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Gouveia, Susan

From: Lashway, Lisa
Sent: Monday, September 14, 2015 11:37 AM
To: Canning, Sean; Gouveia, Susan; Quinn, Tim; Kolody, Sherry
Subject: FW: New Jersey American Water Granted New Rates by New Jersey Board of Public Utilities
Attachments: FINAL_ NJ rate order.docx

From: Kevin.Watsey@amwater.com [mailto:Kevin.Watsey@amwater.com]
Sent: Monday, September 14, 2015 8:23 AM
Subject: New Jersey American Water Granted New Rates by New Jersey Board of Public Utilities

Dear Mayors, Administrators, and Clerks

I am writing to inform you that on September 11 2015, the New Jersey Board of Public Utilities (BPU) granted New Jersey American Water an increase in rates. Since New Jersey American Water's last rate adjustment in May of 2012, the company has spent more than \$775 million to replace and upgrade approximately 160 miles of water infrastructure to improve uninterrupted access to high-quality, reliable water service for its customers. During the same period, the company has lowered its operating expenses by more than \$19 million. Those cost reductions supported more than \$125 million of infrastructure investment with no impact on customers' bills.

The \$22 million overall increase will mean that the average customer in your town will see an increase of just \$ 1.59 per month. **New rates became effective on September 21.**

In addition, your town's new public fire service rates will be \$541.20 per hydrant per year for the remainder of 2015 and 2016. This represents an increase of 3.44%.

While nobody likes to hear that rates will increase, the long term cost of not performing the necessary work covered by these new rates would be far greater. It is well documented that a safe, reliable water supply is vitally important for communities to thrive. The improvements we make in our systems help ensure water is available when needed. Additionally, repairs made to water mains during an emergency can cost up to ten times more than a planned replacement or rehabilitation. Though emergencies will always occur, our strategic and proactive planning ultimately aims to lessen these occurrences and saves our customers from bearing the brunt of higher costs.

For those who may experience difficulty paying their bill on time, New Jersey American Water offers financial assistance through the H2O Help To Others™ program, and our Low Income Payment Program. These programs are administered through NJ SHARES, a statewide non-profit corporation primarily providing assistance to individuals and families in need of help meeting their energy and utility burden.

Further information explaining the increase will be mailed to customers and they may also contact our call center at 800-652-6987 or visit our website www.amwater.com/njaw. As always, you can like us on Facebook for the most up to date information on your water company.

If you have any questions, please contact Kevin Watsey in the government affairs department at 856-782-2373.

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American Water Works Company Inc., 1025 Laurel Oak Road, Voorhees, NJ 08043 www.amwater.com



September 11, 2015

Richard Barnes
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New Jersey American Water Granted New Rates by New Jersey Board of Public Utilities

***Cost of Water Service Remains Less Than a Penny a Gallon; Sewer Rates Formula Also
Adjusted to Provide Relief to Some Customers***

VOORHEES (September 11, 2015) The New Jersey Board of Public Utilities (BPU) today approved new water and wastewater rates for New Jersey American Water, effective September 21, 2015.

The new rates represent a \$22 million annual increase in water and wastewater revenues for New Jersey American Water.

The cost of water service for the company's customers remains less than a penny a gallon. The average bill for a customer using 6,000 gallons of water per month will rise from \$51.82 to \$53.41, an approximate three percent increase.

Since New Jersey American Water's last rate adjustment in May of 2012, the company has invested more than \$775 million to replace and upgrade approximately 160 miles of water infrastructure to improve uninterrupted access to high-quality, reliable water service for its customers. During the same period, the company has lowered its operating expenses by more than \$19 million. Those cost reductions supported more than \$125 million of infrastructure investment with no impact on customers' bills.

"New Jersey American Water's proactive infrastructure replacement demonstrates our commitment to providing our customers with outstanding water and wastewater services," said William Varley, president of New Jersey American Water. "We're meeting the challenge of replacing or upgrading thousands of miles of aging infrastructure while decreasing our operating costs. Compared to the cost of other household utilities, water service is an excellent value."

The new rates will also result in some New Jersey American Water sewer customers seeing no increase or, in some cases, a decrease in wastewater rates. The BPU has accepted the company's proposal that wastewater rates be recalculated to lessen the impact that outdoor water use has on wastewater bills.

In addition, the BPU approved New Jersey American Water's request to modify its Low Income Payment Program (LIPP). Customers enrolled in the program, who also receive Social Security or are enrolled in Medicare, will be exempt from the monthly distribution system improvement charge. LIPP enrollees had previously only been exempt from paying the monthly fixed service charge.

New Jersey American Water Granted New Rates

After filing for the rate increase in January 2015, New Jersey American Water's request underwent extensive public and regulatory scrutiny. The ratemaking process required a lengthy and detailed review by the staff of the BPU, the New Jersey Division of Rate Counsel, the Office of Administrative Law, and more than a dozen interested groups, some of whom the state of New Jersey granted full intervener status in the proceedings. The process also included several public hearings for customer input before an Administrative Law Judge.

New Jersey American Water, a wholly owned subsidiary of American Water (NYSE: AWK) is the largest investor-owned water utility in the state, providing high-quality and reliable water and/or wastewater services to approximately 2.5 million people. Founded in 1886, American Water is the largest and most geographically diverse publicly traded U.S. water and wastewater utility company. With headquarters in Voorhees, N.J., the company employs more than 6,800 dedicated professionals who provide drinking water, wastewater and other related services to approximately 15 million people in 47 states, as well as parts of Canada. More information can be found by visiting www.amwater.com.

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