SAUL EWING
LLP

Courtney L. Schultz
Phone: (215) 972-7717
Fax: (215) 972-1839
Courtney.Schultz@saul.com
www.saul.com

January 30, 2026

VIA ELECTRONIC FILING
Honorable Sherri Lewis, Secretary
Board of Public Utilities
44 South Clinton Ave., 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
sherri.lewis@bpu.nj.gov
board.secretary@bpu.nj.gov

Re: In the Matter of the Petition of Aqua New Jersey, Inc. for Approval of an Increase in Rates for Water and Wastewater Service and Other Tariff Changes
BPU Docket No. WR2601-

Dear Secretary Lewis:

The undersigned represents Aqua New Jersey, Inc. ("Aqua" or the "Company"), the Petitioner in the above-referenced matter. On behalf of the Company, enclosed please find Aqua's Petition, with supporting Direct Testimony and exhibits, thereby initiating its base rate case for water and wastewater service.

If you have any questions please do not hesitate to contact me. Thank you for your attention to this matter.

Respectfully submitted,

Courtney L. Schultz

CLS/CJ
Encls.

SERVICE LIST

IN THE MATTER OF THE PETITION OF AQUA NEW JERSEY, INC. FOR APPROVAL OF AN INCREASE IN RATES FOR WATER AND WASTEWATER SERVICE AND OTHER TARIFF CHANGES
BPU Docket No. WR2601_____

BPU

Sherri L. Lewis, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350
sherri.lewis@bpu.nj.gov
board.secretary@bpu.nj.gov

Robert Brabston, Esq.,
Executive Director
robert.brabston@bpu.nj.gov

Stacy Peterson,
Deputy Exec. Director
Stacy.peterson@bpu.nj.gov

Andrew Tuzzo
andrew.Tuzzo@bpu.nj.gov

Dean Taklif
dean.taklif@bpu.nj.gov

Cindy Bianco
cindy.bianco@bpu.nj.gov

Benjamin Witherell
Board of Public Utilities
benjamin.witherell@bpu.nj.gov

Rupal Patel
rupal.patel@bpu.nj.gov

Justin Cederberg
Board of Public Utilities
justin.cederberg@bpu.nj.gov

Jackie O'Grady
jackie.ogrady@bpu.nj.gov

DAG

Daren Eppley, DAG
Division of Law
25 Market Street
P.O. Box 112
Trenton, NJ 08625
daren.eppley@law.njoag.gov

Pamela Owen, DAG
pamela.owen@law.njoag.gov

Meliha Arnautovic, DAG
meliha.arnautovic@law.njoag.gov

Rate Counsel

Brian O. Lipman, Director
Division of Rate Counsel
140 East Front Street, 4th Fl.
P.O. Box 003
Trenton, NJ 08625
blipman@rpa.nj.gov

Christine Juarez, Esquire
Managing Attorney, Water
cjuarez@rpa.nj.gov

Felecia Jackson-Rodgers
frodgers@rpa.nj.gov

Company

Natalie Chesko, President
Aqua New Jersey, Inc.
10 Black Forest Road
Hamilton, NJ 08691
nchesko@aquawater.com

Ted Holod, Controller
tmholod@aquawater.com

Elias Bakhash
EBakhash@aquaamerica.com

Courtney L. Schultz, Esq.
Colleen A. Foley, Esq.
Saul Ewing LLP
1735 Market Street
Suite 3400
Philadelphia, PA 19102
courtney.Schultz@saul.com
colleen.foley@saul.com
jennifer.creswell@saul.com

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF AQUA NEW JERSEY, INC. FOR APPROVAL OF AN INCREASE IN RATES FOR WATER AND WASTEWATER SERVICE AND OTHER TARIFF CHANGES	:	**PETITION** **BPU DKT. NO. WR2601_____**

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

Petitioner, Aqua New Jersey, Inc. (hereinafter "Petitioner," "Aqua" or the "Company"), respectfully submits this Petition pursuant to *N.J.S.A.* 48:2-21, *N.J.S.A.* 48: 2-21.1, and *N.J.A.C.* 14:1-5.12, and other related statutes and regulations and shows that:

I. Introduction & Background

1. Aqua is a public utility corporation of the State of New Jersey subject to the jurisdiction of the New Jersey Board of Public Utilities (the "Board"). Petitioner's principal business office is located at 10 Black Forest Road, Hamilton, New Jersey 08691.

2. Aqua is engaged in the business of collecting, treating and distributing water for retail service to approximately 56,450 customers and collecting, transmitting and treating wastewater for approximately 7,050 customers. The Company's customers are located in several municipalities in Warren, Hunterdon, Mercer, Morris, Burlington, Monmouth, Camden, Ocean, Sussex, Gloucester and Atlantic Counties, New Jersey. The Company has organized its business by the following Divisions: Northern Division (based in Phillipsburg), Central Division (based in Hamilton), Eastern Division (based in Berkeley) and the Southern Division (based in Blackwood).

3. The primary purpose of this Petition is to seek an increase in base rates for water and wastewater service. Aqua last increased its base rates for wastewater service in January 2021 and water service in October 2024. Today, the Company's request is driven by several factors including: continuing increases in operating and maintenance ("O&M") expenses; increasing costs related to regulatory, legal and environmental requirements that are not reflected in currently approved base rates; and the growing capital investments required to continue to provide safe, adequate and proper water and wastewater service. As will be discussed in greater detail in the testimony supporting this Petition, increased expenses and new requirements, coupled with increased capital investments, have significantly reduced the Company's earnings. Consequently, Petitioner's present rates for water and wastewater service are not adequate to meet those increased expenses, support Aqua's required capital improvement programs, and provide the Company with a reasonable return on its investment in utility plant.

4. Petitioner proposes to increase water service rates for the purpose of producing additional revenues of approximately $6,015,030 (or 10.9%) above the adjusted annual level of revenues for the 12-month Test Year ending April 30, 2026 (and inclusive of the Distribution System Improvement Charge ("DSIC") and the Lead Service Line Replacement Charge ("LSLR") surcharges implemented during the test year period). Aqua also proposes to increase wastewater service rates for the purpose of producing additional revenues of approximately $1,870,503 (or 28.8%) above the adjusted annual level of revenues for the 12-month Test Year ending April 30, 2026 (and inclusive of the Purchased Sewerage Treatment Adjustment Clause ("PSTAC") surcharge implemented during the test year period).

5. Aqua's base rate proposal reflects its actual capital structure, including 47.05% debt and 52.95% equity, and a proposed return on equity ("ROE") of 10.50%. The Company's proposed overall rate of return ("ROR") is 7.61%. The additional revenues requested herein are

required to enable the Company to maintain a satisfactory credit position; preserve its financial integrity; comply with enhanced regulatory requirements (including state and federal environmental requirements); permit proper maintenance and improvement of the utility plant required to furnish safe, adequate and proper service to its customers; encourage continued good management and provide an incentive for efficiencies, where appropriate; prevent confiscation or diminution of its property; and earn a reasonable return upon the fair value of its property used and useful in the public service.

6. In addition to the proposed increase in base rates for water service, Petitioner also seeks the Board's review and approval of the following requests:

a. To reset to zero its current DSIC, include those investments in rate base, determine that all charges imposed are final and not subject to refund, and approve a new DSIC Foundational Filing (**Exhibit 1(W)**);

b. To reset to zero any Resiliency and Environmental System Investment Charge ("RESIC") that may be implemented during the pendency of this proceeding, determine that any such charges are final and not subject to refund, and approve a new RESIC Foundational Filing (**Exhibit 2(W)**);

c. To approve the Company's recovery of customer-side lead service line replacement ("LSLR") costs through its LSLR Surcharge, as supported by its LSLR Plan Update (**Exhibit 3(W)**);

d. To reset the Company's current PSTAC rate;

e. To approve the Company's proposal to provide a one-time bill credit to water and wastewater customers to provide a refund to customers of certain overcharges related to the State's overcollection of the Gross Receipts, Excise and Franchise Taxes ("GREFT");[1] and

f. To revise the Company's water and wastewater tariffs to reflect the proposed rate increases, including a continuation of its approach to equalizing certain rates, including rates for Public Fire Service.

II. DSIC Foundational Filing

7. Pursuant to *N.J.A.C.* 14:9-10.1 *et seq.*, the Company previously obtained the Board's approval of a DSIC Foundational Filing[2] which authorized Aqua to implement a DSIC to recover certain costs related to investments in DSIC-eligible plant. Since the Board's October 2024 approval in that proceeding, the Company has implemented a DSIC and made two semi-annual cost recovery filings.[3] A third semi-annual cost recovery filing is anticipated to be made in March 2026, and a fourth such cost recovery filing may be made during the pendency of this proceeding.

8. Consistent with *N.J.A.C.* 14:9-10.6(c), the Company intends to use this base rate proceeding to roll DSIC surcharges into base rates and to reset the DSIC rate to zero. The Company also seeks the Board's approval of a new DSIC Foundational Filing. Aqua's DSIC Foundational Filing has been included as **Exhibit 1(W)** to this Petition.[4] In addition, Aqua seeks

---

[1] See *I/M/O the New Jersey Board of Public Utilities' Consideration of the Gross Receipts Tax on Water and Sewer Utilities*, BPU Dkt. No. WR25060330, Stipulation of Settlement (filed December 22, 2025) (pending Board approval).

[2] *See I/M/O the Petition of Aqua New Jersey, Inc. for Approval of an Increase in Rates for Water Service, COVID-19 Deferred Cost Recovery, Adjustment of Certain Depreciation Rates, and Other Tariff Changes*, BPU Dkt. No. WR24010057, Order Approving Initial Decision and Stipulation, (dated October 9, 2024).

[3] On March 17, 2025, the Company made its initial DSIC cost recovery filing for the period March 1, 2024 through February 28, 2025. The Company made a second DSIC cost recovery filing on September 30, 2025, for the period March 1, 2025 through August 31, 2025.

[4] Please note that the DSIC Foundational Filing was not yet fully complete at the time of the filing of this Petition. Aqua has left a placeholder exhibit for the DSIC Foundational Filing and will supplement this Petition shortly with that filing.

a finding that interim DSIC rates are final and not subject to refund. The DSIC program and cost recovery mechanism have been an important tool in Aqua's efforts to replace older mains and services—all with an eye toward maintaining reliable service for customers.

III. RESIC Foundational Filing

9. Pursuant to *N.J.S.A.* 48:19-29, the Company previously obtained the Board's approval of a RESIC Foundational Filing[5] which authorized Aqua to implement a RESIC surcharge to recover certain costs related to investments in RESIC-eligible projects. As of the filing of this Petition, Aqua has not yet implemented a RESIC surcharge but anticipates making the required filing in late May 2026 and implementing a RESIC surcharge during the pendency of this proceeding.

10. Consistent with its approach to the DSIC, the Company intends to use this base rate proceeding to roll any RESIC surcharges into base rates and to reset the RESIC rate to zero. The Company also seeks the Board's approval of a new RESIC Foundational Filing. Aqua's RESIC Foundational Filing has been included as **Exhibit 2(W)** to this Petition.[6] In addition, Aqua seeks a finding that interim RESIC rates are final and not subject to refund. The RESIC program and cost recovery mechanism have been an important tool in Aqua's efforts to address new and evolving environmental and regulatory requirements such as PFAS treatment.

IV. LSLRC Filing

11. In the Company's 2024 base rate case, Aqua requested that the Board authorize the Company to implement an LSLRC surcharge to recover certain costs related to the replacement of customer-owned lead service lines. The Board subsequently approved the

[5] *See I/M/O the Petition of Aqua New Jersey, Inc. for Approval of a Resiliency and Environmental System Investment Charge Foundational Filing and Related Surcharge*, BPU Dkt. No. WR25060367, Order Approving Stipulation of Settlement, (dated November 21, 2025).

Company's request and permitted Aqua to recover $11,535,255 in LSLR costs that had been incurred as of June 30, 2024 and were included in a deferred balance account ("Deferred Balance").[7] The Board authorized Aqua to recover the Deferred Balance over a three year period via a separate surcharge and line item on customer bills. The Board also permitted the Company to recover the costs of additional customer-owned LSLs that were replaced beginning July 1, 2024.

12. Consistent with Board approval, the Company has made three LSLRC surcharge cost recovery filings. Aqua's first LSLRC surcharge filing was made on November 8, 2024, and became effective February 2, 2025. The first LSLRC surcharge filing recovered LSLR costs incurred in the semi-annual period running from July 1, 2024 through December 31, 2024, as well as a portion of the Deferred Balance. Aqua's second LSLRC surcharge filing was made on June 23, 2025 and became effective on August 1, 2025. The second LSLRC surcharge filing recovered a portion of the Deferred Balance and LSLR costs incurred in the semi-annual period running from January 1, 2025 through June 30, 2025, as well as a true-up to actuals from prior recovery periods. Aqua's third LSLRC surcharge filing was made November 11, 2025, and will become effective February 1, 2026. The third LSLRC surcharge filing will recover a portion of the Deferred Balance, LSLR costs incurred during the period July 1, 2025 through December 31, 2025, as well as a true-up to actuals for the prior recovery period. A fourth LSLRC surcharge filing may be made during the pendency of this proceeding.

13. In this proceeding, Aqua seeks a finding from the Board that its LSLR costs are reasonable and prudently incurred, and that amounts collected via the LSLRC surcharge are final

[6] Please note that the RESIC Foundational Filing was not yet fully complete at the time of the filing of this Petition. Aqua has left a placeholder exhibit for the RESIC Foundational Filing and will supplement this Petition shortly with that filing.

and no longer subject to refund. Details regarding the Company's cost recovery mechanism and its progress on its LSLR Plan are included in the Annual Update to the LSLR Plan[8] attached hereto as **Exhibit 3(W)** and discussed in the Direct Testimony of Company Witness Alissa Vanim.

V. GREFT Bill Credit

14. In late 2024, Aqua and other New Jersey water and wastewater utilities were notified by the New Jersey Division of Taxation ("Taxation") that a long-standing error had been discovered in the assessment of the GREFT. Specifically, Aqua was advised that GREFT tax payments had been incorrectly assessed at a rate of 7.5%, rather than the correct rate of 7%, resulting in an overpayment by Aqua of the GREFT. At the direction of Taxation, Aqua submitted a claim to refund overpayments between August 15, 2020 and May 15, 2022, and ultimately received $1,070,018 in refunds, which have been recorded on the Company's books as a regulatory liability.

15. On March 19, 2025, the Board issued an Order directing Aqua and other impacted utilities to defer on their books the difference between the GREFT rate of 7% and 7.5%, including both the refunds from Taxation and the difference in the GREFT expenses included in rates.[9] The Board also directed impacted utilities to file petitions with calculations of the GREFT regulatory liability, which Aqua did on June 2, 2025. On December 22, 2025, the Company filed a Stipulation of Settlement with the Board. That Stipulation remains pending Board approval at this time.

---

[7] *See I/M/O the Petition of Aqua New Jersey, Inc. for Approval of a Resiliency and Environmental System Investment Charge Foundational Filing and Related Surcharge*, BPU Dkt. No. WR25060367, Order Approving Stipulation of Settlement, (dated November 21, 2025) at 4-5.

[8] Please note that the Annual Update to the LSLR Plan meets the Company's obligation pursuant to *N.J.S.A.* 52:12A-44 (a).

[9] *See I/M/O the New Jersey Board of Public Utilities' Consideration of the Gross Receipts Tax on Water and Sewer Utilities*, BPU Dkt. No. WX25020086, Order (dated March 19, 2025) at 2.

16. Current rates were developed using the higher, erroneous tax rate. Since learning of the error, Aqua has also calculated the differential between the amount paid by customers at the incorrect rate and the amount that would have been paid had the lower, correct rate been used. Consistent with the Board's March 19, 2025 Order, the Company has deferred the calculated difference as a regulatory liability on its books and now proposes to return the regulatory liability to customers in the form of a one-time bill credit to be provided at the conclusion of this proceeding. Therefore, the Company seeks Board approval in this proceeding of both the amount of the regulatory liability and the one-time refund to customers.

VI. PSTAC Rate Reset

17. Aqua charges all wastewater customers a single fixed monthly tariff rate for wastewater service and a fixed monthly rate for wastewater treatment costs (which are a direct pass-through of treatment costs Aqua incurs from third-parties). In this proceeding, Aqua proposes to reset the PSTAC to reflect current costs in addition to the proposed increase in fixed monthly costs for wastewater service.

VII. Revised Tariff

18. Attached as **Exhibits 5(W)** and **5(WW)** are proposed revised tariffs for water and wastewater service, respectively.

VIII. Public Fire Charges

19. Over its last several rate cases, the Company has taken steps to recognize, and mitigate to the extent possible, increases in charges for public fire protection services. In particular, the Company has attempted to mitigate increases to public fire charges in recognition of the impact of these charges on the municipalities and fire districts the Company serves. In addition, the Company has attempted to address the disparity in public fire charges between municipalities with the overarching goal of moving toward a unified public fire charge. In this

proceeding, the Company is proposing to increase the All Service Areas public fire protection rate to $59.28 (a $5.63 increase from the current $53.65 monthly charge). In addition, to further the Company's goal of moving towards a uniform public fire protection rate, the Company is proposing to consolidate the other seven public fire protection rates into four rates in this proceeding. The remaining public fire protection rates, which are significantly lower than the All Service Areas rate, were increased to help move closer to a uniform public fire protection rate. As discussed in greater detail in the Direct Testimony of Company Witness Gregory Herbert, the Company believes that this proposal will not create undue hardship, will assist Aqua's municipalities and fire districts, and will better align its rates to the customers benefitting from the services they receive.

IX. Notices

20. Petitioner hereby notifies the Board that, for the reasons stated above, it seeks approval to increase its rates for water service, as provided in the proposed tariffs in **Exhibits 5(W)** and **5(WW)** attached hereto, for service rendered on and after March 1, 2026, which date is at least thirty (30) days after the filing of this Petition. The Petitioner also notifies the Board that it intends to implement the proposed rates on October 30, 2026, on an interim basis pursuant to law, if the Board has suspended the effective date of the new rates pursuant to *N.J.S.A.* 48:2-21.1, but has not finally determined a just and reasonable tariff schedule prior to that date. Aqua notes that should it determine to implement rates on an interim basis, it will comply fully with the Board's regulations governing the process for implementing provisional rates at *N.J.A.C.* 14:1-5.12(f) through (j).

21. In addition to the Secretary of the Board, notices of this filing and all annexed exhibits are being served upon the State of New Jersey, Division of Rate Counsel and the Office of the Attorney General. Notice of the filing will be furnished to Petitioner's customers by

placing a line on customers' bills including a website address at which customers may access copies of this filing, by prominently posting this filing on the Company's website, and by complying with the Board's rules and regulations regarding public notices after the Parties have concurred on its substance. Proof of service of the notices referred to herein will be filed with the Board in accordance with the Board's regulations. Copies of an approved form of Notice and the proposed tariffs will be served upon the respective municipalities and counties pursuant to the Board's regulations.

22. Correspondence in this matter should be addressed to the following:

Colleen A. Foley, Esq.
Saul Ewing LLP
One Riverfront Plaza, 15th Floor
Newark, New Jersey 07102
Colleen.Foley@saul.com

Courtney L. Schultz, Esq.
Saul Ewing LLP
Centre Square West
1735 Market Street, Suite 3400
Philadelphia, PA 19103
Courtney.Schultz@saul.com

Natalie Chesko
Aqua New Jersey, Inc.
10 Black Forest Road
Hamilton, New Jersey 08691
NChesko@aquawater.com

Ted Holod
Aqua New Jersey, Inc.
10 Black Forest Road\
Hamilton, New Jersey 08691
TMHolod@aquawater.com

William C. Packer
Essential Utilities, Inc.
762 West Lancaster Avenue
Bryn Mawr, PA 19010
WCPackerJr@essential.co

Kimberly A. Joyce, Esq.
Essential Utilities, Inc.
762 West Lancaster Avenue
Bryn Mawr, PA 19010
KAJoyce@essential.co

X. Supporting Exhibits

23. Annexed hereto and made a part hereof as if fully set forth herein are the following exhibits.[10] Please note that schedules marked with a (W) are related to water service and schedules marked with an (WW) are related to wastewater service. Schedules without either (W) or (WW) apply to Aqua New Jersey as a whole.

Exhibit No.	Description
1(W)	DSIC Foundational Filing (To be provided when available)
2(W)	RESIC Foundational Filing (To be provided when available)
3(W)	LSLR Plan Update
4(W)	Present Water Tarriff
4(WW)	Present Wastewater Tariff
5(W)	Proposed Water Tariff, including Redline to Present Tariff
5(WW)	Proposed Wastewater Tariff, including Redline to Present Tariff
6	Proposed Form of Public Notice
7	Balance Sheet – Assets
8	Balance Sheet – Liabilities
9(W)	Income Statement – Water
9(WW)	Income Statement – Wastewater
10(W)	Detail of O&M Expenses – Water
10(WW)	Detail of O&M Expenses – Wastewater
13(W)	Income Statement under Present and Proposed Rates – Water
13(WW)	Income Statement under Present and Proposed Rates – Wastewater
14	Calculation of Cost of Capital and Rate of Return
15(W)	Rate Increase Calculation – Water
15(WW)	Rate Increase Calculation – Wastewater
17(W)	Operating Revenues, Billing Determinants Summary and Detail – Water
17(WW)	Operating Revenues, Summary and Detail – Wastewater
20(W)	Summary of O&M Expenses – Water
20(WW)	Summary of O&M Expenses – Wastewater
21(W)	Summary of Taxes Other Than Income – Water
21(WW)	Summary of Taxes Other Than Income – Wastewater
22(W)	Federal Income Tax Calculation – Water
22(WW)	Federal Income Tax Calculation – Wastewater
23(W)	Amortization Adjustments – Water
23(WW)	Amortization Adjustments – Wastewater
25(W)	Interest Expense – Water
25(WW)	Interest Expense – Wastewater
26(W)	Rate Base Summary and Rate of Return – Water
26(WW)	Rate Base Summary and Rate of Return – Wastewater

XI. Supporting Direct Testimonies

24. This Petition is filed with five months of actual data and seven months of projected data, with adjustments made for known and measurable changes beyond the end of the

[10] Please note that Exhibit Nos. 11, 12, 16, 18, 19 and 24 are not used in this filing.

test year. The Company's filing is supported by the following Direct Testimony, inclusive of exhibits thereto, of the following witnesses:

Petitioner's Testimony No.	Witness Name & Title	Topics Covered
PT-1	Natalie Chesko, President	Company and Policy Overview
PT-2	William C. Packer, Controller and Vice President of Regulatory Accounting	Rate Base; Revenue Requirement; Accounting & Tax Matters
PT-3	Ted Holod, Aqua NJ Controller	O&M; Accounting Matters
PT-4	Alissa Vanim, Director of Operations	LSLR Program; PFAS Treatment
PT-5	Elias Bakhash, State Engineer	UPIS, RESIC and DSIC
PT-6	Greg Herbert, Gannett	Billing Analysis; Rate Design; Class Cost of Service Study
PT-7	Dylan D'Ascendis, ScottMadden, Inc	Return on Equity; Capital Structure

25. The Company intends to supplement this Petition as needed and will furnish such other and additional information and testimony as may be required by the Board or by the processing of this filing.

XII. CONCLUSION

WHEREFORE, Petitioner, Aqua New Jersey, Inc., respectfully requests that the proposed increase in rates be approved pursuant to N.J.S.A. 48:2-21, and that the additional relief requested be granted, and that such other relief as described herein be granted by the Board.

Respectfully submitted,

By: Courtney L. Schultz

Courtney L. Schultz
Colleen A. Foley
Saul Ewing LLP
Attorneys for Aqua New Jersey, Inc.

Dated: January 30, 2026

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF AQUA NEW JERSEY, INC. FOR APPROVAL OF AN INCREASE IN RATES FOR WATER AND WASTEWATER SERVICE AND OTHER TARIFF CHANGES	**BPU DKT. NO. WR2601_____**

CERTIFICATION

TED M. HOLOD, of full age, being duly sworn, upon his oath deposes and says:

1. I am Controller of Aqua New Jersey, Inc. and in that capacity I am authorized to make this Verification on behalf of Aqua New Jersey, Inc. in this matter.

2. I have reviewed the within Petition and exhibits thereto, and the same are true and correct to the best of my knowledge, information and belief.

3. I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Ted M. Holod

Dated: January 30, 2026

EXHIBIT 1(W)

DSIC Foundational Filing

(forthcoming)

EXHIBIT 2(W)

RESIC Foundational Filing

(forthcoming)

EXHIBIT 3(W)

AQUA NEW JERSEY, INC.
LEAD SERVICE LINE REPLACEMENT PLAN
2025 UPDATE

Filed pursuant to the Order of Approval in
BPU Docket No. WR22120745

LEAD SERVICE LINE REPLACEMENT PLAN
2025 UPDATE

Aqua New Jersey, Inc. ("ANJ" or the "Company"), a public utility corporation of the State of New Jersey, maintaining its principal place of business at 10 Black Forest Rd, Hamilton NJ, hereby provides the Board of Public Utilities (the "Board" or "BPU") with this Update to the Company's Lead Service Line Replacement Plan approved by the Board in BPU Docket No. WR22120745.[1] As the Board is aware, the Lead Service Line Replacement Law ("LSLR Law"), P.L. 2021, c. 183, required water utilities to submit Initial Lead Service Line Replacement Plans and to update those plans annually In compliance with the annual update requirement, ANJ submits this updated information. Please note that the Company incorporates by reference its Initial Plan approved by the Board in BPU Docket No. WR22120745, and any subsequent updates thereto.

I. BACKGROUND

1. ANJ is a regulated public utility corporation engaged in the production, treatment and distribution of water, and the collection and treatment of wastewater within its defined service territory within the State of New Jersey. The Company's service territory includes portions of the following counties: Atlantic, Burlington, Camden, Gloucester, Hunterdon, Mercer, Monmouth, Sussex, Ocean, and Warren. As of late 2025, Petitioner serves approximately 56,450 water and fire service customers and 7,050 wastewater service customers.

[1] *See I/M/O the Petition of Aqua New Jersey, Inc. for Approval to Defer Certain Costs Related to the Replacement of Lead Service Lines and Other Related Approvals*, BPU Docket No. WR22120745, Order Adopting Stipulation (dated July 12, 2023), at 2.

2. ANJ is subject to regulation by the Board for purposes of setting its rates for water and wastewater service and to assure safe, adequate and proper water and wastewater service pursuant to *N.J.S.A.* 48:2-13, 48:2-16, and 48:2-21*, et seq*.

3. The Company is submitting this 2025 Update to its plan for the replacement of property-owner side, or customer-owned, lead service lines pursuant to the LSLR Law, and contemporaneously with the Company's filing of its 2026 base rate case.

II. LSLR PLAN

4. ANJ's LSLR Plan and 2025 Update include replacement of customer-owned lead service lines, including goosenecks and galvanized services (together, "LSLs") as required by the LSLR Law in conjunction with main replacement and relocation projects using the Company's prioritization model previously reviewed in prior filings with the Board, as well as through other means as the replacement program continues to progress.

5. The LSLR Plan and Update include the following elements required by the LSLR Law:

- Estimated total cost to replace both sides of LSLs;
- Availability of grants or low interest loans;
- Proposed rate treatment of replacement costs;
- How replacement of LSLs will be accomplished;
- Estimated savings; and
- Communication with customers and documentation of consent.

III. ESTIMATED COSTS FOR TOTAL LSLRs

6. As of this 2025 Update filing (which is based on data submitted to the New Jersey Department of Environmental Protection ("NJ DEP") as of July 2025), ANJ estimates that there are approximately 3,000 service lines with unknown composition, and that 410 known Company-owned LSLs and/or customer-owned LSLs will need to be replaced. These estimates are based on a comprehensive review of tap records; however, such records do not consistently identify the material of the customer-owned portion of the service line, as this level of detail was not historically relevant and thus, not maintained in the Company's records. As ANJ further inventories service line material, it is anticipated that the number of LSLs identified will change and may increase.

7. Based on ANJ's experience replacing LSLs in the Company's Northern Division (Phillipsburg system), the Company estimates the average cost (in 2023 dollars) to complete a full LSL replacement to be approximately $8,000. Company side partial replacements are estimated to cost approximately $4,200, and customer side only replacements are estimated to cost approximately $5,100.

8. The average cost to replace Company- and/or customer-owned LSLs could increase or decrease as work continues. Factors impacting actual costs include, but are not limited to: (1) whether work is completed as a part of a main replacement program, in a targeted area or as a one-off replacement; (2) local ordinances, codes and requirements; (3) changes in laws, standards, and best practices; (4) local competitive market prices for services and materials; (5) differences in construction methods and equipment in different areas; (6) property site conditions; (7) scope of work and building conditions for work, if any, performed through building foundation walls and

within buildings; (8) any factors impacting material and labor costs such as inflation, strikes, and events affecting the supply chain; and (9) improvements in technology.

9. The Company estimates that it could replace up to 2,000 LSLs each year as shown by ANJ's replacement program performance in 2022-2023. This speed of replacement depends on access, local moratoriums, and contractor availability resulting in a total estimated cost of approximately $10 million to replace the remaining Company- and customer-owned LSLs The Company notes this is an estimate that is subject to change as replacement work continues.

10. The Company will also continue to incur costs associated with evaluating service lines of unknown composition through a service line inventory program. Methods for obtaining service line inventory data include: customer surveys, test-pits, door knocking for access, material verification during meter changes, and computer based modeling. These costs will vary as the success of many of these methods is not yet fully known.

IV. UTILIZATION OF AVAILABLE GRANTS AND LOANS

11. ANJ is currently pursuing funds from the New Jersey Infrastructure Bank ("NJIB") to take advantage of principle forgiveness related to the costs of removing LSLs in an effort to minimize the financial impacts of LSL the Company's customers. This combination of low-interest financing and principal forgiveness will support getting this critical project done at the lowest possible rate impact to our customers. Currently, a $10 million application is under review for the Phillipsburg system, and similarly a second $10 million loan application has been submitted to NJIB for the Blackwood water system. These are the major areas of impact from the new lead service line regulations.

12. The Company's Blackwood system has been selected as part of the EPA's Lead Line Accelerator Program. This pilot program will lend financial, engineering, and administrative support to increase the speed of implementation of this program in the Blackwood system. This program is projected to have a savings to ANJ's customers of approximately $6 million.

13. The Company will continue to pursue additional opportunities for which it may be or may become eligible in an effort to lower the total cost of implementing the LSLR Plan.

V. PROPOSED RATE TREATMENT

14. The Company's approach to recovering the costs of the LSLR Plan is described in detail in the Company's Petition and supporting Direct Testimony.

VI. HOW LSLRs ARE ACCOMPLISHED

15. To date, Aqua has replaced just shy of 2,200 LSLs across its 3 main operating divisions, with the majority of the work being done in the Phillipsburg system (see Table 1). This work amounts to almost 17 miles of LSLs replaced, removing a significant amount of point source contamination that has been in-place and potentially impacting customers for many years. The Company utilized four different contractors (Roman E&G, Montana Construction, Henkels & McCoy, and Alpha Utilities) to do this critical work. Thus far, the primary method of replacement has been trenchless technology which minimizes the impact to customers' property. Despite the minimal impact, a major cost of the LSLR program is restoration of municipal roadways, customer sidewalks and property.

16. Table 1, below, shows the LSL inventory taken at the beginning of the project and the inventory levels submitted to the NJDEP in as of July 2025. As shown on Table 1, major

progress has been made eliminating unknown services from the Company's inventory since July 2021.

