



November 15, 2023

**Via Electronic Mail**

Hon. Sherri L. Golden, Secretary  
Board of Public Utilities  
44 South Clinton Ave, 1<sup>st</sup> Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

**Re: New Jersey-American Water Company, Inc.  
Wastewater System Improvement Charge (“WSIC”) – Fourth Surcharge Filing  
BPU Docket No. WR21060917**

Dear Secretary Golden:

Enclosed for filing on behalf of New Jersey-American Water Company, Inc. (the “Company” or “NJAWC”) in the above-referenced matter (the “First WSIC Foundational Filing”), please find the Company’s Wastewater System Improvement Charge (“WSIC”) calculation for the May 1, 2023, to October 31, 2023 WSIC Recovery Period, as well as the following revised tariff sheet with an effective date of December 30, 2023:

- Third Revised Sheet No. 55.1

The filing consists of Schedule A, the calculation of the fourth surcharge under the First WSIC Foundational Filing; Schedule B, the WSIC surcharge bill impact and proof of revenue; Schedule B1, the WSIC surcharge reconciliation calculation for the prior period; Schedule C, the detailed main replacement and rehabilitation list; and Schedule D, the breakdown of blanket cleanouts, manholes and service laterals, unscheduled main replacements and the plant comprising the base spending for the recovery period. Schedule E, the Company’s confidential annual Earnings Test for the twelve months ended October 31, 2023, is being provided in redacted form. The confidential version will be filed separately, along with a request for confidential treatment of this information.

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.)

**Petition of New Jersey-American Water Company, Inc. for Authorization to Implement a  
Wastewater System Improvement Charge**

**Docket No. WR21060917**

**SERVICE LIST**

**New Jersey-American Water Company, Inc.**

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**RATE SCHEDULE 9-A.1**  
**WASTEWATER SYSTEM IMPROVEMENT CHARGE**

Applicable to all wastewater treatment and service customers on Rate Schedules 1-A, 2-A, 3-A, 5-A, 6-A, 10-A, 11-A and 12-A.

**CHARACTER**

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

**WASTEWATER SYSTEM IMPROVEMENT CHARGE (WSIC)**

In addition to all other charges for wastewater collection and treatment throughout the entire territory served, the following charges will be assessed on a fixed, per meter or meter equivalent basis for each monthly bill, commencing December 30, 2023.

**RATE**

This charge is in addition to Rate Schedules 1-A, 2-A, 3-A, 5-A, 6-A, 10-A, 11-A and 12-A.

<u>Size of Meter</u>	<u>Non-Exempt Per Month</u>	<u>Exempt Per Month</u>
5/8"	\$2.85	\$2.46
3/4"	4.27	3.69
1"	7.12	6.15
1 1/2"	14.25	12.31
2"	22.80	19.69
3"	42.74	36.92
4"	71.24	61.53
6"	142.48	123.06
8"	227.97	196.90
10"	284.96	246.12
12"	356.20	307.66
16"	569.91	492.25

**FILING**

The WSIC is authorized pursuant to N.J.A.C. 14:9-11.1 et seq. and the procedures for filing, reviewing, approving and implementing the WSIC are set forth therein. The WSIC is based on the Company's Foundational Filing, which was reviewed and approved by the Board of Public Utilities on October 6, 2021. The approval process included public notice and public hearings. The notice included proposed surcharge amounts, which were estimated based on projected construction schedules, costs and other factors. Pursuant to the approved Foundational Filing, the Company shall endeavor to make semi-annual WSIC filings at approximately six-month intervals. The WSIC is subject to a maximum amount and other limitations in N.J.A.C. 14:9-11.1 et seq.

**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.

**SPECIAL PROVISION**

\*Non-Exempt consumption charges reflect a water tax of \$.01 per 1,000 gallons of water consumed pursuant to N.J.S.A. 58:12A-21(a). Exempt consumption charges reflect a water tax of \$.01 multiplied by 0.863727 per 1,000 gallons. This water tax is not applicable for sales for resale service.

