense, in accordance with the Company's response to Discovery Requests RCR-A-47 and SR-11, to reflect current market conditions including materials expense.

20. Q. Please summarize the changes to Exhibit P-2, Schedule 6, line 19, Other Operating Expense.

A. The Company has updated its pro forma expense related to the software licenses and maintenance costs to a three-year average expense based on the information reflected in the Company's response to Discovery Request SR-18.

21. Q. Please summarize the changes to revenue-based taxes.

A. The Company has updated Exhibit P-2, Schedules 11 through 13, to recognize the changes in the pro forma present rate and pro forma proposed revenues, as discussed in the Supplemental Direct Testimony of Company witness Charles Rea, Exhibit P-8S.

II. INCOME AND OTHER TAXES

22. Q. Please summarize the changes to Income Taxes.

A. The Company has updated Exhibit P-2, Schedule 14, to flow through the changes made in the 9&3 Update related to O&M, deferred taxes and the pro forma present rate and pro forma proposed revenues to the income taxes expense.

III. COVID-19 REGULATORY ASSET

23. Q. Please summarize the changes to the COVID-19 deferred costs.

A. The Company has deferred COVID-19 related costs of $16,110,443 net of savings as of December 31, 2021, which was provided in the Company's response to Discovery Request RCR-A-48. The Company has updated the associated amortization expense related to the total deferred costs at December 31, 2021.

24. Q. Does this conclude your supplemental testimony related to expenses?

A. Yes.

IV. TARIFF CHANGES

25. Q. Have you made any updates to Exhibit P-1, the Company's proposed tariff?

A. Yes. Attached to my Supplemental Direct Testimony as Schedule JDH-1 are tariff changes made to Exhibit P-1 since our initial filing, reflecting edits made during the discovery process as well as some additional minor edits and corrections.

26. Q. Are there any changes made to Exhibit P-1 other than those that were responsive to Discovery Requests or minor in nature?

A. Yes, there are.

27. Q. Please explain.

A. On Tenth Revised Sheet No. 43, the Company is proposing a refinement to the definition of "Multi-Use" on Rate Schedule P-3. The definition, as written, could have been interpreted to preclude any outside uses of water as part of a multi-use service. The proposed edit is intended to clarify that multi-use service is intended for fire sprinklers inside a building (not a hydrant outside a building) and for water use both inside and outside a building.

28. Q. Are there any other changes or corrections to Exhibit P-1 since the filing on January 14, 2022?

A. Yes, one additional correction. On Original Sheet No. 65 in NJAWC's original filing, the Company inadvertently included commercial and industrial customers with the residential customer rates for the wastewater tariff associated with acquiring the Borough of Bound Brook wastewater system. As a result, the

applicable usage rate for the commercial and industrial customers was missing. This has been corrected as shown on Schedule JDH-1.

29. Q. Does this conclude your Supplemental Direct Testimony at this time?

A. Yes, it does.

RATE SCHEDULE L-1
PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY
Applicable for service furnished exclusively for private fire protection throughout Service Area 1, except as specifically provided elsewhere in this tariff.

CHARACTER OF SERVICE
Continuous, except as limited by the "Standard Terms and Conditions."

RATES
In addition to the rates below, the Uncollectible Adjustment Clause (UAC), as shown on Rate Schedule O-2, shall apply.

Size of Connection	Per Month
For each connection of 2" or less	$26.60
For each 3" connection	59.84
For each 4" connection	106.37
For each 6" connection	239.34
For each 8" connection	425.50
For each 10" connection	665.00
For each 12" connection	957.60
For each 16" connection	1,702.40

TERMS OF PAYMENT
Valid bills for private fire protection service furnished under this schedule are to be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least thirty (30) days' notice prior to the proposed discontinuance. The Company will adhere to all applicable notification requirements found in N.J.A.C. 14:3-3A.4(j) before discontinuing service.

TERM
Continuous until water service to the customer is permanently discontinued. Whenever service is established or is discontinued, all applicable fixed charges shall be prorated to the date of establishment or discontinuance of service.

CONDITIONS
Subject to the "Standard Terms and Conditions" except as otherwise set forth in this Schedule.

SPECIAL PROVISIONS

No additional charge shall be made for water used in extinguishing fires or for underwriters' tests where service is furnished under this schedule.

Private fire service lines shall be equipped with special meters and are to be used exclusively for fire protection purposes. No water shall be used through these connections except for purposes of underwriters' tests or extinguishment of fire. The use of private fire protection facilities for other reasons will result in termination of service following notification pursuant to N.J.A.C. 14:3-3A.1(d), and water charges will be computed under the General Metered Service Rate Schedule A-1.

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Residential customers served by a water service line of two (2) inches or less in diameter will not be imposed a standby fee for fire protection system.

Rooming and boarding houses as defined in the "Rooming and Boarding House Act of 1974" and those residential health care facilities as defined in the "Health Care Facilities Planning Act," upon furnishing to the Company proof in the form of a license or certificate from the appropriate state agency that the particular facility or house is entitled to exemption, will be exempt from the charges of Rate Schedule L-1.

RATE SCHEDULE P-3
MULTI-USE SERVICE LINE

APPLICABILITY

The Company will provide an option to customers, upon request and where applicable, to use a "multi-use" service line per N.J.A.C. 14:9-8.3 et seq.

"Multi-use service" means water service that is supplied through one water line extending from the water main to the structure, and which is used for both domestic water service on the premises and for fire suppression service inside a structure. A multi-use service is not private fire protection service.

Deleted: to a structure

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Terms and Conditions not defined specifically below for Multi-Use services shall be the same as those under the STANDARD TERMS AND CONDITIONS.

RATES

Rates applicable to multi-use service are those found in the Company's General Metered Service Rate Schedules in this tariff as applicable.

TERMS OF PAYMENT

A water utility may terminate a customer's multi-use service for non-payment of a valid water bill for multi-use service, in accordance with the Board's rules governing discontinuance of such service at N.J.A.C. 14:3-3A.4(j) and N.J.A.C. 14:9-8.3.

CONDITIONS

By applying for multi-use service, the customer or builder certifies that:

1. The customer or builder has hydraulically calculated the demand for the customer's or builder's water system, based on the simultaneous domestic and fire sprinkler demand. The customer or builder shall make this calculation in accordance with the Uniform Construction Code and any other applicable state or local codes; and

2. The customer or builder will ensure that the system is installed in accordance with the Uniform Construction Code at N.J.A.C. 5:23; and

3. The customer will, prior to installation of the meter, obtain and provide the Company with a copy of a valid construction permit in accordance with the Uniform Construction Code from the enforcing agency having jurisdiction over the system.

GENERAL TERMS AND CONDITIONS

1- By applying for multi-use service, the customer agrees to be responsible for all claims, costs and liability for personal injury, death and/or property damage, resulting from the customer's individual water system, and agrees that the Company shall not be so liable unless caused by the negligence of the water utility. (N.J.A.C. 14:9-8.3(d))

2- All multi-use service lines shall be metered, and the meter shall be located in a meter pit or vault located outside of the Customer's structure. The meter pit or vault shall be installed at a location acceptable to the express, advance approval of the Water Company, and otherwise shall comply with the Company's standard terms and conditions.

3- If a customer requests a change in meter size associated with a multi-service meter, the customer must re-apply for service and re-certify each item addressed in this Rate Schedule.

(Continued)

RATE SCHEDULE 19-A
GENERAL METERED SERVICE

APPLICABILITY
Applicable for general residential, commercial, industrial and municipal wastewater service to customers in the Borough of Bound Brook who receive volume-based water service billings from NJAWC.

CHARACTER OF SERVICE
Continuous, except as limited by the "Standard Terms and Conditions."

FIXED SERVICE CHARGE
All wastewater service customers shall pay a Fixed Service Charge in addition to the Sewer Usage Charge, as indicated below.

	RATE PER MONTH
Non-Exempt	$5.00

SEWER USAGE CHARGE
The volume of wastewater use is assumed to equal water meter registration.

Volumetric Charges

Customer Class*	Gallons Per Month	Rate Per 100 Gallons	Rate Per 1,000 Gallons
Non-Exempt	All	$0.64000	$6.4000
Residential			
Tax Exempt			
Commercial – Class 1			
Multiple-Dwelling		0.70400	7.0400
Commercial – Class 2		0.80000	8.0000
Industrial			
Significant Industrial			
Integrated Health Services and Successors			
Mixed Residential and Commercial Class 2			

*Customer Class as these terms were defined by the Borough of Bound Brook at the time of acquisition of the wastewater system.

TERMS OF PAYMENT
Valid bills for service furnished under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due fifteen (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date.

Whenever service is established or is discontinued, all applicable Fixed Service Charges shall be prorated to the date of establishment or discontinuance of service.

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 COMPANY, INC.
FOR APPROVAL OF INCREASED TARIFF RATES AND
CHARGES FOR WATER AND WASTEWATER SERVICE, AND
OTHER TARIFF MODFICATIONS

OAL Docket No. PUC 00808-2022 S

BPU Docket No. WR22010019

Supplemental Direct Testimony of

CHARLES B. REA

in Support of 9&3 Updates

April 28, 2022

Exhibit P-8S

NEW JERSEY-AMERICAN WATER COMPANY, INC.

1. Q. Please state your name and business address.

A. My name is Charles B. Rea. My business address is 5201 Grand Avenue, Davenport, IA 52801.

2. Q. By whom are you employed and in what capacity?

A. I am employed by the American Water Works Service Company, Inc. ("AWWSC"). My title is Senior Director, Rates & Regulatory.

3. Q. Are you the same Charles B. Rea who filed Direct Testimony on January 14, 2022 in this proceeding, marked as Exhibit P-8?

A. Yes, I am.

4. Q. What is the purpose of your Supplemental Direct Testimony in this proceeding?

A. The purpose of my Supplemental Direct Testimony is to describe updates to certain revenue schedules that the Company is making as a part of its 9&3 Update filing.

5. Q. Please describe the updates to revenue schedules that the Company is making as a part of this updated filing.

A. The Company is making the following updates and changes to its revenue schedules:

- The Company is making a correction to workpaper Schedule 5-4.0, the Water Bill Analysis Use file, to change a set of formulae that resulted in the double counting of meter billing determinants for SMR customers.

- The Company is increasing its usage assumption for Borough of Point Pleasant which is a Commodity/Demand customer on Rate Schedule C to reflect an update in its contract with that customer.
- Lastly, the Company is updating its rate for service for customers served following the Bound Brook wastewater system acquisition for Bridgewater customers from $39.58 to $33.25.

6. Q. Please describe the correction you are making to workpaper Schedule 5-4.0.

A. During the review process for the 9&3 Update, the Company found that the meter counts in Schedule 5-4.0 at page 7 for OIW inadvertently also included the SFR meter count. As these meter counts also were included in SFR billing determinant data, the effect was to double count SFR meter counts in Schedule 5-4.0. The correction changes these formulae to correctly calculate the meter charge billing units for OIW and SFR customers.

7. Q. What is the effect of this correction on customer counts and consumption?

A. The effect of making this correction is a reduction of $633,544 in post-test year revenues. This reduction in revenues is attributable to the OIW customer class as this is where the double-counting took place.

8. Q. Does this change affect other schedules the Company prepared in connection with its original filing?

A. Yes. This change will cause changes in the Company's cost of service study filed as Schedule CBR-1 and any areas where post-test year revenues at present rates are presented.

9. Q. Please describe the updates to usage for the Borough of Point Pleasant.

A. The Company reached a new contractual agreement with the Borough of Point Pleasant, which is a Commodity/Demand customer on Rate Schedule C. The new contract results in a change in the annual purchase agreement from 99,934,000 gallons annually to 129,190,000 gallons annually. This change in usage is being reflected in the Company's Schedule 5-4.0 The post test year revenue impact from this increase in usage at present rates is $80,808.

10. Q. Please describe the change in revenue associated with the change in rates for the Bound Brook wastewater system acquisition.

A. The flat rate service charge for Bridgewater area customers for the Bound Brook wastewater system acquisition is being updated from $39.58 per month to $33.25 per month which is the rate Bound Brook has charged Bridgewater under its agreement. This change in rates is reflected in the Company's Schedule 5-17. The revenue impact of this update is a reduction of $28,491.

11. Q. Are there other changes in this update that will affect rate design and cost of service?

A. Yes. The Company is making updates for pro forma changes to certain accounts in rate base and expenses as outlined in the Supplemental Direct Testimony of

Company Witnesses John Tomac and Jamie Hawn. The updates to the overall revenue requirement affect the Company's cost of service and rate design to varying degrees depending on the specific adjustment in question.

12. Q. Are you updating your cost of service and rate design schedules in Schedules CBR-1, CBR-2, and CBR-3 to reflect these changes?

A. Not at the current time. Unless otherwise requested by the BPU, the Company intends to update its cost of service and rate design analysis, if necessary, with the Company's rebuttal testimony in this proceeding.

13. Q. Please summarize how the revenue requirement increase in the 9&3 Update was applied to the customer classes on Exhibit P-2, Schedule 5.

A. Since the Company has not updated the rate design at this time, the Company used the original filing amounts by class to allocate and apply the incremental revenue requirement increase in the 9&3 Update to each customer class.

14. Q. Does this conclude your Supplemental Direct Testimony at this time?

A. Yes, it does.

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 COMPANY, INC.
FOR APPROVAL OF INCREASED TARIFF RATES AND
CHARGES FOR WATER AND WASTEWATER SERVICE, AND
OTHER TARIFF MODFICATIONS

OAL Docket No. PUC 00808-2022 S

BPU Docket No. WR22010019

Direct Testimony of

THOMAS O'DRAIN

in Support of 9&3 Update

April 28, 2022

Exhibit P-15

NEW JERSEY-AMERICAN WATER COMPANY, INC.