Table 1 LSL Inventory July 2021 vs. July 2025 & Total LSLs Replaced[2]

Table 1									
	July 2021				July 2025				
System Name	Aqua Side "Lead"	Customer Service "Lead"	Aqua Service "Unknown"	Customer Service "Unknown"	Aqua Side "Lead"	Customer Service "Lead"	Aqua Service "Unknown"	Customer Service "Unknown"	Services Replaced
Blackwood	0	10	12565	9193	2	23	3199	2533	4
Woolwich	0	0	0	0	0	0	0	0	0
Seaview Harbor	0	0	0	0	0	0	0	0	0
Hamilton	3	12	6722	8148	1	24	411	519	44
North Hanover	0	0	0	0	0	0	0	0	0
Cal Village	0	0	0	0	0	0	0	0	0
Spartan Village	0	0	0	0	0	0	0	0	0
Berkeley-Eastern	0	0	0	0	0	0	0	0	0
Lawrenceville Water	14	35	592	649	25	30	15	11	49
Phillipsburg	140	1402	3562	4803	85	398	295	3376	2005
Riegelsville	2	2	12	9	2	2	10	7	0
Warren Glen	2	11	23	35	7	15	14	17	4
Califon	7	19	235	247	6	7	14	9	27
Riegle Ridge	5	13	108	130	5	12	8	8	1
Fox Hill	0	0	0	0	0	0	0	0	0
Bunnvale	0	3	36	52	0	1	9	17	0
Brainards	1	3	23	30	1	8	9	16	0
Bear Brook	0	0	0	0	0	0	0	0	0
Harkers Hollow	0	0	0	0	0	0	0	0	0
Wallkill	0	0	235	199	1	1	55	42	0
Vernon	0	3	129	111	0	0	3	4	3
Tranquility	0	0	0	0	0	0	0	0	0
Summit Lake	0	1	67	65	0	0	0	0	0
Byram	0	0	0	0	0	0	0	0	0
Cliffside Park	0	0	0	0	0	0	0	0	0
Total	174	1514	24309	23671	135	521	4042	6559	2137

17. While completing the majority of the detailed inventory work, ANJ also remediated just over 2,100 LSLs. ANJ looks forward to bringing this program to a close in the coming years and being able to declare our New Jersey water systems to be lead free. This is a critical milestone as lead and copper regulations have been updated by the EPA and will become more and more stringent for systems that still contain leaded materials.

[2] Note the data in Table 1 reflects inventory submitted to NJ DEP during the annual reporting period as of July 2025. The "Services Replaced" Column shows LSLs replaced since beginning of the program.

VII. CUSTOMER COMMUNICATIONS

18. A big success of the LSLR program has been our acceptance rate of getting the work scheduled with homeowners. To date only 53 customers have rejected the service line replacement work being done on their homes. This is an acceptance rate of over 97%. Aqua attributes this success rate to the lack of upfront charges to the homeowner, skilled labor completing the work, and an exhaustive outreach program using door knocking crew members reaching out to homeowners during varied times of the day. The Company's outreach plan and notices have not changed from those included and approved as part of Company's Initial filing (see Exhibit D to the Initial LSLR Plan).

19. Generally, the customer notification process is as follows. As the composition of LSLs are identified by ANJ and/or its contractors through excavation and other activities, customers are provided with the results of those tests. When a customer-owned LSL is identified for replacement, the customer is provided with contact information for the contractor assigned to that premises, advised of the replacement process and timing. Customers are also advised that the LSLR will be done free of charge. Customers who agree to have their LSL replaced are required to sign a short license agreement authorizing Aqua (or its contractor) to access the premises to perform the LSLR. Whenever possible, customer consent is obtained well in advance to limit customer inconvenience or confusion, and to facilitate efficient contractor scheduling and workflows.

EXHIBIT 4(W)

AQUA NEW JERSEY, INC.

TARIFF FOR

WATER SERVICE

APPLICABLE IN

ALL OR PART OF

WARREN, HUNTERDON, MERCER, BURLINGTON, CAMDEN, OCEAN,

SUSSEX, MONMOUTH, GLOUCESTER, ATLANTIC AND MORRIS COUNTIES

NEW JERSEY

Issued: Effective Date:
By: Natalie Chesko, President
10 Black Forest Road
Hamilton, NJ 08691
Filed pursuant to decision and order of the Board of Public Utilities dated _____, in Docket No. WR24010057.

TABLE OF CONTENTS

	Sheet No
Territory Served	2
Standard Terms and Conditions	3 – 19

Rate Schedule as listed below

Applicable To	For	Schedule	Sheet No
All Territories Served	General Metered Service	1	20
All Territories Served	Distribution System Improvement Charge	2	21
All Territories Served	Private Fire Protection	3	22 & 22A
All Territories Served	Public Fire Protection	4	23 & 23A
All Territories Served	Lead Service Line Replacement Charge	5	24

TERRITORY SERVED

ATLANTIC COUNTY
Egg Harbor Township*

BURLINGTON COUNTY
Chesterfield Township *
North Hanover Township*
Borough of Wrightstown*

CAMDEN COUNTY
Gloucester Township *

GLOUCESTER COUNTY
Woolwich Township

HUNTERDON COUNTY
Bloomsbury Borough*
Califon Borough
Holland Township*
Lebanon Township*

MERCER COUNTY
Hamilton Township *
Lawrence Township*
Robbinsville Township *

MONMOUTH COUNTY

Upper Freehold*

MORRIS COUNTY
Washington Township*

OCEAN COUNTY
Berkeley Township

SUSSEX COUNTY
Byram Township*
Fredon Township*
Green Township*
Hardyston Township *
Vernon Township *

WARREN COUNTY
Alpha Borough*
Greenwich Township
Harmony Township
Lopatcong Township
Mansfield Township*
Town of Phillipsburg
Pohatcong Township

*Partially served

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS:

1.1 "Aqua" or "Company" shall be used herein to refer to Aqua New Jersey, Inc., the party rendering water service.

1.2 "BPU" or "Board" shall be used herein to refer to the New Jersey Board of Public Utilities.

1.3 "Classes of General Metered Service." There are five classes of general metered service, based on the nature of the Customer and the use of the property receiving service, as follows:

1.3.1 **Residential Class:** An individually-metered dwelling unit intended for human habitation (including a detached house, rowhome, townhouse, condominium and mobile home) or an individually-metered home or building consisting of not more than two dwelling units.

1.3.2 **Commercial Class:** A building, store, restaurant or office which is primarily a site for the buying or selling of goods or the provision of professional or consumer services. In addition, apartments, condominium complexes, colleges, private and public schools, car washes, laundromats, construction sites, hotels, motels, and tanks filled at the Company's premises are included in this class.

1.3.3 **Industrial Class:** A building or factory which is primarily a site for the manufacture or production of goods.

1.3.4 **Other Water Utility:** A public water utility, Municipal Corporation or water authority which purchases water for resale to their customers.

1.3.5 **Public:** A public building, library, park or playground which is owned by a governmental unit which has the power of taxation.

1.4 "Connecting line" is the portion of pipe that starts at the curb stop and conveys domestic water and/or fire service to the customer. The customer owns, and is responsible for the operation and maintenance of the connecting line .

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS (CONTINUED):

1.5 "Cross Connection" refers to physical connections between an approved public potable water supply and an unapproved water supply. Pursuant to N.J.S.A. 58:11-9.1 *et seq.* Cross Connections are prohibited unless Cross Connection Controls, or Backflow Prevention devices, are first installed and a Permit has been obtained from the New Jersey State Department of Health pursuant to N.J.S.A. 58:11-9.2 or a permit has been issued pursuant to N.J.A.C. 7:10-10.1 *et seq*. Further, Cross Connections shall not be permitted without the Company's written consent thereto.

1.6 "Curb stop" is the fitting attached to the service line, and is used primarily for turning on and shutting off water at the curb in emergencies, for purposes of repair or to discontinue service to a customer.

1.7 "Customer" shall be used herein to refer to the party contracting for service to a property, or the party receiving and paying for the service, as appropriate.

1.8 "DSIC" shall be used herein to refer to the Distribution System Improvement Charge. (N.J.A.C. 14:9-10.2).

1.9 "Diversion" shall be used herein to refer to an unauthorized connection to pipes by which utility service registers on the Tenant-Customer's meter although such service is being used by other than the Tenant-Customer of record without his or her knowledge or cooperation. The unauthorized connection must not be apparent from the premises. (N.J.A.C. 14:3-7.8).

1.10 "DPA" shall be used herein to refer to a Deferred Payment Agreement, which will be offered by the Company to a Customer upon request, as appropriate and in accordance with the Board's regulations. DPAs shall be limited to one DPA per year for each utility service received by a Customer (i.e., one for water service and one for wastewater service, as appropriate).

1.11 "Extension" is an addition to the existing system of mains, intended to service more than one customer, either at the time of installation or in the future.

1.12 "Interruptible Service" means service which may be interrupted in the sole discretion of the Company on not less than three (3) hours' notice to the customer by telephone or otherwise.

1.13 "Main" is a pipe or conduit for conveying water or wastewater. A "water main" will exclusively convey water and a "sewer main" will exclusively convey wastewater.

1.14 "Meter" is a device to measure the quantity of water, wastewater and/or the rate of flow delivered to or from a customer.

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS (CONTINUED):

1.15 "Meter pit" is a structure that houses a small meter or meters less than or equal to 2-inches. Unless agreed to by the Company and the customer, it is installed, furnished and maintained by the Customer.

1.16 "Meter vault" is a structure that houses a meter or meters larger than 2-inches. Unless explicitly agreed to by the Company and the customer in writing, it is located and designed by the Company, and constructed, installed, furnished and maintained by the Customer at the sole expense to the customer.

1.17 "Multi-use service" shall be used herein to refer to water service that is supplied to a structure through one water line extending from the water main to the structure, and which is used inside the structure for both domestic water service and fire suppression service. (N.J.A.C. 14:9-8.1).

1.18 "NJ DEP" shall be used herein to refer to the New Jersey Department of Environmental Protection.

1.19 PSTAC" or "Purchased wastewater treatment adjustment clause" is a provision that authorizes a utility to adjust its rates to compensate for an increase or decrease in the cost of wastewater treatment purchased from a wastewater treatment purveyor. (N.J.A.C. 14:9-7.2).

1.20 "PWAC" or "Purchased water adjustment clause" is a provision that authorizes a utility to adjust its rates to compensate for an increase or decrease in the cost of water purchased from a water purveyor. (N.J.A.C. 14:9-7.2).

1.21 "PWAC Year" and "PSTAC Year" shall mean the twelve-month period beginning each January 1 and ending December 31 of the following calendar year.

1.22 "Residential Customer" shall be used herein to refer to Customers who receive service for use in a residence. (N.J.A.C. 14:3-1.1).

1.23 "Service line" is the portion of pipe that starts from a main and ends at the curb stop. The service line is owned, operated and maintained by the Company. (N.J.A.C. 14:3-8)

1.24 "Shared Service Line" is a single service line that is used to provide service to customers located at multiple premises such that water service via the shared service line cannot be curtailed to one customer premises without also curtailing service to customers located at other premises. Shared service lines are strictly prohibited absent an agreement in writing by Aqua that the shared service line is in the public interest and that appropriate safeguards are in place to protect the interests of all customers served by the shared service line.

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS (CONTINUED):

1.25 "Tap" is the fitting inserted in the main to which the service line is attached. It is used to facilitate the tapping of the main and for shutting off water in case of repairs to the service line.

1.26 "Tariff," as referred to herein, is the entire "Tariff for Water Service" as the same may be amended or revised from time to time in accordance with N.J.A.C. 14:3-1.3, Tariffs.

1.27 "Tenant-Customer" shall be used herein to refer to a Residential Customer of record at the time of the complaint who rents a dwelling unit in a multifamily building or owns a condominium. (N.J.A.C. 14:3-7.8).

2. GENERAL INFORMATION:

2.1 Aqua is regulated by the Board. The Company's provision of service is governed by New Jersey statutes and the pertinent rules and regulations promulgated by the Board, which statutes and rules and regulations are hereby adopted and incorporated by reference, as well as the terms of this tariff. If there is an inconsistency between the Company's tariff and the Board's regulations, the Board's regulations supersede the tariff provision absent specific approval to the contrary by the Board. However, if the tariff provides for more favorable treatment of a customer than the Board's regulations, the tariff shall control. (N.J.A.C. 14:3-1.3(i)).

2.2 The current Board-approved "Customer Bill of Rights" can be found on the Board's website at http://www.bpu.state.nj.us/bpu/assistance/rights/.

2.3 A copy of this Board-approved tariff can be found on the Company's website, www.aquaamerica.com, and is also available for public inspection both at the Company's offices and at the Board, 44 S. Clinton Avenue, Trenton, New Jersey 08625. (N.J.A.C. 14:3-1.3(h)). If after you review this tariff and discuss it with appropriate Company employees, you still have questions regarding this tariff or your service, you may contact the Board's Division of Customer Assistance by phone, toll free, at (800) 624-0241, by email at http://www.state.nj.us/bpu/assistance/complaints/inquiry.html, or by mail. If you choose to email or write to the Board, please be sure to include your name, address and phone number (including the area code), and, if you are a Customer, please also include your account number.

2.4 The Company will endeavor to provide a regular and uninterrupted supply of water through its facilities. However, if service shall be interrupted, irregular, or defective, or fail because of breakdown or emergency, the Company will not be liable for damage, inconvenience or lost income resulting there from.

TERMS AND CONDITIONS OF SERVICE

2. GENERAL INFORMATION (CONTINUED):

2.5 A customer's responsibility to pay for service continues from the time service is commenced, pursuant to his/her application, until notice is received by the Company of a change of ownership or occupancy of the premises or notice is received by the Company to discontinue the applicable service. Upon receipt of such notice, the Company will arrange for a final meter reading and billing. No allowance will be made in case of non-occupancy, unless the Company is notified as stated above.

2.6 The Company does not undertake to render any special service or maintain any fixed pressure. In the event of an accident or for other reasons, the Company may shut off the water in its mains and pipes and may restrict the use of water whenever the public welfare may require it. All customers requiring an uninterrupted supply or a uniform pressure of water for any purpose, such as steam boilers, are cautioned to provide their own means of providing such special uninterrupted service. When the supply is to be interrupted or curtailed, the Company will endeavor to give notice.

2.7 The Company does not undertake to supply any uniform quality of water for special purposes, such as laboratories, manufacturing or processing plants, swimming pools, bleaching or dyeing plants, or laundries. Customers requiring water of special quality, or water free from discoloration or turbidity, are required to provide their own means of treating water, or provide such other protection as may be deemed necessary for the purpose required.

2.8 The location of meters and the arrangement of the fittings and piping are subject to inspection and approval of the Company and should meet the Company's requirements presented herein.

2.9 Neither by inspection approval nor failure to approve, nor in any other way, does the Company give any guarantee, or assume any responsibility, expressed or implied, as to the adequacy, safety or characteristics of any structures, equipment, pipes, appliances or devices owned, installed or maintained by the customer or leased by the customer from third parties.

2.10 The Company will not be liable for any loss, injury, casualty, or damage resulting from the supply or use of water service, or from the presence or operation of the Company's structures, equipment, pipes, appliances or devices on the customer's premises.

TERMS AND CONDITIONS OF SERVICE

2. GENERAL INFORMATION (CONTINUED):

2.11 From time to time, the Company may provide public notices, specific notices, correspondence or other notifications ("Notices") regarding the presence of conditions affecting the quality and/or quantity of water service provided by the Company. (Examples of such Notices include, but are not limited to, boil water alerts, notice of hydrant and main flushing, and notice of water quality testing results.) These Notices may contain information about actions members of the public may wish to, are recommended to, or should take in response to the conditions identified in the Notice. In the event the Company issues a Notice, the Company will not be liable for any expenses or costs incurred by a customer or end-user for any action taken in response to any condition identified in the Notice.

3. BILLING, FEES AND CHARGES:

3.1 The Company will not place the name of a second individual on the account of a Residential Customer unless specifically requested by said second individual. (N.J.A.C. 14:3-3.2(b)).

3.2 The Company shall not assess a late payment charge on a Residential Customer, or on a State, county or municipal government entity. Any late payment charges, as appropriate, will not be applied before 25 days have elapsed from the date the bill is rendered. (N.J.A.C. 14:3-7.1(e)).

3.3 The Company shall not impose any fees or charges for any fire protection system to a Residential Customer served by a water service line of two inches or less in diameter. Nor will the Company impose any fees in excess of the cost of water actually used for any sprinkler system required by State statutes or regulations to be installed in any residential health care facility or rooming or boarding house. The Company may, however, require separate, dedicated lines for fire protection and that those lines be metered. (N.J.S.A. 48:19-18).

3.4 Tenant-Customers shall not be required to pay for charges associated with a Diversion where, after investigation, Aqua New Jersey, Inc. has determined a Diversion of service has occurred. (N.J.A.C. 14:3-7.8(b)).

3.5 The Distribution System Improvement Charge (DSIC) is a Board-approved charge that allows the Company to more timely recover costs of rehabilitating, improving, or replacing non-revenue producing water distribution infrastructure needed for conservation, continued system safety and reliability, improved water quality, and sustained economic growth in New Jersey. (N.J.A.C. 14:9-10.1). The DSIC rate (as specified in Rate Schedule No. 1D) is reflected as a separate line item on Customer bills, and is calculated in accordance with N.J.A.C. 14:9-10.9(a)3.

TERMS AND CONDITIONS OF SERVICE

3. BILLING, FEES AND CHARGES (CONTINUED):

3.6 Restoration Charge. Prior to restoration of service following discontinuance of service at the Company's direction, including but not limited to discontinuance for non-payment, a Customer may be required to pay a Restoration Charge in the amount of $50.00.

3.7 Bad Checks Charge. Where the Customer submits a negotiable instrument to the Company in payment of a bill, charge, or deposit due and such instrument is subsequently dishonored or uncollectible for any reason, the Customer may be required to pay a Bad Check Charge equal to the costs incurred by the Company from the financial institution.

3.8 Non-Standard Meter Connection Fees.

3.8.1 For metered connections which are set up for the temporary, short term sale of water such as to contractors or lawn care specialists, the Company will charge for the water taken based on the "General Metered Service" tariff. The Company shall have the right to designate where, how, when and if such water may be obtained. Anyone granted permission to obtain water in such a manner must have in place a Cross Connection Control mechanism acceptable to the Company that will protect against the backflow of water into the Company's system and is compliant with all applicable rules and regulations concerning Cross Connections.

3.8.2 In addition, the Company shall require a $1,600 deposit for any temporary meter obtained from the Company. This deposit shall be refunded upon return of the temporary meter, provided that the meter is returned in the same condition in which it was borrowed. The Company reserves the right to retain all or a portion of the deposit if the meter is returned in a condition other than that which it was borrowed and/or if the meter is not returned at all.

3.9 Bulk Water Purchase. For bulk water purchases, such as the filling of tanker trucks, the Company will charge for the water taken based on the "General Metered Service" tariff.

TERMS AND CONDITIONS OF SERVICE

4. DEPOSITS:

4.1 While the Company does not typically request a deposit from a Customer upon initiation of new service, it reserves the right to do so consistent with the Board's regulations.

4.2 The Company may require that an existing Customer pay a deposit, or increase their existing deposit, if the Customer fails to pay a bill within thirty (30) days after the due date printed on the bill, or after service has been discontinued for non-payment. (N.J.A.C. 14:3-3.4).

4.3 Deposits shall be calculated in accordance with the Board's regulations. (N.J.A.C. 14:3-3.4(b)).

5. DISCONTINUANCE OF SERVICE:

5.1 **Customer Request:** Within 48 hours of notice to the Company by the Customer of a request to discontinue service, the Company shall discontinue service or obtain a meter reading for purposes of calculating the final bill. Where such notice is not provided by the Customer to the Company, the Customer shall be liable for service until the final meter reading is taken. A notice to discontinue service provided by the Customer shall not relieve the Customer from any minimum or guaranteed payment under any contract or rate. (N.J.A.C. 14:3-3A.1(b)).

5.2 **At the Company's Direction (For Reasons Other Than Nonpayment):** The Company may curtail, suspend or discontinue service, upon reasonable notice, to the extent reasonably possible, for the following reasons (N.J.A.C. 14:3-3A.1(a)):

5.2.1 In order to make permanent or temporary repairs, changes or improvements in any part of the Company's system;

5.2.2 For compliance in good faith with any governmental order or directive, regardless of whether such order or directive subsequently may be held to be invalid;

5.2.3 For the purpose of replacing any shared service line with service lines to individual customer premises;

5.2.4 For the purpose of inspecting the adequacy of any installed Cross Connection Controls, and for correcting or preventing any unauthorized or unpermitted Cross Connection; or

TERMS AND CONDITIONS OF SERVICE

5. DISCONTINUANCE OF SERVICE (CONTINUED):

5.3 For any of the following acts or omissions on the part of the Customer:

- Refusal of reasonable access to the Customer's premises;
- Refusal to permit access to the Company's metering equipment, including for the purpose of conducting regular meter reading, inspection, installation and removal activities;
- Tampering with any facility of the Company;
- Fraudulent representation in relation to use of service;
- Theft of service;
- Failure to test and/or maintain all required Cross Connection Controls, backflow prevention devices, and permits related thereto;
- Providing the Company's service to others without approval of the Company;
- Refusal to contract for service where such contract is required;
- Connecting and operating in such a manner as to interfere with the service of the Company or other Customers, including, but not limited to, failure to cooperate in the remediation of shared service lines;
- Failure to comply with any reasonable standard terms and conditions contained in the Company's tariff;
- Where the condition of the Customer's installation presents a hazard to life or property; or
- Failure to repair or replace any faulty facility of the Customer.

5.4 **At the Company's Direction (For Nonpayment):** The Company has the right to curtail, suspend or discontinue service for nonpayment of water charges or for nonpayment of a deposit, upon due notice given, where the Residential Customer's arrearage is (i) more than $200.00, or (ii) more than three (3) months in arrears. (N.J.A.C. 14:3-3A.2(a)).

5.4.1 Customers shall be provided with at least twenty (20) days from the postmark date of the outstanding bill to pay the water bill, or any deposit amount requested by the Company, except for those Customers receiving fire protection or multi-use service. (N.J.A.C. 14:3-3A.3).

5.4.2 Where payment is not received within twenty (20) days, the Company shall provide the Residential Customer with at least ten (10) days' notice prior to discontinuance of service.

TERMS AND CONDITIONS OF SERVICE

5. DISCONTINUANCE OF SERVICE (CONTINUED):

5.4.3 The Company shall make good faith efforts to contact all Residential Customers by phone prior to discontinuance of service, in addition to notice by first class mail.

5.4.4 The Company shall send the notice of discontinuance of service to the Residential Customer and also to any third party previously designated by the Residential Customer upon request to the Company. (N.J.A.C. 14:3-3A.4).

5.4.5 The Company shall not discontinue service to any Residential Customer for up to 90 days if a medical emergency exists within the residential premises, which would be aggravated by a discontinuance of service, provided that the Residential Customer has: (i) provided reasonable proof of inability to pay; and (ii) submitted the requisite Medical Certificate to the Company. At the end of such period of emergency, the Residential Customer shall remain liable for payment of all services rendered. (N.J.A.C. 14:3-3A.2(i)). The Medical Certificate can be found on the Company's website at https://www.aquaamerica.com/customer-service-center/forms.aspx.

5.5 A Customer is responsible for payment of all undisputed charges. If a Customer disputes a charge, and after notice to the Company the dispute is unable to be resolved, the Customer has the right to make a request to the Board for an investigation of the disputed charge within five (5) business days after notice to the Company of the dispute. If such a request is not made within five (5) business days, the Customer's service may be discontinued for nonpayment in accordance with the Board's regulations. (N.J.A.C. 14:3-7.6).

5.6 The Company shall not discontinue service to Residential Customers involuntarily except between the hours of 8:00 a.m. and 4:00 p.m., Monday through Thursday, unless there is a safety-related emergency. There shall be no involuntary termination of service on Fridays, Saturdays, and Sundays or on the day before a New Jersey State holiday or on a New Jersey state holiday absent such emergency. (N.J.A.C. 14:3-3A.1(c)).

5.7 **Winter Termination Program:** The Company shall not discontinue service to Residential Customers for non-payment during the period from November 15 through March 15 (the "Winter Termination Period"), unless otherwise ordered by the Board, where a customer meets the enumerated criteria set forth in N.J.A.C 14:3-3A.5(a).

TERMS AND CONDITIONS OF SERVICE

5. DISCONTINUANCE OF SERVICE (CONTINUED):

5.8 The Company shall make every reasonable effort to determine if a landlord/tenant situation exists at the residential premises being served and to provide notice to tenants prior to discontinuance of service. Where feasible, the Company shall offer affected tenants continued service to be billed in the tenant's name. (N.J.A.C. 14:3-3A.6).

5.9 **Service Restoration:** In cases where service has been discontinued at the Company's direction, as set forth herein, a charge for reconnection will be made as specified in Paragraph 3 herein, except where such discontinuance has been made by the Company in order to effectuate repairs, changes or improvements in any part of the Company's system.

6. DEFERRED PAYMENT AGREEMENTS:

6.1 Aqua will offer any Customer who is unable to pay an outstanding bill and/or deposit an opportunity to enter into one DPA per year per utility service. Customers who enter into a DPA for past due charges, however, are not relieved of the obligation to pay current bills on time. In the event that a Customer defaults on the terms of the DPA, Aqua New Jersey, Inc. may discontinue service upon due notice. (N.J.A.C. 14:3-7.7(d))

6.2 **Residential Customers.** Where a Residential Customer receives more than one service from Aqua (for example, water and sewer) and is in arrears as to both of those services, a separate DPA shall be offered for each service. In such situations, the Residential Customer may elect to enter into a DPA for one service and to discontinue the other service until satisfactory payment arrangements can be made so as not to add to the arrearage balance. The Company will renegotiate or amend the terms of an existing DPA upon satisfactory evidence provided by the Residential Customer that his or her financial circumstances have changed significantly due to factors beyond his or her control. Where a Residential Customer has DPAs for two services, default on one such DPA constitutes grounds for discontinuance of only that service. (N.J.A.C. 14:3-7.7).

6.3 **Non-Residential Customers.** DPAs will not be offered for a term of longer than three (3) months. (N.J.A.C. 14:3-7.7).

TERMS AND CONDITIONS OF SERVICE

7. METERS:

7.1 Upon Customer request, the Company will provide one free meter test per year. Where a billing dispute exists, the Customer may request that the meter test be witnessed by the Board, or a third-party. A meter test arising from a billing dispute may be appropriate in instances which include, but are not limited to: unexplained increased consumption, crossed meters, consumption while an account is vacant or any other instance where the meter's accuracy might be an issue in a bill dispute. Upon application, a Customer may also request that his, her or its meter test be witnessed by the Board. (N.J.A.C. 14:3-4.5).

7.2 Where a Customer has filed a complaint with the Board regarding meter accuracy or performance, Aqua shall not remove the Customer's meter from service during the pendency of said complaint, or during the thirty (30) days following the Board's decision on the complaint, unless otherwise authorized or directed by the Board (N.J.A.C. 14:3-4.8(c)).

7.3 Aqua shall make an adjustment of charges, to be determined consistent with N.J.A.C. 14:3-4.6, whenever a water meter is found to be registering fast by more than one and one-half percent.

8. EMERGENCY INTERRUPTIONS DUE TO EXTRAORDINARY DEMAND AND/OR DIMINISHED SUPPLY:

8.1 The Company endeavors to provide a regular and uninterrupted supply of water through its facilities to its Customers. However, if because of emergencies beyond Aqua's control, including but not limited to, governmental mandate, service is interrupted, irregular, restricted, defective or fails, the Company shall not be liable for any damage or inconvenience resulting therefrom. In the event of an emergency for extraordinary demand and/or diminished supply, the Company may restrict the use of water whenever the public welfare may require it and, if necessary, may shut off the water in its mains and pipes. In such cases, the Company will provide Customers, by phone, with detailed information regarding the conditions and restrictions, and the purpose and probable duration of the usage restriction or service interruption, curtailment or discontinuance.

8.2 Aqua New Jersey, Inc. may restrict or interrupt water service during certain periods in order to protect the public water supply, or to otherwise comply with any regulations or orders issued pursuant to the Water Supply Management Act, N.J.S.A. 58:1A-1 *et seq*. The Company will provide notice and subsequent outage reports to the Board in accordance with N.J.A.C. 14:3-3.7, as appropriate.

TERMS AND CONDITIONS OF SERVICE

9. MULTI-USE SERVICE:

9.1 By applying for Multi-use service, the Customer agrees to be responsible for all claims, costs, and liability for personal injury, death and/or property damage, resulting from the Customer's individual water system, unless caused by the negligence of the Company. (N.J.A.C. 14:9-8.3(d)).

9.2 Terms of Payment: The Company may terminate a Customer's Multi-use service for non-payment of a valid water bill for Multi-use service, in accordance with the Board's rules governing discontinuance of service at N.J.A.C. 14:3-3A.4(j). (N.J.A.C. 14:9-8.3(b)).

9.3 Conditions: By applying for Multi-use service, the Customer or builder certifies that:

9.3.1 The Customer or builder has hydraulically calculated the demand for the Customer's or builder's water system, based on the simultaneous domestic demand and fire sprinkler demand. The Customer or builder shall make this calculation in accordance with the Uniform Construction Code; and

9.3.2 The Customer or builder will ensure that the system is installed in accordance with the Uniform Construction Code at N.J.A.C. 5:23; and

9.3.3 The Customer will, prior to installation of the meter, obtain a construction permit in accordance with the Uniform Construction Code from the enforcing agency having jurisdiction over the system. (N.J.A.C. 14:9-8.3(c)).

9.4 Provision of Services: By applying for Multi-use service, and operating the same, the Customer agrees:

9.4.1 To include a backflow prevention device(s) as defined at N.J.A.C. 7:10-1.3, and as specified at N.J.A.C. 7:10-10.3 or required to obtain a permit pursuant to N.J.S.A. 58:11-9.2;

9.4.2 To be solely responsible for all costs and expenses relating to the installation, operation, maintenance, repair and replacement of the Customer's water system, including the fire suppression system and backflow prevention device(s);

TERMS AND CONDITIONS OF SERVICE

9. MULTI-USE SERVICE (CONTINUED):

9.4.3 To ensure that the Customer's water system complies with the applicable requirements of the Uniform Construction Code in effect at the time of system installation, including any applicable building, plumbing and fire protection subcodes; and

9.4.4 To ensure that the Customer's water system is maintained in accordance with all applicable laws so as to protect against Cross Connections, backflow, back-siphonage and contamination of the potable water system. (N.J.A.C. 14:9-8.3(e)).

10. WATER SERVICE AND CONNECTING LINES

10.1 Company Side – Service Lines:

10.1.1 The Company is responsible for the installation and maintenance of the service line. N.J.A.C. 14 :3-8.1 et seq.

10.1.2 Only employees of the Company or persons duly authorized to do so by the Company are permitted to operate or otherwise access the curb stop.

10.1.3 No service line shall be used to supply more than one customer unless authorized in advance by the Company in writing.

10.1.4 Where the Company has agreed that two or more customers may be supplied through a single shared service line, the customers must provide a suitable location(s) for a separate meter and separate shut-off valve that will be dedicated to each customer. The piping of the building(s) must be so arranged that each customer can be supplied through an independent meter, shut off valve and piping system as may be required by the Company, at the Company's discretion. The meter pit or vault shall be installed at a location acceptable to, and with the express approval of, the Company.

10.1.5 No single building or single group of buildings in one common enclosure and under one ownership shall be supplied by more than one shared service line.

TERMS AND CONDITIONS OF SERVICE

10. WATER SERVICE AND CONNECTING LINES (CONTINUED):

10.2 Customer Side – Connecting Lines:

10.2.1 Connecting lines are owned, installed, maintained and repaired by the customer at the customer's sole expense. The connecting line should be maintained in a condition conducive for the Company to perform the services required to serve the customer. If the connecting pipe is not so maintained, any failure of this pipe following the operation of the curb stop by the Company will be the responsibility of the customer. While performing its duties, if the Company observes that the connecting pipe or other customer owned and maintained appurtenances appear to be in poor condition, the Company will attempt to notify the customer of such, including that the customer may desire to contact a licensed plumber for a professional evaluation and/or repair of the connecting pipe and appurtenances. Failure to repair a leaking connecting line is grounds for discontinuance of water service. (N.J.A.C. 14:3-3A.1(a)5.x).

10.2.2 Connecting lines should be installed, without sharp bends, at right angles to the line of the street and shall be installed in the trench not less than 3-1/2 feet in depth to avoid damage and possible interruption to service caused by freezing. Other utility service lines shall not be installed in the same trench as the connecting line.

10.2.3 No attachment shall be made to the connecting line between the curb stop and the meter except as otherwise authorized by the Company. Unauthorized attachments are grounds for termination of service. (N.J.A.C. 14:3-3A.1(a)5.ii). Connecting lines should not be less than ¾ inch in inside diameter.

TERMS AND CONDITIONS OF SERVICE

10. WATER SERVICE AND CONNECTING LINES (CONTINUED):

10.2.4 A Customer must install a water pressure reducing valve where required by State of New Jersey plumbing code. If a water pressure reducing valve is required to be installed, the customer must install a pressure relief valve (collectively both are referred to as the "Valves"). In all cases, the costs of installation and maintenance of the Valves shall be borne by the Customer. The Customer shall own and be obligated to maintain the Valves. The Company will not be liable for damage due to meter failures if the Customer is located in a high pressure zone and does not have a pressure reducing valve or has a pressure reducing valve downstream from a water meter that is installed inside the premises. For meters less than or equal to 2 inches the pressure reducing valve will be located on the downstream side of the meter if the meter is located outside of the Customer's premises and on the upstream side of the meter, if the meter is located inside of the Customer's premises. For meters greater than 2 inches the pressure reducing valve will always be located on the upstream side of the meter.

