

NOTICE OF FILING OF PETITION OF AQUA NEW JERSEY, INC.
FOR APPROVAL OF AN INCREASE IN RATES FOR WATER SERVICE
AND OTHER TARIFF CHANGES

BPU Docket No. WR16010089

OAL Docket No. 02353-2016 S

NOTICE OF FILING OF A DISTRIBUTION SYSTEM IMPROVEMENT
CHARGE FOUNDATIONAL FILING

BPU Docket No. WR16010090

PLEASE TAKE NOTICE that on January 29, 2016, Aqua New Jersey, Inc. ("Aqua" or the "Company"), pursuant to N.J.S.A. 48:2-21 and other relevant statutes and regulations, filed a Petition with the Board of Public Utilities (the "Board") of the State of New Jersey for approval of an increase in Aqua's charges for water service. The Company believes that the increase is necessary for it to continue to provide safe, adequate and proper service to its customers and to prevent the impairment of its financial integrity. Specifically, the Company is requesting an increase in base rate revenues of \$2,535,564 or approximately 6.69% above the adjusted annual level of revenues for the test year period ending April 30, 2016.

The proposed rates provide for increases to the following classes of customers: General Metered Service, Public Fire Protection Service, Private Fire Protection Service, Water Sold for Resale Only, and Non-Treated and Non-Potable Metered Service to Lopatcong Golf Course. The Company has also proposed to increase the rates charged to customers of the Wallkill and Tranquility Springs water systems. The proposed rates for all customers are contained in the tariff sheets and Petition filed with the Board. The present and proposed base rates for monthly billing for General Metered Service are as follows:

COMPARISON OF PRESENT AND PROPOSED RATES

Consumption and monthly service charges have been revised as follows:

General Metered Service:

<u>All Consumption</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>\$ Increase</u>
	\$5.387/per Thous. Gals.	\$5.868/per Thous. Gals.	\$0.481/per Thous. Gals.

Fixed Monthly Charge:

<u>Size of Meter</u>	<u>Present Monthly Rates Fixed Rates</u>	<u>Proposed Fixed Rates</u>	<u>Proposed Fixed Rate Increase</u>
5/8"	\$ 13.88	\$ 17.06	\$ 3.18
3/4"	\$ 20.82	\$ 25.59	\$ 4.77
1"	\$ 34.70	\$ 42.65	\$ 7.95
1-1/2"	\$ 69.40	\$ 85.30	\$ 15.90
2"	\$ 111.04	\$ 136.48	\$ 25.44
3"	\$ 208.20	\$ 255.90	\$ 47.70
4"	\$ 347.00	\$ 426.50	\$ 79.50

6"	\$ 694.00	\$ 853.00	\$ 159.00
8"	\$1,110.40	\$1,364.80	\$ 254.40
10"	\$1,596.20	\$1,961.90	\$ 365.70
12"	\$2,984.20	\$3,667.90	\$ 683.70

Billing for each monthly period shall be based on the volume of water consumed plus all applicable fixed charges, including the fixed monthly service charge and the Distribution System Improvement Charge (the "DSIC Charge"). Please note that the above rates do not include the DSIC Charge.

A GENERAL METERED SERVICE RESIDENTIAL CUSTOMER WITH A 5/8" METER USING 5,000 GALLONS OF WATER PER MONTH WILL SEE HIS/HER BILL INCREASE FROM \$43.25 TO \$46.40, AN INCREASE OF \$3.15 PER MONTH, APPROXIMATELY 7.3% OR APPROXIMATELY \$0.105 PER DAY. THIS PROPOSED RATE IMPACT DOES NOT REFLECT THE INCLUSION IN RATES OF THE FUTURE DSIC CHARGE DISCUSSED BELOW.

Wallkill Service Area - Metered Service:

<u>All Consumption</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>\$ Increase</u>
	\$2.424/per Thous. Gals.	\$3.345/per Thous. Gals.	\$0.921/per Thous. Gals.

