



November 17, 2023

**Via Electronic Mail**

Hon. Sherri Golden, Secretary  
Board of Public Utilities  
44 South Clinton Avenue  
P.O. Box 350  
Trenton, NJ 08625-0350

**Re: I/M/O the Petition of New Jersey-American Water Company, Inc. Approval of  
Proposed Cost Recovery of Lead Service Replacement Plan  
Third Surcharge Filing  
BPU Docket No. WR22010017**

Dear Secretary Golden:

Enclosed for filing on behalf of New Jersey-American Water Company, Inc. (the “Company” or “NJAWC”) in the above-referenced matter, please find the Company’s Lead Service Line Replacement (“LSLR”) charge calculation for the May 1, 2023 to October 31, 2023 LSLR Recovery Period (the “Third LSLR Plan Surcharge Filing”).

Based on recent discussion with the Board Staff, the Company is including updated information received during the LSLR process. The Company filed its plan in 2022 with the most recent information and cost estimates. Since that time, not only have costs associated with the replacements increased, but certain town ordinances or permits are now requiring full restoration of disturbed grounds and additional safety measures (police or traffic control). Additionally, the records pertaining to the customer-side line are not maintained by the Company; therefore, once a customer-side line has been replaced, it is a manual process to incorporate the details of the property records for tracking and reporting purpose. A timing issue in recording such replacements has been identified. The Company plans to update the number of actual replacements in its annual (calendar year) reconciliation. In providing the update, the Company will align the number of replacements associated with the cost of the replacements included in the surcharge to customers.

As requested, the Company is including in this filing a revised Schedule A which reflects the original number of replacements and a revised number of replacements (to date) related to the Second LSLR Plan Surcharge Filing to demonstrate the impact of the timing issue.

Separately, the Company recognizes that the calculation results for the Third LSLR Plan Surcharge Filing exceed the noticed bill impact. The fixed surcharge proposed for the non-GMS customer is therefore limited to the maximum noticed bill impact amount. Any under- or over-collection will be included in the annual (calendar year) reconciliation.

The Third LSLR Plan Surcharge Filing consists of the following:

- A. Revised surcharge filing #2 – Customer-side lead service line replacement summary (Revised Surcharge Filing #2 Schedule A)
- B. Customer-side lead service line replacement summary (Schedule A)
- C. The LSLR Surcharge Plan Filing surcharge calculation (Schedule B)
- D. Rate Schedule O-2 Lead Service Line Replacement Charge (Second Revised Sheet No. 40.2) – with an effective date of January 1, 2024 (Schedule C)

Please do not hesitate to contact me if you have any questions or require any additional information regarding this filing.

Respectfully submitted,



Christopher M. Arfaa

CMA:dlc

Enc.

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

**I/M/O the Petition of New Jersey American Water Company, Inc. for  
Approval of Proposed Cost Recovery of Lead Service Replacement Plan  
BPU Docket No. WR22010017**

**Service List**

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**I/M/O the Petition of New Jersey American Water Company, Inc. for  
Approval of Proposed Cost Recovery of Lead Service Replacement Plan  
BPU Docket No. WR22010017**

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**I/M/O the Petition of New Jersey American Water Company, Inc. for  
Approval of Proposed Cost Recovery of Lead Service Replacement Plan  
BPU Docket No. WR22010017**

**Service List**

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New Jersey-American Water Company, Inc.  
Customer Lead Service Line Replacement - Docket No. WR22010017  
Summary of Replacements - Surcharge Filing #2