10.2.5 The Customer is required to make all changes in the connecting line due to changes in grade, relocation of mains, or other causes only if such changes are mandated by a municipality, county, state or other governmental body.

11. WATER MAIN EXTENSIONS:

11.1 The Company will extend water service in accordance with all applicable laws of the State of New Jersey and Board regulations and orders including N.J.A.C. 14:3-8.1 *et seq.* Upon request, an application will be provided to the applicant, which must be returned to the Company.

12. CUSTOMER'S PREMISES:

12.1 The Company may refuse to provide a water connection, or furnish water through a connection pipe already installed, when a customer's piping system is not installed in accordance with the regulations of the Company and of the municipality in which the premises are located; or when the system on the premises is not at sufficient depth to prevent freezing.

TERMS AND CONDITIONS OF SERVICE

12. CUSTOMER'S PREMISES (CONTINUED):

12.2 The Company shall have the right of reasonable access to Customer's premises, and to all property furnished by the Company, at all reasonable times for the purpose of inspection of Customer's premises incident to the rendering of service, reading meters, or installing, relocating, inspecting, testing, replacing or repairing its facilities used in connection with supplying the service, or for the removal of its property. (N.J.A.C. 14:3-3.6). Service can be discontinued for refusal of reasonable access to the Customer's premises for necessary purposes in connection with rendering of service, including meter installation, reading or testing, installation, replacement or relocation of meter reading devices, or the maintenance or removal of the Company's property. (N.J.A.C. 14:3-3A.1(a)5.i). A charge for reconnection will be made as specified in Paragraph 3 herein upon restoration of service.

12.3 Customers shall not permit access to the meter and other appliances of the Company except by authorized employees of the Company or properly authorized state or local inspectors.

12.4 In all cases the Customers should not interfere with property of the Company, but should immediately notify the Company of any problem.

12.5 It is the sole responsibility of each Customer to ensure that all piping and appurtenances within a Customer's premises comply with state, municipal and other public health regulations in force with respect hereto including state and local plumbing codes. The piping and appurtenances shall be maintained in a condition conducive for the Company to perform the services required to serve the Customer.

12.6 In any premises where devices are used which might produce a back pressure, such as steam boilers, carbonation equipment for soft drinks, booster pumps, etc., a check valve shall be installed by the Customer at the meter. In the event such check valve is installed, pressure relief valves should be provided by the Customer in the system.

12.7 In any premises where an auxiliary water source is available, the pipes carrying water from the mains of the Company are required to be marked in some distinctive manner for ready identification.

TERMS AND CONDITIONS OF SERVICE

12. CUSTOMER'S PREMISES (CONTINUED):

12.8 Physical connections, such as Cross Connections, interconnections, valves, pumps, or similar devices, either permanent or temporary, connecting the pipelines or facilities of the Company with other pipelines or facilities supplied with water from other sources will not be permitted without the express written consent of the Company and full compliance with all applicable regulations concerning such connections. Water which has once been drawn from the Company's distribution network and used for any purpose or stored in tanks, is considered an unapproved source of supply.

12.9 The Company may require installation of a Cross Connection Control or backflow prevention protective device on a customer's service, in accordance with N.J.A.C. 7:10-10.1 *et seq.* and N.J.S.A. 58:11-9.1 *et seq.,* as appliable, which shall be purchased and installed at the expense of the customer. The Cross Connection and/or backflow prevention device shall be of the type approved by the Company and required to be installed to obtain any required permit. Inspection and testing at regular intervals shall be performed at the expense of the customer.

12.10 No device or connection is permitted between pipes carrying water from the mains of the Company and any portion of the plumbing system of the premises, which may under any condition permit back-flow or back-siphonage, unless prior written permission has been granted by the Company. Further, any such device or connection must comply fully with all applicable permits, statutes and regulations.

12.11 Failure to comply with any of these provisions is grounds for discontinuance of service on an emergent basis to prevent harm to the Company's system and its customers.

RATE SCHEDULE NO. 1
GENERAL METERED SERVICE

APPLICABILITY:
Applicable to the use of water supplied through meters to all customers served by the Company including those supplied through approved Multi-Use Services.

CHARACTER OF SERVICE: Continuous

RATE: Size of Meter	Fixed Service Charge Amount Per Month
5/8”	$ 20.17
3/4”	30.26
1”	50.43
1 1/2”	100.85
2”	161.36
3”	302.55
4”	504.25
6”	1,008.50
8”	1,613.60
10”	2,319.55
12”	4,336.55
Bulk Water Purchase	37.92
Flat Rate for Unmetered Customers	
Residential	$ 54.91
Commercial, Industrial, Other Water Utility, and Public	85.17

	Usage Charge Rate/1000 Gallons
All Service Areas (Except as noted below)	$ 6.730
Wallkill Only	5.721
Byram Township and Seaview Harbor Only	10.10
Non-Potable Water	1.346
Resale	6.72

*The above rates, excepting the Resale rate, include a water tax of $0.01 per 1,000 gallons of water, which water tax was established by the State of New Jersey with the passage of the Safe Drinking Water Act. (N.J.S.A. 58:12A-21).

TERMS OF PAYMENT:
PAYMENT FOR ALL BILLS RENDERED IS DUE TWENTY (20) DAYS AFTER THE ORIGINAL POSTMARK DATE OF THE BILL Bills for metered service will be rendered at the close of the billing period.

Issued: October 10, 2024 Effective Date: October 15, 2024
By: Natalie Chesko, President
10 Black Forest Road
Hamilton, NJ 08691
Filed pursuant to decision and order of the Board of Public Utilities dated October 9, 2024, in Docket No. WR24010057.

RATE SCHEDULE NO. 2
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE
GENERAL METERED SERVICE

APPLICABILITY:
Applicable to the use of water supplied through meters to all Customers served by the Company.

CHARACTER OF SERVICE:
Continuous

RATE:

Size of Meter	DSIC Amount Per Month
5/8”	$ 2.93
3/4”	4.40
1”	7.33
1 1/2”	14.65
2”	23.44
3”	43.95
4”	73.25
6”	146.50
8”	234.40
10”	336.95

TERMS OF PAYMENT
PAYMENT FOR ALL BILLS RENDERED IS DUE TWENTY (20) DAYS AFTER THE ORIGINAL POSTMARK DATE OF THE BILL. The DSIC is assessed monthly for metered service, and is reflected on the Customer’s bill rendered at the close of the billing period.

RATE SCHEDULE NO. 3
PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY:
Applicable to all Customers for service furnished exclusively to private fire protection facilities served by the Company, except as specifically provided elsewhere in this tariff.

CHARACTER OF SERVICE:
The Company will use due diligence at all times to provide Customers with service of the character or quality proposed to be supplied. However, if the service shall be interrupted, irregular, restricted, defective or fails, the Company shall not be liable for any damage or inconvenience resulting therefrom and is obligated only to use reasonably diligent efforts in the light of the circumstances then-existing to restore service.

RATE:

Size of Service	Fixed Service Charge Amount Per Month
Sprinklers	
2" or less	$ 0.00
3"	104.11
4"	173.51
6"	347.03
8"	555.23
10"	798.14
12"	1,492.19
Private Hydrants (per hydrant)	$ 49.42

TERMS OF PAYMENT:
PAYMENT FOR ALL BILLS RENDERED IS DUE TWENTY (20) DAYS AFTER THE ORIGINAL POSTMARK DATE OF THE BILL. Bills for metered service will be rendered at the close of the billing period.

SPECIAL PROVISIONS:
Private fire service lines shall be equipped with special meters or detection devices and are to be used exclusively for fire protection purposes. No water shall be used through these fire protection connections except for testing purposes or in case of fire. However, the Company shall be provided with at least 72 hours (or 3 days) notice prior to the testing of any fire protection connection and shall be given the opportunity to witness such testing.

SPECIAL PROVISIONS (CONTINUED):

Customers desiring a separate service connection for private fire service are required to make separate written application for such service on forms prescribed by the Company. Private fire service installations must be made in accordance with the provisions of this tariff regarding the installation of service and connecting pipes and other facilities necessary for the provision of such service.

Service lines designated for private fire protection are installed for customers requiring a private fire service to supply sprinkler heads or hose connections. Any connection in which sprinkler heads and/or hose connections are supplied through a domestic service connection are not considered as part of a private fire protection service and shall not be subject to the requirements as set forth herein (i.e., limited fire protection). Residential Customers served by a 2-inch water service line or less in diameter will not be imposed a standby fee for a fire protection system.

The connection shall be in accordance with the applicable laws including but not limited to those of the BPU, NJ DEP and all federal, state and local agencies.

The Company shall not be liable for any loss, injury, casualty or damage resulting from fire or water, resulting from the supply or use of water service or the failure thereof, which may occur on account of the installation or presence of a private fire service connection, or from the presence or operation of the Company's structures, equipment, pipes, appliances or devices on the customer's premises, or connected therewith.

The Company may not discontinue fire protection service unless it has provided written notice giving the customer at least thirty (30) days' notice, by certified mail, prior to the proposed discontinuance. (N.J.A.C. 14:3-3A.4(k)). However, in case of fraud, illegal use, or when it is clearly indicated that the customer is preparing to leave, immediate payment of accounts may be required, and service may be discontinued without further notice.

When hydrants are attached between the main and the meter, a charge per hydrant will be made. The installation and maintenance of fire hydrants and the supplying of water through such hydrants is for the sole use of authorized fire-fighting personnel for the control and extinguishment of any fire.

No additional charge shall be made for water used in testing or for fire. However, should it be determined by Aqua that water is being, or has been, used through a fire protection connection for other than fire protection or testing purposes, the Company shall have the right to charge for the water used based on its "General Metered Service" tariff and to order said unauthorized use to cease immediately subject to the termination of the service.

RATE SCHEDULE NO. 4
PUBLIC FIRE PROTECTION SERVICE

APPLICABILITY:
This schedule is applicable to all municipal Customers served by the Company, for public fire protection service.

CHARACTER OF SERVICE:
The installation and maintenance of fire hydrants, and the supplying of water through such hydrants, is for the sole use of authorized fire-fighting personnel for the control and extinguishment of any fire. The Company will use due diligence at all times to provide Customers with service of the character or quality proposed to be supplied. However, if the service shall be interrupted, irregular, restricted, defective or fails, the Company shall not be liable for any damage or inconvenience resulting therefrom and is obligated only to use reasonably diligent efforts in the light of the circumstances then-existing to restore service.

RATE:

For each fire hydrant installed there shall be made a Monthly Fixed Fire Protection Charge of:

All Service Areas (Except as noted below)	$ 53.65
Alpha Borough	30.26
Bayville Township	24.23
Fredon Township	30.26
Hardyston Township	22.38
Holland Township – Fox Hill Dr.	41.16
Lawrenceville Township	33.12
Upper Freehold Township	39.96

For Byram Township only, the following Monthly Fixed Fire Protection Charge shall apply, per customer: $6.94

TERMS OF PAYMENT:
PAYMENT FOR ALL BILLS RENDERED IS DUE TWENTY (20) DAYS AFTER THE ORIGINAL POSTMARK DATE OF THE BILL. Bills for metered service will be rendered at the close of the billing period.

SPECIAL PROVISIONS:
All hydrants, lead valves, branches and other appurtenances shall be and remain the property of the Company.

Upon application or request by a duly authorized representative of a municipality in the Company's service area, the Company will install fire hydrants for purposes of public fire protection. The locations of such hydrants shall be selected upon agreement between the necessary municipal official(s) and representatives of the Company after careful consideration. Municipalities shall pay the Company a charge for service to public fire hydrants as provided in this tariff.

RATE SCHEDULE NO. 5
LEAD SERVICE LINE REPLACEMENT CHARGE ("LSLRC")
GENERAL METERED SERVICE

APPLICABILITY:
Applicable to the use of water supplied through meters to all Customers served by the Company. The Lead Service Line Replacement Charge is designed to recover project costs associated with replacing customer-owned lead service lines.

CHARACTER OF SERVICE:
Continuous

RATE:

Size of Meter	LSLRC Amount Per Month
5/8"	$ 4.79
3/4"	4.79
1"	11.98
1 1/2"	23.95
2"	38.32
3"	75.60
4"	119.75
6"	239.50
8"	383.20
10"	550.85
12"	1,029.85

TERMS OF PAYMENT
PAYMENT FOR ALL BILLS RENDERED IS DUE TWENTY (20) DAYS AFTER THE ORIGINAL POSTMARK DATE OF THE BILL. The LSLRC is assessed monthly for metered service, and is reflected on the Customer's bill rendered at the close of the billing period.

EXHIBIT 4(WW)

AQUA NEW JERSEY, INC.

TARIFF

FOR

SEWER SERVICE

APPLICABLE IN

PORTIONS OF

BURLINGTON, GLOUCESTER,

HUNTERDON, MONMOUTH, MORRIS

AND SUSSEX COUNTIES,

NEW JERSEY

Issued: Effective Date: January 1, 2021
By: Lawrence R. Carson, President
10 Black Forest Road
Hamilton, NJ 08691
Filed pursuant to decision and order of the Board of Public Utilities dated December 2, 2020, in Docket No. WR20010056.

TABLE OF CONTENTS

Territory Served Sheet No. 2

Standard Terms and Conditions Sheet Nos. 3-3L

Rate Schedule as listed below:

Applicable To	For	Schedule	Sheet No.
All Customers	General Sewer Service	1	4
All Customers	Purchased Sewerage Treatment Adjustment Charge ("PSTAC")	2	5 & 5A

TERRITORY SERVED

The territory served is comprised of portions of:

Burlington County
North Hanover Township
Borough of Wrightstown

Gloucester County
Woolwich Township

Hunterdon County
Readington Township

Monmouth County
Howell Township

Morris County
Mount Olive Township

Sussex County
Fredon Township
Hardyston Township

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS:

The following words and phrases, when used in this tariff, shall have the meanings assigned below unless the context clearly indicates otherwise:

1.1 **Applicant**: A person, association, partnership, corporation, municipality, authority, state or federal governmental agency or other entity who applies to become a customer of the Company.

1.2 **Aqua or Company:** Aqua New Jersey, Inc., the party rendering water service.

1.3 **Biochemical Oxygen Demand ("B.O.D.")**: The quantity of oxygen utilized (demanded) in the biochemical oxidation of organic matter under standard laboratory procedure in five (5) days when incubated at twenty (20) degrees Centigrade. The standard laboratory procedure shall be that found in the latest approved edition of "Standard Methods for the Examination of Water and Sewage" published by the American Public Health Association, the American Water Works Association, and/or the Water Pollution Control Federation.

1.4 **BPU or Board**: The New Jersey Board of Public Utilities.

1.5 **Building Drain**: That part of the lowest horizontal piping of a drainage system which receives the discharge from drainage pipes inside the walls of the building terminating five (5) feet outside the face of the building wall from whence it becomes known as the building sewer.

1.6 **Building Sewer**: The extension from the building drain to service line and/or other point of connection to the Company's system. This is the privately-owned part of the lateral and is the customer's responsibility.

1.7 **Combined Sewer**: A sewage collection system which conveys both sanitary sewage and storm water flow.

1.8 **Company Service Line**: Company owned wastewater service line from the sewer main of the Company which connects to the Customer Service Line at the edge of the right-of-way or actual property line.

1.9 **Customer:** A person or entity who is an owner, occupant or who contracts with the Company for or who takes or receives wastewater collection, treatment and/or disposal service.

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS (CONTINUED):

1.10 **Diversion**: An unauthorized connection to pipes by which utility service registers on the Tenant-Customer's meter although such service is being used by other than the Tenant-Customer of record without his or her knowledge or cooperation. The unauthorized connection must not be apparent from the premises. (N.J.A.C. 14:3-7.8).

1.11 **Domestic Wastewater**: The liquid waste or liquid borne waste: (1) resulting from the non-commercial preparation, cooking and handling of food: (2) consisting of human excrement; or (3) consisting of wastewater, non-commercial laundering water, domestic housekeeping wastewater, and similar types of wastes from sanitary uses, whether generated in residences or sanitary facilities in commercial or industrial facilities, but does not include any storm water or ground water introduced from facilities such as roof leaders, sump pumps, floor drains or industrial wastewater.

1.12 **Deferred Payment Agreement ("DPA")**: A payment agreement which may be offered by the Company to a Customer upon request, as appropriate and in accordance with the Board's regulations.

1.13 **Garbage:** Solid wastes from domestic and commercial preparation, cooking, dispensing or marketing of food or food products and from the handling, storage and sale of produce.

1.14 **Garbage Properly Shredded**: The term "Properly Shredded Garbage", as used herein, shall mean the wastes from the preparation, cooking, and dispensing of food that have been shredded to such degree that all particles will be carried freely under the flow conditions normally prevailing in public sewers, with no particle greater than one-half inch in dimension.

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS (CONTINUED):

1.15 **Grinder pump**: Any mechanical or powered device, owned by the Customer, used to grind, macerate or fluidize garbage so that it can be discharged into the Sanitary Sewer.

1.16 **Industrial/Commercial Wastes**: Any liquid, gaseous or water borne wastes from industrial processes or commercial establishments, as distinct from domestic wastewater.

1.17 **Industrial/Commercial Waste Permit**: A wastewater permit issued as required by the Company to an Industrial/Commercial user which discharges Industrial/Commercial Waste.

1.18 **Industrial/Commercial Waste Pretreatment Program**: A program established by the Company that requires industrial and commercial dischargers to monitor, test, treat and control as necessary pollutants in their wastewater prior to discharge into the Sanitary or Combined Sewer.

1.19 **Line extension (for line extension purposes)**: An addition to the Company's main line which is necessary to serve the premises of a Customer.

1.20 **Main**: The Company's pipe, excluding service connections, located in a public highway, street, alley or private right-of-way which pipe is used in transporting wastewater.

1.21 **Meter**: Any device supplied by the Company or other for the purpose of measuring water consumption or wastewater discharge.

1.22 **NJ DEP**: The New Jersey Department of Environmental Protection.

1.23 **Nonresidential Service**: Wastewater service supplied to a commercial or industrial building, including a hotel or motel, or to a master-metered trailer park or multi-tenant apartment building, or to any customer who purchases wastewater service from the Company for the purpose of resale.

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS (CONTINUED):

1.24 **pH**: The logarithm to the base ten of the reciprocal of the weight of hydrogen ions in moles per liter of solution.

1.25 **Pretreatment**: The application of physical, chemical and/or biological processes to reduce the amount pollutants in, or alter the nature of the polluting properties of, an industrial/commercial process wastewater prior to discharging such wastewater into the Sanitary or Combined Sewer.

1.26 **Residential Applicant**: A natural person at least 18 years of age not currently receiving service who applies for residential service provided by the Company or any adult occupant whose name appears on the mortgage, deed or lease of the property for which the residential utility service is requested. A Residential Applicant does not include a person who, within 30 days after service termination or discontinuance of service, seeks to have another service reconnected at the same location or transferred to another location within the Company's service territory.

1.27 **Residential Customer**: A natural person at least 18 years of age in whose name a residential service account is listed and who is primarily responsible for payment of bills rendered for the service or any adult occupant whose name appears on the mortgage, deed or lease of the property for which the residential utility service is requested. A Residential Customer includes a person who, within 30 days after service termination or discontinuance of service, seeks to have service reconnected at the same location or transferred to another location within the Company's service territory.

1.28 **Residential Service**: Wastewater service supplied to an individual single-family residential dwelling unit.

1.29 **Regulatory Agency**: Agencies, including but not limited to the BPU, the NJDEP, and the U.S. Environmental Protection Agency ("EPA"), which have authority over the operations of and/or discharges into and/or from the Company's treatment facilities

1.30 **Sanitary Sewer**: A sewer which primarily carries sanitary wastewater, together with such storm, surface and ground water as may be present.

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS (CONTINUED):

1.31 **Storm Sewer**: A sewer which carries surface, ground water, or storm water from the buildings, ground, streets, or other areas.

1.32 **Storm Water Flow**: Any flow occurring during or following any form of natural precipitation, and resulting from such precipitation, including snowmelt.

1.33 **Suspended Solids**: Solids that either float on the surface of, or are in suspension in water, wastewater, or other liquids, and which are largely removable by filtration.

1.34 **Slug:** The discharge of water, sewerage, or industrial waste which in concentration of any constituent or in quantity of flow exceeds for any period of duration longer than fifteen (15) minutes more than five (5) times the average twenty-four hour flow or concentration under normal operating conditions.

1.35 **Tariff**: All of the service rates, rules and regulations issued by the Company, together with any supplements or revisions thereto, officially approved by the Commission and contained in this document.

1.36 **Tenant-Customer**: A Residential Customer of record at the time of the complaint who rents a dwelling unit in a multifamily building or owns a condominium. (N.J.A.C. 14:3-7.8).

1.37 **Toxic Substances**: Any substances where gaseous, liquid or solid waste which, when discharged to a public sewer in sufficient quantities, will be detrimental to any biological wastewater treatment process, constitute a hazard to human beings or animals, inhibit aquatic life, or create a hazard to recreation in receiving waters of the effluent from a wastewater treatment plant, or as defined pursuant to PL 92500 (Federal Water Pollution Control Act Amendments of 1972) or its amendments.

1.38 **Unauthorized Use of Service**: Unreasonable interference or diversion of service, including meter tampering (any act which affects the proper registration of service through a meter), by-passing unmetered service that flows through a device connected between a main or service line and customer-owned facilities, unauthorized service restoration, unauthorized stormwater/groundwater connection to Sanitary or Combined Sewer, or the otherwise taking or receiving of wastewater service without the knowledge or approval of the Company.

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS (CONTINUED):

1.39 **Wastes**: Any liquid, gaseous, or solid substances or combination thereof which are discarded, leached, or spilled substances or combination thereof including sanitary wastewater but excluding storm-water.

1.40 **Wastewater**: The liquid and water-carried wastes from dwellings, commercial facilities, industrial facilities and institutions, together with any groundwater, surface water, and storm water that may be present, whether treated or untreated, in the Company's sewer system.

2. GENERAL INFORMATION:

2.1 Aqua is regulated by the Board. The Company's provision of service is governed by New Jersey statutes and the pertinent rules and regulations promulgated by the Board, which statutes and rules and regulations are hereby adopted and incorporated by reference, as well as the terms of this tariff. If there is an inconsistency between the Company's tariff and the Board's regulations, the Board's regulations supersede the tariff provision absent specific approval to the contrary by the Board. However, if the tariff provides for more favorable treatment of a customer than the Board's regulations, the tariff shall control. (N.J.A.C. 14:3-1.3(i)).

2.2 The current Board-approved "Customer Bill of Rights" can be found on the Board's website at http://www.bpu.state.nj.us/bpu/assistance/rights/.

2.3 A copy of this Board-approved tariff can be found on the Company's website, www.aquaamerica.com, and is also available for public inspection both at the Company's offices and at the Board, 44 S. Clinton Avenue, Trenton, New Jersey 08625. (N.J.A.C. 14:3-1.3(h)). If after you review this tariff and discuss it with appropriate Company employees, you still have questions regarding this tariff or your service, you may contact the Board's Division of Customer Assistance in-person, by phone, toll free, at (800) 624-0241, or by mail. If you choose to write to the Board, please be sure to include your name, address and phone number (including the area code), and, if you are a Customer, please also include your account number.

TERMS AND CONDITIONS OF SERVICE

3. BILLING, FEES AND CHARGES:

3.1 The Company will not place the name of a second individual on the account of a Residential Customer unless specifically requested by said second individual. (N.J.A.C. 14:3-3.2(b)).

3.2 The Company shall not assess a late payment charge on a Residential Customer, or on a State, county or municipal government entity. Any late payment charges, as appropriate, will not be applied before 25 days have elapsed from the date the bill is rendered. (N.J.A.C. 14:3-7.1(e)).

3.3 Tenant-Customers shall not be required to pay for charges associated with a Diversion where, after investigation, Aqua has determined a Diversion of service has occurred. (N.J.A.C. 14:3-7.8(b)).

3.4 Bad Checks Charge. Where the Customer submits a negotiable instrument to the Company in payment of a bill, charge, or deposit due and such instrument is subsequently dishonored or uncollectible for any reason, the Customer may be required to pay a Bad Check Charge equal to the costs incurred by the Company from the financial institution.

3.5 Restoration Charge. Prior to restoration of service following discontinuance of service at the Company's direction, including but not limited to discontinuance for non-payment, a Customer may be required to pay a Restoration Charge in the amount of $100.00.

4. DEPOSITS:

4.1 While the Company does not typically request a deposit from a Customer upon initiation of new service, it reserves the right to do so consistent with the Board's regulations.

4.2 The Company may require that a Customer pay a deposit if the Customer fails to pay a bill within fifteen (15) days after the due date, or after service has been discontinued for non-payment. (N.J.A.C. 14:3-3.4).

4.3 Deposits shall be calculated in accordance with the Board's regulations. (N.J.A.C. 14:3-3.4(b)).

TERMS AND CONDITIONS OF SERVICE

5. DISCONTINUANCE OF SERVICE:

5.1 **Customer Request:** Within 48 hours of notice to the Company by the Customer of a request to discontinue service, the Company shall discontinue service or obtain a meter reading for purposes of calculating the final bill. Where such notice is not provided by the Customer to the Company, the Customer shall be liable for service until the final meter reading is taken. A notice to discontinue service provided by the Customer shall not relieve the Customer from any minimum or guaranteed payment under any contract or rate. (N.J.A.C. 14:3-3A.1(b)).

5.2 **At the Company's Direction (For Reasons Other Than Nonpayment):** The Company may curtail, suspend or discontinue service, upon reasonable notice, to the extent reasonably possible, for the following reasons (N.J.A.C. 14:3-3A.1(a)):

5.2.1 In order to make permanent or temporary repairs, changes or improvements in any part of the Company's system;

5.2.2 For compliance in good faith with any governmental order or directive, regardless of whether such order or directive subsequently may be held to be invalid; or

5.2.3 For any of the following acts or omissions on the part of the Customer:

- Refusal of reasonable access to the Customer's premises;
- Tampering with any facility of the Company;
- Fraudulent representation in relation to use of service;
- Providing the Company's service to others without approval of the Company;
- Refusal to contract for service where such contract is required;
- Connecting and operating in such a manner as to interfere with the service of the Company or other Customers;
- Failure to comply with any reasonable standard terms and conditions contained in the Company's tariff;
- Where the condition of the Customer's installation presents a hazard to life or property; or
- Failure to repair any faulty facility of the Customer.

TERMS AND CONDITIONS OF SERVICE

5. DISCONTINUANCE OF SERVICE (CONTINUED):

5.3 **At the Company's Direction (For Nonpayment):** The Company has the right to curtail, suspend or discontinue service for nonpayment of sewer charges or for nonpayment of a deposit, upon due notice given, where the Residential Customer's arrearage is (i) more than $100.00, or (ii) more than three (3) months in arrears. (N.J.A.C. 14:3-3A.2(a)).

5.3.1 Customers shall be provided with at least fifteen (15) days from the postmark date of the outstanding bill to pay the sewer bill, or any deposit amount requested by the Company. (N.J.A.C. 14:3-3A.3).

5.3.2 Where payment is not received within fifteen (15) days, the Company shall provide the Residential Customer with at least ten (10) days' notice prior to discontinuance of service.

5.3.3 The Company shall make good faith efforts to contact all Residential Customers by phone prior to discontinuance of service, in addition to notice by first class mail.

5.3.4 The Company shall send the notice of discontinuance of service to the Residential Customer and also to any third party previously designated by the Residential Customer upon request to the Company. (N.J.A.C. 14:3-3A.4).

5.3.5 The Company shall not discontinue service to any Residential Customer for up to 60 days if a medical emergency exists within the residential premises, which would be aggravated by a discontinuance of service, provided that the Residential Customer has: (i) provided reasonable proof of inability to pay; and (ii) submitted the requisite Medical Certificate to the Company, as well as any requisite re-certification after 30 days have elapsed. At the end of such period of emergency, the Residential Customer shall remain liable for payment of all services rendered. (N.J.A.C. 14:3-3A.2(i)). The Medical Certificate can be found on the Company's website at https://www.aquaamerica.com/customer-service-center/forms.aspx.

TERMS AND CONDITIONS OF SERVICE

5. DISCONTINUANCE OF SERVICE (CONTINUED):

5.3.6 A Customer is responsible for payment of all undisputed charges. If a Customer disputes a charge, and after notice to the Company the dispute is unable to be resolved, the Customer has the right to make a request to the Board for an investigation of the disputed charge within five (5) business days after notice to the Company of the dispute. If such a request is not made within five (5) business days, the Customer's service may be discontinued for nonpayment in accordance with the Board's regulations. (N.J.A.C. 14:3-7.6).

5.4 The Company shall not discontinue service to Residential Customers involuntarily except between the hours of 8:00 a.m. and 4:00 p.m., Monday through Thursday, unless there is a safety-related emergency. There shall be no involuntary termination of service on Fridays, Saturdays, and Sundays or on the day before a New Jersey State holiday or on a New Jersey state holiday absent such emergency. (N.J.A.C. 14:3-3A.1(c))

5.5 The Company shall make every reasonable effort to determine if a landlord/tenant situation exists at the residential premises being served and to provide notice to tenants prior to discontinuance of service. Where feasible, the Company shall offer affected tenants continued service to be billed in the tenant's name. (N.J.A.C. 14:3-3A.6).

TERMS AND CONDITIONS OF SERVICE

6. DEFERRED PAYMENT AGREEMENTS:

6.1 Aqua will use good faith efforts to offer any Customer who is unable to pay an outstanding bill and/or deposit an opportunity to enter into at least one DPA per year. Customers who enter into a DPA for past due charges, however, are not relieved of the obligation to pay current bills on time. In the event that a Customer defaults on the terms of the DPA, Aqua may discontinue service upon due notice. (N.J.A.C. 14:3-7.7)

6.2 **Residential Customers.** Where a Residential Customer receives more than one service from Aqua (for example, water and sewer) and is in arrears as to both of those services, a separate DPA shall be offered for each service. In such situations, the Residential Customer may elect to enter into a DPA for one service and to discontinue the other service until satisfactory payment arrangements can be made so as not to add to the arrearage balance. The Company will renegotiate or amend the terms of an existing DPA upon satisfactory evidence provided by the Residential Customer that his or her financial circumstances have changed significantly due to factors beyond his or her control. Where a Residential Customer has DPAs for two services, default on one such DPA constitutes grounds for discontinuance of only that service. (N.J.A.C. 14:3-7.7).

6.3 **Non-Residential Customers.** DPAs will not be offered for a term of longer than three (3) months. (N.J.A.C. 14:3-7.7).

7. SPECIAL REQUIREMENTS RELATING TO SEWER SERVICE:

7.1 Separate and independent service lines shall be installed for each Customer. All building drains and building sewers shall be the responsibility of the Customer and shall be installed and maintained by the Customer.

7.2 No Customer shall discharge or cause to be discharged into the Company's system any storm water, surface water, ground water, roof runoff, sub-surface drainage, foundation or basement sump drainage, uncontaminated cooling water or unpolluted industrial process water.

TERMS AND CONDITIONS OF SERVICE

7. SPECIAL REQUIREMENTS RELATING TO SEWER SERVICE (CONTINUED):

7.3 No Customer shall discharge or cause to be discharged into the Company's system the substances, materials, waters, or wastes described in Section 8.1 of this tariff without the prior written approval of the Company. Such wastes can harm either the sewerage system or treatment process and/or equipment, have an adverse effect upon the receiving stream for the treated sewage, or can otherwise endanger life, limb or property or create a nuisance. In forming the opinions as to whether or not to permit the discharge, the Company will consider the effect upon receiving sewers, as well as the conditions placed upon the Company by its service agreements with sewage treatment service providers including, but not limited to, the Logan Township Municipal Utilities Authority (LTMUA), the Ocean County Utilities Authority ("OCUA"), and the Sussex County Municipal Utilities Authority ("SCMUA").