1. Q. Please state your name and business address.

A. My name is Thomas O'Drain. My business address is 1 Water Street, Camden, NJ 08102.

2. Q. By whom are you employed and in what capacity?

A. I am employed by the American Water Works Service Company, Inc. ("AWWSC" or the "Service Company"). The Service Company is a wholly owned subsidiary of American Water Works Company, Inc. ("American Water") that provides services to New Jersey-American Water Company, Inc. ("NJAWC", or the "Company"). My title is Senior Manager of National Category Management, but I am currently acting in the role of Interim Director of Procurement.

3. Q. What are your responsibilities in these positions?

A. My responsibilities as Senior Manager of National Category Management include the management of a team of procurement professionals who are responsible for the sourcing, contracting, and ongoing relationship management of American Water's national material suppliers. Some of the areas the team covers are Chemicals, Direct Materials, Meters, and MRO (Maintenance, Repair and Operations supplies). My additional responsibilities as Interim Director of Procurement include management of the Energy and Fleet buyers, as well as management of the Corporate Procurement team, who are responsible for the sourcing, contracting, and ongoing relationship management of American Water's corporate service suppliers, which, among others, include areas such as Information

Technology, Human Resources, Corporate Engineering, Accounting / Finance / Treasury, and Supply Chain.

4. Q. Please describe your educational background and business experience.

A. I received a Bachelor of Arts in History from Rowan University in 1995 and in 2006 I received my Masters of Business Administration from the University of Phoenix. I have over 25 years of experience in supply chain management and procurement, with relevant experience in category and product management, supplier relationship management, demand forecasting, and inventory management. I began my career in retail store management for CompUSA in 1993 and worked my way through several promotions from Regional Purchasing Manager in 1998, Replenishment Buyer in 2001, to Category Manager in 2004. I then worked as a Category Manager for TESSCO Technologies from 2006 – 2008, and as Manager of Replenishment and Allocations for David's Bridal from 2008 until joining AWWSC as a Category Manager in 2014. In 2016, I was promoted to Senior Manager of Corporate Procurement and in March of 2022, I was named Senior Manager of National Category Management. I have been serving as the Interim Director of National Categories and Corporate Procurement since September of 2021.

5. Q. What is the purpose of your Direct Testimony in this proceeding?

A. The purpose of my Direct Testimony is to support updates related to the purchase of chemicals that the Company is making as a part of its 9&3 Update filing. Specifically, I will explain and support the current chemical prices and drivers of

increases from 2021 through 2023 used to calculate the annual level of chemical expense for the Company.

6. Q. Please describe what precipitated the updates to chemical expenses that the Company is making as a part of this updated filing.

A. As described in the Direct Testimony of Company witness Jamie Hawn, the Company determined the pro forma expense for chemicals by starting with a three-year average of usage (for the twelve months ended June 30, 2019, 2020 and 2021) and modifying it to reflect current production methods, multiplied by prices for post-test year. These prices were based on 2021-2022 contract, which was the most current pricing information available at the time of the Company's initial filing, increased for the three-year average trend analysis of annual price changes (based on calendar years 2020 through 2022). This update reflects a full update to the current contractual prices in April 2022, with additional growth adjustments based on current market trends. My testimony will discuss the growth in relevant chemical prices through 2023, and why historical trends are no longer determinative of future prices.

7. Q. Please provide a general overview of NJAWC's chemical use to continue to provide safe and reliable water and wastewater services to customers.

A. NJAWC is committed to providing safe and reliable water and wastewater services that meet State and federal public health and environmental standards. Water treatment chemicals are necessary to transform raw water into safe, potable water

for customer use. There are combinations of several distinct treatment processes that require multiple uses of various chemicals, including:

- Pre-chlorination
- Ozonation
- Coagulation
- Flocculation
- Clarification
- Filtration
- Disinfection
- Corrosion Control
- Taste & Odor Control
- Hardness Treatment
- Sequestration
- Fluoride Treatment
- Residuals Treatment

Each year, American Water conducts more than one million tests and measurements at its state-of-the-art research laboratory in Belleville, Illinois and at local utility labs to analyze samples throughout the treatment process and distribution system. This supports NJAWC's commitment and ability to meet state and federal public health and environmental standards throughout the process, from distribution of safe drinking water to customers, to the collection of wastewater from customers and its treatment and return to the environment.

8. Q. What specific chemicals does NJAWC use as part of its treatment processes?

A. Chemicals are, of course, a required component in water treatment. Without use of specific chemicals, the Company would not be able to provide safe water service as required by governmental regulations. Within its treatment processes, NJAWC relies on multiple chemicals, grouped and summarized into categories as follows:

- Aluminum Sulfate, Ferric Chloride, and various Polymers – used primarily in coagulation to separate compounds for filtration.
- Caustic Soda – used primarily as corrosion control for the distribution system, and to regulate the acidity during water treatment.
- Chlorine and Sodium Hypochlorite – used primarily in pre-chlorination to oxidize naturally-occurring inorganic compounds, as well as to aid in inactivation of potentially harmful microorganisms.
- Fluoride (Hydrofluosilicic acid, or "HFS") – added to drinking water because of its demonstrated effectiveness in preventing dental cavities.
- Lime – used to treat water hardness by removing minerals such as calcium and magnesium.
- Phosphates – used in the sequestration process to separate naturally occurring iron and manganese from groundwater supplies.
- Other Chemicals – various chemicals used in multiple stages, such as the addition of carbon to remove odor producing compounds and to manage taste, or ammonia to prevent growth of pathogens within the distribution system.

9. Q. Are there restrictions in NJAWC's ability to change its chemical consumption based on price or supply pressure?

A. Yes. NJAWC is required to comply with all drinking water quality, water pollution, residuals management, air pollution and hazardous materials laws and regulations, as described in greater detail in the Direct Testimony of Company witness Thomas Shroba. These compliance requirements preclude the Company from changing the suite of chemicals used in the Company's water treatment process based on price or supply pressure without making additional investments to change its operations, or risk noncompliance. Water treatment requires the purchasing of the specific chemicals used in the process, and the Company cannot maintain its legal and regulatory compliance without them. Water Treatment chemicals are a smaller part of the overall chemical market, and the chemicals NJAWC uses are very carefully manufactured and transported to adhere to standards (NSF-60)[1], and must be of the quality and specifications required by the American Water Works Association.

10. Q. Please provide a general overview of how chemicals are sourced to manage NJAWC's business requirements.

A. NJAWC relies on the specialized expertise of Service Company, with a center-led Supply Chain Department to handle, among other responsibilities, contract negotiations, pricing, and purchasing of NJAWC's chemical needs. Annually, Supply Chain collaborates with NJAWC's operations teams to prepare the

[1] NSF/ANSI/CAN 60: Drinking Water Treatment Chemicals – Health Effects is "an American National Standard that establishes the minimum health-effects requirements for the chemicals, chemical contaminants and impurities that are directly added to drinking water from drinking water treatment chemicals." https://www.nsf.org

Company's chemical bid. This collaboration includes an understanding of all chemical requirements that would impact the upcoming bid; confirmation of the chemicals that will be bid along with specifications and typical order quantities; any changes to treatment plant processes or equipment that would require changes to the current chemical specifications; any new facilities planned that will be added to the bid, and any new facility chemical requirements.

Supply Chain conducts an annual nationwide sourcing event for all chemicals enterprise-wide (including NJAWC), working with approximately 90 to 100 chemical suppliers during the bidding process. Several new suppliers are certified and added to the bidding process each year. In late August to early September, Supply Chain releases the bid requirements (chemicals required, specifications, expected order quantities and delivery locations) to certified suppliers, with the request for the suppliers to offer firm, fixed prices for the upcoming year. These prices are expected to be all-in, delivered prices to ensure that Supply Chain can evaluate all suppliers on a level playing field. The deadline for suppliers to submit bids is typically 4-to-5 weeks from the release date of the bid, at which point Supply Chain reviews the submissions to assess reasonableness of the supplier's responses. The goal of the process is to determine the most ideal supplier based on the best value for the specific state, plant, and chemical.

The bid recommendations are provided to the NJAWC operations teams for assessment of financial impacts and operational alignment. Once the bids are finalized and accepted, Supply Chain works with the suppliers to draft new or

amend existing contracts to create the next year's pricing terms for each of the chemicals the supplier has been selected to provide.

11. Q. Has Service Company typically been able to lock in agreed-upon prices for chemicals for an annual period?

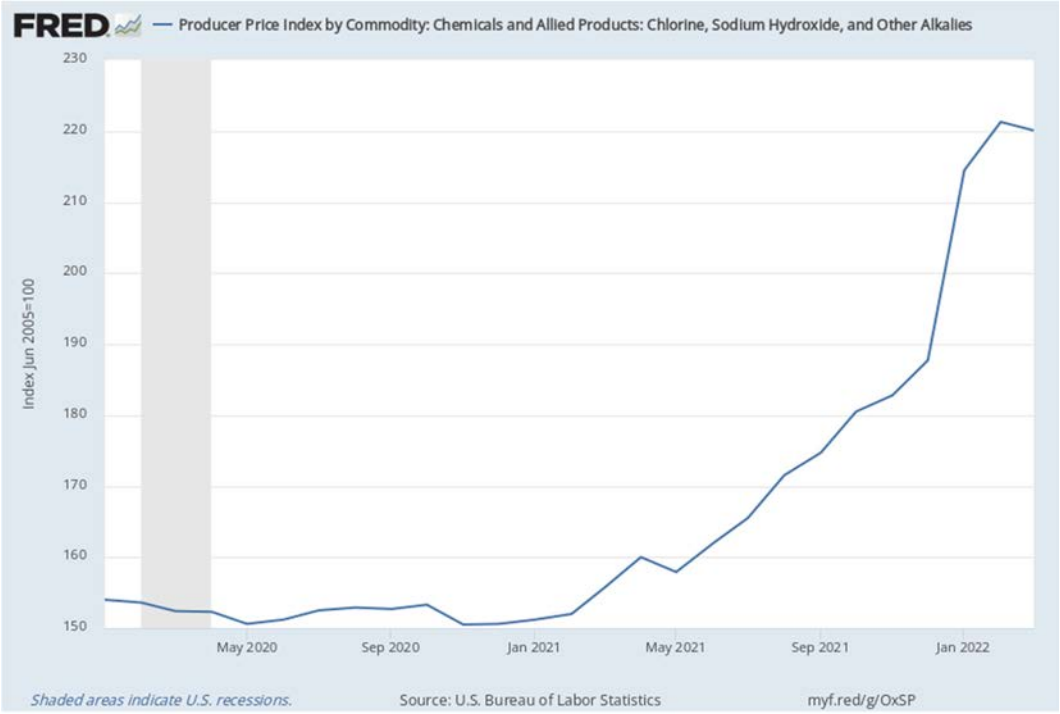
A. Yes, with a few exceptions. Service Company has in some instances allowed for temporary pricing relief due to extenuating circumstances, such as severe weather, natural disasters, or other force majeure events. These events often cause a supplier to use alternate means to acquire chemical supplies, adding additional time and costs. In these instances, Service Company has had to balance the risk and impact of a price increase outside of the standard bidding process with the supplier's ability to continue to deliver an uninterrupted supply of chemicals to support the Company's ongoing water treatment obligations.

12. Q. Has Service Company been able to lock in agreed-upon prices for chemicals for all of calendar year 2022?

A. Not in all instances. Specific to NJAWC, there are 157 unique chemical, supplier, plant combinations that carry agreed upon prices. Of these, 64 have current agreements governing prices for the calendar year of 2022, 87 have prices through June 30, 2022, five have prices that are negotiated on a quarterly basis, and one is a monthly negotiated price.

13. Q. Why has the process for 2022 differed from prior years?

A. During the bidding process conducted in 2021, there was significant volatility in prices compared to prior years. For example, bulk deliveries of Sodium Hydroxide 50% (also known as Caustic Soda) average $0.1618 a pound delivered in 2021. For 2022, the average price bid was $0.2635 a pound, an increase of over 60%, and that price is only firm for the first six months of the year. Information gathered from the Federal Reserve Economic Data ("FRED")[2] specific to Chlorine, Sodium Hydroxide, and Other Alkalis shows the pricing trend starting mid 2021 through current (March 2022).



[2] FRED is "an online database consisting of hundreds of thousands of economic data time series from scores of national, international, public, and private sources." https://fred.stlouisfed.org

In discussions prior to the formal bidding process, many suppliers indicated that, due to this extreme volatility in the chemical market, they were no longer willing to lock in chemical prices for the calendar year, instead requesting that the Company consider month-to-month pricing. When pressed, some agreed to reconsider, but indicated that they would set prices at high levels to hedge against future uncertainty. Since few were even willing to consider annual fixed prices, and others were offering long-term prices that would not appear to be in the best interest of customers, suppliers were allowed to bid for a shorter period of time, with prices set for three or six-month increments.

14. Q. What is driving the significant increases and volatility in chemical prices in 2022?

A. The chemical market has been extremely volatile compared to historical levels, driven by many factors such as COVID-19 impacts, inflationary growth in commodity prices, the conflict in the Ukraine's impacts on energy prices, and overall supply and demand pressure within a consolidating chemical market. The following categories give an initial view of why prices are increasing so dramatically in 2022.

- Transportation Costs: Across the country, companies are experiencing the impacts of a national driver shortage, national truck and truck part shortage, and increases in fuel costs, creating significant pricing pressure on goods and services. For chemicals specifically, government regulations make the transport of chemicals even less desirable for a driver than other types of freight.