Line No.	Area Location	No. of Replacements (Original)	No. of Replacements (Revised)
1	Absecon	2	2
2	Asbury Park	1	8
3	Audubon	6	6
4	Barrington	1	1
5	Basking Ridge	1	
6	Bay Head		7
7	Bedminster	1	1
8	Belvidere	32	48
9	Berkeley Heights	1	1
10	Bernards Twp		1
11	Bernardsville	1	1
12	Beverly	1	1
13	Bound Brook	3	
14	Bound Brook Borough		4
15	Bradley Beach	2	2
16	Branchburg	1	
17	Branchburg Twp		1
18	Brick Twp		1
19	Brookside	1	
20	Budd Lake	2	
21	Camden	2	2
22	Chatham	2	
23	Chatham Twp		5
24	Clark	1	
25	Clark Twp		1
26	Cranford	4	
27	Cranford Twp		4
28	Deal		1
29	Dunellen	1	
30	Dunellen Borough		1
31	Eatontown	14	19
32	Edison	1	
33	Edison Twp		1
34	Elberon	1	
35	Fair Haven	2	4
36	Frenchtown	2	
37	Frenchtown Borough		2
38	Garwood	3	
39	Garwood Borough		4
40	Gillette	2	
41	Haddon Heights	4	4
42	Haddon Twp		1
43	Haddonfield	15	15
44	Hainesport Township	1	
45	Hainesport Twp		1
46	Hillside	14	220
47	Holmdel	1	1
48	Irvington	371	475
49	Jamesburg	1	1
50	Kenilworth	3	3
51	Lakewood	6	7
52	Laurel Springs	3	3
53	Leonardo	1	
54	Lincroft	1	
55	Lindenwold	3	3
56	Little Silver	1	4
57	Loch Arbour		1

New Jersey-American Water Company, Inc.  
Customer Lead Service Line Replacement - Docket No. WR22010017  
Summary of Replacements - Surcharge Filing #2

Line No.	Area Location	No. of Replacements (Original)	No. of Replacements (Revised)
58	Long Branch	4	16
59	Long Hill Twp		3
60	Lumberton Township	1	
61	Lumberton Twp		1
62	Magnolia	2	2
63	Maplewood	12	19
64	Mendham Twp		1
65	Middlesex	2	
66	Middlesex Borough		2
67	Middletown		16
68	Millburn	9	14
69	Millington	1	
70	Mount Holly	4	
71	Mount Holly Twp		7
72	Mountainside	1	
73	Mountainside Borough		2
74	Mt Olive		2
75	Neptune	2	15
76	Neptune City		1
77	Newark	1	
78	North Plainfield	11	
79	North Plainfield Borough		13
80	Northfield	2	3
81	Null		2
82	Oakhurst	2	
83	Oaklyn	3	2
84	Ocean		5
85	Ocean City	20	28
86	Ocean Grove	2	
87	Oceanport		2
88	Piscataway	4	
89	Piscataway Twp		4
90	Plainfield	19	
91	Plainfield City		24
92	Plainsboro	1	
93	Plainsboro Twp		1
94	Pleasantville	8	8
95	Princeton	9	
96	Princeton Borough		8
97	Princeton Twp		2
98	Red Bank	3	2
99	Riverside	2	2
100	Roselle	3	
101	Roselle Borough		5
102	Roselle Park	4	
103	Roselle Park Boro		4
104	Rumson	1	1
105	Runnemede	1	1
106	Scotch Plains	1	
107	Scotch Plains Twp		1
108	Short Hills	5	
109	Shrewsbury	9	16
110	Somers Point	1	1
111	Somerville	1	
112	Somerville Borough		3
113	South Plainfield	2	
114	South Plainfield Boro		6

New Jersey-American Water Company, Inc.  
Customer Lead Service Line Replacement - Docket No. WR22010017  
Summary of Replacements - Surcharge Filing #2

Line No.	Area Location	No. of Replacements (Original)	No. of Replacements (Revised)
115	Springfield	1	1
116	Stratford	2	2
117	Strathmere	9	
118	Summit	14	27
119	Tinton Falls		3
120	Union	10	
121	Union Beach		1
122	Union Twp		12
123	Upper Twp		8
124	Vauxhall	2	
125	W Paterson	24	
126	Wanamassa	1	
127	Washington	98	
128	Washington Borough		95
129	Washington Twp		3
130	Watchung	1	
131	Watchung Borough		1
132	West Long Branch	1	3
133	West Orange	27	31
134	Westfield	2	3
135	Winfield Twp		1
136	Woodland Park	1	25
<b>Total</b>		<b>862</b>	<b>1,329</b>



**New Jersey-American Water Company, Inc.**  
**Customer Lead Service Line Replacement - Docket No. WR22010017**  
**Summary of Replacements - Surcharge Filing #3**