	WSIC Surcharge Filing #1 11/1/21-4/30/22	WSIC Surcharge Filing #2 5/1/22-10/31/22	WSIC Surcharge Filing #3 11/1/22-4/30/23	WSIC Surcharge Filing #4 5/1/23-10/31/23	Total
Total Proposed WSIC Additions	\$9,002,483	\$5,711,604	\$8,346,877	\$3,847,662	\$26,908,626
Less: Base Expenditures	(1,322,155)	(1,091,185)	(2,413,340)	-	(4,826,680)
Eligible Investment (Qualified WSIC Additions to UPIS During WSIC Period)	\$7,680,329	\$4,620,419	\$5,933,537	\$3,847,662	\$22,081,947 (A)
Less: Accum Depr	(24,827)	(64,589)	(98,705)	(130,322)	(318,442) (B)
Less: Deferred Tax	(10,915)	(28,397)	(43,396)	(57,296)	(140,004) (C)
Eligible Net Investment (net WSIC Additions to UPIS During WSIC Period)	\$7,644,587	\$4,527,434	\$5,791,437	\$3,660,044	\$21,623,501
Times Pre-Tax ROR	X 8.4159%	8.4031%	8.4031%	8.4031%	8.4076% (D)
Pre-Tax Return on Investment	\$643,363	\$380,445	\$486,660	\$307,558	\$1,818,026
Add: Depreciation	99,307	59,742	76,721	49,750	285,520
Revenue Recovery	\$742,669	\$440,187	\$563,381	\$357,308	\$2,103,545
Revenue Factor	1.16769	1.16734	1.16682	1.16682	1.16723 (E)
WSIC Revenue Requirement Recovery Amount	\$867,204	\$513,845	\$657,364	\$416,913	\$2,455,327
Add: Over-recovery from WSIC surcharge #3 included in WSIC surcharge #4 (Sch. B1)				(56,842)	(56,842)
Total WSIC Surcharge Recovery Amount	867,204	513,845	657,364	360,071	2,398,485
Annual WSIC Revenue Cap Amount at 5%					\$1,882,593 (F)
Amount Over Cap Removed from Surcharge					(572,734)
<b>WSIC Revenue Requirement Recovery Amount - Monthly at Capped Amount</b>					<b>\$156,883 (F) / 12</b>

**UPIS ADDITIONS SUMMARY**

(A) - Includes actual WSIC eligible projects closed to UPIS during WSIC Period

Asset Category	11/1/21-4/30/22	5/1/22-10/31/22	11/1/22-4/30/23	5/1/23-10/31/23	Schedule
Mains Replacements and Rehabilitations	\$6,510,896	\$2,436,336	\$4,434,614	\$1,204,516	Schedule C
Manhole Replacements	120,968	100,354	340,828	246,289	Schedule D
Service Replacements	930,281	1,366,168	1,158,095	1,320,568	Schedule D
Unscheduled Main Replacements	118,184	717,561	-	-	Schedule D
Base Spend	1,322,155	1,091,185	2,413,340	1,076,289	Schedule D
<b>Subtotal</b>	<b>\$9,002,483</b>	<b>\$5,711,604</b>	<b>\$8,346,877</b>	<b>\$3,847,662</b>	

(B) - Accumulated Depreciation:

	11/1/21-4/30/22	5/1/22-10/31/22	11/1/22-4/30/23	5/1/23-10/31/23
WSIC Eligible projects closed to UPIS	\$7,680,329	\$4,620,419	\$5,933,537	\$3,847,662
Composite Depreciation rate	1.293%	1.293%	1.293%	1.293%
Annual Depreciation Expense	99,307	59,742	76,721	49,750
Cumulative Depreciation Expense	24,827	64,589	98,705	130,322

(C) - Deferred Taxes:

	11/1/21-4/30/22	5/1/22-10/31/22	11/1/22-4/30/23	5/1/23-10/31/23
WSIC Eligible projects closed to UPIS	\$7,680,329	\$4,620,419	\$5,933,537	\$3,847,662
MACRS Rate	4.00%	4.00%	4.00%	4.00%
Annual Tax Depreciation	307,213	184,817	237,341	153,906
Cumulative Tax Depreciation	76,803	199,811	305,350	403,162
Less: Book Depreciation	24,827	64,589	98,705	130,322
Tax Depr Greater than Book	51,977	135,222	206,646	272,840
Deferred Taxes at 21%	\$10,915	\$28,397	\$43,396	\$57,296

(D) - Pre-Tax Rate of Return:

	Ratio	Cost Rate	Weighted Average Cost of Capital	Pre-Tax ROR
Long Term Debt <sup>1</sup>	45.44%	3.9018%	1.7730%	1.7730%
Common Equity	54.56%	9.6000%	5.2378%	6.6301%
Subtotal Return on Rate Base	100.00%		7.0108%	8.4031%

<sup>1</sup> Cost of Capital as per Docket WR22010019

(E) - Revenue Factor:

Dollar of Revenue	\$1.000000
Less: GRT Tax	(0.136274) Docket No. WR22010019
Less: Bad Debts & Reg Assessments	(0.004060) Docket No. WR22010019
Less: BPU Assessment	(0.002130) (2023 Rate per Invoice)
Less: DRC Assessment	(0.000502) (2023 Rate per Invoice)
Revenue remaining after taxes, bad debts, and assessments	0.857034
Revenue [Gross-up] Factor	<b>\$1.166816</b>

(F) - Revenue Requirement:

Please note that the revenue requirement is limited by the WSIC-cap. For example if the Company's annual revenues established in their last base rate case were \$100,000,000, then the WSIC-cap would be calculated as follows:

Total annual revenues from most recent base rate case of \$100,000,000 X 5.00% = \$5,000,000

The Company's revenue requirement in the above example can not be greater than \$5,000,000 per year.

Monthly cost per 5/8th Inch Meter - Typical Residential Customer -  
WSIC Revenue as a % of total Wastewater Revenue \$37,651,855

\$2.85
5.00%

**WSIC SURCHARGE BILL IMPACT**

<b>NEW JERSEY-AMERICAN WATER COMPANY</b>									
<b>BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS</b>									
Meter Size	5/8" Equivalent	GMS		Resale		Exempt		Total	
		Number of Meters*	Weighting	Number of Meters*	Weighting	Number of Meters*	Weighting**	Number of Meters*	Weighting
5/8	1.0	43,169	43,169	0	0	0	0	43,169	43,169
3/4	1.5	267	401	0	0	0	0	267	401
1	2.5	2,452	6,130	0	0	0	0	2,452	6,130
1-1/2	5.0	168	840	0	0	0	0	168	840
2	8.0	470	3,760	0	0	0	0	470	3,760
3	15.0	5	75	0	0	0	0	5	75
4	25.0	24	600	0	0	0	0	24	600
6	50.0	0	0	0	0	0	0	0	0
8	80.0	1	80	0	0	0	0	1	80
10	100.0	0	0	0	0	0	0	0	0
12	125.0	0	0	0	0	0	0	0	0
16	200.0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>46,556</b>	<b>55,055</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>46,556</b>	<b>55,055</b>

(c)

\*Meter Count as of 10/31/2023, including unmetered accounts of approximately 1,800 which are classified as 5/8"

\*\*Weighting deducts impact of GRAFT of .8637265

<b>PROOF OF REVENUE (Monthly Charge)</b>								
Annual Revenue		\$1,882,593	(a)					
Monthly Revenue		\$156,883	(b)=(a)/12					
Weighted No of Meters		55,055	(c)					
5/8" Meter Monthly Charge		\$2.85	(d)=(b)/(c)					
Meter Size	5/8" Equivalent	GMS		Resale		Exempt		Total Revenue
		Charge	Charge x Meters	Charge	Charge x Meters	Charge	Charge x Meters	
5/8	1.0	\$2.85	\$123,012.83	\$2.85	\$0.00	\$2.46	\$0.00	\$123,012.83
3/4	1.5	4.27	1,141.25	4.27	0.00	3.69	0.00	1,141.25
1	2.5	7.12	17,467.83	7.12	0.00	6.15	0.00	17,467.83
1-1/2	5.0	14.25	2,393.63	14.25	0.00	12.31	0.00	2,393.63
2	8.0	22.80	10,714.36	22.80	0.00	19.69	0.00	10,714.36
3	15.0	42.74	213.72	42.74	0.00	36.92	0.00	213.72
4	25.0	71.24	1,709.74	71.24	0.00	61.53	0.00	1,709.74
6	50.0	142.48	0.00	142.48	0.00	123.06	0.00	0.00
8	80.0	227.97	227.97	227.97	0.00	196.90	0.00	227.97
10	100.0	284.96	0.00	284.96	0.00	246.12	0.00	0.00
12	125.0	356.20	0.00	356.20	0.00	307.66	0.00	0.00
16	200.0	569.91	0.00	569.91	0.00	492.25	0.00	0.00
<b>Total</b>			<b>\$156,881.33</b>		<b>\$0.00</b>		<b>\$0.00</b>	<b>\$156,881.33</b>