The importing of chemicals or raw materials has also been impacted by labor shortages at ports and COVID-19 restrictions, delaying the ability to move product into the United States, and then to the end purchaser. These delays also impact the supply of shipping containers (e.g., metal cylinders for chlorine gas, drums for chemical shipments), which further delays the ability (and adds to the cost) to move chemicals.

- Supplier Consolidation: Larger suppliers are dominating the chemical production space, which leaves little room for opportunities to seek more favorable prices. As an example, the chlor-alkali market in 2010 had more than 10 major producers that produced product for the water treatment industry. In 2021, only 5 major producers remained, three of which typically supply the Company's suppliers. Of those three, one of the largest producers has made it clear publicly in an earnings call that the price increases, or ratchets, currently experienced will not reverse, going so far as to say they would sell zero volume to preserve this ratcheted price policy.[3] These suppliers have also had frequent unplanned plant shutdowns, or emergency maintenance procedures that have limited the supply of material, leading to longer lead times and higher prices.
- Energy Costs: Chemicals are heavily linked with the energy market, both in the consumption of raw materials and the production of the end-product. The Consumer Price Index for January 2022 showed a 46.5% year-over-year increase, even before the Russian invasion of Ukraine created significant

[3] Olin Corporation Second Quarter Earnings Conference Call, July 28, 2021 https://www.olin.com/investors/events-presentations/past-events/

impacts to the energy sector. As these costs increase for manufacturers, they pass those costs onto chemical distributors who then pass those increased costs onto the Company through significantly elevated all-in prices for chemicals.

- Demand for Other Products: Global demand was weak during the 2020 COVID-19 government-mandated shutdowns, and many companies were forced to cut production and lay off workers. The global economy came back in 2021, and those companies that had reduced production capacity were suddenly struggling to keep up with the increased needs of the market. This has impacts not only on the availability of necessary raw materials and chemicals, but also indirect impacts on chemicals used for non-water treatment activities. As an example, chlorine availability and cost have been impacted by the demand for PVC pipe, as construction and home building has ramped up. There have also been impacts on lead times for key suppliers, who previously maintained water treatment chemical supply for contract requirements that dried up in 2021, leaving the Company exposed at times when supply was not available to support and maintain operations.

15. Q. Has NJAWC experienced growth in its chemical prices from 2021 contracts?

A. Yes. NJAWC's contractual prices in 2022 have grown 30% from levels in 2021, equating to nearly $4 million of increases to annual expense.

NEW JERSEY-AMERICAN WATER COMPANY, INC.

2022 Contractual Price Impacts		
Chemical Family	Growth in Price at Normalized Usage	% Increase - 2021 to 2022
Aluminum Sulfate	$ 782,751	27%
Caustic Soda	$ 916,476	64%
Chemicals - Other	$ 543,271	17%
Chlorine	$ 318,771	141%
Ferric Chloride	$ 225,869	30%
HFS (Fluoride)	$ 12,908	10%
Lime	$ 34,914	7%
Phosphates	$ 547,392	42%
Polymers	$ 256,357	29%
Sodium Hypochlorite	$ 259,939	15%
Total Increase	**$ 3,898,647**	**30%**

Looking at the largest movement, Caustic Soda (an essential chemical used to disinfect the water supply, maintain the required acid-base ("pH") balance, and assist in corrosion control in the distribution system) saw an increase of 64% from 2021. Service Company has 6 different suppliers of Caustic Soda, only one of which was willing to accept an annual fixed-price contract. Four others pushed for six-month agreements and 1 proposed a three-month agreement (which has already reflected an increase of 14% from first quarter 2022 to second quarter 2022). Depending on location and plant specifications, NJAWC has experienced a 44% price increase on the low end and as high as an 89% price increase from 2021 to 2022. The general view of suppliers in discussions with Supply Chain is that demand increases in non-water treatment activities have been the largest driver of price growth, with Caustic Soda used in processing wood pulp to create paper and cardboard, in addition to water treatment and disinfection. On top of this, supply is extremely tight, as producers have shuttered aging production facilities and suffered unplanned production outages, lowering overall capacity.

16. Q. What if anything is Supply Chain doing today to mitigate these price increases?

A. Supply Chain continues to actively work with suppliers to find ways to mitigate market pressure, but as I explained earlier, this is extremely difficult when all suppliers are experiencing the same increases. The intent of agreeing to shorter term contracts was to provide an opportunity to adjust if the market moved. Recent experience, however, does not demonstrate that the market is declining for any chemicals required by NJAWC. For example, Supply Chain is receiving the first round of quarterly pricing updates, and suppliers are passing along information on the market. A supplier has shared with Service Company that in the first quarter of 2022, they have seen Chlorine prices increase $200-$250 a ton and Caustic Soda increase $225 a dry ton. Since these increases are coming from the manufacturers, it is extremely likely that all of the Company's suppliers are seeing the same increases. Three suppliers have already warned Service Company that prices are increasing, and while so far the Company has been successful at holding off current price increases, the suppliers will have the opportunity to raise prices as early as June 2022. In other states, suppliers have been unwilling or unable to wait as their pricing from their manufacturers has increased significantly since the bid period. While Supply Chain always tries to negotiate any potential price increase, suppliers are not willing to sell chemicals at a loss. As previously stated, the Company cannot treat water without the appropriate treatment chemicals.

17. Q. What does this increase in prices mean for the term beyond current contracts?

A. Service Company does not see this trend in current prices plateauing at any point in 2022. Based on current market trends and discussions with multiple suppliers, NJAWC will experience another increase above current levels (to be updated at the 12&0 Update) for those contracts that expire at the end of June 2022. Since the start of 2022, signs of future increase have been apparent. For example, on April 20, 2022, a large producer declared force majeure on Chlorine after a fire and chlorine leak at their Plaquemine, Louisiana plant. Coupled with other suppliers' plant outages, only 2 of 6 facilities are currently operating normally, which will most certainly lead to supply shortages, and higher prices.

Another example of increasing prices with no immediate end is Ammonia – up more than 64% since January 1, 2022. Market pricing when suppliers bid for 2022 (bids from suppliers received in late 2021) was approximately $600 per metric ton, and as of early March 2022, pricing is greater than $1,600 per metric ton. Since the start of the year, the Company's suppliers have continued to see increased pricing pressures, especially since the start of the Ukraine – Russia conflict, which has led to historically high fuel prices, and at the current time, there is no evidence that the increases are slowing down.

18. Q. How has the Company assessed prices into 2023?

A. Current pricing has shown that historical trends are no longer determinative of future chemical costs. Communications between Supply Chain and its suppliers have revolved around cost increases to suppliers and the need to build these into

future bids. As discussed previously, many factors are contributing to the rise in chemical prices. Raw material cost increases, transportation shortages, fuel and energy prices have not yet stabilized. Global demand is still as strong as ever, and as of April 2022, inflation is still at 40+ year highs. With the upcoming hurricane season, weather could also play a part in 2023 prices. A hurricane strike in the Gulf of Mexico, where the vast majority of domestic chemical production takes place, could make a bad situation much worse.

Moving forward to 2023, Supply Chain has compiled pricing for NJAWC that reflect an approximate 17% overall increase from 2022 to 2023.

Growth in 2023 Projected Prices	
Chemical Family	% Increase to 2022
Aluminum Sulfate	15%
Caustic Soda	17%
Chemicals - Other	15%
Chlorine	25%
Ferric Chloride	8%
HFS (Fluoride)	20%
Lime	6%
Phosphates	25%
Polymers	15%
Sodium Hypochlorite	18%
Total Increase	**17%**

By chemical family, the drivers of these increases based on conversations with the suppliers are:

- Aluminum Sulfate: Liquid aluminum sulfate pricing is increasing due to increased costs of sulfuric acid and alumina. Aluminum pricing is expected to continue to increase throughout 2022 and 2023 in light of demand and the effect

of sanctions. A major NJAWC supplier has invested in a new local plant, and that investment will be recouped in prices over time.

- Caustic Soda: Caustic Soda prices vary based on caustic demand and market conditions for water treatment needs and other sectors of the economy. Producer outages are also creating a tight supply. Some planned maintenance turnarounds are always expected, but some complete shutdown to antiquated sites has lowered total production capacity. Producers already announced a 10%-14% increase for March 2022, with additional increases expected up to and including 2023.
- Chemicals – Other: National market drivers noted earlier for 2022 prices continue to put pressure on various chemicals. For instance, sulfuric acid demand has gone up, and supply is limited which means much of the US demand is met by overseas supply. This puts additional transportation cost pressure in chemicals prices.
- Chlorine: Chlorine increases typically follow the caustic market. We have seen that restrictions on shipping chlorine make it more susceptible to freight escalation and environment charges compared to caustic. Transportation costs (including fuel surcharges added by carriers to the Company's supplier) also continue to increase. Finally, major manufacturers of chlorine and caustic soda have had maintenance issues which reduced capacity or shut down several plants for extended periods, which has resulted in less available product.
- Ferric Chloride: Transportation increases are expected to continue, with fuel and labor prices increasing. In addition, two of the three main raw materials –

chlorine and hydrochloric acid – are experiencing significant cost increases, and reductions to steel availability due to US sanctions and a reduction in availability of scrap steel has reduced availability of a base rate material.

- HFS: Overall, the HFS market has been steadily increasing. Transportation issues are also driving cost increases, with specific HFS trailers difficult to come by. This will continue to drive prices higher in 2023.
- Lime: Pollution caused by industries by way of harmful emissions and inadequate wastewater treatment is driving up demand for lime, as a product that negates some of these issues.
- Phosphates: Demand for fertilizer products is driving significant increases to phosphate costs. In addition, the market is experiencing supply constraints from China and now Russia, coupled with existing US production issues, which is driving price increases for 2022 and 2023. Finally, transportation cost increases (driver shortages, tanker shortages) are driving upward pressure on chemical prices.
- Polymers: Demand is a significant driver of price increases recently. In addition, emulsion polymers are a petroleum-based product, and as petroleum prices have risen driven by unrest in Europe, upward pressure on polymers prices continue in 2023. Finally, transportation costs also are significantly impacting prices.

- Sodium Hypochlorite: Caustic prices also impact the prices of sodium hypochlorite, and as noted above, major manufacturers of caustic and chlorine have shut down several plants, reducing supply of this necessary product.

19. Q. Please summarize the impacts to chemicals expenses as a result of these pricing updates.

A. Throughout my Direct Testimony, I have discussed how recent movements in the chemical market are impacting the costs of the Company's water treatment chemicals. Material price increases in 2022 have been driven by external factors, outside of the control of the Company and in many cases outside of the control of many of the Company's suppliers. These factors will continue to impact pricing beyond current contracts, based on ongoing discussions with suppliers. Although contract timelines have been adjusted to try to hedge future price risk, the Company will see continued growth in bids and agreed-upon prices effective July 1, 2022, and for calendar year 2023. In short, historical trends in chemical prices are no longer determinative of future chemical costs.

20. Q. Does this conclude your Direct Testimony?

A. Yes, it does.

New Jersey-American Water Company, Inc.
Revenue Requirement Computation

New Jersey-American Water Company, Inc.
Docket No. WR22010019 **Exhibit No. P-2, Schedule RR**
Witness: John S. Tomac **Page 1 of 1**

Line No.			Reference Schedule	Revenue Requirement
1				
2	Proposed Rate Base		15	$4,261,841,495
3				
4	Rate of Return Required		16	7.4890%
5				
6	Utility Operating Income Under Proposed Rates			319,169,310
7				
8	Utility Operating Income at Post-Test Year Present Rates		4	252,122,770
9				
10	Utility Operating Income Deficiency			67,046,540
11				
12	Gross Revenue Conversion Factor[1]			1.47727
13				
14	Revenue Increase Requested			$99,045,947
15				
16				
17				
18				
19				
20				
21				
22	[1] Gross Revenue Conversion Factor Calculation			Gross-up Factor
23				100.00000%
24	Less: Uncollectible Expense		7	0.40602%
25	Less: Utility Assessment Fee		12	0.26845%
26	Less: GRAFT Tax		11	13.63899%
27	Sub-total	Statutory Rate		85.68654%
28	Less: FIT	21.00%		17.99417%
29	Revenue Income Percent			67.69237%
30	Revenue Gross-up Factor			1.47727
31				

New Jersey-American Water Company, Inc.
Comparative Balance Sheet

9&3 Update
4/28/2022

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: John S. Tomac

Exhibit No. P-2, Schedule 1

Line No.	Account Title		December-20	December-19	December-18
1					
2	Assets and Other Debits				
3					
4		Utility Plant			
5	101-106	Utlity Plant	$6,090,286,219	$5,652,071,848	$5,372,883,435
6	107	Construction Work in Progress	156,532,954	159,195,290	79,514,415
7	111-113	Accumulated Provision for Amort & Depreciation	(1,361,075,450)	(1,295,170,793)	(1,211,682,681)
8	114-115	Utility Plant Adjustments	(8,589,301)	4,158,533	4,505,769
9					
10		Net Utility Plant	$4,877,154,422	$4,520,254,878	$4,245,220,938
11					
12		Other Property & Investments			
13	121	Non-Utility Property	$594,145	$594,145	$594,145
14					
15		Total Other Property and Investments	$594,145	$594,145	$594,145
16					
17		Current and Accrued Assets			
18	123-124	Investments	$31,687,377	$31,588,515	$28,714,187
19	131, 135	Cash and Equivalents	2,325,879	4,405,406	3,136,525
20	134	Special Deposits	8,600	27,160	27,160
21	135	Working Funds	0	0	0
22	136	Temporary Cash Investments	0	0	0
23	142	Customer Accounts Receivable	68,759,382	54,258,912	52,725,444
24	143	Other Accounts Receivable	8,793,332	8,563,267	7,039,086
25	144	Accum. Provision for Uncollectible Accounts	(7,050,921)	(3,090,357)	(4,049,315)
26	145-146	Accounts Receivable from Associated Companies	112,342,262	61,587,698	(174,110)
27	151-163	Materials and Supplies	12,061,076	11,209,721	9,519,977
28	165	Prepayments	6,802,077	8,497,024	9,608,228
29	173	Accrued Utility Revenue	36,859,689	34,611,620	36,431,573
30	174	Misc. Current and Accrued assets	720,324	604,979	1,221,121
31					
32		Total Current and Accrued Assets	$273,309,077	$212,263,945	$144,199,876
33					
34		Deferred Debits			
35	181	Unamortized Debt Discount and Expense	$22,050,880	$20,337,318	$19,713,659
36	183-186	Other Deferred Debits	57,470,033	60,047,065	67,762,309
37					
38		Total Deferred Debits	$79,520,913	$80,384,383	$87,475,968
39					
40		Total Assets and Other Debits			
41			$5,230,578,557	$4,813,497,351	$4,477,490,927
42					
43					