**Schedule A**

<b>Line No.</b>	<b>Area Location</b>	<b>No. of Replacements*</b>
1	Absecon	12
2	Allenhurst	1
3	Asbury Park	6
4	Audubon	276
5	Barrington	3
6	Bay Head	5
7	Bellmawr	1
8	Belvidere	3
9	Berkeley Heights	2
10	Bernardsville	1
11	Beverly	1
12	Bound Brook Borough	4
13	Bradley Beach	5
14	Carneys Point	6
15	Chatham Twp	3
16	Chester Borough	1
17	Cinnaminson	2
18	Cranford Twp	4
19	Deal	10
20	Delanco	1
21	Delran	3
22	Eatontown	4
23	Egg Harbor City	1
24	Egg Harbor Twp	2
25	Fair Haven	12
26	Fanwood	4
27	Frenchtown Borough	127
28	Garwood Borough	1
29	Haddon Heights	153
30	Haddon Twp	1
31	Haddonfield	22
32	Hainesport Twp	9
33	Harrison Twp	2
34	Hillside	458
35	Hi-Nella	1
36	Interlaken	1
37	Irvington	350
38	Kenilworth	7
39	Lakewood	3
40	Laurel Springs	3
41	Linden City	4
42	Lindenwold	2
43	Linwood	28
44	Little Falls	8
45	Little Silver	10
46	Long Branch	14
47	Long Hill Twp	1
48	Lumberton Twp	2
49	Magnolia	1

**New Jersey-American Water Company, Inc.**  
**Customer Lead Service Line Replacement - Docket No. WR22010017**  
**Summary of Replacements - Surcharge Filing #3**

**Schedule A**

<b>Line No.</b>	<b>Area Location</b>	<b>No. of Replacements*</b>
50	Maplewood	40
51	Middle Twp	11
52	Middletown	69
53	Millburn	19
54	Monmouth Beach	1
55	Mount Holly Twp	32
56	Mt Ephraim	3
57	Mt Olive	8
58	Neptune	37
59	Neptune City	7
60	North Plainfield Borough	10
61	Northfield	5
62	Null	43
63	Oaklyn	2
64	Ocean	2
65	Ocean City	108
66	Oceanport	6
67	Oldmans	1
68	Palmyra	2
69	Piscataway Twp	4
70	Plainfield City	19
71	Pleasantville	41
72	Plumsted Twp	17
73	Princeton Borough	4
74	Rahway	1
75	Red Bank	2
76	Riverside	8
77	Riverton	1
78	Roselle Borough	6
79	Roselle Park Boro	4
80	Roxbury Township	15
81	Rumson	9
82	Runnemede	2
83	Scotch Plains Twp	1
84	Sea Bright	1
85	Shrewsbury	20
86	Somers Point	10
87	South Plainfield Boro	7
88	Southampton Twp	1
89	Springfield	1
90	Stratford	9
91	Summit	10
92	Union Beach	2
93	Union Twp	24
94	Washington Borough	76

New Jersey-American Water Company, Inc.  
Customer Lead Service Line Replacement - Docket No. WR22010017  
Summary of Replacements - Surcharge Filing #3

Schedule A

<b>Line No.</b>	<b>Area Location</b>	<b>No. of Replacements*</b>
95	Washington Twp	10
96	Watchung Borough	1
97	West Long Branch	3
98	West Orange	9
99	Westfield	4
100	White Twp	1
	<b>Total</b>	<b>2,310</b>

\*No. of Replacements at time of filing does not necessarily reflect all replacements due to timing of reporting.  
The Company will update the number of replacements in the annual reconciliation filing.

New Jersey-American Water Company, Inc.  
Customer Lead Service Line Replacement - Docket No. WR22010017  
Surcharge Filing #3 - November 2023

Schedule B

Line No.	Deferred Costs Description	Total Surcharge Amount (5/1/2023 - 10/31/2023)
1		
2	Customer Lead Service Lines - Replacements	\$27,338,236
3	Customer Lead Service Lines - Communication	728,860
4	Deferred Debt cost <sup>1</sup>	<u>262,010</u>
5	Total O&M Expense, including debt	\$28,329,106

6

7 <sup>1</sup> Cost of Debt per the Company's base rate cases

8	Docket No.	Annual	Effective Date
9	WR22010019	3.9018%	9/1/2022

10

11

12 **Docket No. WR22010019 - Revenue Allocation**

13

14	Classification	Total Revenue	Percent
15	Rate Schedule - GMS	\$682,957,134	87.48%
16	Rate Schedule - Non-GMS	97,770,453	12.52%
17	<b>Total</b>	<b>\$780,727,587</b>	<b>100.00%</b>