Fixed Monthly Charge:

<u>Size of Meter</u>	<u>Present Monthly Rates</u>		<u>Proposed</u>	
	<u>Fixed Rates</u>		<u>Fixed Rates</u>	<u>Proposed Fixed Rate Increase</u>
5/8"	\$ 13.88		\$ 17.06	\$ 3.18
3/4"	\$ 20.82		\$ 25.59	\$ 4.77
1"	\$ 34.70		\$ 42.65	\$ 7.95
1-1/2"	\$ 69.40		\$ 85.30	\$ 15.90
2"	\$ 111.04		\$ 136.48	\$ 25.44
3"	\$ 208.20		\$ 255.90	\$ 47.70
4"	\$ 347.00		\$ 426.50	\$ 79.50
6"	\$ 694.00		\$ 853.00	\$ 159.00
8"	\$1,110.40		\$1,364.80	\$ 254.40
10"	\$1,596.20		\$1,961.90	\$ 365.70
12"	\$2,984.20		\$3,667.90	\$ 683.70

Billing for each monthly period shall be based on the volume of water consumed plus all applicable fixed charges, including the fixed monthly service charge and the DSIC Charge. Please note that the above rates do not include the DSIC Charge.

A WALLKILL METERED RESIDENTIAL CUSTOMER WITH A 5/8" METER USING 5,000 GALLONS OF WATER PER MONTH WILL SEE HIS/HER BILL INCREASE FROM \$28.43 TO \$33.79, AN INCREASE OF \$5.36 PER MONTH, APPROXIMATELY 18.8% OR

APPROXIMATELY \$0.178 PER DAY. THIS PROPOSED RATE IMPACT DOES NOT REFLECT THE INCLUSION IN RATES OF THE DSIC CHARGE DISCUSSED BELOW.

Tranquility Springs Service Area - Metered Service:

<u>All Consumption</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>\$ Increase</u>
	\$4,500/per Thous. Gals.	\$4,500/per Thous. Gals.	\$0.000/per Thous. Gals.

Fixed Monthly Charge:

<u>Size of Meter</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>\$ Increase</u>
5/8"	\$ 25.00	\$ 27.43	\$ 2.43
3/4"	\$ 37.50	\$ 41.15	\$ 3.65
1"	\$ 62.50	\$ 68.58	\$ 6.08
1-1/2"	\$ 125.00	\$ 137.15	\$ 12.15
2"	\$ 200.00	\$ 219.44	\$ 19.44
3"	\$ 375.00	\$ 411.45	\$ 36.45
4"	\$ 625.00	\$ 685.75	\$ 60.75

Billing for each monthly period shall be based on the volume of water consumed plus all applicable fixed charges, including the fixed monthly service charge and the DSIC Charge. Please note that the above rates do not include the DSIC Charge. There is no effective rate increase to the rates paid by customers served by the Tranquility Springs tariff class because they are already paying these rates through the DSIC surcharge currently being added to base rates. Pursuant to the BPU regulations, this merely removes that surcharge and moves it into base rates, having no net effect on customer payments. However, as additional DSIC investments are made by Aqua, that surcharge will again increase based on those future investments

A TRANQUILITY SPRINGS METERED RESIDENTIAL CUSTOMER WITH A 5/8" METER USING 5,000 GALLONS OF WATER PER MONTH WILL SEE HIS/HER BILL INCREASE FROM \$49.93 TO \$49.93, AN INCREASE OF \$0.00 PER MONTH, APPROXIMATELY 0.0% OR APPROXIMATELY \$0.00 PER DAY. THIS PROPOSED RATE IMPACT DOES NOT REFLECT THE INCLUSION IN RATES OF THE DSIC CHARGE DISCUSSED BELOW.

In addition to its base rate increase request, the Company also seeks approval of its Foundational Filing pertaining to its DSIC. The DSIC is described in the Board of Public Utilities' regulations at N.J.A.C. 14:9-10.1 et. seq. A DSIC is a rate recovery mechanism to encourage and support accelerated rehabilitation and replacement of certain non-revenue producing, critical water distribution components. The DSIC rate is interim, subject to refund, until a subsequent base rate case.