New Jersey-American Water Company, Inc.
Comparative Balance Sheet

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: John S. Tomac

Exhibit No. P-2, Schedule 1
Page 2 of 2

Line No.	Account Title		December-20	December-19	December-18
1					
2	Liabilities and Other Credits				
3		Proprietary Captial			
4	201-203	Common Capital Stock	$86,974,200	$86,974,200	$86,974,200
5	204-206	Preferred Capital Stock	0	0	0
6	207-214	Other Paid-In Capital	1,062,184,889	935,669,227	878,493,562
7	215-216	Appropriated and Unappropriated Earned Surplus	721,364,780	670,863,459	626,032,872
8					
9		Total Proprietary Capital	$1,870,523,869	$1,693,506,886	$1,591,500,634
10					
11		Long-Term Debt			
12	221-224	Bonds & Long Term debt	$1,588,728,681	$1,433,762,425	$1,383,413,334
13					
14		Current and Accrued Liabilities			
15	231	Notes Payable	$0	$0	$0
16	232	Accounts Payable	92,798,858	80,086,057	60,354,117
17	233,234	Accounts Payable to Associated Companies	354,012,352	322,611,513	178,782,185
18	235	Customer Deposits	0	0	0
19	236	Taxes Accrued	(1,063,848)	(3,583,405)	(1,875,905)
20	237	Interest Accrued	11,800,758	12,367,915	14,265,629
21	238	Dividends Declared			
22	239	Matured Long Term Debt	0	0	0
23	241	Tax Collections Payable	2,255	1,518	2,537
24	242	Misc. Current & Accrued Liabilities	28,855,273	30,149,376	29,441,507
25					
26		Total Current and Accrued Liabilities	$486,405,648	$441,632,974	$280,970,070
27					
28		Deferred Credits			
29	252	Customer Advances for Construction	$101,557,262	$74,250,007	$75,652,149
30	253-255	Other Deferred Credits	461,790,294	487,008,008	491,693,864
31					
32		Total Deferred Credits	$563,347,556	$561,258,015	$567,346,013
33					
34		Operating Reserves			
35	265	Deferred Income Taxes	$477,738,102	$440,594,944	$421,302,499
36					
37	271	Contributions in Aid of Construction	$243,834,701	$242,742,107	$232,958,377
38					
39		Total Liabilites & Other Credits	$5,230,578,557	$4,813,497,351	$4,477,490,927
40					
41					
42	[1] Account titles reflect 1960 NJ uniform system of accounts				
43					

New Jersey-American Water Company, Inc.
Comparative Income Statement

9&3 Update
4/28/2022

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: John S. Tomac

Exhibit No. P-2, Schedule 2

Line No.	Account Title		December-20	December-19	December-18
1					
2	Utility Operating Income				
3	400	Operating Revenues	$791,106,652	$754,452,013	$717,776,708
4					
5		Operating Expenses			
6	401-402	Operation & Maintenance Expense	254,965,922	250,756,413	247,744,312
7	403	Depreciation Expense	138,336,681	127,426,960	124,392,391
8	404-407	Amortization Expense	1,314,401	1,205,982	1,171,421
9	408	Taxes Other Than Income Taxes	109,652,249	106,047,115	107,728,235
10	409	Amortization of Investment Tax Credit	(371,253)	(336,881)	(338,196)
11		Total Operting Expenses Before Federal Income Taxes	$503,898,000	$485,099,589	$480,698,163
12					
13		Utility Operating Income Before Federal Income Taxes	$287,208,652	$269,352,424	$237,078,545
14	409	Federal Income Taxes	41,222,285	43,121,123	37,720,395
15		Utility Operating Income	$245,986,367	$226,231,301	$199,358,150
16					
17		Other Income			
18	419	Interest and Dividend Income	$363,336	$188,728	$371,667
19	417, 421	Miscellaneous Non-Operating Income	8,134,347	5,687,449	6,853,919
20	422	Gain (Loss) from Disposition of Property	(148,985)	208,130	2,145,963
21		Total Other Income	$8,348,698	$6,084,307	$9,371,549
22					
23		Gross Income	$254,335,065	$232,315,608	$208,729,699
24		Miscellaneous Income Deductions			
25	425	Miscellaneous Amortizations	$98,975	$98,975	$98,975
26	426	Other Income Deductions	86,472	189,761	377,460
27		Total Miscellaneous Income Deductions	185,447	288,736	476,435
28		Income Before Interest Charges	$254,149,618	$232,026,872	$208,253,264
29					
30		Interest Charges			
31	427	Interest on Long Term Debt	$61,946,961	$66,801,945	$64,839,011
32	428-429	Amortization of Debt Discount and Expense	2,611,422	1,874,118	2,026,230
33	431	Bank Debt	1,881,172	4,379,452	2,995,228
34	431	Other	0	0	0
35	432	Interest Charged to Construction	(2,578,309)	(1,856,377)	(2,482,658)
36		Total Interest Charges	$63,861,246	$71,199,138	$67,377,811
37					
38		Net Income	$190,288,372	$160,827,734	$140,875,453
39					
40		Dividends Paid			
41	437	Preferred Stock	$0	$0	$0
42	438	Common Stock	139,715,355	115,223,420	106,386,841
43		Total	$139,715,355	$115,223,420	$106,386,841
44					
45	[1] Account titles reflect 1960 NJ uniform system of accounts				

New Jersey-American Water Company, Inc.
Comparative Balance Sheet

9&3 Update
4/28/2022

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: John S. Tomac

Exhibit No. P-2, Schedule 3

Line No.	Account Title		Balance As Of 3/31/2022
1			
2	Assets and Other Debits		
3			
4		Utility Plant	
5	101-106	Utility Plant	$6,477,857,350
6	107	Construction Work in Progress	228,174,802
7	111-113	Accumulated Provision for Amort & Depreciation	(1,466,528,352)
8	114-115	Utility Plant Adjustments	35,046,821
9			
10		Net Utility Plant	$5,274,550,621
11			
12		Other Property & Investments	
13	121	Non-Utility Property	$594,144
14			
15		Total Other Property and Investments	$594,144
16			
17		Current and Accrued Assets	
18	123-124	Investments	($302,761)
19	131, 135	Cash and Equivalents	2,640,309
20	134	Special Deposits	2,680,000
21	135	Working Funds	0
22	136	Temporary Cash Investments	0
23	142	Customer Accounts Receivable	84,190,063
24	143	Other Accounts Receivable	11,392,179
25	144	Accum. Provision for Uncollectible Accounts	(22,656,674)
26	145-146	Accounts Receivable from Associated Companies	3,370,678
27	151-163	Materials and Supplies	16,692,035
28	165	Prepayments	2,757,178
29	173	Accrued Utility Revenue	42,374,803
30	174	Misc. Current and Accrued assets	1,388,827
31			
32		Total Current and Accrued Assets	$144,526,636
33			
34		Deferred Debits	
35	181	Unamortized Debt Discount and Expense	$19,839,799
36	183-186	Other Deferred Debits	41,766,230
37			
38		Total Deferred Debits	$61,606,029
39			
40		Total Assets and Other Debits	
41			$5,481,277,430
42			
43			

New Jersey-American Water Company, Inc.
Comparative Balance Sheet

9&3 Update
4/28/2022

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: John S. Tomac

Exhibit No. P-2, Schedule 3
Page 2 of 2

Line No.	Account Title		Balance As Of 3/31/2022
1			
2	Liabilities and Other Credits		
3		Proprietary Captial	
4	201-203	Common Capital Stock	$86,974,200
5	204-206	Preferred Capital Stock	0
6	207-214	Other Paid-In Capital	1,181,379,926
7	215-216	Appropriated and Unappropriated Earned Surplus	794,629,932
8			
9		Total Proprietary Capital	$2,062,984,058
10			
11		Long-Term Debt	
12	221-224	Bonds & Long Term debt	$1,697,126,329
13			
14		Current and Accrued Liabilities	
15	231	Notes Payable	$43,578,448
16	232	Accounts Payable	131,236,353
17	233,234	Accounts Payable to Associated Companies	238,927,896
18	235	Customer Deposits	0
19	236	Taxes Accrued	18,054,358
20	237	Interest Accrued	18,040,043
21	238	Dividends Declared	0
22	239	Matured Long Term Debt	0
23	241	Tax Collections Payable	3,646
24	242	Misc. Current & Accrued Liabilities	36,703,226
25			
26		Total Current and Accrued Liabilities	$486,543,971
27			
28		Deferred Credits	
29	252	Customer Advances for Construction	$125,432,544
30	253-255	Other Deferred Credits	(31,694,820)
31			
32		Total Deferred Credits	$93,737,724
33			
34		Operating Reserves	
35	265	Deferred Income Taxes	$897,937,581
36			
37	271	Contributions in Aid of Construction	$242,947,767
38			
39		Total Liabilites & Other Credits	$5,481,277,430
40			
41			
42	[1] Account titles reflect 1960 NJ uniform system of accounts		

9&3 Update
4/28/2022

New Jersey-American Water Company, Inc.
Operating Income Statement

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: John S. Tomac

Exhibit No. P-2, Schedule 4
Page 1 of 1

Line No.		Reference Schedule	12 Mos ending Test Year June 2022	Post-Test Year ending March 31, 2023 - Present Rates: Adjustments	Post-Test Year ending March 31, 2023 - Present Rates: Post-Test Year Amount	Post-Test Year ending March 31, 2023 - Proposed Rates: Revenue Deficiency	Post-Test Year ending March 31, 2023 - Proposed Rates: Post-Test Year Amount
1		(1)	(2)	(3)	(4)	(5)	(6)
2							
3	Operating Revenues *	5	$847,783,334	($39,953,299)	$807,830,035	$99,045,947	$906,875,982
4							
5	Operating Expenses						
6	Operation & Maintenance Expense *	6	268,498,257	(34,569,840)	233,928,417	402,147	234,330,564
7	Depreciation & Amortization Expense	8	153,707,241	12,359,796	166,067,037	0	166,067,037
8	Taxes Other Than Income Taxes	10	117,673,599	4,673,389	122,346,988	13,774,762	136,121,750
9							
10	Total Operating Expenses Before Income Taxes		539,879,097	(17,536,655)	522,342,441	14,176,909	536,519,350
11							
12	Utility Operating Income Before FIT		307,904,237	(22,416,644)	285,487,594	84,869,038	370,356,632
13	Federal Income Taxes	14	31,641,234	1,723,589	33,364,823	17,822,498	51,187,321
14							
15	Utility Operating Income		$276,263,003	($24,140,233)	$252,122,770	$67,046,540	$319,169,310
16							
17	Rate Base	15			$4,261,841,495		$4,261,841,495
18							
19	Rate of Return	16			5.9158%		7.4890%
20							
21							
22	* Test year revenues and expenses include PWAC/PSTAC and DSIC amounts; PWAC/PSTAC were removed on a Post-Test Year basis.						
23							
24							

New Jersey-American Water Company, Inc.
Statement of Operating Revenue

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: Charles Rea

Exhibit No. P-2, Schedule 5

Line No.		Test Year Present Rates @ 6/30/2022	Post-Test Year Adjustments	(Col. (1)+(2)) Post-Test Year Present Rates @ 3/31/2023	Increase	(Col. (3)+(4)) Post-Test Year Proposed Rates @ 3/31/2023	(Col. (4)/(3)) Percent Increase
1		(1)	(2)	(3)	(4)	(5)	(6)
2							
3	Total Water Service Revenues:						
4	Metered Service	$680,105,955	$37,468,572	$717,574,527	$86,973,702	$804,548,229	12.00%
5	Private Fire Protection Service	26,758,218	57,303	26,815,521	6,326,896	33,142,417	24.00%
6	Public Fire Protection Service	30,705,730	118,336	30,824,066	2,421,022	33,245,088	8.00%
7	Revenues From Water Sales	$737,569,903	$37,644,211	$775,214,114	$95,721,621	$870,935,735	12.00%
8							
9	Other Operating Revenues	4,394,932	966,692	5,361,623	0	5,361,623	0.00%
10							
11	Total Water Operating Revenues	$741,964,835	$38,610,903	$780,575,737	$95,721,621	$876,297,358	12.00%
12							
13							
14	Revenues From Wastewater Sales	$24,294,604	$2,944,067	$27,238,671	$3,324,326	$30,562,997	12.00%
15	Other Operating Revenues	8,318	7,309	15,627	0	15,627	0.00%
16							
17	Total Wastewater Operating Revenues	$24,302,922	$2,951,376	$27,254,298	$3,324,326	$30,578,624	12.00%
18							
19	Total Company Operating Revenues						
20	Water and Wastewater Service	$766,267,756	$41,562,279	$807,830,035	$99,045,947	$906,875,982	12.00%
21							