(a) Per Schedule A, WSIC Revenue Requirement Recovery Amount - Annual

Wastewater System Improvement Charge (WSIC) Foundational Filing WR21060917

WSIC Surcharge Reconciliation Calculation - Prior Period

Effective Date	WSIC Surcharge	Approved Amount <sup>1</sup>	Monthly Amount	Months in Place	Allowed Revenues
6/27/2022	Filing #1	\$867,204	\$72,267	6	\$433,602
12/30/2022	Filing #2	\$1,381,051	\$115,088	6	\$690,526
6/29/2023	Filing #3	\$1,882,593	\$156,883	6	\$941,297
<b>Total Allowed Revenue</b>					<b>\$2,065,424</b>
Over/Under-Collection Prior WSIC Period			\$0	12	\$0
Total Billed - 7/1/22 through 12/31/23 <sup>2</sup>					\$2,121,619
<b>Total WSIC Shortfall / (Overage)</b>					<b>(\$56,195)</b>
		<u>Annual</u>		<u>Daily</u>	
Weighted Average Cost of Capital		7.0108%		0.0192%	
Interest per day				(\$11)	
Total Interest for period November 1, 2023 through December 30, 2023					(\$647)
<b>Total WSIC (Overage) with Interest - Credit against Surcharge</b>					<b>(\$56,842)</b>

<sup>1</sup> Approved Amount excludes any reconciliation amounts

<sup>2</sup> Nov & Dec estimated by using Oct billed amount.

Project ID	Project Title	Project Type	Act. Length (feet)	Act. Dia. (inches)	Actual Pipe Material	Decade Installed	Existing	Existing	Accelerated Asset Investment Category	In Service Date	WSIC#1 Actual Cost	WSIC#2 Actual Cost	WSIC#3 Actual Cost	WSIC#4 Actual Cost	FF Comparison Date	FF	
							Dia. (inches)	Pipe Material								Comparison Cost	FF Approval
6117	Caranetta Drive SEWER from Kimball to central ave	Replace	2879	8	PVC	1950	8	VCP	System Flows	10/25/21	\$1,995,261	(\$2,070)	(\$2,155)		2021Q4	\$950,000	WR21060917
10801	2022 Long Hill Wastewater Rehabilitation	Rehab	29742	12	CIP Liner	1940	8,12	VCP	Safety and Reliability/Structural	04/29/22	2,928,345	(49,682)	555	\$19,062	2022Q4	1,000,000	WR21060917
9673	Sanitary sewer on WESLEY/OCEAN ALLEY (E. 12TH STREET TO E. 11TH STREET)	Replace	620	8	PVC	1910	6,8	VCP	Safety and Reliability	12/10/21	768,578	2,254	138		2027Q4	289,000	WR21060917
10745	OC Sewer- Central/Asbury Alley 34th to 36th	Replace	850	18	PVC	1950	8	VCP	Safety and Reliability/Structural	12/17/21	818,713	(76,874)	(12,878)		2027Q4	412,500	WR21060917
10776	OC-Bay Ave, Simpson Ave Alley betwe	Replace	488	8	PVC	1970	8	PVC	Safety and Reliability/Structural	09/30/22	0	631,432	5,286		2027Q4	166,125	WR21060917
10726	OC-900-1000 block Wesley Avenue fr	Replace	1,850	8	PVC	1920	8	PVC	Safety and Reliability/Structural	10/24/22	0	1,544,204	(8)	21,310	2024Q4	161,250	WR21060917
10724	OC-900 Block Alley between Bay and	Replace	474	8	PVC	1920	8	PVC	Safety and Reliability/Structural	09/30/22	0	387,071	3,181		2022Q4	171,000	WR21060917
6349/10723	W 17th Street	Replace	2,500	8	PVC	1970	8	PVC	Safety and Reliability/Structural	02/24/23	0	0	2,304,090	167,919	2024Q4/2026Q4	750,000	WR21060917
10813	Rt 9 Sewer Main Replacement - Lkwd	Rehab	5,571	8	PVC	1950	12	PVC	Safety and Reliability/Structural	04/30/23	0	0	1,457,197	586,809	2022Q4	2,676,000	WR21060917
10742	OC- Simpson/Haven_34th	Replace	925	8	PVC	1960	8	PVC	Safety and Reliability/Structural	04/26/23	0	0	679,208	409,416	2024Q4	350,000	WR21060917
Total											\$6,510,896	\$2,436,336	\$4,434,614	\$1,204,516			