7.4 The Customer shall be responsible for maintaining and repairing the "building drain" and "building sewer."

8. LIMITATIONS ON WASTEWATER DISCHARGES:

8.1 No Customer shall discharge the following wastes into the Company's system without the advance written approval of Aqua:

8.1.1 Any liquid or vapor having a temperature in excess of 150°F.

8.1.2 Any waters or waste waters containing phenols.

8.1.3 Any waters or wastes having a pH in excess of 9.5.

8.1.4 Any water containing unusual concentrations of inert suspended solids, such as, but not limited to, diatomaceous earth, lime and lime slurries or of dissolved solids such as but not limited to sodium chloride or sodium sulfate.

8.1.5 Any water or waste water containing excessive discoloration.

8.1.6 Waste water having unusual "B.O.D." concentration, suspended solids concentration or high chlorine demand in such quantities as to constitute a significant load on the treatment plant.

8.1.7 Unusual volume of flow or concentrations of wastes constituting Slugs.

TERMS AND CONDITIONS OF SERVICE

8. LIMITATIONS ON WASTEWATER DISCHARGES (CONTINUED):

8.1.8 Water or wastes containing substances not amenable to biological treatment processes as provided by the Company's wastewater treatment service providers, including, but not limited to, LTMUA, OCUA and SCMUA.

8.2 The Company reserves the right upon review to:

8.2.1 Reject the wastes.

8.2.2 Require pretreatment to an acceptable condition for discharge.

8.2.3 Require flow equalization.

8.3 In the event pretreatment facilities or flow equalization is required, the design and construction of such facilities shall be subject to approval of the Company and operation of said facilities shall be subject to inspection by the Company. Monitoring and/or sampling equipment shall be installed and operated by the Customer as deemed necessary by the Company to ascertain proper operation of the pretreatment facilities.

8.4 No Customer shall discharge or cause to be discharged any of the following described waters or wastes to the sewers:

8.4.1 Any gasoline, benzene, naptha, paints, lacquers, fuel oil or other flammable or explosive liquid, solid or gas which by reason of its nature or quality may cause fire or explosion or which, in any way, may be injurious to personnel or the sewer system.

8.4.2 Any water or wastes containing toxic or poisonous solids, liquids, or gases in sufficient quantity either singly or by interaction with other wastes to injure or interfere with any sewage treatment process, constitute a hazard to humans or animals, create a public nuisance, or create any hazard in the receiving waters of the sewage treatment plant.

8.4.3 Any waters or wastes having a pH of lower than 5.5 or having any other corrosive property capable of causing damage or hazard to the sewerage system and/or personnel of the Company.

TERMS AND CONDITIONS OF SERVICE

8. LIMITATIONS ON WASTEWATER DISCHARGES (CONTINUED):

8.4.4 Plating mill waste water or other industrial process water containing spent pickle liquor concentrated plating solutions, chromium, zinc and similar toxic heavy metals, cyanides and cleaning solvents.

8.4.5 Any radioactive material.

8.4.6 Any water or wastes containing fats, wax, grease, tar, oils or any other substances, whether emulsified or not which may solidify or become viscous at temperatures between 32° and 150°F or which would impair, impede, affect, interfere with, or endanger personnel or the sewer system.

8.4.7 Any garbage not properly shredded.

8.4.8 Any solids of such size or characteristic capable of causing obstruction to the flow in sewers, such as, but not limited to, ashes, cinders, sand, mud, straw, metal shavings, glass, rags, feathers, tar, plastic, wood, paunch manure, hair fleshings, offal, entrails, etc.

8.5 Any industrial customer discharging industrial wastes shall provide and maintain a control manhole suitable to facilitate observation, sampling and measurement of the wastes. The Company (and its wastewater treatment service providers, including, but not limited to, LTMUA, OCUA and SCMUA) shall have the right to inspect, sample, measure and analyze waste water as they deem necessary.

RATE SCHEDULE NO. 1
GENERAL SEWER SERVICE

APPLICABILITY:
Applicable to the use of wastewater service for all Customers served by the Company.

CHARACTER OF SERVICE:

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

RATE:

All wastewater service customers shall pay a fixed charge as indicated below.

FIXED MONTHLY CHARGE FOR ALL WASTEWATER CUSTOMERS

Customer Type	Wallkill	Other than Wallkill
Residential, Single Family	$ 17.23	$ 38.35
Non-Residential and Multi-Family		
Water Meter Size – 5/8"	17.23	38.35
Water Meter Size – 3/4"	20.68	46.02
Water Meter Size – 1"	41.35	92.04
Water Meter Size – 1.5"	86.15	191.75
Water Meter Size – 2"	127.50	283.79
Water Meter Size – 3"	258.45	575.25
Water Meter Size – 4"	344.60	767.00
Water Meter Size – 6"	861.50	1,917.50
Water Meter Size – 8"	1,378.40	3,068.00
Oakwood Village Apartment Complex	----	23,470.20
Bear Brook Clubhouse	----	859.04
Stanton Ridge Clubhouse	----	218.60
Maxim Laundromat	----	935.74

TERMS OF PAYMENT:

PAYMENT FOR ALL BILLS RENDERED IS DUE FIFTEEN (15) DAYS AFTER THE ORIGINAL POSTMARK DATE OF THE BILL. Bills for sewer service will be rendered at the close of each monthly billing period.

RATE SCHEDULE NO. 2
PURCHASED SEWERAGE TREATMENT ADJUSTMENT CLAUSE

APPLICABILITY:
In addition to the General Sewer Service Charge set forth in Rate Schedule No. 1, the following Purchased Sewerage Treatment Adjustment Clause rates, in accordance with N.J.A.C. 14:9-8.1 et seq., are applicable to the use of sewer service for all Customers served by the Company.

RATE:

All wastewater service customers shall pay a fixed charge as indicated below.

FIXED MONTHLY CHARGE FOR ALL WASTEWATER CUSTOMERS

Customer Type	PSTAC Rate
Residential, Single Family	$ 28.43
Non-Residential and Multi-Family	
Water Meter Size – 5/8"	28.43
Water Meter Size – 3/4"	34.12
Water Meter Size – 1"	68.23
Water Meter Size – 1.5"	142.15
Water Meter Size – 2"	210.38
Water Meter Size – 3"	426.45
Water Meter Size – 4"	568.61
Water Meter Size – 8"	2,274.41
Oakwood Village Apartment Complex	17,399.28
Bear Brook Clubhouse	636.84
Stanton Ridge Clubhouse	162.05
Maxim Laundromat	693.69

*The above charges are based upon the Board of Public Utilities' ("Board") estimate of Aqua New Jersey, Inc.'s 12-month average cost of purchased sewerage treatment from the Logan Township Municipal Utilities Authority, Ocean County Utilities Authority, and Sussex County Municipal Utilities Authority. The estimated 12-month average cost shall be periodically re-determined by the Board in accordance with true-up procedures set forth in N.J.A.C. 14:9-8.1 et seq.

TERMS OF PAYMENT:
PAYMENT FOR ALL BILLS RENDERED IS DUE TWENTY (20) DAYS AFTER THE ORIGINAL POSTMARK DATE OF THE BILL. Bills for sewer service will be rendered at the close of each monthly billing period.

RATE SCHEDULE NO. 2
PURCHASED SEWERAGE TREATMENT ADJUSTMENT CLAUSE

Continued,

SPECIAL PROVISIONS:

No additional charge shall be established for recirculating water or air-cooled air conditioning units.

Rates apply to normal sewerage as defined by the NJDEP and the Ocean County Utilities Authority ("OCUA"). Aqua reserves the right to require pretreatment prior to discharge into the sewer system if the sewerage contains harmful substances such as gasoline, P.C.B.s, oil, explosive liquids, grease, phenols, acids, alkelines, lint, excessive detergents or any other toxic or hazardous substances as defined by NJDEP and/or OCUA. This paragraph includes but is not limited to laundromats or dry cleaners where the owner will be required to provide a screen or filter to remove excessive lint before discharge into the sewer system.

As of January 1, 1997, OCUA has imposed these local limits for industrial and non-domestic waste water discharged to its northern plant: 300 ppm B.O.D.; 300 ppm T.T.S. Any charges imposed by OCUA for treating these or any other special substances shall be passed through to the specific customer.

EXHIBIT 5(W)

AQUA NEW JERSEY, INC.

TARIFF FOR

WATER SERVICE

APPLICABLE IN

ALL OR PART OF

WARREN, HUNTERDON, MERCER, BURLINGTON, CAMDEN, OCEAN,

SUSSEX, MONMOUTH, GLOUCESTER, ATLANTIC AND MORRIS COUNTIES

NEW JERSEY

Issued: October 10, 2024
Effective Date: October 15, 2024
By: Natalie Chesko, President
10 Black Forest Road
Hamilton, NJ 08691
Filed pursuant to decision and order of the Board of Public Utilities dated October 9, 2024, in Docket No. WR24010057.

TABLE OF CONTENTS

	Sheet No
Territory Served	2
Standard Terms and Conditions	3 – 19

Rate Schedule as listed below

Applicable To	For	Schedule	Sheet No
All Territories Served	General Metered Service	1	20
All Territories Served	Distribution System Improvement Charge	2	21
All Territories Served	Private Fire Protection	3	22 & 22A
All Territories Served	Public Fire Protection	4	23 & 23A
All Territories Served	Lead Service Line Replacement Charge	5	24
All Territories Served	Resiliency and Environmental System Investment Charge	6	25

TERRITORY SERVED

ATLANTIC COUNTY
Egg Harbor Township*

BURLINGTON COUNTY
Chesterfield Township *
North Hanover Township*
Borough of Wrightstown*

CAMDEN COUNTY
Gloucester Township *

GLOUCESTER COUNTY
Woolwich Township

HUNTERDON COUNTY
Bloomsbury Borough*
Califon Borough
Holland Township*
Lebanon Township*

MERCER COUNTY
Hamilton Township *
Lawrence Township*
Robbinsville Township *

MONMOUTH COUNTY

Upper Freehold*

MORRIS COUNTY
Washington Township*

OCEAN COUNTY
Berkeley Township

SUSSEX COUNTY
Byram Township*
Fredon Township*
Green Township*
Hardyston Township *
Vernon Township *

WARREN COUNTY
Alpha Borough*
Greenwich Township
Harmony Township
Lopatcong Township
Mansfield Township*
Town of Phillipsburg
Pohatcong Township

*Partially served

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS:

1.1 "Aqua" or "Company" shall be used herein to refer to Aqua New Jersey, Inc., the party rendering water service.

1.2 "BPU" or "Board" shall be used herein to refer to the New Jersey Board of Public Utilities.

1.3 "Classes of General Metered Service." There are five classes of general metered service, based on the nature of the Customer and the use of the property receiving service, as follows:

1.3.1 **Residential Class:** An individually-metered dwelling unit intended for human habitation (including a detached house, rowhome, townhouse, condominium and mobile home) or an individually-metered home or building consisting of not more than two dwelling units.

1.3.2 **Commercial Class:** A building, store, restaurant or office which is primarily a site for the buying or selling of goods or the provision of professional or consumer services. In addition, apartments, condominium complexes, colleges, private and public schools, car washes, laundromats, construction sites, hotels, motels, and tanks filled at the Company's premises are included in this class.

1.3.3 **Industrial Class:** A building or factory which is primarily a site for the manufacture or production of goods.

1.3.4 **Other Water Utility:** A public water utility, Municipal Corporation or water authority which purchases water for resale to their customers.

1.3.5 **Public:** A public building, library, park or playground which is owned by a governmental unit which has the power of taxation.

1.4 "Connecting line" is the portion of pipe that starts at the curb stop and conveys domestic water and/or fire service to the customer. The customer owns, and is responsible for the operation and maintenance of the connecting line .

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS (CONTINUED):

1.5 "Cross Connection" refers to physical connections between an approved public potable water supply and an unapproved water supply. Pursuant to N.J.S.A. 58:11-9.1 *et seq.* Cross Connections are prohibited unless Cross Connection Controls, or Backflow Prevention devices, are first installed and a Permit has been obtained from the New Jersey State Department of Health pursuant to N.J.S.A. 58:11-9.2 or a permit has been issued pursuant to N.J.A.C. 7:10-10.1 *et seq*. Further, Cross Connections shall not be permitted without the Company's written consent thereto.

1.6 "Curb stop" is the fitting attached to the service line, and is used primarily for turning on and shutting off water at the curb in emergencies, for purposes of repair or to discontinue service to a customer.

1.7 "Customer" shall be used herein to refer to the party contracting for service to a property, or the party receiving and paying for the service, as appropriate.

1.8 "DSIC" shall be used herein to refer to the Distribution System Improvement Charge. (N.J.A.C. 14:9-10.2).

1.9 "Diversion" shall be used herein to refer to an unauthorized connection to pipes by which utility service registers on the Tenant-Customer's meter although such service is being used by other than the Tenant-Customer of record without his or her knowledge or cooperation. The unauthorized connection must not be apparent from the premises. (N.J.A.C. 14:3-7.8).

1.10 "DPA" shall be used herein to refer to a Deferred Payment Agreement, which will be offered by the Company to a Customer upon request, as appropriate and in accordance with the Board's regulations. DPAs shall be limited to one DPA per year for each utility service received by a Customer (i.e., one for water service and one for wastewater service, as appropriate).

1.11 "Extension" is an addition to the existing system of mains, intended to service more than one customer, either at the time of installation or in the future.

1.12 "Interruptible Service" means service which may be interrupted in the sole discretion of the Company on not less than three (3) hours' notice to the customer by telephone or otherwise.

1.13 "Main" is a pipe or conduit for conveying water or wastewater. A "water main" will exclusively convey water and a "sewer main" will exclusively convey wastewater.

1.14 "Meter" is a device to measure the quantity of water, wastewater and/or the rate of flow delivered to or from a customer.

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS (CONTINUED):

1.15 "Meter pit" is a structure that houses a small meter or meters less than or equal to 2-inches. Unless agreed to by the Company and the customer, it is installed, furnished and maintained by the Customer.

1.16 "Meter vault" is a structure that houses a meter or meters larger than 2-inches. Unless explicitly agreed to by the Company and the customer in writing, it is located and designed by the Company, and constructed, installed, furnished and maintained by the Customer at the sole expense to the customer.

1.17 "Multi-use service" shall be used herein to refer to water service that is supplied to a structure through one water line extending from the water main to the structure, and which is used inside the structure for both domestic water service and fire suppression service. (N.J.A.C. 14:9-8.1).

1.18 "NJ DEP" shall be used herein to refer to the New Jersey Department of Environmental Protection.

1.19 PSTAC" or "Purchased wastewater treatment adjustment clause" is a provision that authorizes a utility to adjust its rates to compensate for an increase or decrease in the cost of wastewater treatment purchased from a wastewater treatment purveyor. (N.J.A.C. 14:9-7.2).

1.20 "PWAC" or "Purchased water adjustment clause" is a provision that authorizes a utility to adjust its rates to compensate for an increase or decrease in the cost of water purchased from a water purveyor. (N.J.A.C. 14:9-7.2).

1.21 "PWAC Year" and "PSTAC Year" shall mean the twelve-month period beginning each January 1 and ending December 31 of the following calendar year.

1.22 "Residential Customer" shall be used herein to refer to Customers who receive service for use in a residence. (N.J.A.C. 14:3-1.1).

1.23 "Service line" is the portion of pipe that starts from a main and ends at the curb stop. The service line is owned, operated and maintained by the Company. (N.J.A.C. 14:3-8)

1.24 "Shared Service Line" is a single service line that is used to provide service to customers located at multiple premises such that water service via the shared service line cannot be curtailed to one customer premises without also curtailing service to customers located at other premises. Shared service lines are strictly prohibited absent an agreement in writing by Aqua that the shared service line is in the public interest and that appropriate safeguards are in place to protect the interests of all customers served by the shared service line.

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS (CONTINUED):

1.25 "Tap" is the fitting inserted in the main to which the service line is attached. It is used to facilitate the tapping of the main and for shutting off water in case of repairs to the service line.

1.26 "Tariff," as referred to herein, is the entire "Tariff for Water Service" as the same may be amended or revised from time to time in accordance with N.J.A.C. 14:3-1.3, Tariffs.

1.27 "Tenant-Customer" shall be used herein to refer to a Residential Customer of record at the time of the complaint who rents a dwelling unit in a multifamily building or owns a condominium. (N.J.A.C. 14:3-7.8).

2. GENERAL INFORMATION:

2.1 Aqua is regulated by the Board. The Company's provision of service is governed by New Jersey statutes and the pertinent rules and regulations promulgated by the Board, which statutes and rules and regulations are hereby adopted and incorporated by reference, as well as the terms of this tariff. If there is an inconsistency between the Company's tariff and the Board's regulations, the Board's regulations supersede the tariff provision absent specific approval to the contrary by the Board. However, if the tariff provides for more favorable treatment of a customer than the Board's regulations, the tariff shall control. (N.J.A.C. 14:3-1.3(i)).

2.2 The current Board-approved "Customer Bill of Rights" can be found on the Board's website at http://www.bpu.state.nj.us/bpu/assistance/rights/.

2.3 A copy of this Board-approved tariff can be found on the Company's website, www.aquaamerica.com, and is also available for public inspection both at the Company's offices and at the Board, 44 S. Clinton Avenue, Trenton, New Jersey 08625. (N.J.A.C. 14:3-1.3(h)). If after you review this tariff and discuss it with appropriate Company employees, you still have questions regarding this tariff or your service, you may contact the Board's Division of Customer Assistance by phone, toll free, at (800) 624-0241, by email at http://www.state.nj.us/bpu/assistance/complaints/inquiry.html, or by mail. If you choose to email or write to the Board, please be sure to include your name, address and phone number (including the area code), and, if you are a Customer, please also include your account number.

2.4 The Company will endeavor to provide a regular and uninterrupted supply of water through its facilities. However, if service shall be interrupted, irregular, or defective, or fail because of breakdown or emergency, the Company will not be liable for damage, inconvenience or lost income resulting there from.

TERMS AND CONDITIONS OF SERVICE

2. GENERAL INFORMATION (CONTINUED):

2.5 A customer's responsibility to pay for service continues from the time service is commenced, pursuant to his/her application, until notice is received by the Company of a change of ownership or occupancy of the premises or notice is received by the Company to discontinue the applicable service. Upon receipt of such notice, the Company will arrange for a final meter reading and billing. No allowance will be made in case of non-occupancy, unless the Company is notified as stated above.

2.6 The Company does not undertake to render any special service or maintain any fixed pressure. In the event of an accident or for other reasons, the Company may shut off the water in its mains and pipes and may restrict the use of water whenever the public welfare may require it. All customers requiring an uninterrupted supply or a uniform pressure of water for any purpose, such as steam boilers, are cautioned to provide their own means of providing such special uninterrupted service. When the supply is to be interrupted or curtailed, the Company will endeavor to give notice.

2.7 The Company does not undertake to supply any uniform quality of water for special purposes, such as laboratories, manufacturing or processing plants, swimming pools, bleaching or dyeing plants, or laundries. Customers requiring water of special quality, or water free from discoloration or turbidity, are required to provide their own means of treating water, or provide such other protection as may be deemed necessary for the purpose required.

2.8 The location of meters and the arrangement of the fittings and piping are subject to inspection and approval of the Company and should meet the Company's requirements presented herein.

2.9 Neither by inspection approval nor failure to approve, nor in any other way, does the Company give any guarantee, or assume any responsibility, expressed or implied, as to the adequacy, safety or characteristics of any structures, equipment, pipes, appliances or devices owned, installed or maintained by the customer or leased by the customer from third parties.

2.10 The Company will not be liable for any loss, injury, casualty, or damage resulting from the supply or use of water service, or from the presence or operation of the Company's structures, equipment, pipes, appliances or devices on the customer's premises.

TERMS AND CONDITIONS OF SERVICE

2. GENERAL INFORMATION (CONTINUED):

2.11 From time to time, the Company may provide public notices, specific notices, correspondence or other notifications ("Notices") regarding the presence of conditions affecting the quality and/or quantity of water service provided by the Company. (Examples of such Notices include, but are not limited to, boil water alerts, notice of hydrant and main flushing, and notice of water quality testing results.) These Notices may contain information about actions members of the public may wish to, are recommended to, or should take in response to the conditions identified in the Notice. In the event the Company issues a Notice, the Company will not be liable for any expenses or costs incurred by a customer or end-user for any action taken in response to any condition identified in the Notice.

3. BILLING, FEES AND CHARGES:

3.1 The Company will not place the name of a second individual on the account of a Residential Customer unless specifically requested by said second individual. (N.J.A.C. 14:3-3.2(b)).

3.2 The Company shall not assess a late payment charge on a Residential Customer, or on a State, county or municipal government entity. Any late payment charges, as appropriate, will not be applied before 25 days have elapsed from the date the bill is rendered. (N.J.A.C. 14:3-7.1(e)).

3.3 The Company shall not impose any fees or charges for any fire protection system to a Residential Customer served by a water service line of two inches or less in diameter. Nor will the Company impose any fees in excess of the cost of water actually used for any sprinkler system required by State statutes or regulations to be installed in any residential health care facility or rooming or boarding house. The Company may, however, require separate, dedicated lines for fire protection and that those lines be metered. (N.J.S.A. 48:19-18).

3.4 Tenant-Customers shall not be required to pay for charges associated with a Diversion where, after investigation, Aqua New Jersey, Inc. has determined a Diversion of service has occurred. (N.J.A.C. 14:3-7.8(b)).

3.5 The Distribution System Improvement Charge (DSIC) is a Board-approved charge that allows the Company to more timely recover costs of rehabilitating, improving, or replacing non-revenue producing water distribution infrastructure needed for conservation, continued system safety and reliability, improved water quality, and sustained economic growth in New Jersey. (N.J.A.C. 14:9-10.1). The DSIC rate (as specified in Rate Schedule No. 1D) is reflected as a separate line item on Customer bills, and is calculated in accordance with N.J.A.C. 14:9-10.9(a)3.

TERMS AND CONDITIONS OF SERVICE

3. BILLING, FEES AND CHARGES (CONTINUED):

3.6 Restoration Charge. Prior to restoration of service following discontinuance of service at the Company's direction, including but not limited to discontinuance for non-payment, a Customer may be required to pay a Restoration Charge in the amount of $50.00.

3.7 Bad Checks Charge. Where the Customer submits a negotiable instrument to the Company in payment of a bill, charge, or deposit due and such instrument is subsequently dishonored or uncollectible for any reason, the Customer may be required to pay a Bad Check Charge equal to the costs incurred by the Company from the financial institution.

3.8 Non-Standard Meter Connection Fees.

3.8.1 For metered connections which are set up for the temporary, short term sale of water such as to contractors or lawn care specialists, the Company will charge for the water taken based on the "General Metered Service" tariff. The Company shall have the right to designate where, how, when and if such water may be obtained. Anyone granted permission to obtain water in such a manner must have in place a Cross Connection Control mechanism acceptable to the Company that will protect against the backflow of water into the Company's system and is compliant with all applicable rules and regulations concerning Cross Connections.

3.8.2 In addition, the Company shall require a $1,600 deposit for any temporary meter obtained from the Company. This deposit shall be refunded upon return of the temporary meter, provided that the meter is returned in the same condition in which it was borrowed. The Company reserves the right to retain all or a portion of the deposit if the meter is returned in a condition other than that which it was borrowed and/or if the meter is not returned at all.

3.9 Bulk Water Purchase. For bulk water purchases, such as the filling of tanker trucks, the Company will charge for the water taken based on the "General Metered Service" tariff.

TERMS AND CONDITIONS OF SERVICE

4. DEPOSITS:

4.1 While the Company does not typically request a deposit from a Customer upon initiation of new service, it reserves the right to do so consistent with the Board's regulations.

4.2 The Company may require that an existing Customer pay a deposit, or increase their existing deposit, if the Customer fails to pay a bill within thirty (30) days after the due date printed on the bill, or after service has been discontinued for non-payment. (N.J.A.C. 14:3-3.4).

4.3 Deposits shall be calculated in accordance with the Board's regulations. (N.J.A.C. 14:3-3.4(b)).

5. DISCONTINUANCE OF SERVICE:

5.1 **Customer Request:** Within 48 hours of notice to the Company by the Customer of a request to discontinue service, the Company shall discontinue service or obtain a meter reading for purposes of calculating the final bill. Where such notice is not provided by the Customer to the Company, the Customer shall be liable for service until the final meter reading is taken. A notice to discontinue service provided by the Customer shall not relieve the Customer from any minimum or guaranteed payment under any contract or rate. (N.J.A.C. 14:3-3A.1(b)).

5.2 **At the Company's Direction (For Reasons Other Than Nonpayment):** The Company may curtail, suspend or discontinue service, upon reasonable notice, to the extent reasonably possible, for the following reasons (N.J.A.C. 14:3-3A.1(a)):

5.2.1 In order to make permanent or temporary repairs, changes or improvements in any part of the Company's system;

5.2.2 For compliance in good faith with any governmental order or directive, regardless of whether such order or directive subsequently may be held to be invalid;

5.2.3 For the purpose of replacing any shared service line with service lines to individual customer premises;

5.2.4 For the purpose of inspecting the adequacy of any installed Cross Connection Controls, and for correcting or preventing any unauthorized or unpermitted Cross Connection; or

TERMS AND CONDITIONS OF SERVICE

5. DISCONTINUANCE OF SERVICE (CONTINUED):

5.3 For any of the following acts or omissions on the part of the Customer:

- Refusal of reasonable access to the Customer's premises;
- Refusal to permit access to the Company's metering equipment, including for the purpose of conducting regular meter reading, inspection, installation and removal activities;
- Tampering with any facility of the Company;
- Fraudulent representation in relation to use of service;
- Theft of service;
- Failure to test and/or maintain all required Cross Connection Controls, backflow prevention devices, and permits related thereto;
- Providing the Company's service to others without approval of the Company;
- Refusal to contract for service where such contract is required;
- Connecting and operating in such a manner as to interfere with the service of the Company or other Customers, including, but not limited to, failure to cooperate in the remediation of shared service lines;
- Failure to comply with any reasonable standard terms and conditions contained in the Company's tariff;
- Where the condition of the Customer's installation presents a hazard to life or property; or
- Failure to repair or replace any faulty facility of the Customer.

5.4 **At the Company's Direction (For Nonpayment):** The Company has the right to curtail, suspend or discontinue service for nonpayment of water charges or for nonpayment of a deposit, upon due notice given, where the Residential Customer's arrearage is (i) more than $200.00, or (ii) more than three (3) months in arrears. (N.J.A.C. 14:3-3A.2(a)).

5.4.1 Customers shall be provided with at least twenty (20) days from the postmark date of the outstanding bill to pay the water bill, or any deposit amount requested by the Company, except for those Customers receiving fire protection or multi-use service. (N.J.A.C. 14:3-3A.3).

5.4.2 Where payment is not received within twenty (20) days, the Company shall provide the Residential Customer with at least ten (10) days' notice prior to discontinuance of service.

TERMS AND CONDITIONS OF SERVICE

5. DISCONTINUANCE OF SERVICE (CONTINUED):

5.4.3 The Company shall make good faith efforts to contact all Residential Customers by phone prior to discontinuance of service, in addition to notice by first class mail.

5.4.4 The Company shall send the notice of discontinuance of service to the Residential Customer and also to any third party previously designated by the Residential Customer upon request to the Company. (N.J.A.C. 14:3-3A.4).

5.4.5 The Company shall not discontinue service to any Residential Customer for up to 90 days if a medical emergency exists within the residential premises, which would be aggravated by a discontinuance of service, provided that the Residential Customer has: (i) provided reasonable proof of inability to pay; and (ii) submitted the requisite Medical Certificate to the Company. At the end of such period of emergency, the Residential Customer shall remain liable for payment of all services rendered. (N.J.A.C. 14:3-3A.2(i)). The Medical Certificate can be found on the Company's website at https://www.aquaamerica.com/customer-service-center/forms.aspx.

5.5 A Customer is responsible for payment of all undisputed charges. If a Customer disputes a charge, and after notice to the Company the dispute is unable to be resolved, the Customer has the right to make a request to the Board for an investigation of the disputed charge within five (5) business days after notice to the Company of the dispute. If such a request is not made within five (5) business days, the Customer's service may be discontinued for nonpayment in accordance with the Board's regulations. (N.J.A.C. 14:3-7.6).

5.6 The Company shall not discontinue service to Residential Customers involuntarily except between the hours of 8:00 a.m. and 4:00 p.m., Monday through Thursday, unless there is a safety-related emergency. There shall be no involuntary termination of service on Fridays, Saturdays, and Sundays or on the day before a New Jersey State holiday or on a New Jersey state holiday absent such emergency. (N.J.A.C. 14:3-3A.1(c)).

5.7 **Winter Termination Program:** The Company shall not discontinue service to Residential Customers for non-payment during the period from November 15 through March 15 (the "Winter Termination Period"), unless otherwise ordered by the Board, where a customer meets the enumerated criteria set forth in N.J.A.C 14:3-3A.5(a).

TERMS AND CONDITIONS OF SERVICE

5. DISCONTINUANCE OF SERVICE (CONTINUED):

5.8 The Company shall make every reasonable effort to determine if a landlord/tenant situation exists at the residential premises being served and to provide notice to tenants prior to discontinuance of service. Where feasible, the Company shall offer affected tenants continued service to be billed in the tenant's name. (N.J.A.C. 14:3-3A.6).

5.9 **Service Restoration:** In cases where service has been discontinued at the Company's direction, as set forth herein, a charge for reconnection will be made as specified in Paragraph 3 herein, except where such discontinuance has been made by the Company in order to effectuate repairs, changes or improvements in any part of the Company's system.

6. DEFERRED PAYMENT AGREEMENTS:

6.1 Aqua will offer any Customer who is unable to pay an outstanding bill and/or deposit an opportunity to enter into one DPA per year per utility service. Customers who enter into a DPA for past due charges, however, are not relieved of the obligation to pay current bills on time. In the event that a Customer defaults on the terms of the DPA, Aqua New Jersey, Inc. may discontinue service upon due notice. (N.J.A.C. 14:3-7.7(d))

6.2 **Residential Customers.** Where a Residential Customer receives more than one service from Aqua (for example, water and sewer) and is in arrears as to both of those services, a separate DPA shall be offered for each service. In such situations, the Residential Customer may elect to enter into a DPA for one service and to discontinue the other service until satisfactory payment arrangements can be made so as not to add to the arrearage balance. The Company will renegotiate or amend the terms of an existing DPA upon satisfactory evidence provided by the Residential Customer that his or her financial circumstances have changed significantly due to factors beyond his or her control. Where a Residential Customer has DPAs for two services, default on one such DPA constitutes grounds for discontinuance of only that service. (N.J.A.C. 14:3-7.7).

6.3 **Non-Residential Customers.** DPAs will not be offered for a term of longer than three (3) months. (N.J.A.C. 14:3-7.7).

TERMS AND CONDITIONS OF SERVICE

7. METERS:

7.1 Upon Customer request, the Company will provide one free meter test per year. Where a billing dispute exists, the Customer may request that the meter test be witnessed by the Board, or a third-party. A meter test arising from a billing dispute may be appropriate in instances which include, but are not limited to: unexplained increased consumption, crossed meters, consumption while an account is vacant or any other instance where the meter's accuracy might be an issue in a bill dispute. Upon application, a Customer may also request that his, her or its meter test be witnessed by the Board. (N.J.A.C. 14:3-4.5).

7.2 Where a Customer has filed a complaint with the Board regarding meter accuracy or performance, Aqua shall not remove the Customer's meter from service during the pendency of said complaint, or during the thirty (30) days following the Board's decision on the complaint, unless otherwise authorized or directed by the Board (N.J.A.C. 14:3-4.8(c)).

7.3 Aqua shall make an adjustment of charges, to be determined consistent with N.J.A.C. 14:3-4.6, whenever a water meter is found to be registering fast by more than one and one-half percent.

8. EMERGENCY INTERRUPTIONS DUE TO EXTRAORDINARY DEMAND AND/OR DIMINISHED SUPPLY:

8.1 The Company endeavors to provide a regular and uninterrupted supply of water through its facilities to its Customers. However, if because of emergencies beyond Aqua's control, including but not limited to, governmental mandate, service is interrupted, irregular, restricted, defective or fails, the Company shall not be liable for any damage or inconvenience resulting therefrom. In the event of an emergency for extraordinary demand and/or diminished supply, the Company may restrict the use of water whenever the public welfare may require it and, if necessary, may shut off the water in its mains and pipes. In such cases, the Company will provide Customers, by phone, with detailed information regarding the conditions and restrictions, and the purpose and probable duration of the usage restriction or service interruption, curtailment or discontinuance.