New Jersey-American Water Company, Inc.
Statement of Operation and Maintenance Expense

9&3 Update
4/28/2022

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: Jamie D. Hawn

Exhibit No. P-2, Schedule 6

			Test Year ending June 30, 2022			Adjustments			Post-Test Year ending March 31, 2023		
Line No.		Reference Schedule	Total Water	Total Wastewater	Total Company	Total Water	Total Wastewater	Total Company	Total Water	Total Wastewater	Total Company
1		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2	Purchased Water	6-2	$33,212,002	$0	$33,212,002	($32,489,970)	$0	($32,489,970)	$722,032	$0	$722,032
3	Power	6-3	21,225,341	764,323	21,989,664	2,338,351	(98,115)	2,240,236	23,563,692	666,208	24,229,900
4	Chemicals	6-4	13,757,413	164,049	13,921,462	7,797,793	77,746	7,875,539	21,555,206	241,795	21,797,001
5	Waste Disposal	6-5	5,753,289	20,194,751	25,948,039	(1,072,728)	(18,338,498)	(19,411,226)	4,680,561	1,856,253	6,536,813
6	Salaries and Wages	6-6	50,471,722	1,419,224	51,890,946	(280,089)	419,161	139,072	50,191,633	1,838,385	52,030,018
7	Pensions	6-7	(3,384,954)	47,087	(3,337,867)	(947,485)	(162,737)	(1,110,222)	(4,332,439)	(115,650)	(4,448,089)
8	Group Insurance	6-8	4,963,950	191,259	5,155,210	133,907	79,307	213,213	5,097,857	270,566	5,368,423
9	Other Benefits	6-9	3,982,417	127,115	4,109,532	(691,815)	(14,123)	(705,938)	3,290,602	112,992	3,403,594
10	Support Services	6-10	45,895,340	293,519	46,188,859	2,227,367	14,245	2,241,612	48,122,707	307,764	48,430,471
11	Rents	6-11	579,179	73,481	652,660	(113,019)	(64,368)	(177,387)	466,160	9,114	475,274
12	Transportation	6-12	3,724,612	101,632	3,826,243	192,559	(22,673)	169,887	3,917,171	78,959	3,996,130
13	Uncollectible Accounts Expense	7	3,010,309	19,252	3,029,561	158,988	91,406	250,394	3,169,297	110,658	3,279,955
14	Customer Accounting	6-14	6,557,646	17,805	6,575,451	436,995	31,873	468,868	6,994,641	49,678	7,044,319
15	Regulatory Expense	6-15	527,645	3,375	531,020	49,486	316	49,803	577,131	3,691	580,822
16	Insurance Other Than Group	6-16	7,713,924	66,494	7,780,418	2,163,967	6,023	2,169,990	9,877,891	72,517	9,950,408
17	Engineered Coating of Steel Structures	6-17	3,941,189	0	3,941,189	3,836,707	0	3,836,707	7,777,896	0	7,777,896
18	Property Sales	6-18	(124,791)	0	(124,791)	43,715	0	43,715	(81,076)	0	(81,076)
19	Other Operating Expenses	6-19	39,747,290	3,461,369	43,208,659	(1,059,550)	685,417	(374,133)	38,687,740	4,146,786	42,834,527
20	Total Post-Test Year O&M Expense - Present Rates		$241,553,523	$26,944,735	$268,498,257	($17,274,821)	($17,295,019)	($34,569,840)	$224,278,702	$9,649,715	$233,928,417
21											
22											
23	Post-Test Year Adjustment to Uncollectible Accounts Expense								353,156	48,990	402,146
24											
25	Total Post-Test Year O&M Expense - Proposed Rates								$224,631,858	$9,698,705	$234,330,563
26											

New Jersey-American Water Company, Inc.
Uncollectible Expense

9&3 Update
4/28/2022

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: Jamie D. Hawn

Exhibit No. P-2, Schedule 7
Page 1 of 1

Line No.		Post-Test Year ending March 31, 2023 - Present Rates			Post-Test Year ending March 31, 2023 - Proposed Rates		
		Total Water	Total Wastewater	Total Company	Total Water	Total Wastewater	Total Company
1							
2	Post-Test Year Revenues - Present Rates	$780,575,737	$27,254,298	$807,830,035	$867,555,745	$39,320,237	$906,875,982
3							
4	Average Write-Off Ratio[1]	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%
5							
6	Post-Test Year Uncollectible Expense at Present Rates	3,169,297	110,658	3,279,955	3,522,453	159,648	3,682,101
7							
8	Adjustment - Present Rate to Proposed Rates				$353,156	$48,990	$402,146
9							
10							
11							
12							
13							
14							
15							
16	[1]Calculation of the Average Write Off Ratio - based on three -year average						
17	*12 months ended*	12/31/2017	12/31/2018	12/31/2019	3-Year Average		
18	Uncollectible Expense	$2,257,373	$2,328,171	$1,743,800	$2,109,782		
19	Reserve Balance Beginning of Year	(5,843,806)	(5,024,888)	(4,106,105)	(4,991,600)		
20	Reserve Balance End of Year	(5,024,888)	(4,106,105)	(3,156,646)	(4,095,880)		
21	Net Write-Offs	$3,076,292	$3,246,954	$2,693,259	$3,005,502		
22							
23	Revenues	$737,113,568	$721,810,447	$761,778,494	$740,234,169		
24	Average Write-Off Ratio	0.42%	0.45%	0.35%	0.41%		
25							

New Jersey-American Water Company, Inc.
Summary of Depreciation and Amortization

9&3 Update
4/28/2022

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: John S. Tomac

Exhibit No. P-2, Schedule 8
Page 1 of 1

Line No.		Reference Schedule	Test Year ending June 30, 2022 Total Water	Test Year ending June 30, 2022 Total Wastewater	Test Year ending June 30, 2022 Total Company	Adjustments Total Water	Adjustments Total Wastewater	Adjustments Total Company	Post-Test Year ending March 31, 2023 - Proposed Rates Total Water	Post-Test Year ending March 31, 2023 - Proposed Rates Total Wastewater	Post-Test Year ending March 31, 2023 - Proposed Rates Total Company
1											
2	Depreciation	9	$147,501,604	$5,205,222	$152,706,826	$5,907,197	$1,156,042	$7,063,239	$153,408,801	$6,361,264	$159,770,065
3	Amort. Of Plant Acquisition Adj.	15-9	339,900	3,395	343,294	(71,712)	(1,759)	(73,471)	268,188	1,636	269,824
4	Amort. Of Regulatory Asset		652,944	4,176	657,120	0	0	0	652,944	4,176	657,120
5	Amort. Of COVID-19 Costs	8-5	0	0	0	5,370,027	0	5,370,027	5,370,027	0	5,370,027
6											
7	Total Depreciation and Amortization		$148,494,448	$5,212,793	$153,707,241	$11,205,513	$1,154,283	$12,359,796	$159,699,960	$6,367,076	$166,067,037
8											
9											
10											

New Jersey-American Water Company, Inc.
Statement of Depreciation
Total Company

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: John S. Tomac

Line No.	Utility Account	NARUC Account	Description	Rate	UPIS Balance @ 03/2022	Net Plant Adds to 06/2022	Net Plant Adds to 12/2022	(Col. 2+3+4) UPIS Balance @ 12/2022	(Col. 1x5) Post-Test Year Expense
				(1)	(2)	(3)	(4)	(5)	(6)
1	304100	311	Struct & Imp-Supply	2.00%	$60,632,573	$5,945,037	$42,695,325	$109,272,935	$2,185,459
2	305000	312	Collect & Impound Reservoirs	1.73%	22,182,528	0	0	22,182,528	383,758
3	306000	313	Lake, River & Other Intakes	2.47%	1,423,200	0	0	1,423,200	35,153
4	307000	314	Wells & Springs	2.14%	61,334,509	0	2,803,506	64,138,015	1,372,554
5	308000	315	Infiltratn Galleries & Tunne	1.14%	9,745,367	0	0	9,745,367	111,097
6	309000	316	Supply Mains	1.36%	25,678,175	68,771	0	25,746,946	350,158
7	339200	317	Other P/E-Supply	3.40%	641,353	0	0	641,353	21,806
8	304200	321	Struct & Imp-Pumping	1.69%	73,294,105	0	0	73,294,105	1,238,670
9	310000	323	Power Generation Equip	2.08%	38,313,500	0	0	38,313,500	796,921
10	310200	322	Boiler Plant Equip P	4.88%	299,607	0	0	299,607	14,621
11	311200	325	Pump Eqp Electric	2.34%	141,803,760	46,915	0	141,850,675	3,319,306
12	311300	326	Pump Eqp Diesel	10.61%	6,813,613	0	0	6,813,613	722,924
13	311400	327	Pump Eqp Hydraulic	3.44%	14,482,288	0	0	14,482,288	498,191
14	311500	328	Pump Eqp Other	1.48%	11,799,352	4,887,933	6,831,096	23,518,382	348,072
15	311530	328	Pumping Equipment WT	1.48%	232,192	0	0	232,192	3,436
16	311540	328	Pumping Equipment TD	1.48%	30,072	0	0	30,072	445
17	304300	331	Struct & Imp-Treatment	1.87%	279,014,899	2,900,594	0	281,915,493	5,271,820
18	304310	331	Struct & Imp-Treatment-Handl	1.87%	7,835,773	0	0	7,835,773	146,529
19	320100	332.1	WT Equip Non-Media	2.20%	416,745,312	25,512,223	50,208,393	492,465,928	10,834,250
20	320200	332.2	WT Equip Filter Media	14.03%	27,069,107	0	0	27,069,107	3,797,796
21	339300	332.1	Other P/E-Treatment	1.92%	1,202,555	0	0	1,202,555	23,089
22	339400	332.1	Other P/E-WT Res Hand Equip	3.18%	3,405,227	0	0	3,405,227	108,286
23	304400	341	Struct & Imp-T&D	2.88%	23,161,126	0	0	23,161,126	667,040
24	330000	342	Dist Reservoirs & Standpipes	1.09%	42,969,025	1,418,917	418,246	44,806,188	488,387
25	330002	342	Tank Original Painting	1.09%	99,272	0	0	99,272	1,082
26	330100	342	Elevated Tanks & Standpipes	1.09%	66,082,821	52,243	0	66,135,064	720,872
27	330200	342	Ground Level Tanks	1.09%	11,291,308	0	0	11,291,308	123,075
28	330300	342	Below Ground Tanks	1.09%	5,440,221	0	0	5,440,221	59,298
29	330400	342	Clearwell	1.09%	85,696	0	0	85,696	934
30	331001	343	TD Mains Not Classified	0.80%	575,036,208	60,885,923	65,413,818	701,335,949	5,610,688
31	331100	343.1	TD Mains 4in & Less	2.76%	55,969,843	0	0	55,969,843	1,544,768
32	331200	343.2	TD Mains 6in to 8in	1.64%	1,033,626,157	0	0	1,033,626,157	16,951,469
33	331300	343.3	TD Mains 10in to 16in	1.11%	627,088,234	6,543,402	0	633,631,636	7,033,311
34	331400	343.4	TD Mains 18in & Grtr	1.26%	269,752,166	0	0	269,752,166	3,398,877
35	332000	344	Fire Mains	10.12%	2,110,779	0	0	2,110,779	213,611
36	333000	345	Services	2.09%	707,427,674	11,689,047	27,073,246	746,189,967	15,595,370
37	334100	346	Meters	3.96%	294,159,920	8,181,385	17,034,268	319,375,572	12,647,273
38	334200	347	Meter Installations	8.32%	176,587,986	0	0	176,587,986	14,692,120
39	334300	347	Meter Vaults	8.32%	67,138,577	0	0	67,138,577	5,585,930
40	335000	348	Hydrants	2.92%	188,254,478	5,158,817	8,234,674	201,647,969	5,888,121
41	336000	345	Backflow Prevention Devices	2.74%	151,898	0	0	151,898	4,162
42	339500	349	Other P/E-TD	19.35%	597,789	0	0	597,789	115,672
43	339600	389	Other P/E-CPS	17.05%	13,035,435	0	0	13,035,435	2,222,542
44	304500	390	Struct & Imp-General	3.45%	96,412,023	0	0	96,412,023	3,326,215
45	304510	390	Struct & Imp-Cap Lease	3.45%	11,022	0	0	11,022	380
46	304600	390.1	Struct & Imp-Offices	1.26%	24,179,307	0	0	24,179,307	304,659
47	304610	390.1	Struct & Imp-HVAC	1.26%	2,693,952	0	0	2,693,952	33,944
48									
49									