Manhole Replacements		
Project	District	UPIS
R18-21F1	Haddonfield Wastewater	\$22,692
R18-22F1	Ocean City Wastewater	88,961
R18-23F1	Lakewood Wastewater	13,990
R18-35F1	Long Hill Wastewater	14,485
R18-36F1	Egg Harbor City	45,854
R18-37F1	Somerset / Mercer Wastewater	60,307
Total Manhole Replacements		\$246,289

Service Replacements		
Project	District	UPIS
R18-21H1	Haddonfield Wastewater	\$308,853
R18-22H1	Ocean City Wastewater	576,337
R18-23H1	Lakewood Wastewater	268,689
R18-34H1	Mt. Ephraim	48,292
R18-36H1	Egg Harbor City	70,107
R18-37H1	Somerset / Mercer Wastewater	48,291
Total Service Replacements		\$1,320,568

Unscheduled Main Replacements		
"Base" Utility Plant in Service		
Project	District	UPIS
R18-230036-01	Lakewood WW C&L 2020	\$617,969
R18-21B1.21-P-0002	Haddonfield- Overhill Road Sewer	216,673
10783	Mt. Ephraim- Bell Road	418,331
R18-35F1	Longhill Wastewater - Manholes	3,821
R18-34H1	Mt. Ephraim Wastewater - Laterals	53,861
R18-35H1	Longhill Wastewater - Laterals	11,296
R18-34C1	Mt. Ephraim Wastewater - Unscheduled	701
R18-35C1	Longhill Wastewater - Unscheduled	501
R18-35F1	Longhill Wastewater - Manholes	41,907
R18-34H1	Mt. Ephraim Wastewater - Laterals	30,921
R18-35H1	Longhill Wastewater - Laterals	8,189
R18-35C1	Longhill Wastewater - Unscheduled	1,670
R18-22C1	Unscheduled Mains Blankets	2,982,628
R18-22B1.23-P-0004	OC Moorlyn Terrace from Ocean Ave to Atlant	297,074
R18-21C1	Haddonfield Wastewater - Unscheduled	641,260
R18-23C1	Lakewood Wastewater - Unscheduled	210,595
R18-23H1	Lakewood Wastewater - Laterals	137,364
R18-35B1.23-P-0001	Mains Replaced Longhill Wastewater	12,785
R18-36C1	Egg Harbor City	13,041
R18-37C1	Somerset / Mercer Wastewater	202,382
Subtotal Base Spend		\$5,902,969
Less: Filing #1, #2 & #3 Base Spend		(4,826,680)
Filing #4 Base Spend		\$1,076,289



PUBLIC VERSION

New Jersey-American Water Company, Inc.  
 1st Foundational Filing - WR21060917  
 Wastewater System Improvement Charge (WSIC)  
 Earnings Test - 12 Months Ended 10/31/23

Schedule E

Operating Revenues*	\$	
Operation and Maintenance Expense		
Depreciation and Amortization Expense*		
Taxes, Other*		
Gain/Loss on sale		
Operating Income Before Income Taxes		
Federal Income Taxes		(A)
Total Utility Operating Income		(B)
Rate of Return (B/C)		%
Authorized Rate of Return per WR22010019		7.0107%
Current UOI at Authorized ROR		

**(A) Federal Income Tax Calculation:**

Operating Income Before Income Taxes Above		
Less Interest Expense:		
Rate Base @ 10/31/2023	\$	
Add DSIC Additions*		
Add WSIC Additions*		
Adjusted Rate Base		(C)
Times Weighted Cost of Debt @ 10/31/2023		(D)
Interest Expense (Cx D)		
Taxable Income		
Times Income Tax Rate		
Federal Income Tax		(A)

\* Total amounts include normalization and annualization adjustments