8.2 Aqua New Jersey, Inc. may restrict or interrupt water service during certain periods in order to protect the public water supply, or to otherwise comply with any regulations or orders issued pursuant to the Water Supply Management Act, N.J.S.A. 58:1A-1 *et seq*. The Company will provide notice and subsequent outage reports to the Board in accordance with N.J.A.C. 14:3-3.7, as appropriate.

TERMS AND CONDITIONS OF SERVICE

9. MULTI-USE SERVICE:

9.1 By applying for Multi-use service, the Customer agrees to be responsible for all claims, costs, and liability for personal injury, death and/or property damage, resulting from the Customer's individual water system, unless caused by the negligence of the Company. (N.J.A.C. 14:9-8.3(d)).

9.2 Terms of Payment: The Company may terminate a Customer's Multi-use service for non-payment of a valid water bill for Multi-use service, in accordance with the Board's rules governing discontinuance of service at N.J.A.C. 14:3-3A.4(j). (N.J.A.C. 14:9-8.3(b)).

9.3 Conditions: By applying for Multi-use service, the Customer or builder certifies that:

9.3.1 The Customer or builder has hydraulically calculated the demand for the Customer's or builder's water system, based on the simultaneous domestic demand and fire sprinkler demand. The Customer or builder shall make this calculation in accordance with the Uniform Construction Code; and

9.3.2 The Customer or builder will ensure that the system is installed in accordance with the Uniform Construction Code at N.J.A.C. 5:23; and

9.3.3 The Customer will, prior to installation of the meter, obtain a construction permit in accordance with the Uniform Construction Code from the enforcing agency having jurisdiction over the system. (N.J.A.C. 14:9-8.3(c)).

9.4 Provision of Services: By applying for Multi-use service, and operating the same, the Customer agrees:

9.4.1 To include a backflow prevention device(s) as defined at N.J.A.C. 7:10-1.3, and as specified at N.J.A.C. 7:10-10.3 or required to obtain a permit pursuant to N.J.S.A. 58:11-9.2;

9.4.2 To be solely responsible for all costs and expenses relating to the installation, operation, maintenance, repair and replacement of the Customer's water system, including the fire suppression system and backflow prevention device(s);

TERMS AND CONDITIONS OF SERVICE

9. MULTI-USE SERVICE (CONTINUED):

9.4.3 To ensure that the Customer's water system complies with the applicable requirements of the Uniform Construction Code in effect at the time of system installation, including any applicable building, plumbing and fire protection subcodes; and

9.4.4 To ensure that the Customer's water system is maintained in accordance with all applicable laws so as to protect against Cross Connections, backflow, back-siphonage and contamination of the potable water system. (N.J.A.C. 14:9-8.3(e)).

10. WATER SERVICE AND CONNECTING LINES

10.1 Company Side – Service Lines:

10.1.1 The Company is responsible for the installation and maintenance of the service line. N.J.A.C. 14 :3-8.1 et seq.

10.1.2 Only employees of the Company or persons duly authorized to do so by the Company are permitted to operate or otherwise access the curb stop.

10.1.3 No service line shall be used to supply more than one customer unless authorized in advance by the Company in writing.

10.1.4 Where the Company has agreed that two or more customers may be supplied through a single shared service line, the customers must provide a suitable location(s) for a separate meter and separate shut-off valve that will be dedicated to each customer. The piping of the building(s) must be so arranged that each customer can be supplied through an independent meter, shut off valve and piping system as may be required by the Company, at the Company's discretion. The meter pit or vault shall be installed at a location acceptable to, and with the express approval of, the Company.

10.1.5 No single building or single group of buildings in one common enclosure and under one ownership shall be supplied by more than one shared service line.

TERMS AND CONDITIONS OF SERVICE

10. WATER SERVICE AND CONNECTING LINES (CONTINUED):

10.2 Customer Side – Connecting Lines:

10.2.1 Connecting lines are owned, installed, maintained and repaired by the customer at the customer's sole expense. The connecting line should be maintained in a condition conducive for the Company to perform the services required to serve the customer. If the connecting pipe is not so maintained, any failure of this pipe following the operation of the curb stop by the Company will be the responsibility of the customer. While performing its duties, if the Company observes that the connecting pipe or other customer owned and maintained appurtenances appear to be in poor condition, the Company will attempt to notify the customer of such, including that the customer may desire to contact a licensed plumber for a professional evaluation and/or repair of the connecting pipe and appurtenances. Failure to repair a leaking connecting line is grounds for discontinuance of water service. (N.J.A.C. 14:3-3A.1(a)5.x).

10.2.2 Connecting lines should be installed, without sharp bends, at right angles to the line of the street and shall be installed in the trench not less than 3-1/2 feet in depth to avoid damage and possible interruption to service caused by freezing. Other utility service lines shall not be installed in the same trench as the connecting line.

10.2.3 No attachment shall be made to the connecting line between the curb stop and the meter except as otherwise authorized by the Company. Unauthorized attachments are grounds for termination of service. (N.J.A.C. 14:3-3A.1(a)5.ii). Connecting lines should not be less than ¾ inch in inside diameter.

TERMS AND CONDITIONS OF SERVICE

10. WATER SERVICE AND CONNECTING LINES (CONTINUED):

10.2.4 A Customer must install a water pressure reducing valve where required by State of New Jersey plumbing code. If a water pressure reducing valve is required to be installed, the customer must install a pressure relief valve (collectively both are referred to as the "Valves"). In all cases, the costs of installation and maintenance of the Valves shall be borne by the Customer. The Customer shall own and be obligated to maintain the Valves. The Company will not be liable for damage due to meter failures if the Customer is located in a high pressure zone and does not have a pressure reducing valve or has a pressure reducing valve downstream from a water meter that is installed inside the premises. For meters less than or equal to 2 inches the pressure reducing valve will be located on the downstream side of the meter if the meter is located outside of the Customer's premises and on the upstream side of the meter, if the meter is located inside of the Customer's premises. For meters greater than 2 inches the pressure reducing valve will always be located on the upstream side of the meter.

10.2.5 The Customer is required to make all changes in the connecting line due to changes in grade, relocation of mains, or other causes only if such changes are mandated by a municipality, county, state or other governmental body.

11. WATER MAIN EXTENSIONS:

11.1 The Company will extend water service in accordance with all applicable laws of the State of New Jersey and Board regulations and orders including N.J.A.C. 14:3-8.1 *et seq.* Upon request, an application will be provided to the applicant, which must be returned to the Company.

12. CUSTOMER'S PREMISES:

12.1 The Company may refuse to provide a water connection, or furnish water through a connection pipe already installed, when a customer's piping system is not installed in accordance with the regulations of the Company and of the municipality in which the premises are located; or when the system on the premises is not at sufficient depth to prevent freezing.

TERMS AND CONDITIONS OF SERVICE

12. CUSTOMER'S PREMISES (CONTINUED):

12.2 The Company shall have the right of reasonable access to Customer's premises, and to all property furnished by the Company, at all reasonable times for the purpose of inspection of Customer's premises incident to the rendering of service, reading meters, or installing, relocating, inspecting, testing, replacing or repairing its facilities used in connection with supplying the service, or for the removal of its property. (N.J.A.C. 14:3-3.6). Service can be discontinued for refusal of reasonable access to the Customer's premises for necessary purposes in connection with rendering of service, including meter installation, reading or testing, installation, replacement or relocation of meter reading devices, or the maintenance or removal of the Company's property. (N.J.A.C. 14:3-3A.1(a)5.i). A charge for reconnection will be made as specified in Paragraph 3 herein upon restoration of service.

12.3 Customers shall not permit access to the meter and other appliances of the Company except by authorized employees of the Company or properly authorized state or local inspectors.

12.4 In all cases the Customers should not interfere with property of the Company, but should immediately notify the Company of any problem.

12.5 It is the sole responsibility of each Customer to ensure that all piping and appurtenances within a Customer's premises comply with state, municipal and other public health regulations in force with respect hereto including state and local plumbing codes. The piping and appurtenances shall be maintained in a condition conducive for the Company to perform the services required to serve the Customer.

12.6 In any premises where devices are used which might produce a back pressure, such as steam boilers, carbonation equipment for soft drinks, booster pumps, etc., a check valve shall be installed by the Customer at the meter. In the event such check valve is installed, pressure relief valves should be provided by the Customer in the system.

12.7 In any premises where an auxiliary water source is available, the pipes carrying water from the mains of the Company are required to be marked in some distinctive manner for ready identification.

TERMS AND CONDITIONS OF SERVICE

12. CUSTOMER'S PREMISES (CONTINUED):

12.8 Physical connections, such as Cross Connections, interconnections, valves, pumps, or similar devices, either permanent or temporary, connecting the pipelines or facilities of the Company with other pipelines or facilities supplied with water from other sources will not be permitted without the express written consent of the Company and full compliance with all applicable regulations concerning such connections. Water which has once been drawn from the Company's distribution network and used for any purpose or stored in tanks, is considered an unapproved source of supply.

12.9 The Company may require installation of a Cross Connection Control or backflow prevention protective device on a customer's service, in accordance with N.J.A.C. 7:10-10.1 *et seq.* and N.J.S.A. 58:11-9.1 *et seq.,* as appliable, which shall be purchased and installed at the expense of the customer. The Cross Connection and/or backflow prevention device shall be of the type approved by the Company and required to be installed to obtain any required permit. Inspection and testing at regular intervals shall be performed at the expense of the customer.

12.10 No device or connection is permitted between pipes carrying water from the mains of the Company and any portion of the plumbing system of the premises, which may under any condition permit back-flow or back-siphonage, unless prior written permission has been granted by the Company. Further, any such device or connection must comply fully with all applicable permits, statutes and regulations.

12.11 Failure to comply with any of these provisions is grounds for discontinuance of service on an emergent basis to prevent harm to the Company's system and its customers.

RATE SCHEDULE NO. 1
GENERAL METERED SERVICE

APPLICABILITY:
Applicable to the use of water supplied through meters to all customers served by the Company including those supplied through approved Multi-Use Services.

CHARACTER OF SERVICE: Continuous

RATE: Size of Meter	Fixed Service Charge Amount Per Month
5/8"	$ ~~20.17~~26.20
3/4"	~~30.26~~39.31
1"	~~50.43~~65.51
1 1/2"	~~100.85~~131.00
2"	~~161.36~~209.60
3"	~~302.55~~393.00
4"	~~504.25~~655.00
6"	~~1,008.50~~1,310.00
8"	~~1,613.60~~2,096.00
10"	~~2,319.55~~3,013.00
12"	~~4,336.55~~5,633.00
Bulk Water Purchase	~~37.92~~49.26
Flat Rate for Unmetered Customers	
Residential	$ ~~54.91~~66.63
Commercial, Industrial, Other Water Utility, and Public	~~85.17~~105.94

	Usage Charge Rate/1000 Gallons
All Service Areas (Except as noted below)	$ ~~6.730~~7.703
Wallkill Only	~~5.721~~6.933
Byram Township and Seaview Harbor Only	~~10.10~~10.630
Non-Potable Water	~~1.346~~1.541
Resale	~~6.72~~7.963

*The above rates, excepting the Resale rate, include a water tax of $0.01 per 1,000 gallons of water, which water tax was established by the State of New Jersey with the passage of the Safe Drinking Water Act. (N.J.S.A. 58:12A-21).

TERMS OF PAYMENT:
PAYMENT FOR ALL BILLS RENDERED IS DUE TWENTY (20) DAYS AFTER THE ORIGINAL POSTMARK DATE OF THE BILL Bills for metered service will be rendered at the close of the billing period.

Issued: ~~October 10, 2024~~January 30, 2026 Effective Date: ~~October 15, 2024~~
By: Natalie Chesko, President
10 Black Forest Road
Hamilton, NJ 08691
Filed pursuant to decision and order of the Board of Public Utilities dated ~~October 9, 2024~~_____, 2026, in Docket No. ~~WR24010057~~WR2601_____.

RATE SCHEDULE NO. 2
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE
GENERAL METERED SERVICE

APPLICABILITY:
Applicable to the use of water supplied through meters to all Customers served by the Company.

CHARACTER OF SERVICE:
Continuous

RATE:

Size of Meter	DSIC Amount Per Month
5/8”	$ 0.00~~2.93~~
3/4”	0.00~~4.40~~
1”	0.00~~7.33~~
1 1/2”	0.00~~14.65~~
2”	0.00~~23.44~~
3”	0.00~~43.95~~
4”	0.00~~73.25~~
6”	0.00~~146.50~~
8”	0.00~~234.4~~0
10”	0.00~~336.95~~

TERMS OF PAYMENT
PAYMENT FOR ALL BILLS RENDERED IS DUE TWENTY (20) DAYS AFTER THE ORIGINAL POSTMARK DATE OF THE BILL. The DSIC is assessed monthly for metered service, and is reflected on the Customer’s bill rendered at the close of the billing period.

RATE SCHEDULE NO. 3
PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY:
Applicable to all Customers for service furnished exclusively to private fire protection facilities served by the Company, except as specifically provided elsewhere in this tariff.

CHARACTER OF SERVICE:
The Company will use due diligence at all times to provide Customers with service of the character or quality proposed to be supplied. However, if the service shall be interrupted, irregular, restricted, defective or fails, the Company shall not be liable for any damage or inconvenience resulting therefrom and is obligated only to use reasonably diligent efforts in the light of the circumstances then-existing to restore service.

RATE:

Size of Service	Fixed Service Charge Amount Per Month
Sprinklers	
2" or less	$ 0.00
3"	~~104.11~~112.65
4"	~~173.51~~187.74
6"	~~347.03~~375.49
8"	~~555.23~~600.76
10"	~~798.14~~863.59
12"	~~1,492.19~~1,614.55
Private Hydrants (per hydrant)	$ ~~49.42~~54.72

TERMS OF PAYMENT:
PAYMENT FOR ALL BILLS RENDERED IS DUE TWENTY (20) DAYS AFTER THE ORIGINAL POSTMARK DATE OF THE BILL. Bills for metered service will be rendered at the close of the billing period.

SPECIAL PROVISIONS:
Private fire service lines shall be equipped with special meters or detection devices and are to be used exclusively for fire protection purposes. No water shall be used through these fire protection connections except for testing purposes or in case of fire. However, the Company shall be provided with at least 72 hours (or 3 days) notice prior to the testing of any fire protection connection and shall be given the opportunity to witness such testing.

SPECIAL PROVISIONS (CONTINUED):

Customers desiring a separate service connection for private fire service are required to make separate written application for such service on forms prescribed by the Company. Private fire service installations must be made in accordance with the provisions of this tariff regarding the installation of service and connecting pipes and other facilities necessary for the provision of such service.

Service lines designated for private fire protection are installed for customers requiring a private fire service to supply sprinkler heads or hose connections. Any connection in which sprinkler heads and/or hose connections are supplied through a domestic service connection are not considered as part of a private fire protection service and shall not be subject to the requirements as set forth herein (i.e., limited fire protection). Residential Customers served by a 2-inch water service line or less in diameter will not be imposed a standby fee for a fire protection system.

The connection shall be in accordance with the applicable laws including but not limited to those of the BPU, NJ DEP and all federal, state and local agencies.

The Company shall not be liable for any loss, injury, casualty or damage resulting from fire or water, resulting from the supply or use of water service or the failure thereof, which may occur on account of the installation or presence of a private fire service connection, or from the presence or operation of the Company's structures, equipment, pipes, appliances or devices on the customer's premises, or connected therewith.

The Company may not discontinue fire protection service unless it has provided written notice giving the customer at least thirty (30) days' notice, by certified mail, prior to the proposed discontinuance. (N.J.A.C. 14:3-3A.4(k)). However, in case of fraud, illegal use, or when it is clearly indicated that the customer is preparing to leave, immediate payment of accounts may be required, and service may be discontinued without further notice.

When hydrants are attached between the main and the meter, a charge per hydrant will be made. The installation and maintenance of fire hydrants and the supplying of water through such hydrants is for the sole use of authorized fire-fighting personnel for the control and extinguishment of any fire.

No additional charge shall be made for water used in testing or for fire. However, should it be determined by Aqua that water is being, or has been, used through a fire protection connection for other than fire protection or testing purposes, the Company shall have the right to charge for the water used based on its "General Metered Service" tariff and to order said unauthorized use to cease immediately subject to the termination of the service.

RATE SCHEDULE NO. 4
PUBLIC FIRE PROTECTION SERVICE

APPLICABILITY:
This schedule is applicable to all municipal Customers served by the Company, for public fire protection service.

CHARACTER OF SERVICE:
The installation and maintenance of fire hydrants, and the supplying of water through such hydrants, is for the sole use of authorized fire-fighting personnel for the control and extinguishment of any fire. The Company will use due diligence at all times to provide Customers with service of the character or quality proposed to be supplied. However, if the service shall be interrupted, irregular, restricted, defective or fails, the Company shall not be liable for any damage or inconvenience resulting therefrom and is obligated only to use reasonably diligent efforts in the light of the circumstances then-existing to restore service.

RATE:

For each fire hydrant installed there shall be made a Monthly Fixed Fire Protection Charge of:

All Service Areas (Except as noted below)	$ ~~53.65~~59.28
Alpha Borough	~~30.26~~36.79
Bayville Township	~~24.23~~26.92
Fredon Township	~~30.26~~36.79
Hardyston Township	~~22.38~~26.96
Holland Township – Fox Hill Dr.	~~41.16~~48.14
Lawrenceville Township	~~33.12~~36.79
Upper Freehold Township	~~39.96~~48.14

For Byram Township only, the following Monthly Fixed Fire Protection Charge shall apply, per customer: $~~6.94~~8.09

TERMS OF PAYMENT:
PAYMENT FOR ALL BILLS RENDERED IS DUE TWENTY (20) DAYS AFTER THE ORIGINAL POSTMARK DATE OF THE BILL. Bills for metered service will be rendered at the close of the billing period.

SPECIAL PROVISIONS:

All hydrants, lead valves, branches and other appurtenances shall be and remain the property of the Company.

Upon application or request by a duly authorized representative of a municipality in the Company's service area, the Company will install fire hydrants for purposes of public fire protection. The locations of such hydrants shall be selected upon agreement between the necessary municipal official(s) and representatives of the Company after careful consideration. Municipalities shall pay the Company a charge for service to public fire hydrants as provided in this tariff.

RATE SCHEDULE NO. 5
LEAD SERVICE LINE REPLACEMENT CHARGE ("LSLRC")
GENERAL METERED SERVICE

APPLICABILITY:
Applicable to the use of water supplied through meters to all Customers served by the Company. The Lead Service Line Replacement Charge is designed to recover project costs associated with replacing customer-owned lead service lines.

CHARACTER OF SERVICE:
Continuous

RATE:

Size of Meter	LSLRC Amount Per Month
5/8"	$ 4.79
3/4"	4.79
1"	11.98
1 1/2"	23.95
2"	38.32
3"	75.60
4"	119.75
6"	239.50
8"	383.20
10"	550.85
12"	1,029.85

TERMS OF PAYMENT
PAYMENT FOR ALL BILLS RENDERED IS DUE TWENTY (20) DAYS AFTER THE ORIGINAL POSTMARK DATE OF THE BILL. The LSLRC is assessed monthly for metered service, and is reflected on the Customer's bill rendered at the close of the billing period.

EXHIBIT 5(WW)

AQUA NEW JERSEY, INC.

TARIFF

FOR

SEWER SERVICE

APPLICABLE IN

PORTIONS OF

BURLINGTON, GLOUCESTER,

HUNTERDON, MONMOUTH, MORRIS

AND SUSSEX COUNTIES,

NEW JERSEY

Issued: January 30, 2026 Effective Date: January 1, 2021
By: Natalie Chesko, President~~Lawrence R. Carson, President~~
10 Black Forest Road
Hamilton, NJ 08691
Filed pursuant to decision and order of the Board of Public Utilities dated December 2, 2020, in Docket No. WR20010056.

TABLE OF CONTENTS

Territory Served — Sheet No. 2

Standard Terms and Conditions — Sheet Nos. 3-3L

Rate Schedule as listed below:

Applicable To	For	Schedule	Sheet No.
All Customers	General Sewer Service	1	4
All Customers	Purchased Sewerage Treatment Adjustment Charge ("PSTAC")	2	5 & 5A

TERRITORY SERVED

The territory served is comprised of portions of:

Burlington County
North Hanover Township
Borough of Wrightstown

Gloucester County
Woolwich Township

Hunterdon County
Readington Township

Monmouth County
Howell Township

Morris County
Mount Olive Township

Sussex County
Fredon Township
Hardyston Township

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS:

The following words and phrases, when used in this tariff, shall have the meanings assigned below unless the context clearly indicates otherwise:

1.1 **Applicant**: A person, association, partnership, corporation, municipality, authority, state or federal governmental agency or other entity who applies to become a customer of the Company.

1.2 **Aqua or Company:** Aqua New Jersey, Inc., the party rendering water service.

1.3 **Biochemical Oxygen Demand ("B.O.D.")**: The quantity of oxygen utilized (demanded) in the biochemical oxidation of organic matter under standard laboratory procedure in five (5) days when incubated at twenty (20) degrees Centigrade. The standard laboratory procedure shall be that found in the latest approved edition of "Standard Methods for the Examination of Water and Sewage" published by the American Public Health Association, the American Water Works Association, and/or the Water Pollution Control Federation.

1.4 **BPU or Board**: The New Jersey Board of Public Utilities.

1.5 **Building Drain**: That part of the lowest horizontal piping of a drainage system which receives the discharge from drainage pipes inside the walls of the building terminating five (5) feet outside the face of the building wall from whence it becomes known as the building sewer.

1.6 **Building Sewer**: The extension from the building drain to service line and/or other point of connection to the Company's system. This is the privately-owned part of the lateral and is the customer's responsibility.

1.7 **Combined Sewer**: A sewage collection system which conveys both sanitary sewage and storm water flow.

1.8 **Company Service Line**: Company owned wastewater service line from the sewer main of the Company which connects to the Customer Service Line at the edge of the right-of-way or actual property line.

1.9 **Customer:** A person or entity who is an owner, occupant or who contracts with the Company for or who takes or receives wastewater collection, treatment and/or disposal service.

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS (CONTINUED):

1.10 **Diversion**: An unauthorized connection to pipes by which utility service registers on the Tenant-Customer's meter although such service is being used by other than the Tenant-Customer of record without his or her knowledge or cooperation. The unauthorized connection must not be apparent from the premises. (N.J.A.C. 14:3-7.8).

1.11 **Domestic Wastewater**: The liquid waste or liquid borne waste: (1) resulting from the non-commercial preparation, cooking and handling of food: (2) consisting of human excrement; or (3) consisting of wastewater, non-commercial laundering water, domestic housekeeping wastewater, and similar types of wastes from sanitary uses, whether generated in residences or sanitary facilities in commercial or industrial facilities, but does not include any storm water or ground water introduced from facilities such as roof leaders, sump pumps, floor drains or industrial wastewater.

1.12 **Deferred Payment Agreement ("DPA")**: A payment agreement which may be offered by the Company to a Customer upon request, as appropriate and in accordance with the Board's regulations.

1.13 **Garbage:** Solid wastes from domestic and commercial preparation, cooking, dispensing or marketing of food or food products and from the handling, storage and sale of produce.

1.14 **Garbage Properly Shredded**: The term "Properly Shredded Garbage", as used herein, shall mean the wastes from the preparation, cooking, and dispensing of food that have been shredded to such degree that all particles will be carried freely under the flow conditions normally prevailing in public sewers, with no particle greater than one-half inch in dimension.

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS (CONTINUED):

1.15 **Grinder pump**: Any mechanical or powered device, owned by the Customer, used to grind, macerate or fluidize garbage so that it can be discharged into the Sanitary Sewer.

1.16 **Industrial/Commercial Wastes**: Any liquid, gaseous or water borne wastes from industrial processes or commercial establishments, as distinct from domestic wastewater.

1.17 **Industrial/Commercial Waste Permit**: A wastewater permit issued as required by the Company to an Industrial/Commercial user which discharges Industrial/Commercial Waste.

1.18 **Industrial/Commercial Waste Pretreatment Program**: A program established by the Company that requires industrial and commercial dischargers to monitor, test, treat and control as necessary pollutants in their wastewater prior to discharge into the Sanitary or Combined Sewer.

1.19 **Line extension (for line extension purposes)**: An addition to the Company's main line which is necessary to serve the premises of a Customer.

1.20 **Main**: The Company's pipe, excluding service connections, located in a public highway, street, alley or private right-of-way which pipe is used in transporting wastewater.

1.21 **Meter**: Any device supplied by the Company or other for the purpose of measuring water consumption or wastewater discharge.

1.22 **NJ DEP**: The New Jersey Department of Environmental Protection.

1.23 **Nonresidential Service**: Wastewater service supplied to a commercial or industrial building, including a hotel or motel, or to a master-metered trailer park or multi-tenant apartment building, or to any customer who purchases wastewater service from the Company for the purpose of resale.

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS (CONTINUED):

1.24 **pH**: The logarithm to the base ten of the reciprocal of the weight of hydrogen ions in moles per liter of solution.

1.25 **Pretreatment**: The application of physical, chemical and/or biological processes to reduce the amount pollutants in, or alter the nature of the polluting properties of, an industrial/commercial process wastewater prior to discharging such wastewater into the Sanitary or Combined Sewer.

1.26 **Residential Applicant**: A natural person at least 18 years of age not currently receiving service who applies for residential service provided by the Company or any adult occupant whose name appears on the mortgage, deed or lease of the property for which the residential utility service is requested. A Residential Applicant does not include a person who, within 30 days after service termination or discontinuance of service, seeks to have another service reconnected at the same location or transferred to another location within the Company's service territory.

1.27 **Residential Customer**: A natural person at least 18 years of age in whose name a residential service account is listed and who is primarily responsible for payment of bills rendered for the service or any adult occupant whose name appears on the mortgage, deed or lease of the property for which the residential utility service is requested. A Residential Customer includes a person who, within 30 days after service termination or discontinuance of service, seeks to have service reconnected at the same location or transferred to another location within the Company's service territory.

1.28 **Residential Service**: Wastewater service supplied to an individual single-family residential dwelling unit.

1.29 **Regulatory Agency**: Agencies, including but not limited to the BPU, the NJDEP, and the U.S. Environmental Protection Agency ("EPA"), which have authority over the operations of and/or discharges into and/or from the Company's treatment facilities

1.30 **Sanitary Sewer**: A sewer which primarily carries sanitary wastewater, together with such storm, surface and ground water as may be present.

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS (CONTINUED):

1.31 **Storm Sewer**: A sewer which carries surface, ground water, or storm water from the buildings, ground, streets, or other areas.

1.32 **Storm Water Flow**: Any flow occurring during or following any form of natural precipitation, and resulting from such precipitation, including snowmelt.

1.33 **Suspended Solids**: Solids that either float on the surface of, or are in suspension in water, wastewater, or other liquids, and which are largely removable by filtration.

1.34 **Slug:** The discharge of water, sewerage, or industrial waste which in concentration of any constituent or in quantity of flow exceeds for any period of duration longer than fifteen (15) minutes more than five (5) times the average twenty-four hour flow or concentration under normal operating conditions.

1.35 **Tariff**: All of the service rates, rules and regulations issued by the Company, together with any supplements or revisions thereto, officially approved by the Commission and contained in this document.

1.36 **Tenant-Customer**: A Residential Customer of record at the time of the complaint who rents a dwelling unit in a multifamily building or owns a condominium. (N.J.A.C. 14:3-7.8).

1.37 **Toxic Substances**: Any substances where gaseous, liquid or solid waste which, when discharged to a public sewer in sufficient quantities, will be detrimental to any biological wastewater treatment process, constitute a hazard to human beings or animals, inhibit aquatic life, or create a hazard to recreation in receiving waters of the effluent from a wastewater treatment plant, or as defined pursuant to PL 92500 (Federal Water Pollution Control Act Amendments of 1972) or its amendments.

1.38 **Unauthorized Use of Service**: Unreasonable interference or diversion of service, including meter tampering (any act which affects the proper registration of service through a meter), by-passing unmetered service that flows through a device connected between a main or service line and customer-owned facilities, unauthorized service restoration, unauthorized stormwater/groundwater connection to Sanitary or Combined Sewer, or the otherwise taking or receiving of wastewater service without the knowledge or approval of the Company.

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS (CONTINUED):

1.39 **Wastes**: Any liquid, gaseous, or solid substances or combination thereof which are discarded, leached, or spilled substances or combination thereof including sanitary wastewater but excluding storm-water.

1.40 **Wastewater**: The liquid and water-carried wastes from dwellings, commercial facilities, industrial facilities and institutions, together with any groundwater, surface water, and storm water that may be present, whether treated or untreated, in the Company's sewer system.

2. GENERAL INFORMATION:

2.1 Aqua is regulated by the Board. The Company's provision of service is governed by New Jersey statutes and the pertinent rules and regulations promulgated by the Board, which statutes and rules and regulations are hereby adopted and incorporated by reference, as well as the terms of this tariff. If there is an inconsistency between the Company's tariff and the Board's regulations, the Board's regulations supersede the tariff provision absent specific approval to the contrary by the Board. However, if the tariff provides for more favorable treatment of a customer than the Board's regulations, the tariff shall control. (N.J.A.C. 14:3-1.3(i)).

2.2 The current Board-approved "Customer Bill of Rights" can be found on the Board's website at http://www.bpu.state.nj.us/bpu/assistance/rights/.

2.3 A copy of this Board-approved tariff can be found on the Company's website, www.aquaamerica.com, and is also available for public inspection both at the Company's offices and at the Board, 44 S. Clinton Avenue, Trenton, New Jersey 08625. (N.J.A.C. 14:3-1.3(h)). If after you review this tariff and discuss it with appropriate Company employees, you still have questions regarding this tariff or your service, you may contact the Board's Division of Customer Assistance in-person, by phone, toll free, at (800) 624-0241, or by mail. If you choose to write to the Board, please be sure to include your name, address and phone number (including the area code), and, if you are a Customer, please also include your account number.

TERMS AND CONDITIONS OF SERVICE

3. BILLING, FEES AND CHARGES:

3.1 The Company will not place the name of a second individual on the account of a Residential Customer unless specifically requested by said second individual. (N.J.A.C. 14:3-3.2(b)).

3.2 The Company shall not assess a late payment charge on a Residential Customer, or on a State, county or municipal government entity. Any late payment charges, as appropriate, will not be applied before 25 days have elapsed from the date the bill is rendered. (N.J.A.C. 14:3-7.1(e)).

3.3 Tenant-Customers shall not be required to pay for charges associated with a Diversion where, after investigation, Aqua has determined a Diversion of service has occurred. (N.J.A.C. 14:3-7.8(b)).

3.4 Bad Checks Charge. Where the Customer submits a negotiable instrument to the Company in payment of a bill, charge, or deposit due and such instrument is subsequently dishonored or uncollectible for any reason, the Customer may be required to pay a Bad Check Charge equal to the costs incurred by the Company from the financial institution.

3.5 Restoration Charge. Prior to restoration of service following discontinuance of service at the Company's direction, including but not limited to discontinuance for non-payment, a Customer may be required to pay a Restoration Charge in the amount of $100.00.

4. DEPOSITS:

4.1 While the Company does not typically request a deposit from a Customer upon initiation of new service, it reserves the right to do so consistent with the Board's regulations.

4.2 The Company may require that a Customer pay a deposit if the Customer fails to pay a bill within fifteen (15) days after the due date, or after service has been discontinued for non-payment. (N.J.A.C. 14:3-3.4).

4.3 Deposits shall be calculated in accordance with the Board's regulations. (N.J.A.C. 14:3-3.4(b)).

TERMS AND CONDITIONS OF SERVICE

5. DISCONTINUANCE OF SERVICE:

5.1 **Customer Request:** Within 48 hours of notice to the Company by the Customer of a request to discontinue service, the Company shall discontinue service or obtain a meter reading for purposes of calculating the final bill. Where such notice is not provided by the Customer to the Company, the Customer shall be liable for service until the final meter reading is taken. A notice to discontinue service provided by the Customer shall not relieve the Customer from any minimum or guaranteed payment under any contract or rate. (N.J.A.C. 14:3-3A.1(b)).

5.2 **At the Company's Direction (For Reasons Other Than Nonpayment):** The Company may curtail, suspend or discontinue service, upon reasonable notice, to the extent reasonably possible, for the following reasons (N.J.A.C. 14:3-3A.1(a)):

5.2.1 In order to make permanent or temporary repairs, changes or improvements in any part of the Company's system;

5.2.2 For compliance in good faith with any governmental order or directive, regardless of whether such order or directive subsequently may be held to be invalid; or

5.2.3 For any of the following acts or omissions on the part of the Customer:

- Refusal of reasonable access to the Customer's premises;
- Tampering with any facility of the Company;
- Fraudulent representation in relation to use of service;
- Providing the Company's service to others without approval of the Company;
- Refusal to contract for service where such contract is required;
- Connecting and operating in such a manner as to interfere with the service of the Company or other Customers;
- Failure to comply with any reasonable standard terms and conditions contained in the Company's tariff;
- Where the condition of the Customer's installation presents a hazard to life or property; or
- Failure to repair any faulty facility of the Customer.