New Jersey-American Water Company, Inc.
Statement of Depreciation
Total Company

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: John S. Tomac

Line No.	Utility Account	NARUC Account	Description	Rate	UPIS Balance @ 03/2022	Net Plant Adds to 06/2022	Net Plant Adds to 12/2022	(Col. 2+3+4) UPIS Balance @ 12/2022	(Col. 1x5) Post-Test Year Expense
				(1)	(2)	(3)	(4)	(5)	(6)
1	304700	390.2	Struct & Imp-Store,Shop,Gar	2.09%	$9,941,537	$0	$0	$9,941,537	$207,778
2	304800	390.3	Struct & Imp-Misc	0.92%	5,644,837	0	0	5,644,837	51,933
3	339100	303	Other P/E-Intangible	3.40%	4,241,971	0	0	4,241,971	144,227
4	340100	391	Office Furniture & Equip	5.40%	7,462,469	469,563	766,752	8,698,783	469,734
5	340200	391.2	Comp & Periph Equip	12.36%	6,183,600	0	0	6,183,600	764,293
6	340300	391.3	Computer Software	12.26%	154,693,755	0	0	154,693,755	18,965,454
7	340310	391.3	Comp Software Mainframe	0.00%	195,201	0	0	195,201	0
8	340400	391.4	Data Handling Equipment	0.56%	0	0	0	0	0
9	340500	391.5	Other Office Equipment	0.72%	6,939	0	0	6,939	50
10	341001	392.4	Trans Equip Not Classified	3.98%	2,716,089	0	0	2,716,089	108,100
11	341100	392.1	Trans Equip Lt Duty Trks	-1.64%	18,395,010	3,761,307	3,755,668	25,911,984	(424,957)
12	341200	392.2	Trans Equip Hvy Duty Trks	5.83%	21,959,001	0	0	21,959,001	1,280,210
13	341300	392.3	Trans Equip Autos	7.93%	3,237,527	0	0	3,237,527	256,736
14	341400	392.4	Trans Equip Other	4.63%	7,936,404	0	0	7,936,404	367,455
15	342000	393	Stores Equipment	8.03%	1,790,417	0	0	1,790,417	143,770
16	343000	394	Tools,Shop,Garage Equip	5.50%	17,351,485	452,880	726,214	18,530,579	1,019,182
17	344000	395	Laboratory Equipment	11.82%	3,443,318	0	0	3,443,318	407,000
18	345000	396	Power Operated Equipment	4.05%	2,630,594	1,477,954	1,043,939	5,152,487	208,676
19	346000	397	Comm Equip Not Classified	3.44%	21,625,860	1,071,209	9,850,869	32,547,938	1,119,649
20	346100	397	Comm Equip Non-Telephone	3.44%	11,198,422	0	0	11,198,422	385,226
21	346190	397	Remote Control & Instrument	3.44%	41,610,248	0	0	41,610,248	1,431,393
22	346200	397	Comm Equip Telephone	3.44%	1,507,635	0	0	1,507,635	51,863
23	347000	398	Misc Equipment	5.03%	28,196,902	0	0	28,196,902	1,418,304
24	348000	399	Other Tangible Property	7.36%	600,041	514,432	0	1,114,473	82,025
25	354200	324	WW Struct & Imp Collection	2.69%	15,704,455	980,730	6,884,910	23,570,094	634,036
26	354300	330	WW Struct & Imp Pumping	2.56%	4,459,175	365,857	0	4,825,032	123,521
27	354400	340	WW Struct & Imp Treatment	1.98%	4,535,549	0	0	4,535,549	89,804
28	354500	340	WW Struct & Imp General	2.61%	4,872,238	0	0	4,872,238	127,165
29	354510	340	WW Struct & Imp Gen Leased	0.00%	0	0	0	0	0
30	355200	389	WW Pwr Gen Equip Collection	4.21%	673,309	252,533	0	925,842	38,978
31	355400	389	WW Pwr Gen Equip Treatment	4.06%	712,461	0	0	712,461	28,926
32	360000	323	WW Collection Sewers Forced	1.28%	11,435,937	2,658,792	0	14,094,729	180,413
33	361100	321	WW Collecting Mains	1.03%	177,261,098	5,993,764	1,323,205	184,578,068	1,901,154
34	361101	322	WW Collecting Mains Other	1.99%	6,020,152	374,956	0	6,395,109	127,263
35	362000	324	WW Special Coll Struct	2.08%	296,381	0	0	296,381	6,165
36	363000	320	WW Services Sewer	2.25%	53,511,673	263,088	526,177	54,300,938	1,221,771
37	364000	389	WW Flow Measuring Devices	2.52%	135,753	0	0	135,753	3,421
38	370000	325	WW Receiving Wells	3.95%	1,859,849	0	0	1,859,849	73,464
39	371100	331	WW Pump Equip Elect	5.19%	19,002,396	695,022	2,414,405	22,111,823	1,147,604
40	371200	332	WW Pump Equip Oth Pwr	4.11%	1,056,724	0	0	1,056,724	43,431
41	371300	332	WW Pump Equip Misc	6.43%	87,035	0	0	87,035	5,596
42	380000	398	WW TD Equipment	3.86%	11,134,104	85,990	904,342	12,124,436	468,003
43	380050	398	WW TD Equip Grit Removal	2.64%	0	0	0	0	0
44	380100	398	WW TD Equip Sed Tanks/Acc	2.64%	0	0	0	0	0
45	380200	398	WW TD Equip Sldge/Effl Rmv	2.64%	0	0	0	0	0
46	380250	398	WW TD Equip Sldge Dig Tnk	2.64%	0	0	0	0	0
47	380300	398	WW TD Equip Sldge Dry/Filt	2.64%	0	0	0	0	0
48									
49									

New Jersey-American Water Company, Inc.
Statement of Depreciation
Total Company

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: John S. Tomac

Line No.	Utility Account	NARUC Account	Description	Rate	UPIS Balance @ 03/2022	Net Plant Adds to 06/2022	Net Plant Adds to 12/2022	(Col. 2+3+4) UPIS Balance @ 12/2022	(Col. 1x5) Post-Test Year Expense
				(1)	(2)	(3)	(4)	(5)	(6)
1	380350	398	WW TD Equip Sec Trmt Filt	2.64%	$0	$0	$0	$0	$0
2	380400	398	WW TD Equip Aux Effl Trmt	2.64%	0	0	0	0	0
3	380450	398	WW TD Equip Oth Sew Rem	2.64%	0	0	0	0	0
4	380500	398	WW TD Equip Chem Trmt Plt	2.64%	0	0	0	0	0
5	380600	398	WW TD Equip Oth Disp	2.64%	0	0	0	0	0
6	381000	381	WW Plant Sewers	1.84%	892,429	0	0	892,429	16,421
7	382000	349	WW Outfall Sewer Lines	1.49%	61,963	0	0	61,963	923
8	389100	389	WW Oth Plt & Misc Eqp Intang	4.59%	3,546,796	0	0	3,546,796	162,798
9	389200	389	WW Oth Plt & Misc Eqp Coll	0.00%	0	0	0	0	0
10	389600	389.1	WW Other P/E - CPS	10.43%	19,839	0	0	19,839	2,069
11	390000	391	WW Office Furniture & Equip	1.77%	13,609	4,467	8,934	27,010	478
12	390200	398	WW Computers & Peripheral	31.07%	35,663	0	0	35,663	11,080
13	390300	391	WW Computer Software	0.00%	0	0	0	0	0
14	391000	392	WW Trans Equipment	4.94%	710,883	0	0	710,883	35,118
15	391200	392	WW Trans Equip Hvy Dty Trks	2.62%	350,263	0	0	350,263	9,177
16	393000	394	WW Tool Shop & Garage Equip	14.03%	727,898	40,873	81,746	850,517	119,327
17	394000	398	WW Laboratory Equipment	3.34%	92,723	0	0	92,723	3,097
18	395000	396	WW Power Operated Equip	3.95%	495,117	0	0	495,117	19,557
19	396000	398	WW Communication Equip	8.71%	910,351	11,168	1,721,573	2,643,092	230,213
20	397000	398	WW Misc Equipment	3.09%	1,070,139	0	0	1,070,139	33,067
21	398000	398	WW Other Tangible Plant	2.93%	50,819	0	0	50,819	1,489
22		Bound Brook Acquisition		1.41%	0	4,460,604	0	4,460,604	62,694
23		Vehicle depreciation expense capitalized portion							(646,000)
24									
25									
26			Total Depreciable Plant		$6,181,648,029	$157,226,395	$250,721,305	$6,589,595,729	$163,554,468
27									
28			UOP Property		$246,989,796	$227,044	$0	$247,216,840	$4,042,597
29									
30			Non Depreciable UPIS		$38,180,050	$22,335	$44,670	$38,247,055	$0
31									
32			Amortization of CAC and CIAC		($6,456,729)	($78,470)	($91,800)	$0	($6,626,999)
33									
34			Cost of Removal Liability Amortization		$0	$0	$0	$0	($1,200,000)
35									
36			Total		$6,460,361,146	$157,397,304	$250,674,176	$6,875,059,625	$159,770,065
37									
38			Post-Test Year Depreciation Expense						$159,770,065
39									

New Jersey-American Water Company, Inc.
Statement of Depreciation
Total Water

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: John S. Tomac

Line No.	Utility Account	NARUC Account	Description	Rate	UPIS Balance @ 03/2022	Net Plant Adds to 06/2022	Net Plant Adds to 12/2022	(Col. 2+3+4) UPIS Balance @ 12/2022	(Col. 1x5) Post-Test Year Expense
				(1)	(2)	(3)	(4)	(5)	(6)
1	304100	311	Struct & Imp-Supply	2.00%	$60,632,573	$5,945,037	$42,695,325	$109,272,935	$2,185,459
2	305000	312	Collect & Impound Reservoirs	1.73%	22,182,528	0	0	22,182,528	383,758
3	306000	313	Lake, River & Other Intakes	2.47%	1,423,200	0	0	1,423,200	35,153
4	307000	314	Wells & Springs	2.14%	61,334,509	0	2,803,506	64,138,015	1,372,554
5	308000	315	Infiltratn Galleries & Tunne	1.14%	9,745,367	0	0	9,745,367	111,097
6	309000	316	Supply Mains	1.36%	25,678,175	68,771	0	25,746,946	350,158
7	339200	317	Other P/E-Supply	3.40%	641,353	0	0	641,353	21,806
8	304200	321	Struct & Imp-Pumping	1.69%	73,294,105	0	0	73,294,105	1,238,670
9	310000	323	Power Generation Equip	2.08%	38,313,500	0	0	38,313,500	796,921
10	310200	322	Boiler Plant Equip P	4.88%	299,607	0	0	299,607	14,621
11	311200	325	Pump Eqp Electric	2.34%	141,803,760	46,915	0	141,850,675	3,319,306
12	311300	326	Pump Eqp Diesel	10.61%	6,813,613	0	0	6,813,613	722,924
13	311400	327	Pump Eqp Hydraulic	3.44%	14,482,288	0	0	14,482,288	498,191
14	311500	328	Pump Eqp Other	1.48%	11,799,352	4,887,933	6,831,096	23,518,382	348,072
15	311530	328	Pumping Equipment WT	1.48%	232,192	0	0	232,192	3,436
16	311540	328	Pumping Equipment TD	1.48%	30,072	0	0	30,072	445
17	304300	331	Struct & Imp-Treatment	1.87%	279,014,899	2,900,594	0	281,915,493	5,271,820
18	304310	331	Struct & Imp-Treatment-Handl	1.87%	7,835,773	0	0	7,835,773	146,529
19	320100	332.1	WT Equip Non-Media	2.20%	416,745,312	25,512,223	50,208,393	492,465,928	10,834,250
20	320200	332.2	WT Equip Filter Media	14.03%	27,069,107	0	0	27,069,107	3,797,796
21	339300	332.1	Other P/E-Treatment	1.92%	1,202,555	0	0	1,202,555	23,089
22	339400	332.1	Other P/E-WT Res Hand Equip	3.18%	3,405,227	0	0	3,405,227	108,286
23	304400	341	Struct & Imp-T&D	2.88%	23,161,126	0	0	23,161,126	667,040
24	330000	342	Dist Reservoirs & Standpipes	1.09%	42,969,025	1,418,917	418,246	44,806,188	488,387
25	330002	342	Tank Original Painting	1.09%	99,272	0	0	99,272	1,082
26	330100	342	Elevated Tanks & Standpipes	1.09%	66,082,821	52,243	0	66,135,064	720,872
27	330200	342	Ground Level Tanks	1.09%	11,291,308	0	0	11,291,308	123,075
28	330300	342	Below Ground Tanks	1.09%	5,440,221	0	0	5,440,221	59,298
29	330400	342	Clearwell	1.09%	85,696	0	0	85,696	934
30	331001	343	TD Mains Not Classified	0.80%	575,036,208	60,885,923	65,413,818	701,335,949	5,610,688
31	331100	343.1	TD Mains 4in & Less	2.76%	55,969,843	0	0	55,969,843	1,544,768
32	331200	343.2	TD Mains 6in to 8in	1.64%	1,033,626,157	0	0	1,033,626,157	16,951,469
33	331300	343.3	TD Mains 10in to 16in	1.11%	627,088,234	6,543,402	0	633,631,636	7,033,311
34	331400	343.4	TD Mains 18in & Grtr	1.26%	269,752,166	0	0	269,752,166	3,398,877
35	332000	344	Fire Mains	10.12%	2,110,779	0	0	2,110,779	213,611
36	333000	345	Services	2.09%	707,427,674	11,689,047	27,073,246	746,189,967	15,595,370
37	334100	346	Meters	3.96%	294,159,920	8,181,385	17,034,268	319,375,572	12,647,273
38	334200	347	Meter Installations	8.32%	176,587,986	0	0	176,587,986	14,692,120
39	0	0	0.00%	0.00%	0	0	0	0	0
40	0	0	0.00%	0.00%	0	0	0	0	0
41	334300	347	Meter Vaults	8.32%	67,138,577	0	0	67,138,577	5,585,930
42	335000	348	Hydrants	2.92%	188,254,478	5,158,817	8,234,674	201,647,969	5,888,121
43	336000	345	Backflow Prevention Devices	2.74%	151,898	0	0	151,898	4,162
44	339500	349	Other P/E-TD	19.35%	597,789	0	0	597,789	115,672
45	339600	389	Other P/E-CPS	17.05%	13,035,435	0	0	13,035,435	2,222,542
46	304500	390	Struct & Imp-General	3.45%	96,412,023	0	0	96,412,023	3,326,215
47	304510	390	Struct & Imp-Cap Lease	3.45%	11,022	0	0	11,022	380
48									
49									