18

19

20 **Rate Design - Surcharge per classification**

21

22	Classification	Customer Count at 10/31/2023	Usage(TG) - 6 months <sup>2</sup>	Semi- Annual Surcharge Amount	Semi - Annual Rate per Customer <sup>3</sup>	Monthly Surcharge Rate	Monthly Impact <sup>4</sup>
23	Rate Schedules - GMS		37,374,982	\$24,781,454	\$0.6630	\$0.6630	\$3.66
24	Rate Schedule - Non-GMS <sup>5</sup>	12,887		<u>3,547,652</u>	\$275.29	\$21.24	
25				\$28,329,106			

26 <sup>2</sup> Usage for the six-months ended October 31, 2023

27 <sup>3</sup> GMS is the rate per 1,000 gallons. Non-GMS is the cost per customer.

28 <sup>4</sup> GMS impact using the average monthly customer usage of 5,520 gallons.

29 <sup>5</sup> Monthly surcharge amount exceeded noticed amount. Surcharge implemented is limited to the maximum noticed bill impact amount of \$21.24.

**RATE SCHEDULE O-2**  
**LEAD SERVICE LINE REPLACEMENT CHARGE****APPLICABILITY**

Applicable to all water customer classes served by the Company in all service areas for water service taking service under Rate Schedules A-1 through A-16 (GMS) and C, D, E, F, G, H, I, J, and L-1 through L12 (non-GMS). The Lead Service Line Replacement Charge is designed to recover project costs associated with replacing customer-owned lead service lines.

**CHARACTER**

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

**LEAD SERVICE LINE REPLACEMENT CHARGE (LSLRC)**

In addition to all other charges for GMS and non-GMS customers throughout the entire territory served, the following charges will be assessed as follows commencing January 1, 2024:

- For each surcharge period, revenue responsibility shall be assigned to GMS customers on a volumetric basis in the same proportion as total revenue requirements were assigned to GMS in the Company's most recently concluded base rate case. Then the balance of the revenue responsibility shall be assigned to non-GMS as a fixed per customer surcharge based on the aggregate customer count of non-GMS customers.
- The non-GMS customer count and GMS volumetric usage will be updated with each surcharge filing. The non-GMS customer count will be updated to reflect the count at the end of the month prior to each surcharge filing. The GMS usage will be updated to reflect the actual usage from the six-month period during which the costs were incurred.
- GMS and non-GMS LSLRC revenue requirement allocation percentages will be updated following each base rate proceeding during the LSLRC recovery period.

**RATE**

This charge is in addition to Rate Schedules A-1 through A-16 (GMS) and C, D, E, F, G, H, I, J, and L-1 through L12 (non-GMS). The surcharge amounts for GMS and Non-GMS customers are as follows:

<u>GMS</u> <u>Rate Per 1,000 Gallons</u>	<u>Non-GMS</u> <u>Fixed Charge Per Month</u>
\$ 0.6630	\$21.24

The recovery of these costs will be shown as a LSLRC surcharge on each customer's bill.

**FILING**

The LSLRC is authorized pursuant to N.J.S. A. 58:12A-40, et seq. (Lead Service Line Replacement Law) and the procedures for filing, approving and implementing the LSLRC are set forth therein, along with the Company's Lead Service Line Replacement Plan, which was reviewed and approved by the Board of Public Utilities in BPU Docket No. WR22010017 on October 12, 2022, and the BPU Order approving said Plan.

The approval process for implementing this surcharge includes public notice and hearing. The notice included a proposed surcharge amount based on the actual project costs associated with the replacement of customer-owned lead service lines incurred by the Company between July 1, 2020 and October 31, 2022, as well as estimated surcharge amounts for the first five years of the lead service line replacement program, which were estimated based on estimated construction schedules, costs and other factors described in the approved Lead Service Line Replacement Plan. Pursuant to the approved Lead Service Line Replacement Plan, the Company shall endeavor to make semi-annual LSLRC filings at approximately six-month intervals. In addition, to ensure that customers are surcharged the proper amount, the Company will reconcile any over- or under-collections on an annual basis as part of its surcharge filings.

**TERMS OF PAYMENT**

See Rate Schedules for applicable customer classes.

**CONDITIONS**

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

Issued: November 17, 2023

Effective: January 1, 2024

By: Mark K. McDonough, President  
1 Water Street, Camden, NJ 08102

Filed pursuant to Order of the Board of Public Utilities entered in  
Docket No. WR22010017 dated October 12, 2022.