TERMS AND CONDITIONS OF SERVICE

5. DISCONTINUANCE OF SERVICE (CONTINUED):

5.3 **At the Company's Direction (For Nonpayment):** The Company has the right to curtail, suspend or discontinue service for nonpayment of sewer charges or for nonpayment of a deposit, upon due notice given, where the Residential Customer's arrearage is (i) more than $100.00, or (ii) more than three (3) months in arrears. (N.J.A.C. 14:3-3A.2(a)).

5.3.1 Customers shall be provided with at least ~~fifteen (15)~~twenty (20) days from the postmark date of the outstanding bill to pay the sewer bill, or any deposit amount requested by the Company. (N.J.A.C. 14:3-3A.3).

5.3.2 Where payment is not received within ~~fifteen (15)~~twenty (20) days, the Company shall provide the Residential Customer with at least ten (10) days' notice prior to discontinuance of service.

5.3.3 The Company shall make good faith efforts to contact all Residential Customers by phone prior to discontinuance of service, in addition to notice by first class mail.

5.3.4 The Company shall send the notice of discontinuance of service to the Residential Customer and also to any third party previously designated by the Residential Customer upon request to the Company. (N.J.A.C. 14:3-3A.4).

5.3.5 The Company shall not discontinue service to any Residential Customer for up to 60 days if a medical emergency exists within the residential premises, which would be aggravated by a discontinuance of service, provided that the Residential Customer has: (i) provided reasonable proof of inability to pay; and (ii) submitted the requisite Medical Certificate to the Company, as well as any requisite re-certification after 30 days have elapsed. At the end of such period of emergency, the Residential Customer shall remain liable for payment of all services rendered. (N.J.A.C. 14:3-3A.2(i)). The Medical Certificate can be found on the Company's website at https://www.aquaamerica.com/customer-service-center/forms.aspx.

TERMS AND CONDITIONS OF SERVICE

5. DISCONTINUANCE OF SERVICE (CONTINUED):

5.3.6 A Customer is responsible for payment of all undisputed charges. If a Customer disputes a charge, and after notice to the Company the dispute is unable to be resolved, the Customer has the right to make a request to the Board for an investigation of the disputed charge within five (5) business days after notice to the Company of the dispute. If such a request is not made within five (5) business days, the Customer's service may be discontinued for nonpayment in accordance with the Board's regulations. (N.J.A.C. 14:3-7.6).

5.4 The Company shall not discontinue service to Residential Customers involuntarily except between the hours of 8:00 a.m. and 4:00 p.m., Monday through Thursday, unless there is a safety-related emergency. There shall be no involuntary termination of service on Fridays, Saturdays, and Sundays or on the day before a New Jersey State holiday or on a New Jersey state holiday absent such emergency. (N.J.A.C. 14:3-3A.1(c))

5.5 The Company shall make every reasonable effort to determine if a landlord/tenant situation exists at the residential premises being served and to provide notice to tenants prior to discontinuance of service. Where feasible, the Company shall offer affected tenants continued service to be billed in the tenant's name. (N.J.A.C. 14:3-3A.6).

TERMS AND CONDITIONS OF SERVICE

6. DEFERRED PAYMENT AGREEMENTS:

6.1 Aqua will use good faith efforts to offer any Customer who is unable to pay an outstanding bill and/or deposit an opportunity to enter into at least one DPA per year. Customers who enter into a DPA for past due charges, however, are not relieved of the obligation to pay current bills on time. In the event that a Customer defaults on the terms of the DPA, Aqua may discontinue service upon due notice. (N.J.A.C. 14:3-7.7)

6.2 **Residential Customers.** Where a Residential Customer receives more than one service from Aqua (for example, water and sewer) and is in arrears as to both of those services, a separate DPA shall be offered for each service. In such situations, the Residential Customer may elect to enter into a DPA for one service and to discontinue the other service until satisfactory payment arrangements can be made so as not to add to the arrearage balance. The Company will renegotiate or amend the terms of an existing DPA upon satisfactory evidence provided by the Residential Customer that his or her financial circumstances have changed significantly due to factors beyond his or her control. Where a Residential Customer has DPAs for two services, default on one such DPA constitutes grounds for discontinuance of only that service. (N.J.A.C. 14:3-7.7).

6.3 **Non-Residential Customers.** DPAs will not be offered for a term of longer than three (3) months. (N.J.A.C. 14:3-7.7).

7. SPECIAL REQUIREMENTS RELATING TO SEWER SERVICE:

7.1 Separate and independent service lines shall be installed for each Customer. All building drains and building sewers shall be the responsibility of the Customer and shall be installed and maintained by the Customer.

7.2 No Customer shall discharge or cause to be discharged into the Company's system any storm water, surface water, ground water, roof runoff, sub-surface drainage, foundation or basement sump drainage, uncontaminated cooling water or unpolluted industrial process water.

TERMS AND CONDITIONS OF SERVICE

7. SPECIAL REQUIREMENTS RELATING TO SEWER SERVICE (CONTINUED):

7.3 No Customer shall discharge or cause to be discharged into the Company's system the substances, materials, waters, or wastes described in Section 8.1 of this tariff without the prior written approval of the Company. Such wastes can harm either the sewerage system or treatment process and/or equipment, have an adverse effect upon the receiving stream for the treated sewage, or can otherwise endanger life, limb or property or create a nuisance. In forming the opinions as to whether or not to permit the discharge, the Company will consider the effect upon receiving sewers, as well as the conditions placed upon the Company by its service agreements with sewage treatment service providers including, but not limited to, the Logan Township Municipal Utilities Authority (LTMUA), the Ocean County Utilities Authority ("OCUA"), and the Sussex County Municipal Utilities Authority ("SCMUA").

7.4 The Customer shall be responsible for maintaining and repairing the "building drain" and "building sewer."

8. LIMITATIONS ON WASTEWATER DISCHARGES:

8.1 No Customer shall discharge the following wastes into the Company's system without the advance written approval of Aqua:

8.1.1 Any liquid or vapor having a temperature in excess of 150°F.

8.1.2 Any waters or waste waters containing phenols.

8.1.3 Any waters or wastes having a pH in excess of 9.5.

8.1.4 Any water containing unusual concentrations of inert suspended solids, such as, but not limited to, diatomaceous earth, lime and lime slurries or of dissolved solids such as but not limited to sodium chloride or sodium sulfate.

8.1.5 Any water or waste water containing excessive discoloration.

8.1.6 Waste water having unusual "B.O.D." concentration, suspended solids concentration or high chlorine demand in such quantities as to constitute a significant load on the treatment plant.

8.1.7 Unusual volume of flow or concentrations of wastes constituting Slugs.

TERMS AND CONDITIONS OF SERVICE

8. LIMITATIONS ON WASTEWATER DISCHARGES (CONTINUED):

8.1.8 Water or wastes containing substances not amenable to biological treatment processes as provided by the Company's wastewater treatment service providers, including, but not limited to, LTMUA, OCUA and SCMUA.

8.2 The Company reserves the right upon review to:

8.2.1 Reject the wastes.

8.2.2 Require pretreatment to an acceptable condition for discharge.

8.2.3 Require flow equalization.

8.3 In the event pretreatment facilities or flow equalization is required, the design and construction of such facilities shall be subject to approval of the Company and operation of said facilities shall be subject to inspection by the Company. Monitoring and/or sampling equipment shall be installed and operated by the Customer as deemed necessary by the Company to ascertain proper operation of the pretreatment facilities.

8.4 No Customer shall discharge or cause to be discharged any of the following described waters or wastes to the sewers:

8.4.1 Any gasoline, benzene, naptha, paints, lacquers, fuel oil or other flammable or explosive liquid, solid or gas which by reason of its nature or quality may cause fire or explosion or which, in any way, may be injurious to personnel or the sewer system.

8.4.2 Any water or wastes containing toxic or poisonous solids, liquids, or gases in sufficient quantity either singly or by interaction with other wastes to injure or interfere with any sewage treatment process, constitute a hazard to humans or animals, create a public nuisance, or create any hazard in the receiving waters of the sewage treatment plant.

8.4.3 Any waters or wastes having a pH of lower than 5.5 or having any other corrosive property capable of causing damage or hazard to the sewerage system and/or personnel of the Company.

TERMS AND CONDITIONS OF SERVICE

8. LIMITATIONS ON WASTEWATER DISCHARGES (CONTINUED):

8.4.4 Plating mill waste water or other industrial process water containing spent pickle liquor concentrated plating solutions, chromium, zinc and similar toxic heavy metals, cyanides and cleaning solvents.

8.4.5 Any radioactive material.

8.4.6 Any water or wastes containing fats, wax, grease, tar, oils or any other substances, whether emulsified or not which may solidify or become viscous at temperatures between 32° and 150°F or which would impair, impede, affect, interfere with, or endanger personnel or the sewer system.

8.4.7 Any garbage not properly shredded.

8.4.8 Any solids of such size or characteristic capable of causing obstruction to the flow in sewers, such as, but not limited to, ashes, cinders, sand, mud, straw, metal shavings, glass, rags, feathers, tar, plastic, wood, paunch manure, hair fleshings, offal, entrails, etc.

8.5 Any industrial customer discharging industrial wastes shall provide and maintain a control manhole suitable to facilitate observation, sampling and measurement of the wastes. The Company (and its wastewater treatment service providers, including, but not limited to, LTMUA, OCUA and SCMUA) shall have the right to inspect, sample, measure and analyze waste water as they deem necessary.

RATE SCHEDULE NO. 1
GENERAL SEWER SERVICE

APPLICABILITY:
Applicable to the use of wastewater service for all Customers served by the Company.

CHARACTER OF SERVICE:

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

RATE:

All wastewater service customers shall pay a fixed charge as indicated below.

FIXED MONTHLY CHARGE FOR ALL WASTEWATER CUSTOMERS

Customer Type	Wallkill	Other than Wallkill
Residential, Single Family	$ ~~17.23~~37.20	$ ~~38.35~~57.06
Non-Residential and Multi-Family		
Water Meter Size – 5/8"	~~17.23~~37.20	~~38.35~~57.06
Water Meter Size – 3/4"	~~20.68~~44.60	~~46.02~~68.50
Water Meter Size – 1"	~~41.35~~89.30	~~92.04~~136.90
Water Meter Size – 1.5"	~~86.15~~186.00	~~191.75~~285.30
Water Meter Size – 2"	~~127.50~~275.30	~~283.79~~422.20
Water Meter Size – 3"	~~258.45~~558.00	~~575.25~~855.90
Water Meter Size – 4"	~~344.60~~744.00	~~767.00~~1,141.20
Water Meter Size – 6"	~~861.50~~1,860.00	2,853.00~~1,917.50~~
Water Meter Size – 8"	~~1,378.40~~2,976.00	~~3,068.00~~4,564.80
Oakwood Village Apartment Complex	----	$34,923.66~~23,470.20~~
Bear Brook Clubhouse	----	1,278.25~~859.04~~
Stanton Ridge Clubhouse	----	325.28~~218.60~~
Maxim Laundromat	----	1,392.38~~935.74~~

TERMS OF PAYMENT:

PAYMENT FOR ALL BILLS RENDERED IS DUE ~~FIFTEEN~~ TWENTY (20~~15~~) DAYS AFTER THE ORIGINAL POSTMARK DATE OF THE BILL. Bills for sewer service will be rendered at the close of each monthly billing period.

RATE SCHEDULE NO. 2
PURCHASED SEWERAGE TREATMENT ADJUSTMENT CLAUSE

APPLICABILITY:
In addition to the General Sewer Service Charge set forth in Rate Schedule No. 1, the following Purchased Sewerage Treatment Adjustment Clause rates, in accordance with N.J.A.C. 14:9-8.1 et seq., are applicable to the use of sewer service for all Customers served by the Company.

RATE:

All wastewater service customers shall pay a fixed charge as indicated below.

FIXED MONTHLY CHARGE FOR ALL WASTEWATER CUSTOMERS

Customer Type	PSTAC Rate
Residential, Single Family	$ 28.43
Non-Residential and Multi-Family	
Water Meter Size – 5/8"	28.43
Water Meter Size – 3/4"	34.12
Water Meter Size – 1"	68.23
Water Meter Size – 1.5"	142.15
Water Meter Size – 2"	210.38
Water Meter Size – 3"	426.45
Water Meter Size – 4"	568.61
Water Meter Size – 8"	2,274.41
Oakwood Village Apartment Complex	17,399.28
Bear Brook Clubhouse	636.84
Stanton Ridge Clubhouse	162.05
Maxim Laundromat	693.69

*The above charges are based upon the Board of Public Utilities' ("Board") estimate of Aqua New Jersey, Inc.'s 12-month average cost of purchased sewerage treatment from the Logan Township Municipal Utilities Authority, Ocean County Utilities Authority, and Sussex County Municipal Utilities Authority. The estimated 12-month average cost shall be periodically re-determined by the Board in accordance with true-up procedures set forth in N.J.A.C. 14:9-8.1 et seq.

TERMS OF PAYMENT:
PAYMENT FOR ALL BILLS RENDERED IS DUE TWENTY (20) DAYS AFTER THE ORIGINAL POSTMARK DATE OF THE BILL. Bills for sewer service will be rendered at the close of each monthly billing period.

RATE SCHEDULE NO. 2
PURCHASED SEWERAGE TREATMENT ADJUSTMENT CLAUSE

Continued,

SPECIAL PROVISIONS:

No additional charge shall be established for recirculating water or air-cooled air conditioning units.

Rates apply to normal sewerage as defined by the NJDEP and the Ocean County Utilities Authority ("OCUA"). Aqua reserves the right to require pretreatment prior to discharge into the sewer system if the sewerage contains harmful substances such as gasoline, P.C.B.s, oil, explosive liquids, grease, phenols, acids, alkelines, lint, excessive detergents or any other toxic or hazardous substances as defined by NJDEP and/or OCUA. This paragraph includes but is not limited to laundromats or dry cleaners where the owner will be required to provide a screen or filter to remove excessive lint before discharge into the sewer system.

As of January 1, 1997, OCUA has imposed these local limits for industrial and non-domestic waste water discharged to its northern plant: 300 ppm B.O.D.; 300 ppm T.T.S. Any charges imposed by OCUA for treating these or any other special substances shall be passed through to the specific customer.

EXHIBIT 6

NOTICE OF
AQUA NEW JERSEY, INC.
PUBLIC HEARINGS AND OPPORTUNITY
FOR PUBLIC COMMENTS

In the Matter of the Petition of Aqua New Jersey, Inc. for Approval of an Increase in Rates for Water and Wastewater Service and Other Tariff Changes

OAL Docket No. PUC _____
BPU Docket No. WR2601____

PLEASE TAKE NOTICE that, on January 30, 2026, Aqua New Jersey, Inc. ("Aqua" or "Company"), pursuant to N.J.S.A. 48:2-21 and other relevant statutes and regulations, filed a petition with the New Jersey Board of Public Utilities ("Board") seeking approval of, among other things: (i) a proposed increase in its rates for water and wastewater service; (ii) a reset of its current Distribution System Improvement Charge ("DSIC") to zero and approval of a new DSIC Foundational Filing and associated DSIC; (iii) a reset to zero of any Resiliency and Environmental System Investment Charge ("RESIC") that may be implemented during the pendency of this proceeding and approval of a new RESIC Foundational Filing and associated RESIC; (iv) continuation of the Company's recovery of customer-side lead service line replacement ("LSLR") costs through an LSLRC Surcharge; (v) a review and reset, as appropriate, of the Company's current Purchased Sewerage Treatment Adjustment Clause ("PSTAC"); (vi) approval of a one-time customer bill credit to refund to customers certain overcharges related to the State's overcollection of the Gross Receipts, Excise and Franchise Taxes; and (vii) revision of the Company's water and wastewater tariffs to reflect the proposed rate increase and the resolution of the issues raised in this proceeding ("Petition").

If the Company's requests are approved as proposed, the request would increase the annual water service revenues of the Company by approximately $6,015,030, or approximately 10.9% above the adjusted annual level of revenues for the test year period ending April 30, 2026, and increase wastewater service revenues by approximately $1,870,503, or approximately 28.8% above the adjusted annual level of revenues for the test year period ending April 30, 2026. According to the Company, the requested rate increases are due to increases in operating expenses and investments in plant and equipment made since the Company last increased its base rates for water service in 2024 and wastewater service in 2021. The Company stated that the proposed increases are necessary for it to continue to provide safe, adequate and proper service to its customers and to prevent the impairment of its financial integrity.

The proposed water and wastewater rates provide for increases to all classes of customers. 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 (Water) and General Sewer Service are as follows:

COMPARISON OF PRESENT AND PROPOSED WATER RATES

Consumption and monthly service charges have been revised as follows:

General Metered Service
(Excluding Customers in Wallkill, Byram and Seaview Harbor)

All Consumption	Present Rates	Proposed Rates	$ Increase
	$6.7300/per Thous. Gals.	$7.6930/per Thous. Gals.	$0.963/per Thous. Gals.

Summary of Monthly Charges:

Size of Meter	Present Fixed Rates	Proposed Fixed Rates	Proposed Fixed Rate Increase
5/8”	$20.17	$26.20	$6.03
3/4”	$30.26	$39.31	$9.05
1”	$50.43	$65.51	$15.08
1-1/2”	$100.85	$131.00	$30.15
2”	$161.36	$209.60	$48.24
3”	$302.55	$393.00	$90.45
4”	$504.25	$655.00	$150.75
6”	$1,008.50	$1,310.00	$301.50
8”	$1,613.60	$2,096.00	$482.40
10”	$2,319.55	$3,013.00	$693.45
12”	$4,336.55	$5,633.00	$1,296.45

Billing for each period shall be based on the volume of water consumed plus all applicable fixed charges, including the fixed monthly service charge and any authorized surcharges in effect at that time.

A GENERAL METERED SERVICE RESIDENTIAL CUSTOMER WITH A 5/8” METER USING 5,270 GALLONS OF WATER PER MONTH WILL SEE HIS/HER TOTAL CURRENT MONTHLY BILL INCREASE FROM $63.36 TO $71.58, AN INCREASE OF APPROXIMATELY $8.23 PER MONTH, OR APPROXIMATELY 13%. THE COMPONENTS OF THIS RATE IMPACT CALCULATION ARE IDENTIFIED IN THE TABLE BELOW. PLEASE NOTE THE TABLE DOES NOT REFLECT THE INCLUSION IN PROPOSED RATES OF A DSIC OR RESIC SURCHARGE WHICH MAY BE APPROVED IN THE FUTURE.

Water Rate Impact Illustrative Calculation

	Present Rate	Proposed Rate
5/8” Meter Customer Fixed Monthly Charge	$20.17	$26.20
Volumetric Charge	$35.47	$40.59
DSIC	$2.93	$0.00
LSLRC	$4.79	$4.79
TOTAL CHARGE	$63.36	$71.58

COMPARISON OF PRESENT AND PROPOSED SEWER RATES

Monthly service and treatment charges have been revised as follows:

Rate Schedule No. 1
General Sewer Service

Serving All Customers (Other than Wallkill)

The Rate Schedule No. 1 rate is a fixed monthly charge based on the size of the water meter serving the customer. The Company has proposed to increase those fixed monthly charges and to continue to charge a fixed monthly PSTAC rate (pursuant to Proposed Rate Schedule No. 2) as follows:

Present and Proposed Monthly Fixed & PSTAC Charges

Category / Size of Meter	Present Total Rate (including PSTAC)	Proposed Fixed Rate-Rate Sched. No. 1	Proposed PSTAC Rate-Rate Sched. No. 2	Proposed Total Rate	$ Increase / (Decrease)
Residential, Single Family	$ 66.78	$ 57.06	$ 28.43	$ 85.49	$18.71
Non-Residential & Multi-Family					
5/8"	66.78	57.06	28.43	85.49	18.71
3/4"	80.14	68.50	34.12	102.62	22.48
1"	160.27	136.90	68.23	205.13	44.86
1.5"	333.90	285.30	142.15	427.45	93.55
2"	494.17	422.20	210.38	632.58	138.41
3"	1001.70	855.90	426.45	1,282.35	280.65
4"	1,335.61	1,141.20	568.61	1,709.81	374.20
6"	1,917.50	2,853.00	-------	2,853.00	935.50
8"	5,342.41	4,564.80	2,274.41	6,839.21	1,496.80

A RATE SCHEDULE NO. 1 RESIDENTIAL SEWER SERVICE CUSTOMER WITH A 5/8" METER WILL SEE HIS/HER MONTHLY BILL INCREASE FROM $66.78 TO $85.49, WHICH IS AN INCREASE OF $18.71 (OR 28%) PER MONTH.

Rate Schedule No. 1
General Sewer Service

Serving Wallkill Customers Only

The Rate Schedule No. 1 rate is a fixed monthly charge based on the size of the water meter serving the customer. The Company has proposed to increase those fixed monthly charges and to continue to charge a fixed monthly PSTAC rate (pursuant to Proposed Rate Schedule No. 2) as follows:

Present and Proposed Monthly Fixed & PSTAC Charges

Category / Size of Meter	Present Total Rate (including PSTAC)	Proposed Fixed Rate-Rate Sched. No. 1	Proposed PSTAC Rate-Rate Sched. No. 2	Proposed Total Rate	$ Increase / (Decrease)
Residential, Single Family	$ 45.66	$ 37.20	$ 28.43	$ 65.63	$19.97
Non-Residential & Multi-Family					
5/8"	45.66	37.20	28.43	65.63	19.97
3/4"	54.80	44.60	34.12	78.72	23.92
1"	109.58	89.30	68.23	157.53	47.95
1.5"	228.30	186.00	142.15	328.15	99.85
2"	337.88	275.30	210.38	485.68	147.80
3"	684.90	558.00	426.45	984.45	299.55
4"	913.21	744.00	568.61	1,312.61	399.40
6"	861.50	1,860.00	-------	1,860.00	998.50
8"	3,652.81	2,976.00	2,274.41	5,250.41	1,597.60

A WALLKILL RATE SCHEDULE NO. 1 RESIDENTIAL SEWER SERVICE CUSTOMER WITH A 5/8" METER WILL SEE HIS/HER MONTHLY BILL INCREASE FROM $45.66 TO $65.63, WHICH IS AN INCREASE OF $19.97 (OR 43.7%) PER MONTH.

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 Company intends to implement, on an interim basis, subject to any refunds that may be ordered by the Board, the proposed tariffs for water and wastewater service on and after October 30, 2026 if the Board has not finally determined just and reasonable tariff schedules prior to that date.

The tariffs for the proposed rates are part of the Petition, which was served upon the Director of the New Jersey Division of Rate Counsel ("Rate Counsel"). A copy of this Notice of Public Hearings is being served on the clerk, executive or administrator of each municipality and county within the Company's service areas. The Petition and this Notice have been sent to Rate Counsel, who will represent the interests of all Aqua customers in this proceeding. Copies of the Petition and this Notice are posted on the Company's website at www.aquawater.com. Copies of the Petition are also available to review online at the Board's website, https://publicaccess.bpu.state.nj.us/ where you can search by the above-captioned docket number, WR2601_____.

The Board transmitted the Company's Petition to the Office of Administrative Law ("OAL") for the purpose of conducting public and evidentiary hearings in this matter. The Petition has been docketed as OAL Docket No. PUC _____.

PLEASE TAKE FURTHER NOTICE that the OAL has scheduled virtual public comment hearings before an Administrative Law Judge ("ALJ") on the following date and times so that members of the public may present their views on the Petition:

Date: **_____, 2026**
Times: **4:30 PM and 5:30 P.M.**
Link:
Dial-in: **1-**
Meeting ID:
Passcode:

Representatives from the Company, Board Staff, and Rate Counsel will participate in the virtual public hearings. Members of the public are invited to participate by utilizing the link or dial-in information above to express their views on the Petition. All comments will be made a part of the final record in this proceeding. Whether or not you participate in the virtual public hearings, written comments may be submitted to the Hon. _____, Office of Administrative Law, P.O. Box 049, Trenton, New Jersey 08625-0049 and the Hon. Sherri Lewis, Secretary of the Board of Public Utilities, 44 S Clinton Avenue, 1st Floor, Trenton, NJ 08625-0350, or emailed to board.secretary@bpu.nj.gov. Please include OAL Docket No. PUC_____ and BPU Docket No. WR2601_____ in your written comments.

Comments may also be submitted directly to the specific docket listed above using the "Post Comments" button on the Board's Public Document Search tool. Comments are considered public documents for purposes of the State's Open Public Records Act. Only public documents should be submitted using the "Post Comments" button on the Board's Public Document Search tool. Any confidential information should be submitted in accordance with the procedures set forth in N.J.A.C. 14:1-12.3. In addition to hard copy submissions, confidential information may also be filed electronically via the Board's e-filing system or by email to the Secretary of the Board. Please include "Confidential Information" in the subject line of any email. Instructions for confidential e-filing are found on the Board's webpage: https://www.nj.gov/bpu/agenda/efiling/.

In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, such as interpreters or listening assistance, at least 48 hours prior to the above hearing to courtney.schultz@saul.com or by calling 215-972-7717.

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

Aqua New Jersey, Inc
Water & Wastewater
Table of Contents

Index	Description	Witness
Table of Contents		
General Information		
Historical Exhibits ---->		
Exhibit 7.1	Historical Balance Sheet - Assets	William C. Packer Jr.
Exhibit 8.1	Historical Balance Sheet - Liabilities	William C. Packer Jr.
Exhibit 9.1(W)	Historical Income Statement	William C. Packer Jr.
Exhibit 9.1(WW)	Historical Income Statement	William C. Packer Jr.
Exhibit 10.1(W)	Historical Detail of Operating Expenses	William C. Packer Jr.
Exhibit 10.1(WW)	Historical Detail of Operating Expenses	William C. Packer Jr.
Exhibit 13.1(W)	Income Statement Under Present And Proposed Rates	William C. Packer Jr.
Exhibit 13.1(WW)	Income Statement Under Present And Proposed Rates	William C. Packer Jr.
Exhibit 14.1	Calculation Of Cost Of Capital And Rate Of Return	William C. Packer Jr.
Exhibit 15.1(W)	Revenue Increase Calculation	William C. Packer Jr.
Exhibit 15.1(WW)	Revenue Increase Calculation	William C. Packer Jr.
Exhibit 17.1(W)	Pro Forma Billing Determinants, Revenue At Present Rates	Greg Herbert
Exhibit 17.1(WW)	Billing Determinants Summary	Greg Herbert
Exhibit 17.2(W)	Billed Consumption And Production	Greg Herbert
Exhibit 17.2(WW)	Billing Determinants Summary	Greg Herbert
Exhibit 17.3(W)	Billed Consumption And Production	Greg Herbert
Exhibit 20.1(W)	Summary Of Operations & Maintenance Expenses	Ted M. Holod
Exhibit 20.1(WW)	Summary Of Operations & Maintenance Expenses	Ted M. Holod
Exhibit 20.2(W)	Labor and Benefits	Ted M. Holod
Exhibit 20.2(WW)	Labor and Benefits	Ted M. Holod
Exhibit 20.3(W)	Purchased Water	Ted M. Holod
Exhibit 20.3(WW)	Purchased Water	Ted M. Holod
Exhibit 20.3.1(WW)	Sludge	Ted M. Holod
Exhibit 20.4(W)	Purchased Power	Ted M. Holod
Exhibit 20.4(WW)	Purchased Power	Ted M. Holod
Exhibit 20.5(W)	Chemicals	Ted M. Holod
Exhibit 20.5(WW)	Chemicals	Ted M. Holod
Exhibit 20.6(W)	Materials & Supplies	Ted M. Holod
Exhibit 20.6(WW)	Materials & Supplies	Ted M. Holod
Exhibit 20.7(W)	Outside Services	Ted M. Holod
Exhibit 20.7(WW)	Outside Services	Ted M. Holod
Exhibit 20.8(W)	Leases, Transportation, Insurance and Other Expenses	Ted M. Holod
Exhibit 20.8(WW)	Leases, Transportation, Insurance and Other Expenses	Ted M. Holod
Exhibit 20.9(W)	Bad Debt	Ted M. Holod
Exhibit 20.9(WW)	Bad Debt	Ted M. Holod
Exhibit 20.10(W)	Rate Case Expense	Ted M. Holod
Exhibit 20.10(WW)	Rate Case Expense	Ted M. Holod
Exhibit 21.1(W)	Summary of Taxes Other Than Income	Ted M. Holod
Exhibit 21.1(WW)	Summary of Taxes Other Than Income	Ted M. Holod
Exhibit 21.2(W)	Regulatory Assessments	Ted M. Holod
Exhibit 21.2(WW)	Regulatory Assessments	Ted M. Holod
Exhibit 21.3(W)	Payroll Tax Adjustments	Ted M. Holod
Exhibit 21.3(WW)	Payroll Tax Adjustments	Ted M. Holod
Exhibit 21.4(W)	Excise Taxes	Ted M. Holod

Aqua New Jersey, Inc
Water & Wastewater
Table of Contents

Index	Description	Witness
Exhibit 21.4(WW)	Excise Taxes	Ted M. Holod
Exhibit 21.5(W)	Misc-Water Tax/SDWA Adjustments	Ted M. Holod
Exhibit 21.5(WW)	Misc-Water Tax/SDWA Adjustments	Ted M. Holod
Exhibit 22.1(W)	Federal Income Tax	William C. Packer Jr.
Exhibit 22.1(WW)	Federal Income Tax	William C. Packer Jr.
Exhibit 23.1(W)	Amortization Adjustments	Ted M. Holod
Exhibit 23.1(WW)	Amortization Adjustments	Ted M. Holod
Exhibit 25.1(W)	Interest Expense	Ted M. Holod
Exhibit 25.1(WW)	Interest Expense	Ted M. Holod
Exhibit 26.1(W)	Rate Base and Rate of Return	William C. Packer Jr.
Exhibit 26.1(WW)	Rate Base and Rate of Return	William C. Packer Jr.
Exhibit 26.2(W)	Schedule Of Utility Plant In Service	William C. Packer Jr.
Exhibit 26.2(WW)	Schedule Of Utility Plant In Service	William C. Packer Jr.
Exhibit 26.3(W)	Test Year Plant Additions & Retirements	William C. Packer Jr.
Exhibit 26.3(WW)	Test Year Plant Additions & Retirements	William C. Packer Jr.
Exhibit 26.4(W)	Post Test Year Plant Additions & Retirements	William C. Packer Jr.
Exhibit 26.4(WW)	Post Test Year Plant Additions & Retirements	William C. Packer Jr.
Exhibit 26.5(W)	Materials And Supplies	William C. Packer Jr.
Exhibit 26.5(WW)	Materials And Supplies	William C. Packer Jr.
Exhibit 26.6(W)	Prepayments	William C. Packer Jr.
Exhibit 26.6(WW)	Prepayments	William C. Packer Jr.
Exhibit 26.7(W)	Unamortized Acquisition Adjustment	William C. Packer Jr.
Exhibit 26.7(WW)	Unamortized Acquisition Adjustment	William C. Packer Jr.
Exhibit 26.8(W)	Reserve For Depreciation	William C. Packer Jr.
Exhibit 26.8(WW)	Reserve For Depreciation	William C. Packer Jr.
Exhibit 26.9(W)	Customer Advances And Contributed Property	William C. Packer Jr.
Exhibit 26.9(WW)	Customer Advances And Contributed Property	William C. Packer Jr.
Exhibit 26.10(W)	Deferred Federal Taxes and Customer Deposits	William C. Packer Jr.
Exhibit 26.10(WW)	Deferred Federal Taxes and Customer Deposits	William C. Packer Jr.
Exhibit 26.11(W)	Schedule of Utility Plant In Service by Division	William C. Packer Jr.
Exhibit 26.11(WW)	Schedule of Utility Plant In Service by Division	William C. Packer Jr.

Witness: William C. Packer Jr.

