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February 20, 2018

VIA CERTIFIED MAIL – RETURN RECEIPT REQUESTED

**TO ALL: MUNICIPAL CLERKS, CLERKS OF THE BOARDS OF
CHOSEN FREEHOLDERS, COUNTY EXECUTIVE OFFICERS,
COUNTY ADMINISTRATORS AND SALE FOR RESALE CUSTOMERS**

**Re: New Jersey-American Water Company, Inc. Distribution System
Improvement Charge
("DSIC") Foundational Filing
BPU Docket No. WR17111183**

Dear Sir/Madam:

Enclosed herewith for service upon you is a Public Notice of the filing of a Petition for approval of a foundational filing in support of the Distribution System Improvement Charge (DSIC) pursuant to N.J.A.C. 14:9-10.1, et seq. The petition includes a proposed surcharge to fund ongoing improvements to specific types of infrastructure investments. This proposed DSIC surcharge could result in an increase to existing water bills.

Please note the following date, time and location of the public hearing at which members of the public are invited to attend and express their views on the proposed rate increase:

5:30 PM on Wednesday, March 14, 2018
Howell Township Municipal Building
Main Meeting Room
4567 Route 9 North
Howell, NJ 07731

Very truly yours,

John S. Tomac

cc: Service list (via e-mail)
Secretary, Board of Public Utilities (via certified mail, RRR)
Department of Law & Public Safety (via certified mail, RRR)
Director, Division of Rate Counsel (via certified mail, RRR)
J.H. Buehrer & Associates (via regular mail)



NOTICE OF PUBLIC HEARING

NEW JERSEY-AMERICAN WATER COMPANY, INC.
NOTICE OF FILING OF A PETITION FOR APPROVAL OF A
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE
BPU Docket No. WR17111183

PLEASE TAKE NOTICE that on November 16, 2017, New Jersey-American Water Company, Inc. (the “Company”), pursuant to N.J.A.C. 14:9-10.1 et seq., filed a Petition with the Board of Public Utilities (the “Board” or “BPU”) of the State of New Jersey seeking approval of a Foundational Filing to implement a Distribution System Improvement Charge (“DSIC”). A DSIC is a rate recovery mechanism to enable accelerated levels of investment to promote the timely rehabilitation and replacement of certain non-revenue producing, critical water distribution components. Such projects include main replacement and renewal, structural and non-structural main cleaning and lining projects, and the renewal of valves, hydrants and service connections. Its purpose is to enhance safety, reliability, water quality, systems flows and pressure, and/or conservation. A DSIC rate is interim, subject to refund, until the subsequent base rate case.

The Company’s Petition consists of a Foundational Filing. The Foundational Filing lists the projects the Company believes are eligible for recovery through the DSIC surcharge for the period of 2018 through 2020. Please note that the Company proposes to collect a maximum DSIC revenue requirement of \$41.4M annually, or no more than 5.0% of the utility’s total water revenues established in the Company’s most recent base rate case. If approved, the Company will implement the DSIC surcharge if, and when, it achieves specific levels of infrastructure investment and completes and places the facilities into service as required by N.J.A.C. 14:9-10.1 et seq.

The Company has proposed that the monthly DSIC surcharge be assessed to the following services and classes of customers based on the customer's meter size: General Metered Service; Optional Industrial Wholesale; Sales for Resale—Commodity Demand; Sales for Resale—Off-Peak; Sales for Resale—Peaking Service, as provided throughout the State of New Jersey. The maximum proposed rates shown below are expected to be assessed incrementally over a two-to-three year period, commensurate with the Company's actual 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. The maximum proposed monthly DSIC rates are contained in the Petition filed with the Board, as set forth below. These proposed rates are estimates and may change, however the maximum annual DSIC revenue requirement, \$41.4M, or no more than 5.0% of the utility's total water revenues established in the Company's most recent base rate case and most recently concluded Purchased Water Adjustment Clause proceeding, cannot be exceeded. The maximum revenues will be set in the Company's currently pending base rate case, BPU Docket No. WR17090985.

PROPOSED DSIC SURCHARGE RATES BASED ON METER SIZE

General Metered Service
Maximum Monthly DSIC Surcharge:

<u>Size of Meter</u>	<u>5/8" Equivalent*</u>	<u>Proposed Rates</u>
5/8	1.0	\$ 4.02
3/4	1.5	\$ 6.02
1	2.5	\$ 10.04

<u>Size of Meter</u>	<u>5/8" Equivalent*</u>	<u>Proposed Rates</u>
1-1/2	5.0	\$ 20.08
2	8.0	\$ 32.12
3	15.0	\$ 60.23
4	25.0	\$ 100.38
6	50.0	\$ 200.77
8	80.0	\$ 321.23
10	100.0	\$ 401.54
12	125.0	\$ 501.92
16	200.0	\$ 803.07

*Based on American Water Works Association flow rates. A 5/8" meter is equivalent to one unit, whereas a 1-inch meter is equivalent to 2.5 units based on the amount of water that will flow through the meter size.

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

March 14, 2018 at 5:30 PM
Howell Township Municipal Building
Main Meeting Room
4567 Route 9 North
Howell, NJ 07731

A Hearing Officer designated by the Board will preside over the public comment hearing. Members of the public are invited to attend and express their views on the proposed DSIC mechanism. Such comments will be made a part of the final record in the proceeding. Written comments may be submitted to the Secretary, Board of Public Utilities, 44 S. Clinton Avenue, 3rd Floor, Suite 314, Trenton, New Jersey 08625. Please include Docket Number WR17111183 in your comment letter.

Notice of the Petition was also served on the clerk, executive or administrator of each municipality and county in the service area of the Company. Further information and copies of the Petition may be obtained at the Board's offices located at 44 S. Clinton Avenue, 3rd Floor, Suite 314, Trenton, New Jersey 08625 or at the Company's offices located at 1025 Laurel Oak

Road, Voorhees, New Jersey 08043. The filing is available online at:

<http://www.amwater.com/njaw/customer-service/rates-information.html>

IN ORDER TO ENCOURAGE FULL PARTICIPATION IN THIS OPPORTUNITY FOR PUBLIC COMMENT, PLEASE SUBMIT ANY REQUESTS FOR NEEDED ACCOMMODATIONS, INCLUDING INTERPRETERS OR MOBILITY ASSISTANCE, 48 HOURS PRIOR TO THIS HEARING, to John S. Tomac, Senior Director of Rates and Regulation, New Jersey-American Water Company, Inc., 1025 Laurel Oak Drive, Voorhees, New Jersey 08043, (856) 782-2351.

NEW JERSEY AMERICAN WATER COMPANY

BY: ROBERT G. MACLEAN
PRESIDENT

NEW JERSEY AMERICAN WATER COMPANY
1025 Laurel Oak Road
Voorhees, New Jersey 08043