In BPU Docket No. WR14010019 the BPU previously authorized the Company to impose a DSIC Charge to collect annual DSIC revenues of \$1,814,922. The Company proposes that at the conclusion of the present base rate case, the DSIC Charge be reset to \$0, and a new DSIC rate be approved for future implementation. The Company has proposed that the new authorized maximum amount of annual DSIC revenues permitted to be recovered between this rate case and

the next Aqua base rate case is approximately \$2,021,630. Accordingly, the maximum rate impact on customers between base rate cases is proposed as follows:

Maximum Monthly DSIC Charge:

<u>Size of Meter</u>	<u>Maximum Monthly Rate</u>
5/8"	\$ 2.64
3/4"	\$ 3.96
1"	\$ 6.60
1-1/2"	\$ 13.20
2"	\$ 21.12
3"	\$ 39.60
4"	\$ 66.00
6"	\$ 132.00
8"	\$ 211.20
10"	\$ 303.60
12"	\$ 567.60

The Company has proposed that the monthly DSIC surcharge be assessed to all General Metered Service, Wallkill and Tranquility Springs customers. Pursuant to BPU regulations, public fire service charges are not affected by this surcharge. This notice is intended to notify our customers that any surcharges implemented as a result of the DSIC can be revised on customer bills on a semi-annual basis. The Company expects the rates to be assessed incrementally over a two to three year period commensurate with the Company's DSIC program capital spending.

Any relief determined by the Board to be just and reasonable may be allocated by the Board to any class or classes of customers of the Company in such manner and, in such amounts or percentages, as the Board may deem appropriate. The Board may choose to impose a greater portion of the increase on any present or future class or classes, group or groups of customers, may exclude from any increase any of the foregoing, or may vary the amount of percentage increase applicable to any of the foregoing.

PLEASE TAKE FURTHER NOTICE that the Company intends to implement, subject to any refunds that may be ordered by the Board, the proposed tariff for service on and after October 31, 2016 if the Board has not finally determined a just and reasonable tariff schedule prior to that date.

PLEASE TAKE FURTHER NOTICE that a public hearing on the Company's Petition has been scheduled for:

April 26, 2016 at 6:00 p.m. at the Hamilton Township Free Public Library, located at 1 Justice Samuel A. Alito, Jr. Way, Hamilton, NJ 08619

An Administrative Law Judge from the Office of Administrative Law will preside over the public hearing. Members of the public are invited to attend and express their views on the proposed rate increase. Such comments will be made a part of the final record in the proceeding. Whether or not you attend the public hearing, written comments may be submitted to the Hon.

Elia A. Pelios, Office of Administrative Law, P. O. Box 049, Trenton, New Jersey 08625-0049; or the Hon. Irene Kim Asbury, Secretary, Board of Public Utilities, 44 South Clinton Street, 3rd Floor, Suite 314, Trenton, New Jersey 08625-0350. Please include BPU Docket No. WR16010089 and/or BPU Docket No. WR16010090 in your comment letter.

The complete schedules for the proposed rates are part of the Petition filed with the Board, which was served upon the Director of the Division of Rate Counsel. A notice of the filing of this proceeding was also served on the Clerks of the municipalities in the service areas of Aqua. Further information and copies of the Petition (including all exhibits and testimony) may be obtained at the Board's offices located at 44 South Clinton Street, 3rd Floor, Suite 314, Trenton, New Jersey 08625-0350, at the Company's offices located at 10 Black Forest Road, Hamilton, New Jersey 08691, and on the Company's website at www.aquaamerica.com.

In order to encourage full participation in this opportunity for public comment, please submit any requests for special accommodations, including interpreters or mobility assistance, at least 72 hours prior to this hearing to Stephen B. Genzer at 973-286-6700.

AQUA NEW JERSEY, INC.
10 Black Forest Road
Hamilton, New Jersey 08691