Aqua New Jersey, Inc
Consolidated Water and Wastewater Systems
Balance Sheet - Assets

Description	Twelve Months Ended December 31st 2024	2023	2022	2021
Assets:				
Property, Plant & Equipment at Cost:				
Utility Plant In Service	$ 494,373,271	$ 461,869,390	$ 396,704,217	$ 401,797,496
Less: Accumulated Depreciation	(122,253,756)	(116,893,274)	(102,199,470)	(106,740,490)
Net	372,119,515	344,976,116	294,504,747	295,057,006
Construction Work In Progress	40,507,896	15,342,147	9,412,506	$ 8,840,040
Utility Plant Adjustment	(786,566)	(893,178)	(322,983)	(1,107,402)
Net Utility Plant	411,840,845	359,425,085	303,594,270	302,789,643
Current Assets:				
Cash and Temporary Investments	694,843	113,379	129,816	49,069
Accounts Receivable - Affiliates	5,790,322	38,664,630	-	(2,838,997)
Accounts Receivable	4,305,058	4,381,292	3,815,178	4,249,322
Unbilled Revenue	2,894,516	2,561,425	2,240,054	2,463,937
Materials & Supplies	5,606,868	4,790,378	2,622,690	1,706,110
Prepayments	671,092	473,123	562,917	639,202
Other	-	1	83,668	74,782
Total Current Assets	19,962,699	50,984,227	9,454,322	6,343,425
Deferred Charges & Other Assets:				
Regulatory Assets 1/	42,529,224	44,751,422	26,527,774	5,651,156
Other	211,105	211,105	211,105	267,127
Total Deferred Charges & Other Assets	42,740,329	44,962,527	26,738,879	5,918,283
Total Assets	**$ 474,543,873**	**$ 455,371,839**	**$ 339,787,471**	**$ 315,051,352**

1/ Including Umamortized Regulatory Commission expense.

Aqua New Jersey, Inc
Consolidated Water & Wastewater Systms
Balance Sheet - Liabilities

Description	Twelve Months Ended December 31st 2024	2023	2022	2021
Shareholders Investment & Liabilities:				
Capitalization:				
Shareholders Equity	$ 3,603,125	$ 3,603,125	$ 3,603,125	$ 3,603,125
Premium on Common Shares	15,566,026	15,566,026	15,566,026	15,566,026
Capital Investment by Parent	28,008,342	4,799,057	9,431,661	28,513,054
Reinvested Earnings	140,447,934	134,635,369	95,585,805	88,274,617
Total Equity	187,625,427	158,603,577	124,186,616	135,956,822
Mortgage Bonds & Unamort Issue Cost	141,471,903	142,065,514	96,527,645	96,864,676
Total Capitalization	329,097,330	300,669,091	220,714,261	232,821,498
Current Liabilities:				
Current Portion of Long Term Debt	-	-	442,690	429,653
Accounts Payable - Affiliates	10,042,027	42,699,568	14,917,602	-
Accounts Payable	13,372,596	3,096,354	4,173,890	1,612,328
Accrued Interest	15,355	19,945	28,339	325,445
Other Accrued Expenses	(5,128,552)	(5,194,316)	1,779,217	116,025
Total Current Liabilities	18,301,426	40,621,550	21,341,738	2,483,450
Deferred Credits:				
Customer Advances for Construction	65,271,378	55,253,387	25,744,327	27,486,567
Deferred Federal Income Taxes	36,540,312	32,441,030	(11,169,463)	12,721,928
Other	33,956	(475)	56,073,799	11,060,984
Total Deferred Credits	101,845,646	87,693,942	70,648,663	51,269,478
Contributions in Aid of Construction	25,299,471	26,387,255	27,082,810	28,476,926
Total Shareholders' Investment & Liabilities	**$ 474,543,873**	**$ 455,371,839**	**$ 339,787,471**	**$ 315,051,352**

Aqua New Jersey, Inc
Water Systems
Income Statement

Description	Audited Twelve Months Ended December 31st 2024	2023	2022	2021
Operating Revenues:				
Water Revenues	$ 49,470,068	$ 45,387,847	$ 44,204,518	$ 43,928,171
Total Operating Revenues	49,470,068	45,387,847	44,204,518	43,928,171
Operating Expenses:				
Operations & Maintenance Expenses	14,502,486	13,976,479	13,144,281	12,850,342
Depreciation Expense	10,970,017	9,995,768	9,586,317	9,266,105
Amortization Expense	1,090,490	417,145	514,120	635,742
Taxes Other Than Income	6,899,250	6,712,161	7,043,842	6,524,440
Income Taxes	1,066,380	(3,504,421)	(231,580)	2,301,483
Total Operating Expenses	34,528,623	27,597,132	30,056,981	31,578,112
Utility Operating Income	14,941,446	17,790,714	14,147,537	12,350,058
Non-Operating Revenue	-	-	618,735	
Non-Utility Income	497,815	4,242,943	-	
Miscellaneous Non-Utility Expenses	64,298	94,828	50,085	532,565
Income Before Interest Charges	15,374,962	21,938,829	14,816,357	11,817,493
Interest Charges:				
Interest On Long-Term Debt	4,895,532	3,258,707	4,163,417	4,167,439
Other Interest Expense	-	31,566	67	2,742
Interest Charged To Construction	(667,562)	(721,529)	(837,530)	(502,960)
Total Interest Charges	4,227,970	2,568,744	3,325,954	3,667,221
Minority Interest	-	-	-	-
Net Income	**$ 11,146,991**	**$ 19,370,085**	**$ 11,490,403**	**$ 8,150,272**

Aqua New Jersey, Inc
Wastewater Systems
Income Statement

Description	Audited Twelve Months Ended December 31st 2024	2023	2022	2021
Operating Revenues:				
Wastewater Revenues	$ 6,075,784	$ 5,836,252	$ 5,674,546	$ 5,581,277
Total Operating Revenues	6,075,784	5,836,252	5,674,546	5,581,277
Operating Expenses:				
Operations & Maintenance Expenses	$ 4,264,348	$ 4,272,607	3,722,658	$ 3,746,172
Depreciation Expense	629,883	581,871	391,099	363,716
Amortization Expense	(44,753)	(46,719)	11,708	11,708
Taxes Other Than Income	540,554	527,908	498,653	428,982
Income Taxes	105,024	-	-	-
Total Operating Expenses	5,495,056	5,335,667	4,624,118	4,550,578
Utility Operating Income	580,728	500,585	1,050,428	1,030,699
Non-Operating Revenue	-	-	-	-
Non-Utility Income	-	-	-	-
Miscellaneous Non-Utility Expenses	13,053	11,670	(168)	-
Income Before Interest Charges	567,675	488,915	1,050,260	1,030,699
Interest Charges:				
Interest On Long-Term Debt	649,070	421,229	-	-
Other Interest Expense	-	3,654	-	-
Interest Charged To Construction	(143,138)	(70,362)	(17,507)	(7,517)
Total Interest Charges	505,932	354,521	(17,507)	(7,517)
Minority Interest	-	-	-	-
Net Income	**$ 61,742**	**$ 134,394**	**$ 1,067,767**	**$ 1,038,216**

Witness: William C. Packer Jr.

Aqua New Jersey, Inc
Water Systems
Detail of Operating Expenses

Description	Audited Twelve Months Ended December 31st 2024	2023	2022	2021
Operating Expenses:				
Source of Supply	$ 3,135,492	$ 2,747,147	$ 2,519,255	$ 2,108,531
Water Treatment	2,164,615	2,136,667	1,654,235	2,010,559
Transmission & Distribution	413,057	358,340	532,632	923,047
Customer Accounts	1,401,866	1,432,655	1,169,609	1,944,525
Administrative & General	6,757,695	6,547,480	6,718,171	3,434,564
Total Operating Expenses	13,872,725	13,222,289	12,593,903	10,421,226
Maintenance Expenses:				
Source of Supply	210,566	171,592	175,262	(465,593)
Water Treatment	100,298	97,109	100,254	232,488
Transmission & Distribution	318,896	345,601	274,861	970,209
Total Maintenance Expenses	629,760	614,302	550,378	737,104
Total Operation & Maintenance Expenses	**$ 14,502,485**	**$ 13,836,591**	**$ 13,144,281**	**$ 11,158,330**

Aqua New Jersey, Inc
Wastewater Systems
Detail of Operating Expenses

Description	Audited Twelve Months Ended December 31st 2024	2023	2022	2021
Operating Expenses:				
Collection	$ 487,171	$ 466,315	$ 336,304	$ 471,421
Pumping	4,282	4,280	226,966	37,806
Treatment & Disposal	2,968,538	2,693,721	2,419,167	2,233,406
Customer Accounts	99,320	109,518	28,336	129,254
Administrative & General	584,034	664,492	570,098	187,894
Total Operating Expenses	4,143,345	3,938,326	3,580,871	3,059,781
Maintenance Expenses:				
Collection	69,409	120,693	83,208	55,265
Pumping	8,240	28,050	34,894	16,920
Treatment & Disposal	43,354	185,540	23,685	421,422
Total Maintenance Expenses	121,003	334,283	141,787	493,608
Total Operation & Maintenance Expenses	**$ 4,264,348**	**$ 4,272,609**	**$ 3,722,658**	**$ 3,553,388**

Aqua New Jersey, Inc
Water Systems
Income Statement Under Present And Proposed Rates
5 Months Actual + 7 Months Estimated

Description	Test Year Ending Apr 30, 2026	Adjustment	Proforma at Present Rates	Adjustment	Proforma at Proposed Rates
Operating Revenues:					
Metered Sales	$ 46,523,710	$ (393,359)	$ 46,130,352	$ 9,342,175	$ 55,472,526
Service Improvement Charge	2,416,639	97,588	2,514,227	(2,514,227)	-
Resiliency and Environmental System Investment Charge	-	1,234,000	1,234,000	(1,234,000)	-
Lead Service Lines	4,657,660	(4,657,660)	-	-	-
Private Fire Protection	2,002,608	(6,947)	1,995,661	167,341	2,163,002
Public Fire Protection	2,384,279	(233)	2,384,046	256,435	2,640,481
Miscellaneous	67,651	(67,651)	-	-	-
Antennae	465,341	(0)	465,341	-	465,341
Total	$ 58,517,888	$ (3,794,261)	$ 54,723,627	$ 6,017,723	$ 60,741,350
Operating Expenses:					
O & M Expenses	$ 15,909,459	$ 841,922	$ 16,751,382	$ 27,317	$ 16,778,698
Depreciation Expense	10,342,999	140,864	10,483,864	-	10,483,864
Amortization Expense	(47,304)	(2,011,640)	(2,058,945)	-	(2,058,945)
Taxes Other than Income	7,696,447	1,026,043	8,722,490	794,458	9,516,948
Income Taxes	881,569	(909,263)	(27,694)	1,091,149	1,063,455
Total	$ 34,783,171	$ (912,074)	$ 33,871,097	$ 1,912,924	$ 35,784,021
Utility Operating Income	**$ 23,734,717**	**$ (2,882,187)**	**$ 20,852,530**	**$ 4,104,799**	**$ 24,957,329**
Interest Charges:					
Long Term Debt	$ 6,395,469	$ 341,093	$ 6,736,562	$ -	$ 6,736,562
Other	-	-	-	-	-
Total	$ 6,395,469	$ 341,093	$ 6,736,562	$ -	$ 6,736,562
Net Income	**$ 17,339,248**	**$ (3,223,280)**	**$ 14,115,968**	**$ 4,104,799**	**$ 18,220,767**
Rate Base	$ 311,326,125		$ 327,930,244		$ 327,930,244
ROE					10.49%
Rate of Return	7.62%		6.36%		7.61%

Aqua New Jersey, Inc
Wastewater Systems
Income Statement Under Present And Proposed Rates
5 Months Actual + 7 Months Estimated

Description	Test Year Ending Apr 30, 2026	Adjustment	Proforma at Present Rates	Adjustment	Proforma at Proposed Rates
Operating Revenues:					
Flat Rate Revenue-Residential	$ 2,033,531	$ 1,023,253	$ 3,056,783	$ 1,544,337	$ 4,601,120
Flat Rate Revenue-Commercial	1,978,479	(1,377,661)	600,818	326,106	926,924
Other-PurchWW/PSTAC	2,291,248	536,618	2,827,865	-	2,827,865
Revenue Reserve	(30,503)	30,503	-	-	-
Other	621	(621)	-	-	-
Total	$ 6,273,376	$ 212,091	$ 6,485,466	$ 1,870,443	$ 8,355,909
Operating Expenses:					
O & M Expenses	$ 4,410,462	$ 243,481	$ 4,653,943	$ 8,912	$ 4,662,855
Depreciation Expense	-	895,134	895,134	-	895,134
Amortization Expense	-	32,059	32,059	-	32,059
Taxes Other than Income	1,032,778	(369,629)	$ 663,149	233,368	896,517
Income Taxes	(286,200)	(164,382)	(450,581)	341,914	(108,667)
Total	$ 5,157,039	$ 636,664	$ 5,793,703	$ 584,195	$ 6,377,898
Utility Operating Income	**$ 1,116,336**	**$ (424,573)**	**$ 691,763**	**$ 1,286,248**	**$ 1,978,011**
Interest Charges:					
Long Term Debt	$ 349,090	$ 184,872	$ 533,962	$ -	$ 533,962
Other	-	-	-	-	-
Total	$ 349,090	$ 184,872	$ 533,962	$ -	$ 533,962
Net Income	**$ 767,247**	**$ (609,445)**	**$ 157,802**	**$ 1,286,248**	**$ 1,444,050**
Rate Base	$ 16,993,394		$ 25,992,806		$ 25,992,806
ROE	8.53%		1.15%		10.49%
Rate of Return	6.57%		2.66%		7.61%

Aqua New Jersey, Inc
Consolidated - State
Calculation Of Cost Of Capital And Rate Of Return
As of April 30, 2026
5 Months Actual + 7 Months Estimated

	Outstanding Amount	(A) Ratio to Capitalization	(B) Effective Cost	(A*B) Weighted Cost
First Mortgage Bonds:				
SERIES 0.00%	6,000,000	1.62%	6.6970%	0.1088%
SERIES Series Interest Rate	3,800,000	1.03%	6.8160%	0.0701%
SERIES S 6.23%	200,000	0.05%	4.5300%	0.0025%
SERIES T 5.80%	29,787	0.01%	0.2744%	0.0000%
SERIES U 3.90%	76,000	0.02%	5.3183%	0.0011%
SERIES V 0.00%	54,814	0.01%	0.9476%	0.0001%
SERIES W 3.68%	57,000	0.02%	5.7662%	0.0009%
SERIES X 0.00%	43,920	0.01%	1.1531%	0.0001%
SERIES Y 3.70%	125,000	0.03%	4.2394%	0.0014%
SERIES Z 0.00%	50,453	0.01%	1.5655%	0.0002%
SERIES AA 3.15%	310,000	0.08%	3.8334%	0.0032%
SERIES BB 0.00%	231,586	0.06%	0.3323%	0.0002%
Pushdown Debt 3.23%	1,500,000	0.41%	3.5972%	0.0146%
Pushdown Debt 0.00%	37,504,444	10.15%	3.6588%	0.3715%
Pushdown Debt 3.57%	46,880,556	12.69%	4.3495%	0.5521%
Pushdown Debt 3.57%	24,888,888	6.74%	2.4786%	0.1670%
Pushdown Debt 4.28%	31,111,112	8.42%	5.4282%	0.4572%
Pushdown Debt 2.40%	20,000,000	5.41%	5.4476%	0.2950%
I Bank Debt	919,197	0.25%	3.2578%	0.0081%
Total Bonds	173,782,758	47.05%	4.37%	2.05%
Common Equity:				
Capital Stock	19,169,151			
Paid In Capital	42,736,381			
Retained Earnings	133,661,522			
Total Equity	195,567,054	52.95%	10.50%	5.56%
Capitalization	$ 369,349,812	100.00%		
Rate Of Return				7.61%

** Refinanced with Pushdown debt*

CALCULATION OF EFFECTIVE COST OF FIRST MORTGAGE BOND ISSUES

SERIES	(A) Face Amount	(B) Issuance Expense	(C) (A-B) Net Proceeds	(D) Annual Int Expense	(E) Issuance Amort/Yr	(F) (D+E) Annual Expense	(G) (F/C) Effective Cost
SERIES 0.00%	6,000,000	279,330	5,720,670	373,800	9,311	383,111	6.6970%
SERIES Series Interest Rate	3,800,000	380,400	3,419,600	220,400	12,680	233,080	6.8160%
SERIES S 6.23%	985,000	65,120	919,880	38,415	3,256	41,671	4.5300%
SERIES T 5.80%	971,000	50,520	920,480	0	2,526	2,526	0.2744%
SERIES U 3.90%	295,000	46,840	248,160	10,856	2,342	13,198	5.3183%
SERIES V 0.00%	294,000	46,840	247,160	0	2,342	2,342	0.9476%
SERIES W 3.68%	230,000	44,140	185,860	8,510	2,207	10,717	5.7662%
SERIES X 0.00%	235,542	44,140	191,402	0	2,207	2,207	1.1531%
SERIES Y 3.70%	430,000	50,700	379,300	13,545	2,535	16,080	4.2394%
SERIES Z 0.00%	212,631	50,700	161,931	0	2,535	2,535	1.5655%
SERIES AA 3.15%	780,000	53,280	726,720	25,194	2,664	27,858	3.8334%
SERIES BB 0.00%	855,017	53,280	801,737	0	2,664	2,664	0.3323%
Pushdown Debt 3.23%	1,500,000	5,377	1,494,623	53,550	215	53,765	3.5972%
Pushdown Debt 0.00%	37,504,444	254,844	37,249,600	1,337,408	25,484	1,362,893	3.6588%
Pushdown Debt 3.57%	46,880,556	448,373	46,432,183	2,004,613	14,946	2,019,558	4.3495%
Pushdown Debt 3.57%	24,888,888	156,742	24,732,146	597,333	15,674	613,008	2.4786%
Pushdown Debt 4.28%	31,111,112	455,276	30,655,835	1,648,889	15,176	1,664,065	5.4282%
Pushdown Debt 2.40%	20,000,000	450,000	19,550,000	1,050,000	15,000	1,065,000	5.4476%
I Bank Debt	919,197	140,011	779,186	18,384	7,001	25,384	3.2578%

Interest Rate	Loan Term	Series
6.23%	30	S
5.80%	30	T
3.90%	20	U
0.00%	20	V
3.68%	20	W
0.00%	20	X
3.70%	20	Y
0.00%	20	Z
3.15%	20	AA
0.00%	20	BB
3.23%	20	CC
0.00%	20	DD
3.57%	25	CC
3.57%	10	DD
4.28%	30	
2.40%	10	
5.30%	30	
5.25%	30	
2.00%	20	

Aqua New Jersey, Inc
Water Systems
Revenue Increase Calculation
PRO FORMA - PROPOSED RATES
5 Months Actual + 7 Months Estimated

Description	Reference			Amount
Pro Forma Rate Base	Exh 26 Page 1		$	327,930,244
Recommmended Rate of Return	Exhibit 14			7.61%
Operating Income Pro Forma:				
Proposed Rates		=	$	24,955,492
Present Rates	Exhibit 13		$	20,852,530
Deficiency/(Excess)		=	$	4,102,962
Revenue Conversion Factor		x		1.4660214
Total Revenue Increase		**=**	**$**	**6,015,030**

Description	Reference	Conversion Factor
Gross Revenue Factor		1.000000
Uncollectible Expenses	Exh 20 Page 9	-0.004539
Net After Uncollectible Component		0.995461
Excise Taxes (GRT and Franshise)	Exh 21 Page 4	-0.129387
Regulatory Assessment (BPU and RPA)	Exh 21 Page 2	-0.002633
Net Revenues		0.863441
Federal Income Taxes @ 21%		-0.181323
Net Operating Income Factor - ("NOIF")		0.682118
Gross Revenue Conversion Factor - 1/NOIF		1.466021

Aqua New Jersey, Inc
Wastewater Systems
Revenue Increase Calculation
PRO FORMA - PROPOSED RATES
5 Months Actual + 7 Months Estimated

Description	Reference			Amount
Pro Forma Rate Base	Exh 26 Page 1		$	25,992,806
Recommmended Rate of Return	Exhibit 14			7.61%
Operating Income Pro Forma:				
Proposed Rates		=	$	1,978,053
Present Rates	Exhibit 13		$	691,763
Deficiency/(Excess)		=	$	1,286,289
Revenue Conversion Factor		x		1.4541852
Total Revenue Increase		**=**	**$**	**1,870,503**

Description	Reference	Conversion Factor
Gross Revenue Factor		1.000000
Uncollectible Expenses	Exh 20 Page 9	-0.004765
Net After Uncollectible Component		0.995235
Excise Taxes (GRT and Franshise)	Exh 21 Page 4	-0.122134
Regulatory Assessment (BPU and RPA)	Exh 21 Page 2	-0.002633
Net Revenues		0.870469
Federal Income Taxes @ 21%		-0.182798
Net Operating Income Factor - ("NOIF")		0.687670
Gross Revenue Conversion Factor - 1/NOIF		1.454185

Aqua New Jersey, Inc
Water Systems
Operating Revenues Under Present And Proposed Rates
Based Upon the Base Year Ended September 30, 2025
and the Test Year Ended April 30, 2026
5 Months Actual + 7 Months Estimated

Description	Test Year	Under Present Rates Adjustments	Under Present Rates Pro Forma Amount	Under Proposed Rates Adjustments	Under Proposed Rates Pro Forma Amount	Percent Increase
Residential	$ 37,600,003	$ (720,726)	$ 36,879,277	$ 7,552,865	$ 44,432,142	
Commercial	$ 7,420,310	$ 320,058	$ 7,740,368	$ 1,500,143	$ 9,240,511	
Industrial	$ 738,942	$ 37,617	$ 776,559	$ 130,507	$ 907,066	
Public Authority	$ 763,834	$ (29,686)	$ 734,148	$ 158,660	$ 892,808	
Other	$ 621	$ (621)	$ -	$ -	$ -	
Total Sales Revenue	$ 46,523,710	$ (393,359)	$ 46,130,352	$ 9,342,175	$ 55,472,526	
Service Improvement Charge	$ 2,416,639	$ 97,588	$ 2,514,227	$ (2,514,227)	$ -	
Resiliency and Environmental System Investment Charge - RESIC	-	1,234,000	1,234,000	(1,234,000)	-	
Lead Service Lines	$ 4,657,660	$ (4,657,660)	$ -	$ -	$ -	
Total Sales + SIC Revenue	$ 53,598,009	$ (3,719,430)	$ 49,878,579	$ 5,593,948	$ 55,472,526	11.22%
Private Fire Protection	$ 2,002,608	$ (6,947)	$ 1,995,661	$ 167,341	$ 2,163,002	8.39%
Public Fire Protection	$ 2,384,279	$ (233)	$ 2,384,046	$ 256,435	$ 2,640,481	10.76%
Total Sales & SIC Revenue	$ 57,984,896	$ (3,726,610)	$ 54,258,286	$ 6,017,723	$ 60,276,009	11.09%
Miscellaneous	$ 67,651	$ (67,651)	$ -	$ -	$ -	NA
Nonutil Inc-Antennae	$ 465,341	$ (0)	$ 465,341	$ -	$ 465,341	0.00%
Total Operating Revenue	$ 58,517,888	$ (3,794,261)	$ 54,723,627	$ 6,017,723	$ 60,741,350	11.00%

Aqua New Jersey, Inc
Wastewater Systems
Operating Revenues Under Present And Proposed Rates
Based Upon the Base Year Ended September 30, 2025
and the Test Year Ended April 30, 2026
5 Months Actual + 7 Months Estimated

Description	Test Year	Under Present Rates Adjustments	Under Present Rates Pro Forma Amount	Under Proposed Rates Adjustments	Under Proposed Rates Pro Forma Amount	Percent Increase
Flat Rate Revenue-Residential	$ 2,033,531	$ 1,023,253	$ 3,056,783	$ 1,544,337	$ 4,601,120	
Flat Rate Revenue-Commercial	$ 1,978,479	(1,377,661)	600,818	326,106	926,924	
Total	4,012,010	(354,409)	3,657,601	1,870,443	5,528,044	51.14%
Other-PurchWW/PSTAC	$ 2,291,248	536,618	2,827,865	-	2,827,865	0.00%
Total Sales Revenue	**6,303,258**	**182,209**	**6,485,466**	**1,870,443**	**8,355,909**	28.84%
Revenue Reserve	$ (30,503)	30,503	-	-	-	NA
Other	$ 621	(621)	-	-	-	NA
Total Operating Revenue	**$ 6,273,376**	**$ 212,091**	**$ 6,485,466**	**$ 1,870,443**	**$ 8,355,909**	28.84%

Aqua New Jersey, Inc
Water Systems
Pro Forma Billing Determinants, Revenue At Present Rates
Based Upon the Base Year Ended September 30, 2025
Aqua New Jersey, Inc

	Meter Size	Res Units	Com Units	Ind Units	Pub Units	Oth Units	Total Units	Present Rate $	PF Rev at Prsnt Rts ($)	*Equv Custs*
Class->								(see PF-9)		
Billed Months & Base Revenue										
	Easement cust	-	-	-	-	-	-	-	$ -	-
	5/8x3/4"	550,344	15,108	120	228	-	565,800	various	$ 11,412,186	*47,150*
	3/4"	67,344	1,884	12	-	-	69,240	various	$ 2,095,202	*5,770*
	1"	14,976	4,356	12	36	-	19,380	various	$ 977,333	*1,615*
	1-1/2"	1,728	2,136	36	144	-	4,044	various	$ 407,837	*337*
	2"	1,896	6,432	156	696	-	9,180	various	$ 1,481,285	*765*
	3"	72	636	-	48	-	756	various	$ 228,728	*63*
	4"	-	300	84	36	-	420	various	$ 211,785	*35*
	6"	12	48	24	96	-	180	various	$ 181,530	*15*
	8"	12	120	12	48	-	192	various	$ 309,811	*16*
	10"	-	-	-	-	-	-	various	$ -	-
	Bulk	-	132	-	-	-	132	various	$ 5,005	*11*
	Raw 4"	-	-	-	-	-	-	various	$ -	-
	Flat Rate	-	-	-	-	-	-	various	$ -	-
	Total Base	636,384	31,152	456	1,332	-	669,324		$ 17,310,703	*55,777*
EDUs		*715,248*	*120,249*	*5,856*	*16,866*	-	*858,219*			
Usage kGals & Revenue		-								
	Allowance	-	-	-	-		-		$ -	
	Charged	3,331,653	813,595	97,837	58,538	-	4,301,623	various	28,819,648	
	Total Usage	3,331,653	813,595	97,837	58,538	-	4,301,623		$ 28,819,648	
Total Water Sales Revenue									$ 46,130,352	
Fire Protection										
Private Fire Protection										*Equiv Units*
Sprinklers	3"						132	various	$ 13,743	*11*
	4"						2,016	various	$ 349,796	*168*
	6"						2,064	various	$ 716,270	*172*
	8"						792	various	$ 439,742	*66*
	10"						324	various	$ 258,597	*27*
	12"						48	various	$ 71,625	*4*
	Total Sprinklers						5,376		$ 1,849,773	*448*
Private Hydrants							2,952	various	$ 145,888	*246*
	Total Private Fire						8,328		$ 1,995,661	*694*
Public Fire Protection										
Rate Per Hydrant per Month										
	All Service						-	$ 49.99	$ 2,141,279	-
	Alpha Boro						12	21.69	363	*1*
	Bayville						3,876	17.37	93,915	*323*
	Califon Boro						-	47.74	-	-
	Fredon Twp						240	21.69	7,262	*20*
	Holland Twp-Church St						-	47.74	-	-
	Holland Twp-Fox Hill Dr.						48	29.50	1,976	*4*
	Hardyston Township						576	12.22	12,891	*48*
	Lawrenceville						2,784	23.74	92,206	*232*
	Phillipsburg Twn						-	49.99	-	-
	Tranquility Springs						-	43.39	-	-
	Upper Freehold Twp						540	28.64	21,578	*45*
Rate per Customer per Month										
	Byram (per cust)						1,812	5.34	12,575	
	Total Public Fire						9,888		$ 2,384,046	*673*
Total Water Sales & Fire									$ 50,510,059	-
Service Improvement Charges										
Rate per DSIC CEU										
DSIC CEUs & Revenue							*858,098*	$ 2.62	$ 2,514,227	
Total Sales Revenue & DSIC									$ 53,024,286	
Miscellaneous									0	
Antennae									465,341	
									$ 53,489,627	

Aqua New Jersey, Inc.
Billing Determinants Summary
Based on Base Year Ended September 30, 2025

Line No.	(1) Group Name	(2) Class	(3) Meter Sz	(4) Present Rate (GSS)	(5) Present Rate (PSTC)	(6) # Base Year Units	(7) Base Year Rev	(8) # Base Year Normalized Units	(9) Test Year Normalized Rev	(10 Adj) Units Adjmnt (incl Growth)	(11) ProForma Present Units	(12) PF Rev at Present Rates	(13) ProForma Proposed Units	(14) Proposed Rate (GSS)	(15) Proposed Rate (GSS)	(16) PF Rev at Proposed
1	**Consolidated Customers**															
2	***BILLED MONTHS***															
3	**Residential**															
4	All Meter Sizes	Res	Any	various	$ 28.43	81,252	5,329,256	81,252	5,329,258	980	82,232	5,394,639	82,232	various	$ 28.43	6,938,975
5	*Total Residential Customers*					*81,252*	*5,329,256*	*81,252*	*5,329,258*	*980*	*82,232*	*5,394,639*	*82,232*			*6,938,975*
6																
7	***BILLED MONTHS***															
8	**Commercial**															
9	5/8"	Com	0.625	various	$ 28.43	181	$ 8,942	181	$ 8,961	(1)	180	$ 8,979	180	various	$ 28.43	$ 12,528
10	3/4"	Com	0.75	various	34.12	367	28,224	367	28,195	5	372	28,596	372	various	34.12	37,027
11	1"	Com	1	various	68.23	387	49,304	387	49,251	(3)	384	48,770	384	various	68.23	66,775
12	1 1/2"	Com	1.5	various	142.15	12	4,007	12	4,007	-	12	4,007	12	various	142.15	5,129
13	2"	Com	2	various	210.38	600	253,201	600	253,366	-	600	253,366	600	various	210.38	339,004
14	3"	Com	3	various	426.45	85	84,979	85	85,145	(1)	84	84,143	84	various	426.45	107,717
15	4"	Com	4	various	568.61	36	48,304	36	48,082	-	36	48,082	36	various	568.61	61,553
16	6"	Com	6	various	-	-	-	-	-	-	-	-	-	various	-	-
17	8"	Com	8	various	2,274.41	12	64,109	12	64,109	-	12	64,109	12	various	2,274.41	82,071
18	Oakwood Village Apartment Complex	Com	FR	various	17,399.28	12	490,434	12	490,434	-	12	490,434	12	various	17,399.28	627,875
19	Bear Brook Clubhouse	Com	FR	various	636.84	12	17,951	12	17,951	-	12	17,951	12	various	636.84	22,981
20	Stanton Ridge Clubhouse	Com	FR	various	162.05	60	22,839	60	22,839	-	60	22,839	60	various	162.05	29,240
21	Maxim Laundromat	Com	FR	various	693.69	12	19,553	12	19,553	-	12	19,553	12	various	693.69	25,033
22	*Total Commecial Customers*					*1,776*	*1,091,846*	*1,776*	*1,091,892*	*-*	*1,776*	*1,090,828*	*1,776*			*1,416,934*
23																
24	***Total Consolidated Billed Months***					**83,028**	**$ 6,421,103**	**83,028**	**$ 6,421,150**	***980***	**84,008**	**$ 6,485,466**	**84,008**			**$ 8,355,909**
25																
26	**Total Revenue From Sales**						**$ 6,421,103**		**$ 6,421,150**			**$ 6,485,466**				**$ 8,355,909**
27																
28	**Miscellaneous Revenues**															
	Total Miscellaneous Revenues						**$ -**		**$ -**			**$ -**				**$ -**
	Total Revenue						**$ 6,421,103**		**$ 6,421,150**			**$ 6,485,466**				**$ 8,355,909**

Aqua New Jersey, Inc
Water Systems
Billed Consumption And Production
Based Upon the Base Year Ended September 30, 2025

Description	kGals
Historical	
Water Sales (PF-9)	**4,240,249**
Production	5,041,580
Yields	
Metered ratio	84.11%
Pro Forma	
Water Sales (PF-9)	4,301,623
At above Metered Ratio yields:	
Production	5,114,553

