



NEW JERSEY AMERICAN WATER 2019 RATE FILING

FREQUENTLY ASKED Q AND A

Are water rates regulated?

Yes. New Jersey American Water is regulated by the New Jersey Board of Public Utilities (BPU). As part of the rate filing, we submitted extensive financial and operational data documenting the cost of doing business. The BPU and the Division of Rate Counsel will scrutinize this information, along with the information provided by customers at the public input hearings in an open and thorough process, so that they have the necessary information to make an informed decision. In the end, the BPU, with significant input from the Division of Rate Counsel, determines if and how much of the request is granted.

When did New Jersey American Water request the rate change?

New Jersey American Water filed for a rate change with the BPU December 16, 2019.

When will new rates become effective?

Final rates will not occur until the BPU's review process is completed and it has rendered its final decision, which generally takes about nine months.

How will this rate increase affect my monthly bill?

If the company's proposed rates are approved as requested, the water bill for the average residential customer using 5,400 gallons of water a month would increase from the current charge of \$55.89 to \$62.35, an increase of \$6.46 per month, or 21 cents per day. The average monthly residential wastewater bill would increase between \$0.00 and \$12.79, depending on the service area. Even with these increases, the cost of high-quality, reliable, 24-hour water and wastewater service would continue to be among the lowest household utility bills.

The BPU might grant all, some or none of the request. As a result, the rate charged to customers might be different than the rate requested by the company. To find out how your rates would change if approved as requested, please contact our Customer Service Center at 1-800-272-1325, Monday to Friday, 7 a.m. to 7 p.m.

What are the primary reasons for New Jersey American Water's rate request?

The rate increase is needed primarily to recover more than \$1 billion the company has or will invest in treatment and distribution/collection facilities to continue to provide safe, reliable water and wastewater service. Not only are these investments critical to the public's health and safety, but they also support the economic health of the communities we serve. This level of investment contributes to the creation of close to 16,000 jobs across the state.

These improvements include:

- Replacement and rehabilitation of over 95 miles of water and sewer pipeline
- Source of supply and capacity projects
- Improvements to surface water treatment facilities and groundwater well stations
- Updated storage facilities to enhance reliability of service
- Upgrading and rehabilitating sewer lift stations
- Pump stations to improve water pressure
- New or replaced fire hydrants to enhance fire protection
- New meters and services
- Technology equipment and software, computer systems

If we were to receive our full rate request, the cost of high-quality, reliable, 24-hour water and wastewater service would continue to be among the lowest household utility bills.

FOR MORE INFORMATION

David Mayer
Director,
Government Affairs
609-505-3310
David.Mayer@amwater.com

More information can also be found online at newjerseyamwater.com. Under **Customer Service & Billing**, select **Your Water and Wastewater Rates**.



What has New Jersey American Water done to control costs?

New Jersey American Water employs best management practices and cost containment techniques, while taking advantage of economies of scale to enhance efficiencies and manage operational costs. Many of these enhancements have been in place for a number of years, such as:

- Computer monitoring control systems in most of our treatment facilities, which minimize both operating costs and personnel needs.
- Centralized bulk purchasing of chemicals, supplies, materials, insurance and employee benefits.
- Centralized financial accounting, payroll and cash management systems.
- Customer service programs to better manage work load for field service reps. For example, laptops were installed in service vehicles, moving us from a paper-based to a real-time work distribution system. Information is communicated to and from the field using wireless technology, which has enabled our field representatives to better manage their work load.
- Installation of automated meter reading systems, which increase efficiency and reduce labor costs.
- Investment in leak detection equipment/programs to minimize water lost through water mains.
- Sharing costs with other American Water companies to

take advantage of one of the most advanced water testing laboratories in the nation. This laboratory processes the most sophisticated water quality tests for New Jersey American Water at a cost which is less than what the tests would cost if completed at independent testing laboratories.

I'm on a fixed income. Do you have any programs that assist low-income customers?

Yes. For nearly a decade, New Jersey American Water has been assisting low-income residential customers who qualify through its H2O Help to Others Program™ in two ways: grants and service charge discounts.

Grants: Under the company's H2O assistance program, customers who qualify may receive a grant of up to \$500 to help pay their water bill and a discount on their monthly fixed service charge.

Discount off the fixed service charge for water and sewer for those who qualify. Based on meter size as follows:

- 5/8-inch meter: \$20.17 discount (if approved as proposed)
- 3/4-inch meter: \$30.28 discount (if approved as proposed)
- 1-inch meter: \$50.44 discount (if approved as proposed)

To qualify for these programs, customers have to be at or below 300 percent of the Federal Poverty Income Guidelines.

Customers who receive Social Security benefits or Medicare coverage, who qualify for the service charge discount, are also eligible to receive a discount off the monthly DSIC charge, which is based on meter size.

For more information, visit www.newjerseyamwater.com. Under Customer Service, select Low-Income program. Or contact our program administrator New Jersey SHARES, toll-free, at 1-877-652-9426 (1-877-NJAWH20), or online at www.njshares.org.

Other utilities provide incentives for businesses to move into the area. Does New Jersey American Water?

Yes. NJBPU approved a provision to provide incentives for new businesses to come to our state or existing businesses to expand, both creating jobs and stimulating the economy. The Economic Development Rate allows us to offer lower rates for a set period of time to new commercial or industrial customers who establish their business within our service territory.

This concept is not new and is in fact similar to economic development tariffs used by other New Jersey utilities. Businesses must meet specific criteria to be eligible. More information can be found in New Jersey American Water's tariff on Rate Schedule Rider A.