New Jersey-American Water Company, Inc.
Statement of Depreciation
Total Water

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: John S. Tomac

Line No.	Utility Account	NARUC Account	Description	Rate	UPIS Balance @ 03/2022	Net Plant Adds to 06/2022	Net Plant Adds to 12/2022	(Col. 2+3+4) UPIS Balance @ 12/2022	(Col. 1x5) Post-Test Year Expense
				(1)	(2)	(3)	(4)	(5)	(6)
1	304600	390.1	Struct & Imp-Offices	1.26%	$24,179,307	$0	$0	$24,179,307	$304,659
2	304610	390.1	Struct & Imp-HVAC	1.26%	2,693,952	0	0	2,693,952	33,944
3	304700	390.2	Struct & Imp-Store,Shop,Gar	2.09%	9,941,537	0	0	9,941,537	207,778
4	304800	390.3	Struct & Imp-Misc	0.92%	5,644,837	0	0	5,644,837	51,933
5	339100	303	Other P/E-Intangible	3.40%	4,241,971	0	0	4,241,971	144,227
6	340100	391	Office Furniture & Equip	5.40%	7,462,469	469,563	766,752	8,698,783	469,734
7	340200	391.2	Comp & Periph Equip	12.36%	6,183,600	0	0	6,183,600	764,293
8	340300	391.3	Computer Software	12.26%	154,693,755	0	0	154,693,755	18,965,454
9	340310	391.3	Comp Software Mainframe	0.00%	195,201	0	0	195,201	0
10	340400	391.4	Data Handling Equipment	0.56%	0	0	0	0	0
11	340500	391.5	Other Office Equipment	0.72%	6,939	0	0	6,939	50
12	341001	392.4	Trans Equip Not Classified	3.98%	2,716,089	0	0	2,716,089	108,100
13	341100	392.1	Trans Equip Lt Duty Trks	-1.64%	18,395,010	3,761,307	3,755,668	25,911,984	(424,957)
14	341200	392.2	Trans Equip Hvy Duty Trks	5.83%	21,959,001	0	0	21,959,001	1,280,210
15	341300	392.3	Trans Equip Autos	7.93%	3,237,527	0	0	3,237,527	256,736
16	341400	392.4	Trans Equip Other	4.63%	7,936,404	0	0	7,936,404	367,455
17	342000	393	Stores Equipment	8.03%	1,790,417	0	0	1,790,417	143,770
18	343000	394	Tools,Shop,Garage Equip	5.50%	17,351,485	452,880	726,214	18,530,579	1,019,182
19	344000	395	Laboratory Equipment	11.82%	3,443,318	0	0	3,443,318	407,000
20	345000	396	Power Operated Equipment	4.05%	2,630,594	1,477,954	1,043,939	5,152,487	208,676
21	346000	397	Comm Equip Not Classified	3.44%	21,625,860	1,071,209	9,850,869	32,547,938	1,119,649
22	346100	397	Comm Equip Non-Telephone	3.44%	11,198,422	0	0	11,198,422	385,226
23	346190	397	Remote Control & Instrument	3.44%	41,610,248	0	0	41,610,248	1,431,393
24	346200	397	Comm Equip Telephone	3.44%	1,507,635	0	0	1,507,635	51,863
25	347000	398	Misc Equipment	5.03%	28,196,902	0	0	28,196,902	1,418,304
26	348000	399	Other Tangible Property	7.36%	600,041	514,432	0	1,114,473	82,025
27			Vehicle depreciation expense capitalized portion						(646,000)
28			Total Depreciable Plant		$5,859,911,249	$141,038,551	$236,856,013	$6,237,805,813	$156,626,244
29									
30			UOP Property		$246,989,796	$227,044	$0	$247,216,840	$4,042,597
31									
32			Non Depreciable UPIS		$36,467,589	$0	$0	$36,467,589	$0
33									
34			Amortization of CAC and CIAC		($5,889,770)	($78,470)	($91,800)	$0	($6,060,040)
35									
36			Cost of Removal Liability Amortization		$0	$0	$0	$0	($1,200,000)
37									
38			Total		$6,137,478,864	$141,187,125	$236,764,214	$6,521,490,243	$153,408,801
39									
40			Post-Test Year Depreciation Expense						$153,408,801
41									

New Jersey-American Water Company, Inc.
Statement of Depreciation
Total Wastewater

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: John S. Tomac

Line No.	Utility Account	NARUC Account	Description	Rate	UPIS Balance @ 03/2022	Net Plant Adds to 06/2022	Net Plant Adds to 12/2022	(Col. 2+3+4) UPIS Balance @ 12/2022	(Col. 1x5) Post-Test Year Expense
				(1)	(2)	(3)	(4)	(5)	(6)
1	354200	324	WW Struct & Imp Collection	2.69%	$15,704,455	$980,730	$6,884,910	$23,570,094	$634,036
2	354300	330	WW Struct & Imp Pumping	2.56%	4,459,175	365,857	0	4,825,032	123,521
3	354400	340	WW Struct & Imp Treatment	1.98%	4,535,549	0	0	4,535,549	89,804
4	354500	340	WW Struct & Imp General	2.61%	4,872,238	0	0	4,872,238	127,165
5	354510	340	WW Struct & Imp Gen Leased	0.00%	0	0	0	0	0
6	355200	389	WW Pwr Gen Equip Collection	4.21%	673,309	252,533	0	925,842	38,978
7	355400	389	WW Pwr Gen Equip Treatment	4.06%	712,461	0	0	712,461	28,926
8	360000	323	WW Collection Sewers Forced	1.28%	11,435,937	2,658,792	0	14,094,729	180,413
9	361100	321	WW Collecting Mains	1.03%	177,261,098	5,993,764	1,323,205	184,578,068	1,901,154
10	361101	322	WW Collecting Mains Other	1.99%	6,020,152	374,956	0	6,395,109	127,263
11	362000	324	WW Special Coll Struct	2.08%	296,381	0	0	296,381	6,165
12	363000	320	WW Services Sewer	2.25%	53,511,673	263,088	526,177	54,300,938	1,221,771
13	364000	389	WW Flow Measuring Devices	2.52%	135,753	0	0	135,753	3,421
14	370000	325	WW Receiving Wells	3.95%	1,859,849	0	0	1,859,849	73,464
15	371100	331	WW Pump Equip Elect	5.19%	19,002,396	695,022	2,414,405	22,111,823	1,147,604
16	371200	332	WW Pump Equip Oth Pwr	4.11%	1,056,724	0	0	1,056,724	43,431
17	371300	332	WW Pump Equip Misc	6.43%	87,035	0	0	87,035	5,596
18	380000	398	WW TD Equipment	3.86%	11,134,104	85,990	904,342	12,124,436	468,003
19	380050	398	WW TD Equip Grit Removal	2.64%	0	0	0	0	0
20	380100	398	WW TD Equip Sed Tanks/Acc	2.64%	0	0	0	0	0
21	380200	398	WW TD Equip Sldge/Effl Rmv	2.64%	0	0	0	0	0
22	380250	398	WW TD Equip Sldge Dig Tnk	2.64%	0	0	0	0	0
23	380300	398	WW TD Equip Sldge Dry/Filt	2.64%	0	0	0	0	0
24	380350	398	WW TD Equip Sec Trmt Filt	2.64%	0	0	0	0	0
25	380400	398	WW TD Equip Aux Effl Trmt	2.64%	0	0	0	0	0
26	380450	398	WW TD Equip Oth Sew Rem	2.64%	0	0	0	0	0
27	380500	398	WW TD Equip Chem Trmt Plt	2.64%	0	0	0	0	0
28	380600	398	WW TD Equip Oth Disp	2.64%	0	0	0	0	0
29	381000	381	WW Plant Sewers	1.84%	892,429	0	0	892,429	16,421
30	382000	349	WW Outfall Sewer Lines	1.49%	61,963	0	0	61,963	923
31	389100	389	WW Oth Plt & Misc Eqp Intang	4.59%	3,546,796	0	0	3,546,796	162,798
32	389200	389	WW Oth Plt & Misc Eqp Coll	0.00%	0	0	0	0	0
33	389600	389.1	WW Other P/E - CPS	10.43%	19,839	0	0	19,839	2,069
34	390000	391	WW Office Furniture & Equip	1.77%	13,609	4,467	8,934	27,010	478
35	390200	398	WW Computers & Peripheral	31.07%	35,663	0	0	35,663	11,080
36	390300	391	WW Computer Software	0.00%	0	0	0	0	0
37	391000	392	WW Trans Equipment	4.94%	710,883	0	0	710,883	35,118
38	391200	392	WW Trans Equip Hvy Dty Trks	2.62%	350,263	0	0	350,263	9,177
39	393000	394	WW Tool Shop & Garage Equip	14.03%	727,898	40,873	81,746	850,517	119,327
40	394000	398	WW Laboratory Equipment	3.34%	92,723	0	0	92,723	3,097
41	395000	396	WW Power Operated Equip	3.95%	495,117	0	0	495,117	19,557
42	396000	398	WW Communication Equip	8.71%	910,351	11,168	1,721,573	2,643,092	230,213
43	397000	398	WW Misc Equipment	3.09%	1,070,139	0	0	1,070,139	33,067
44	398000	398	WW Other Tangible Plant	2.93%	50,819	0	0	50,819	1,489
45	d Brook Acqui	0	Bound Brook Acquisition	1.41%	0	4,460,604	0	4,460,604	62,694
46									
47									
48									
49			Total Depreciable Plant		$321,736,780	$16,187,844	$13,865,292	$351,789,916	$6,928,224
50									
51			UOP Property		$0	$0	$0	$0	$0
52									
53			Non Depreciable UPIS		$1,712,461	$22,335	$44,670	$1,779,466	$0
54									
55			Amortization of CAC and CIAC		($566,959)	$0	$0	$0	($566,959)
56									
57			Cost of Removal Liability Amortization		$0	$0	$0	$0	$0
58									
59			Total		$322,882,282	$16,210,179	$13,909,962	$353,569,381	$6,361,264
60									
61			Post-Test Year Depreciation Expense						$6,361,264
62									

New Jersey-American Water Company, Inc.
Summary of Taxes Other than Income

9&3 Update
4/28/2022

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: Jamie D. Hawn

Exhibit No. P-2, Schedule 10
Page 1 of 1

			Test Year ending June 30, 2022			**Adjustments**			**Post-Test Year ending March 31, 2023 - Present Rates**			**Adjustments**			**Post-Test Year ending March 31, 2023 - Proposed Rates**		
Line No.		Reference Schedule	Total Water	Total Wastewater	Total Company	Total Water	Total Wastewater	Total Company	Total Water	Total Wastewater	Total Company	Total Water	Total Wastewater	Total Company	Total Water	Total Wastewater	Total Company
1																	
2	Pro Forma Taxes Under Present Rates:																
3	Property Taxes	10-3	$5,582,101	$69,047	$5,651,148	$1,154,105	$374,197	$1,528,302	$6,736,206	$443,244	$7,179,450	$0	$0	$0	$6,736,206	$443,244	$7,179,450
4	Payroll Taxes	10-4	3,859,358	115,738	3,975,097	71,621	29,751	101,371	3,930,979	145,489	4,076,468	0	0	0	3,930,979	145,489	4,076,468
5	Gross Receipts and Franchise Tax	11	104,523,689	668,471	105,192,159	(4,176)	3,018,048	3,013,873	104,519,513	3,686,519	108,206,032	11,875,849	1,633,020	13,508,869	116,395,362	5,319,539	121,714,901
6	Utility Assessment	12	2,096,307	3,300	2,099,607	(821)	69,865	69,044	2,095,486	73,165	2,168,651	233,502	32,392	265,894	2,328,988	105,557	2,434,545
7	Water Monitoring Tax	13	673,509	0	673,509	(39,201)	0	(39,201)	634,308	0	634,308	0	0	0	634,308	0	634,308
8	Other Taxes		77,722	4,356	82,079	0	0	0	77,722	4,356	82,079	0	0	0	77,722	4,356	82,079
9	Total Taxes Other Than Income		$116,812,686	$860,913	$117,673,599	$1,181,528	$3,491,861	$4,673,389	$117,994,214	$4,352,773	$122,346,988	$12,109,351	$1,665,412	$13,774,763	$130,103,565	$6,018,185	$136,121,751
10																	

New Jersey-American Water Company, Inc.
Gross Receipts and Franchise Tax

9&3 Update
4/28/2022

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: Jamie D. Hawn

Exhibit No. P-2, Schedule 11

Line No.		Post-Test Year ending March 31, 2023 - Present Rates			Adjustments			Post-Test Year ending March 31, 2023 - Proposed Rates		
		Total Water	Total Wastewater	Total Company	Total Water	Total Wastewater	Total Company	Total Water	Total Wastewater	Total Company
1										
2										
3	Total Revenues (Exhibit P-2, Schedule 4)	$780,575,737	$27,254,298	$807,830,035	$86,980,008	$12,065,939	$99,045,947	$867,555,745	$39,320,237	$906,875,982
4	Less:						0			
5	Sales to Exempt Utilities	(9,701,832)	0	(9,701,832)	0	0	0	(9,701,832)	0	(9,701,832)
6	Other Operating Revenues	(5,361,623)	(15,627)	(5,377,250)	0	0	0	(5,361,623)	(15,627)	(5,377,250)
7										
8	Basis for Gross Receipts and Franchise Tax (a)	$765,512,282	$27,238,671	$792,750,953	$86,980,008	$12,065,939	$99,045,947	$852,492,290	$39,304,610	$891,796,900
9										
10	Gross Receipts Tax Rate[1] (b)	8.4375%	8.4375%	8.4375%	8.4375%	8.4375%	8.4375%	8.4375%	8.4375%	8.4375%
11	Post-Test Year Gross Receipts Tax Amount (a*b)=(c)	$64,590,099	$2,298,263	$66,888,362	$7,338,938	$1,018,064	$8,357,002	$71,929,037	$3,316,326	$75,245,363
12										
13	*Franchise Tax Calculation*									
14	Miles of Main (Public) %[2] (d)	92.7296%	90.6069%	92.6566%	92.7296%	90.6069%	92.4710%	92.7296%	90.6069%	92.6360%
15	Basis for Franchise Tax (a*d)=(e)	$709,856,256	$24,680,102	$734,536,358	$80,656,188	$10,932,567	$91,588,755	$790,512,444	$35,612,670	$826,125,114
16										
17	Franchise Tax Rate[3] (f)	5.625%	5.625%	5.625%	5.625%	5.625%	5.625%	5.625%	5.625%	5.625%
18	Post-Test Year Franchise Tax Amount (e*f)=(g)	$39,929,414	$1,388,256	$41,317,670	$4,536,911	$614,957	$5,151,868	$44,466,325	$2,003,213	$46,469,538
19										
20	Total Post-Test Year GRAFT Amount (c+g)=(h)	$104,519,513	$3,686,519	$108,206,032	$11,875,849	$1,633,021	$13,508,870	$116,395,362	$5,319,539	$121,714,901
21										
22	Test Year Expense	104,523,689	668,471	105,192,159		Post-Test Year - Under Present Rates		104,519,513	3,686,519	108,206,032
23										
24	Post-Test Year Adjustment	($4,176)	$3,018,048	$3,013,873		Post-Test Year Proposed Adjustment		$11,875,849	$1,633,020	$13,508,869
25										
26	Post-Test Year GRAFT Tax Rate (h/a)=(i)	**13.6535%**	**13.5341%**	**13.6494%**				**13.6535%**	**13.5341%**	**13.6483%**
27										

28 [1] Tax Rate reflects a combined rate of 8.4375% (Gross Receipts Tax of 7.5% and Surtax of 0.9375%).
29 [2] Reflects percent of miles of main in public streets, 94.0275% overall for Water and 83.2906% overall for Wastewater.
30 [3] Tax Rate reflects a combined rate of 5.625% (Franchise Tax of 5% and Surtax of 0.625%).

New Jersey-American Water Company, Inc.
Utility Assessments

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: Jamie D. Hawn

Exhibit No. P-2, Schedule 12
Page 1 of 1

Line No.		Post-Test Year ending March 31, 2023 - Present Rates			Adjustments			Post-Test Year ending March 31, 2023 - Proposed Rates		
		Total Water	Total Wastewater	Total Company	Total Water	Total Wastewater	Total Company	Total Water	Total Wastewater	Total Company
1										
2	Total Revenues (Exhibit P-2, Schedule 4)	$780,575,737	$27,254,298	$807,830,035	$86,980,008	$12,065,939	$99,045,947	$867,555,745	$39,320,237	$906,875,982
3										
4	Assessment Rates:									
5	Board of Public Utilities	0.002154	0.002154					0.002154	0.002154	
6	Division of Rate Counsel	0.000531	0.000531					0.000531	0.000531	
7	Total Assessment Rate	0.002685	0.002685	0.002685				0.002685	0.002685	0.002685
8										
9	Post-Test Year Assessment Expense	$2,095,486	$73,165	$2,168,651	$233,502	$32,392	$265,894	$2,328,988	$105,557	$2,434,545
10										
11	Test Year Expense	2,096,307	3,300	2,099,607		Post-Test Year - Under Present Rates		2,095,486	73,165	2,168,651
12										
13	Post-Test Year Adjustment	($821)	$69,865	$69,044		Post-Test Year Proposed Adjustment		$233,502	$32,392	$265,894
14										
15										
16										
17										
18										
19										

New Jersey-American Water Company, Inc.
Water Monitoring Tax

9&3 Update
4/28/2022

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: Jamie D. Hawn

Exhibit No. P-2, Schedule 13

Line No.		Post-Test Year ending March 31, 2023 - Present Rates			Adjustments			Post-Test Year ending March 31, 2023 - Proposed Rates		
		Total Water	Total Wastewater	Total Company	Total Water	Total Wastewater	Total Company	Total Water	Total Wastewater	Total Company
1										
2	Total Gallons Metered Systems (thousand gallons)	79,965,451	0	79,965,451	0	0	0	79,965,451	0	79,965,451
3	Less:									
4	Gallons purchased by consumer for resale	(16,534,602)	0	(16,534,602)	0	0	0	(16,534,602)		(16,534,602)
5										
6	Taxable Gallons (thousand gallons)	63,430,850	0	63,430,850	0	0	0	63,430,850	0	63,430,850
7										
8	Water Monitoring Tax Rate	$0.01	$0.00		$0.01	$0.00		$0.01	$0.00	
9										
10	Post-Test Year Water Monitoring Tax	$634,308	$0	$634,308	$0	$0	$0	$634,308	$0	$634,308
11										
12	Test Year Expense	673,509	0	673,509		Post-Test Year - Under Present Rates		634,308	0	634,308
13										
14	Post-Test Year Adjustment	($39,201)	$0	($39,201)		Post-Test Year Proposed Adjustment		$0	$0	$0
15										
16										
17										
18										

New Jersey-American Water Company, Inc.
Federal Income Tax Calculation

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: Jamie D. Hawn

Exhibit No. P-2, Schedule 14
Page 1 of 1

Line No.		Reference Schedule	Post-Test Year ending March 31, 2023 - Present Rates Total Water	Total Wastewater	Total Company	Post-Test Year ending March 31, 2023 - Proposed Rates Total Water	Total Wastewater	Total Company
1								
2	Operating revenue		$780,575,737	$27,254,298	$807,830,035	$867,555,745	$39,320,237	$906,875,982
3								
4	Less:							
5	Operation and maintenance expense	6	$224,278,702	$9,649,715	$233,928,417	$224,631,859	$9,698,705	$234,330,564
6	Depreciation expense	8	153,408,801	6,361,264	159,770,065	153,408,801	6,361,264	159,770,065
7	Amortization of acquisition adjustments	8	268,188	1,636	269,824	268,188	1,636	269,824
8	Taxes other than income	10	117,994,214	4,352,773	122,346,988	130,103,564	6,018,185	136,121,750
9	Interest charges	14-43	71,650,809	3,366,396	75,017,205	71,650,809	3,366,396	75,017,205
10	Permanent book/tax differences		(135,097)	0	(135,097)	(135,097)	0	(135,097)
11	Excess tax depreciation over book	15-20	120,079,214	6,319,959	126,399,173	120,079,214	6,319,959	126,399,173
12								
13	Total deductions		$687,544,831	$30,051,744	$717,596,575	$700,007,338	$31,766,146	$731,773,484
14								
15	Taxable income		$93,030,906	($2,797,446)	$90,233,460	$167,548,407	$7,554,091	$175,102,498
16								
17	Tax Rate		21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
18								
19	Federal income tax (current)		$19,536,490	($587,464)	$18,949,026	$35,185,165	$1,586,359	$36,771,524
20								
21								
22	Deferred federal income tax:							
23	Excess tax depreciation over book	15-20	$120,079,214	$6,319,959	$126,399,173	$120,079,214	$6,319,959	$126,399,173
24	Tax rate		21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
25	Net		25,216,635	1,327,191	26,543,826	25,216,635	1,327,191	26,543,826
26	Reverse South Georgia adjustment	15-20	(138,346)	0	(138,346)	(138,346)	0	(138,346)
27								
28	Deferred F.I.T. (accel.depr.)		$25,078,289	$1,327,191	$26,405,480	$25,078,289	$1,327,191	$26,405,480
29								
30	Deferred federal income tax:							
31	Amortization of excess deferred tax-TCJA	15-21	($12,374,693)	$0	($12,374,693)	($12,374,693)	$0	($12,374,693)
32	Amortization of ITC	15-18	(319,868)	0	(319,868)	(319,868)	0	(319,868)
33	Amortization of flow through tax-prior	15-20	704,879	0	704,879	704,879	0	704,879
34								
35								
36	Total Federal Income Tax		$32,625,096	$739,727	$33,364,823	$48,273,771	$2,913,550	$51,187,321
37								
38	Notes:							
39	(1) Interest synchronization calculation:							
40	Rate Base	15	$4,070,591,397	$191,250,098	$4,261,841,495	$4,070,591,397	$191,250,098	$4,261,841,495
41	Weighted Cost of Debt	16	1.7602%	1.7602%	1.7602%	1.7602%	1.7602%	1.7602%
42								
43	Interest Charges		$71,650,809	$3,366,396	$75,017,205	$71,650,809	$3,366,396	$75,017,205
44								
45								
46								

New Jersey-American Water Company, Inc.
Statement of Rate Base

9&3 Update
4/28/2022

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: John S. Tomac

Exhibit No. P-2, Schedule 15

Line No.		Reference Schedule	March 2022 Total Water	March 2022 Total Wastewater	March 2022 Total Company	Test Year at June 2022 Total Water	Test Year at June 2022 Total Wastewater	Test Year at June 2022 Total Company	Post-Test Year at December 2022 Total Water	Post-Test Year at December 2022 Total Wastewater	Post-Test Year at December 2022 Total Company
1											
2											
3	Utility plant in service	15-3	$6,143,595,675	$323,449,242	$6,467,044,917	$6,284,634,226	$339,659,420	$6,624,293,646	$6,521,490,240	$353,569,381	$6,875,059,621
4	Accum depreciation & Amtz UPIS	15-4	(1,392,660,660)	(70,992,642)	(1,463,653,303)	(1,405,291,232)	(72,003,209)	(1,477,294,441)	(1,435,588,703)	(72,423,166)	(1,508,011,868)
5											
6	Net utility plant		$4,750,935,015	$252,456,600	$5,003,391,615	$4,879,342,994	$267,656,211	$5,146,999,205	$5,085,901,538	$281,146,215	$5,367,047,753
7	Add:										
8	Cash Working Capital		$89,000,000	$0	$89,000,000	$89,000,000	$0	$89,000,000	$89,000,000	$0	$89,000,000
9	Utility plant acquisition adj.	15-9	1,911,505	30,439	1,941,944	1,874,416	30,030	1,904,446	1,800,239	29,212	1,829,451
10	Prepayments	15-10	3,227,649	20,642	3,248,291	3,227,649	20,642	3,248,291	3,227,649	20,642	3,248,291
11	Materials & supplies	15-11	14,294,154	91,417	14,385,571	14,294,154	91,417	14,385,571	14,294,154	91,417	14,385,571
12											
13	Sub-total		$108,433,308	$142,498	$108,575,806	$108,396,219	$142,089	$108,538,309	$108,322,042	$141,271	$108,463,314
14	Deduct:										
15	Customer advances for constr.	15-15	$83,922,243	$8,464,975	$92,387,218	$84,309,203	$8,464,975	$92,774,178	$85,083,123	$8,464,975	$93,548,098
16	Contributions in aid of constr.	15-15	200,911,374	35,162,164	236,073,538	199,447,990	35,021,511	234,469,501	196,516,222	34,740,207	231,256,429
17	MTBE & Alum. Sulfate Settlements	15-17	4,292,304	2,789,538	7,081,842	4,256,178	2,766,060	7,022,239	4,183,928	2,719,105	6,903,033
18	Pre-1971 I.T.C.	15-18	225,920	13,702	239,622	223,270	13,582	236,852	217,969	13,342	231,311
19	Consolidated FIT	17	20,461,810	1,077,277	21,539,087	20,461,810	1,077,277	21,539,087	20,461,810	1,077,277	21,539,087
20	Deferred FIT (accel. depr.)	15-20	542,911,611	28,583,318	571,494,929	552,788,274	29,103,306	581,891,581	564,490,242	29,719,394	594,209,636
21	Excess ADIT-TCJA Liability	15-21	264,684,800	13,935,178	278,619,978	258,363,203	13,602,357	271,965,560	252,678,889	13,303,088	265,981,977
22											
23	Sub-total		$1,117,410,062	$90,026,152	$1,207,436,214	$1,119,849,928	$90,049,070	$1,209,898,998	$1,123,632,183	$90,037,389	$1,213,669,572
24											
25	Total rate base		$3,741,958,261	$162,572,946	$3,904,531,207	$3,867,889,286	$177,749,230	$4,045,638,516	$4,070,591,397	$191,250,098	$4,261,841,495
26											

New Jersey-American Water Company, Inc.
Weighted Cost of Capital
Total Company

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: John S. Tomac

Exhibit No. P-2, Schedule 16

Post-Test Year at December 31, 2022

Line No.	Type of Capital	Reference Schedule	Balance Outstanding	Ratios	Cost Rate	Weighted Cost Rate	Pre-tax Rate of Return
1							
2	Long-Term Debt	16-2	$1,932,697,376	45.4400%	3.8737%	1.7602%	1.7602%
3							
4	Preferred Stock		0	0.0000%		0.0000%	0.0000%
5							
6	Common Equity		2,320,693,726	54.5600%	10.5000%	5.7288%	7.2516%
7							
8			$4,253,391,102	100.0000%		7.4890%	9.0119%
9							
10							

New Jersey-American Water Company, Inc.
Docket No. WR22010019
Witness: John S. Tomac
CONFIDENTIAL

CONFIDENTIAL Exhibit P-2, Schedule 17 will be provided to Staff and Rate Counsel only pursuant to the Agreement of Non-Disclosure