Aqua New Jersey, Inc
Water Systems
Summary Of Operations & Maintenance Expenses
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Reference Exhibit 20	Description	Test Year	Adjustment	Pro Forma Present Rates	Account
20.2	Labor	$ 3,909,645	$ 293,955	4,203,600	601/603
20.2	Employee Benefits	746,837	(29,064)	717,773	604
20.3	Purchased Water	800,129	-	800,129	610
20.4	Purchased Power	2,287,256	383,562	2,670,818	615/616
20.5	Chemicals	1,250,327	(47,095)	1,203,232	618
20.6	Supplies	313,827	-	313,827	620
20.7	Outside Services - Engineering	-	-	-	631
20.7	Outside Services - Accounting	167,539	-	167,539	632
20.7	Outside Services - Legal	266,780	-	266,780	633
20.7	Outside Services - Lab Testing	250,563	40,000	290,563	635
20.7	Outside Services - ACO & Other	830,728	-	830,728	636
20.7	Outside Services - O&M	1,436,277	-	1,436,277	636
20.7	Management Fees	2,062,466	-	2,062,466	634
20.8	Leases	3,789	-	3,789	641/642
20.8	Transportation	168,787	-	168,787	650
20.8	Insurance	467,690	-	467,690	656/657/658/659
20.8	Other	664,926	(90,093)	574,833	675
20.9	Bad Debt	132,348	113,952	246,300	670700
20.10	Rate Case Expense Amort	149,544	176,706	326,250	666800
	TOTAL	$ 15,909,459	$ 841,922	$ 16,751,382	

Aqua New Jersey, Inc
Wastewater Systems
Summary Of Operations & Maintenance Expenses
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Reference Exhibit 20	Description	Test Year	Adjustment	Pro Forma Present Rates	Acct
20.2	Labor	$ 110,842	$ -	110,842	701/703
20.2	Employee Benefits	24,247	-	24,247	704
20.3	Purchased Wastewater	2,633,535	164,096	2,797,631	710
20.3.1	Sludge Removal	164,430	-	164,430	711
20.4	Purchased Power	266,214	13,827	280,042	715/716
20.5	Chemicals	18,799	-	18,799	718
20.6	Supplies	18,077	-	18,077	720
20.7	Outside Services - Engineering	-	-	-	731
20.7	Outside Services - Accounting	-	-	-	732
20.7	Outside Services - Legal	-	-	-	733
20.7	Outside Services - Lab Testing	41,193	-	41,193	735
20.7	Outside Services - ACO & Other	28,103	-	28,103	736
20.7	Outside Services - O&M	145,990	-	145,990	736
20.7	Management Fees	884,709	-	884,709	734
20.8	Leases	-	-	-	741/742
20.8	Transportation	2,780	-	2,780	750
20.8	Insurance	35,768	-	35,768	756/757/758/759
20.8	Other	34,177	-	34,177	775/776
20.9	Bad Debt	1,595	29,308	30,903	770700
20.10	Rate Case Expense Amort	-	36,250	36,250	766800
	Total	**$ 4,410,462**	**$ 243,481**	**$ 4,653,943**	

Aqua New Jersey, Inc
Water Systems
Labor and Benefits
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Amount		
AQUA_011 Labor			
Actuals - May-Sept 2025	601/603	$	1,620,047
Estimated:			
October-December 2025	601/603		972,413
Jan-Apr 2026	601/603		1,317,185
Total Test Year			**3,909,645**
Adjustment - Pro Forma Present Rates			
Projected Half-Year of Labor Expense	2,101,800		
Annual Amount			4,203,600
Adjustment			293,955
Test Year Adjusted		**$**	**4,203,600**
AQUA_016 Employee Benefits			
Actuals - May-Sept 2025	601/603	$	318,271
Estimated:			
October-December 2025	601/603		170,903
Jan-Apr 2026	601/603		257,663
Total Test Year			**746,837**
Less:			
Employee Relations Expense			29,064
Test Year Adjusted			**717,773**

* Includes 3% annual pay increase in Q2

Aqua New Jersey, Inc
Wastewater Systems
Labor and Benefits
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Amount		
AQUA_011 Labor			
Actuals - May-Sept 2025	701/703	$	50,710
Estimated:			
October-December 2025	701/703		60,132
Jan-Apr 2026	701/703		-
Total Test Year			**110,842**
Adjustment - Pro Forma Present Rates			
Projected Amount in 2nd Half of 2026			-
Full Year = Projected Amount Above x 2			-
Adjustment			-
Test Year Adjusted		**$**	**110,842**
AQUA_016 Employee Benefits			
Actuals - May-Sept 2025	704	$	12,598
Estimated:			
October-December 2025	704		11,649
Jan-Apr 2026	704		-
Total Test Year			**24,247**
Less:			
Employee Relations Expense			-
Test Year Adjusted		**$**	**24,247**

Aqua New Jersey, Inc
Water Systems
Purchased Water
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Account		Amount
AQUA_066 Purchased Water			
Actuals - May-Sept 2025	610	$	380,952
Estimated:			
October-December 2025	610		216,099
Jan-Apr 2026	610		203,078
Total Test Year		$	800,129
Adjustment		$	-
Test Year Adjusted		$	800,129

Aqua New Jersey, Inc
Wastewater Systems
Purchased Wastewater
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Account		Amount
AQUA_0204 Purchased Wastewater			
Actuals - May-Sept 2025	710	$	1,052,605
Estimated:			
October-December 2025	710		647,019
Jan-Apr 2026	710		933,911
Total Test Year		$	2,633,535
Adjustment			164,096
Test Year Adjusted		$	2,797,631

Aqua New Jersey, Inc
Water Systems
Sludge
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Account		Amount
AQUA_0205 Sludge			
Actuals - May-Sept 2025	710	$	55,443
Estimated:			
October-December 2025	710		57,415
Jan-Apr 2026	710		51,572
Total Test Year		$	164,430
Adjustment		$	-
Test Year Adjusted		$	164,430

Aqua New Jersey, Inc
Water Systems
Purchased Power
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Account(s)		Amount
AQUA_0206 Purchased Power			
Actuals - May-Sept 2025	615/616	$	864,479
Estimated:			
October-December 2025	615/616		438,004
Jan-Apr 2026	615/616		601,211
Total Test Year		$	1,903,695
Adjustment			383,562
Test Year Adjusted		$	2,287,256

Cost Per Million Gallons Pumped:		
Production 2025 (MG)		5,042
Actual Expense Incurred 2025		2,188,954
Cost Per Million Gallons	$	434.18
Pro Form Present Rates Purchased Power		
Pro Forma Present Rates Production (MG)		5,115
Projected Increase in Price		3.0%
Estimated Cost Per Million Gallons	$	447.21
Pro Forma Present Rates Expense	$	2,287,256

Aqua New Jersey, Inc
Water Systems
Purchased Power
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Account(s)		Amount
AQUA_0206 Purchased Power			
Actuals - May-Sept 2025	715/716	$	91,535
Estimated:			
October-December 2025	715/716		68,112
Jan-Apr 2026	715/716		92,739
Total Test Year		$	252,387
Adjustment			13,827
Test Year Adjusted		$	266,214

Cost Per Million Gallons Pumped:		
Production 2025 (MG)		5,043
Actual Expense Incurred 2025		252,387
Cost Per Million Gallons	$	50.05

Pro Form Present Rates Purchased Power		
Pro Forma Present Rates Production (MG)		5,115
Projected Increase in Price		4.0%
Estimated Cost Per Million Gallons	$	52.05
Pro Forma Present Rates Expense	$	266,214

Aqua New Jersey, Inc
Water Systems
Chemicals
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Account		Amount
AQUA_0172 Chemicals			
Actuals - May-Sept 2025	618	$	589,669
Estimated:			
October-December 2025	618		307,562
Jan-Apr 2026	618		353,095
Total Test Year		$	1,250,327
Adjustment			(47,095)
Test Year Adjusted		**$**	**1,203,232**

Calculations for Pro Forma Present Rates Expense:

Cost Per Million Gallons Pumped:		
Actual Production 2025 (MG)		5,042
Actual Expense Incurred 2025 Forecast	$	1,151,519
Cost Per Million Gallons	$	228.40
Pro Forma Present Rates Purchased Chemicals:		
Pro Forma Present Rates Production (MG)		5,115
Projected % Increase in Cost		3.0%
Projected Cost Per Million Gallons	$	235.26
Pro Forma Present Rates Expense	$	1,203,232

Aqua New Jersey, Inc
Wastewater Systems
Chemicals
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Account		Amount
AQUA_0172 Chemicals			
Actuals - May-Sept 2025	718	$	10,287
Estimated:			
October-December 2025	718		5,812
Jan-Apr 2026	718		2,700
Total Test Year		$	18,799
Adjustment			-
Test Year Adjusted		**$**	**18,799**

Aqua New Jersey, Inc
Water Systems
Materials & Supplies
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Account		Amount
AQUA_098 Materials & Supplies			
Actuals - May-Sept 2025	620	$	202,964
Estimated			
October-December 2025	620		47,355
Jan-Apr 2026	620		63,508
Total Test Year			313,827
Adjustment			-
Test Year Adjusted		$	313,827

Aqua New Jersey, Inc
Wastewater Systems
AQUA_098 Materials & Supplies
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Account		Amount
AQUA_098 Materials & Supplies			
Actuals - May-Sept 2025	720	$	5,736
Estimated			
October-December 2025	720		5,289
Jan-Apr 2026	720		7,052
Total Test Year		$	18,077
Adjustment		$	-
Test Year Adjusted		$	18,077

Aqua New Jersey, Inc
Water Systems
Outside Services
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Account		Amount
AQUA_0163 Outside Services - Engineering			
Actuals - May-Sept 2025	631	$	-
Estimated			
October-December 2025	631		-
Jan-Apr 2026	631		-
Total Test Year			**-**
Adjustment			-
Test Year Adjusted		$	-
AQUA_0161 Outside Services - Accounting			
Actuals - May-Sept 2025	632	$	127,147
Estimated			
October-December 2025	632		18,168
Jan-Apr 2026	632		22,224
Total Test Year			**167,539**
Adjustment			-
Test Year Adjusted		$	167,539
AQUA_0162 Outside Services - Legal			
Actuals - May-Sept 2025	633	$	145,580
Estimated			
October-December 2025	633		50,400
Jan-Apr 2026	633		70,800
Total Test Year			**266,780**
Adjustment			-
Test Year Adjusted		$	266,780
AQUA_0147 Management Fees			
Actuals - May-Sept 2025	634	$	637,390
Estimated			
October-December 2025	634		549,135
Jan-Apr 2026	634		875,942
Total Test Year			**2,062,466**
Adjustment			-
Test Year Adjusted		$	2,062,466
AQUA_0166 Outside Services - Lab Testing			
Actuals - May-Sept 2025	633	$	75,316
Estimated			
October-December 2025	633		83,508
Jan-Apr 2026	633		91,738
Total Test Year			**250,563**
Adjustment			40,000
Test Year Adjusted		$	290,563
AQUA_0201 Outside Services - Other			
AQUA_0211 Outside Services - ACO			
Actuals - May-Sept 2025	636	$	374,717
Estimated			
October-December 2025	636		187,716
Jan-Apr 2026	636		268,294
Total Test Year			**830,728**
Adjustment			-
Test Year Adjusted		$	830,728
AQUA_0156 Outside Services - Operations			
Actuals - May-Sept 2025	636	$	537,066
Estimated			
October-December 2025	636		403,803
Jan-Apr 2026	636		495,408
Total Test Year			**1,436,277**
Adjustment			-
Test Year Adjusted		$	1,436,277

Aqua New Jersey, Inc
Wastewater Systems
Outside Services
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Account		Amount
AQUA_0163 Outside Services - Engineering			
Actuals - May-Sept 2025	731	$	-
Estimated			
October-December 2025	731		-
Jan-Apr 2026	731		-
Total Test Year			**-**
Adjustment			-
Test Year Adjusted		$	-
AQUA_0161 Outside Services - Accounting			
Actuals - May-Sept 2025	732	$	-
Estimated			
October-December 2025	732		-
Jan-Apr 2026	732		-
Total Test Year			**-**
Adjustment			-
Test Year Adjusted		$	-
AQUA_0162 Outside Services - Legal			
Actuals - May-Sept 2025	733	$	-
Estimated			
October-December 2025	733		-
Jan-Apr 2026	733		-
Total Test Year			**-**
Adjustment			-
Test Year Adjusted		$	-
AQUA_0147 Management Fees			
Actuals - May-Sept 2025	734	$	608,889
Estimated			
October-December 2025	734		110,214
Jan-Apr 2026	734		165,607
Total Test Year			**884,709**
Adjustment			-
Test Year Adjusted		$	884,709
AQUA_0166 Outside Services - Lab Testing			
Actuals - May-Sept 2025	734	$	14,939
Estimated			
October-December 2025	734		12,688
Jan-Apr 2026	734		13,566
Total Test Year			**41,193**
Adjustment			-
Test Year Adjusted		$	41,193
AQUA_0201 Outside Services - Other			
AQUA_0211 Outside Services - ACO			
Actuals - May-Sept 2025	734	$	3,978
Estimated			
October-December 2025	734		16,845
Jan-Apr 2026	734		7,280
Total Test Year			**28,103**
Adjustment			-
Test Year Adjusted		$	28,103
AQUA_0156 Outside Services - Operations			
Actuals - May-Sept 2025	736	$	145,990
Estimated			
October-December 2025	736		-
Jan-Apr 2026	736		-
Total Test Year			**145,990**
Adjustment			-
Test Year Adjusted		$	145,990

Aqua New Jersey, Inc
Water Systems
Leases, Transportation, Insurance and Other Expenses
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Desscription	Account(s)		Amount
AQUA_0203 Leases			
Actuals - May-Sept 2025	641/642	$	1,263
Estimated			
October-December 2025	641/642		1,155
Jan-Apr 2026	641/642		1,372
Total Test Year			3,789
Adjustment			-
Test Year Adjusted		**$**	**3,789**
AQUA_0202 Transportation			
Actuals - May-Sept 2025	650	$	74,615
Estimated			
October-December 2025	650		43,298
Jan-Apr 2026	650		50,874
Total Test Year			168,787
Adjustment			-
Test Year Adjusted		**$**	**168,787**
AQUA_0177 Insurance			
Actuals - May-Sept 2025	633	$	225,455
Estimated			
October-December 2025	633		109,212
Jan-Apr 2026	633		133,023
Total Test Year			467,690
Adjustment			-
Test Year Adjusted		**$**	**467,690**
Aqua_0145 Miscellaneous Expenses			
Actuals - May-Sept 2025	660/675	$	263,800
Estimated			
October-December 2025	660/675		128,807
Jan-Apr 2026	660/675		272,319
Total Test Year			664,926
Adjustment			(90,093)
Test Year Adjusted		**$**	**574,833**

Aqua New Jersey, Inc
Wastewater Systems
Leases, Transportation, Insurance and Miscellaneous Expenses
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Desscription	Account(s)		Amount
AQUA_0203 Leases			
Actuals - May-Sept 2025	741/742	$	-
Estimated			
October-December 2025	741/742		-
Jan-Apr 2026	741/742		-
Total Test Year			-
Adjustment			-
Test Year Adjusted		**$**	**-**
AQUA_0202 Transportation			
Actuals - May-Sept 2025	750	$	2,780
Estimated			
October-December 2025	750		-
Jan-Apr 2026	750		-
Total Test Year			2,780
Adjustment			-
Test Year Adjusted		**$**	**2,780**
AQUA_0177 Insurance			
Actuals - May-Sept 2025	733	$	-
Estimated			
October-December 2025	733		19,308
Jan-Apr 2026	733		16,460
Total Test Year			35,768
Adjustment			-
Test Year Adjusted		**$**	**35,768**
Aqua_0145 Miscellaneous Expenses			
Actuals - May-Sept 2025	760/775	$	24,877
Estimated			
October-December 2025	760/775		4,266
Jan-Apr 2026	760/775		5,034
Total Test Year			34,177
Adjustment			-
Test Year Adjusted		**$**	**34,177**

Aqua New Jersey, Inc
Water Systems
Bad Debt
3 Year Average, Test Year Ending April 30, 2026
And Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Account	Operating Revenue	Amount
Calculation of Test Year Adjustment:			
AQUA_0146 Bad Debt			
Actuals - May-Sept 2025	670		$ 75,201
Estimated:			
October-December 2025	670		56,471
Jan-Apr 2026	670		676
Total Test Year			**132,348**
Adjustment			$ 113,952
Sales & Miscellaneous Revenue - Pro Forma Present Rates		$ 54,258,286	
Percentage		0.45394%	
Test Year Adjusted			**$ 246,300**
Calculation of Pro Forma Proposed Rates Adjustment:			
Sales & Miscellaneous Revenue - Pro Forma Proposed Rates		$ 60,276,009	
Percentage		0.45394%	
Expense			$ 273,617
Adjustment			$ 27,317
Calculation of Average Bad Debt:			
2022	670	44,204,514	280,213
2023	670	45,432,491	192,569
2024	670	49,469,882	158,679
Total		$ 139,106,887	$ 631,461
Three Year Average			**0.45394%**

Aqua New Jersey, Inc
Wastewater Systems
Bad Debt
3 Year Average, Test Year Ending April 30, 2026
And Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Account	Operating Revenue	Amount
Calculation of Test Year Adjustment:			
AQUA_0146 Bad Debt			
Actuals - May-Sept 2025	770		$ -
Estimated:			
October-December 2025	770		919
Jan-Apr 2026	770		676
Total Test Year			**1,595**
Adjustment			$ 29,308
Sales & Miscellaneous Revenue - Pro Forma Present Rates		$ 6,485,466	
Percentage		0.47649%	
Test Year Adjusted			**$ 30,903**
Calculation of Pro Forma Proposed Rates Adjustment:			
Sales & Miscellaneous Revenue - Pro Forma Proposed Rates		$ 8,355,909	
Percentage		0.47649%	
Expense			$ 39,815
Adjustment			$ 8,912
Calculation of Average Bad Debt:			
2022	770	5,674,546	28,336
2023	770	5,836,252	36,672
2024	770	6,075,970	18,791
Total		$ 17,586,768	$ 83,799
Three Year Average			**0.47649%**

Aqua New Jersey, Inc
Water Systems
Rate Case Expense
CURRENT CASE PROJECTION

Description	Account		Amount
Summary of Expenses:			
Billing Analysis, Rate Design, MFR, COSS		$	60,000
Cost of Capital			25,000
Court Reporter / Transcripts / Public Notices			10,000
Regulated Capital Consultants - Modeling and Tax			305,000
Regulated Capital Consultants - Billing Data Extract &d Data Preparation			50,000
Legal-Saul Ewing			1,000,000
Total Cost		$	1,450,000
Amortization Period - Years	2		
Recoverable in Rates	50%		
Amoumt Recoverable in Rates		**$**	**362,500**
Test Year			
Actuals - May-Sept 2025	666800	$	149,544
Estimated			
October-December 2025	666800		-
Jan-Apr 2026	666800		-
Total Test Year			149,544
Adjustment			212,956
Test Year Adjusted		**$**	**362,500**
Allocation to Water/WW Based on Customer Count:			
Water	90.00%	$	326,250
WW	10.00%		36,250
Total		$	362,500

Aqua New Jersey, Inc
Wastewater Systems
Rate Case Expense
CURRENT CASE PROJECTION

Description	Account		Amount
Rate Case Expense			
Actuals - May-Sept 2025	766800		-
Estimated			
October-December 2025	766800		-
Jan-Apr 2026	766800		-
Total Test Year			-
Adjustment - 10% of Total Rate Case Expense	10.00%		36,250
Test Year Adjusted		$	36,250

Aqua New Jersey, Inc
Water Systems
Summary of Taxes Other Than Income
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Account	Test Year	Adjustment	Pro Forma @ Present Rates	Pro Forma @ Proposed Rates
Regulatory Assessments - NJ BPU	408101	$ 134,917	$ (18,331)	$ 116,586	$ 129,406
Regulatory Assessments - Rate Counsel	408102	24,740	2,750	27,490	30,513
Property Taxes	408111	413,350	-	413,350	413,350
Payroll Taxes	408120	288,463	21,692	310,155	310,155
Excise Taxes	408204	720,024	-	720,024	720,024
Franchise Taxes	408205	2,377,315	336,247	2,713,562	3,014,520
Gross Receipts Tax	408200	3,666,084	640,668	4,306,751	4,784,408
Other Taxes - Water	40813*	71,556	43,016	114,572	114,572
Total		$ 7,696,447	$ 1,026,043	$ 8,722,490	$ 9,516,948

SDWA = Safe Drinking Water Act allocation fees

Aqua New Jersey, Inc
Wastewater Systems
Summary of Taxes Other Than Income
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Account	Test Year	Adjustment	Pro Forma @ Present Rates	Pro Forma @ Proposed Rates
Regulatory Assessments - PUC	408101	$ 61,364	$ (47,547)	$ 13,817	$ 17,802
Regulatory Assessments - Consumer Advocate	408102	10,804	(7,546)	3,258	4,198
Property Taxes	408111	195,666	-	195,666	195,666
Payroll Taxes	408120		-	-	-
Excise Tax	408204	365,037	(365,037)	-	-
Franchise Taxes	408205	149,094	8,592	157,687	237,664
Gross Receipts Tax	408200	250,813	41,909	292,722	441,188
Other Taxes - Water	40813*		-	-	-
Total		$ 1,032,778	$ (369,629)	$ 663,149	$ 896,517

SDWA = Safe Drinking Water Act allocation fees

Aqua New Jersey, Inc
Water Systems
Regulatory Assessments
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Test Year	Adjustment	Pro Forma at Present Rates	Adjustment	Pro Forma at Proposed Rates
Gross Revenues	$ 58,517,888		$ 54,723,627		$ 60,741,350
BPU Assessment					
Actual 2026 Rate	0.213044732%		0.213044732%		0.213044732%
Assessment Amount	$ 124,669	$ (8,083)	$ 116,586	$ 12,820	$ 129,406
Rate Counsel Assessment					
Actual 2026 Rate	0.050234362%		0.050234362%		0.050234362%
Assessment Amount	$ 29,396	$ (1,906)	$ 27,490	$ 3,023	$ 30,513
Total Regulatory Assessments	$ 154,065	$ (9,989)	$ 144,076	$ 15,843	$ 159,919

Aqua New Jersey, Inc
Wastewater Systems
Regulatory Assessments
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Test Year	Adjustment	Pro Forma at Present Rates	Adjustment	Pro Forma at Proposed Rates
Gross Revenues	$ 6,273,376		$ 6,485,466		$ 8,355,909
BPU Assessment					
Actual 2026 Rate	0.213044732%		0.213044732%		0.213044732%
Assessment Amount	$ 13,365	$ 452	$ 13,817	$ 3,985	$ 17,802
Rate Counsel Assessment					
Actual 2026 Rate	0.050234362%		0.050234362%		0.050234362%
Assessment Amount	$ 3,151	$ 107	$ 3,258	$ 940	$ 4,198
Total Regulatory Assessments	$ 16,516	$ 558	$ 17,075	$ 4,924	$ 21,999

Aqua New Jersey, Inc
Water Systems
Payroll Tax Adjustments
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Account		Tax Amount
Payroll Taxes			
Actuals - May-Sept 2025	408120	$	124,203
Estimated			
October-December 2025	408120		57,918
Jan-Apr 2026	408120		106,342
Total Test Year			288,463
Calculation of Adjustment:			
Test Year Labor Expense		$	3,909,645
Pro Forma Present RateTest Year Labor Expense			4,203,600
Adjustment Factor			1.0752
Adjustment			21,692
Test Year Adjusted		$	310,155

Aqua New Jersey, Inc
Wastewater Systems
Payroll Tax Adjustments
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Acct	Tax Amount	Labor Expense
Payroll Taxes			
Actuals - May-Sept 2025	408120	$ -	$ 110,842
Estimated			
October-December 2025	408120	-	
Jan-Apr 2026	408120	-	
Total Test Year		$ -	
Pro Forma Present Rates			110,842
Increase factor			1.0000
Pro Forma Amount		-	
Adjustment		$ -	

Aqua New Jersey, Inc
Water Systems
Excise Taxes
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Test Year	Pro Forma at Present Rates	Pro Forma at Proposed Rates
Sales Revenues	$ 58,052,547	$ 54,258,286	$ 60,276,009
Gross Receipts	$ 58,052,547	$ 54,258,286	$ 60,276,009
Gross Receipts Tax:			
State Tax Rate	0.9375%	0.9375%	0.9375%
State GRT	$ 544,243	$ 508,671	$ 565,088
Municipal Tax Rate	7.00%	7.00%	7.00%
Municipal GRT	$ 4,063,678	$ 3,798,080	$ 4,219,321
Total Gross Receipts Tax	$ 4,607,921	$ 4,306,751	$ 4,784,408
Franchise Tax:			
Public Miles of facilities	688.92	688.92	688.92
Total Miles of facilities	774.85	774.85	774.85
Public Component Multiplier	88.91%	88.91%	88.91%
Taxable Receipts for Franchise Taxes	$ 51,614,584	$ 48,241,103	$ 53,591,467
State Tax Rate	0.6250%	0.6250%	0.6250%
State Tax	$ 322,591	$ 301,507	$ 334,947
Municipal Tax Rate	5.00%	5.00%	5.00%
Municipal Tax	$ 2,580,729	$ 2,412,055	$ 2,679,573
Total Franchise Tax	$ 2,903,320	$ 2,713,562	$ 3,014,520
Total Excise Taxes	$ 7,511,241	$ 7,020,313	$ 7,798,928
Effective Combined Tax Rate on Gross Revenue		12.9387%	12.9387%

Aqua New Jersey, Inc
Wastewater Systems
Excise Taxes
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Test Year	Pro Forma at Present Rates	Pro Forma at Proposed Rates
Sales Revenues	$ 6,273,376	$ 6,485,466	$ 8,355,909
Less: Purchased Wastewater Expenses	2,633,535	2,797,631	2,797,631
Gross Receipts	$ 3,639,841	$ 3,687,835	$ 5,558,278
Gross Receipts Tax:			
State Tax Rate	0.9375%	0.9375%	0.9375%
State GRT	$ 34,124	$ 34,573	$ 52,109
Municipal Tax Rate	7.00%	7.00%	7.00%
Municipal GRT	$ 254,789	$ 258,148	$ 389,079
Total Gross Receipts Tax	$ 288,912	$ 292,722	$ 441,188
Franchise Tax:			
Public Miles of facilities	65.7000	65.7000	65.7000
Total Miles of facilities	86.4300	86.4300	86.4300
Public Component Multiplier	76.0153%	76.0153%	76.0153%
Taxable Receipts for Franchise Taxes	$ 2,766,835	$ 2,803,318	$ 4,225,140
State Tax Rate	0.6250%	0.6250%	0.6250%
State Tax	$ 17,293	$ 17,521	$ 26,407
Municipal Tax Rate	5.00%	5.00%	5.00%
Municipal Tax	$ 138,342	$ 140,166	$ 211,257
Total Franchise Tax	$ 155,634	$ 157,687	$ 237,664
Total Excise Taxes	$ 444,547	$ 450,409	$ 678,852
Effective Combined Tax Rate on Gross Revenue		12.2134%	12.2134%

Aqua New Jersey, Inc
Water Systems
Misc-Water Tax/SDWA Adjustments
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Account		Test Year Amount
Other Taxes-Water	408130	$	42,054
SDWA Fees/Permits *	408131		29,502
Other Taxes-Misc	408139		-
Other Taxes & Licenses	408113		-
Total		$	71,556
Water Taxes			
Pro Forma kGal Sales	4,301,623		
Tax Rate per kGal	$0.010		
Pro Forma Tax Amount			43,016
Adjustment		$	114,572

SDWA = Safe Drinking Water Act allocation fees

Aqua New Jersey, Inc
Wastewater Systems
Misc-Water Tax/SDWA Adjustments
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Account		Test Year Amount
Other Taxes-Water	408130	$	-
SDWA Fees/Permits *	408131		-
Other Taxes-Misc	408139		-
Other Taxes & Licenses	408113		-
Total		$	-

Water Taxes

Pro Forma kGal Sales	0	
Tax Rate per kGal	$0.010	
Pro Forma Tax Amount		-
Adjustment	$	-

SDWA = Safe Drinking Water Act allocation fees

Aqua New Jersey, Inc
Water Systems
Federal Income Tax
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Rate	Test Year Ending 04/30/2026	Pro Forma @ Present Rates	Pro Forma @ Proposed Rates	Exhibit Reference
Operating Revenue		$ 58,517,888	$ 54,723,627	$ 60,741,350	Exhibit 13
Operating Revenue Deductions:					
Operating Expenses		15,909,459	16,751,382	16,778,698	Exhibit 13
Interest on Customer Deposits		-	-	-	
Depreciation & Amortization		10,295,695	8,424,919	8,424,919	Exhibit 13
Taxes Other than Income Taxes		7,696,447	8,722,490	9,516,948	Exhibit 13
Interest Expense		6,395,469	6,736,562	6,736,562	Exhibit 13
Total Operating Revenue Deductions		40,297,071	40,635,353	41,457,128	
Book vs Tax Differences					
Tax Repairs - Flow Through		(10,000,000)	(10,000,000)	(10,000,000)	
Book Depreciation Reversal - Flow Through		2,364,133	2,364,133	2,364,133	
Taxable Income (L1-L7)		10,584,950	6,452,407	11,648,355	
State Income Tax @	0.00%	-	-	-	
Federal Taxable Income		10,584,950	6,452,407	11,648,355	
Federal Income Tax @	21.00%	2,222,840	1,355,005	2,446,155	
Less:					
Reg Asset Tax Repairs Reversal Amort		-	-	-	
481a Repairs Amort		(1,100,459)	(1,100,459)	(1,100,459)	
Excess Deferred Taxes-RSG		(116,524)	(116,524)	(116,524)	
Excess Deferred Taxes-ARAM		(124,287)	(165,716)	(165,716)	
Total Income Taxes		**$ 881,569**	**$ (27,694)**	**$ 1,063,455**	Exhibit 13 & 15

Aqua New Jersey, Inc
Wastewater Systems
Federal Income Tax
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Rate	Test Year Ending 04/30/2026	Pro Forma @ Present Rates	Pro Forma @ Proposed Rates	Exhibit Reference
Operating Revenue		$ 6,273,376	$ 6,485,466	$ 8,355,909	Exhibit 13
Operating Revenue Deductions:					
Operating Expenses		4,410,462	4,653,943	4,662,855	Exhibit 13
Interest on Customer Deposits		-	-	-	
Depreciation & Amortization		-	927,193	927,193	Exhibit 13
Taxes Other than Income Taxes		1,032,778	663,149	896,517	Exhibit 13
Interest Expense		349,090	533,962	533,962	Exhibit 13
Total Operating Revenue Deductions		5,792,329	6,778,246	7,020,527	
Book vs Tax Differences					
Tax Repairs - Flow Through		(2,000,000)	(2,000,000)	(2,000,000)	
Book Depreciation Reversal - Flow Through		182,935	182,935	182,935	
Taxable Income (L1-L7)		(1,336,018)	(2,109,845)	(481,683)	
State Income Tax @	0.00%	-	-	-	
Federal Taxable Income		(1,336,018)	(2,109,845)	(481,683)	
Federal Income Tax @	21.00%	(280,564)	(443,067)	(101,153)	
Less:					
Reg Asset Tax Repairs Reversal Amort		-	-	-	
481a Repairs Amort		-	-	-	
Excess Deferred Taxes-RSG		-	-	-	
Excess Deferred Taxes-ARAM		(5,636)	(7,514) #	(7,514)	
Total Income Taxes		**$ (286,200)**	**$ (450,581)**	**$ (108,667)**	Exhibit 13 & 15

Aqua New Jersey, Inc
Water Systems
Amortization Adjustments
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Account		Amount
Calculation of Amortization of Utility Plant Acquisition Adjustment (UPAA):			
Actuals - May-Sept 2025	406000	$	(21,474)
Estimated			
October-December 2025	406000		(12,915)
Jan-Apr 2026	406000		(12,915)
Total Test Year			(47,304)
Adjustment			30,131
Test Year Adjusted			**(17,173)**
Calculation of Amortization of Other Deferred Liabilities			
Misc Operating Reserves			
PFAS Litigation Proceeds			
Actuals - May-Sept 2025	253100	$	(3,500,276)
Estimated			
October-December 2025			(617,613)
Jan-Apr 2026			0
Total Test Year			**(4,117,889)**
Amortization Period - Years			2
Annual Amortization Expense			(2,058,945)

Aqua New Jersey, Inc
Wastewater Systems
Amortization Adjustments
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Account	Amount
Calculation of Amortization of Utility Plant Acquisition Adjustment (UPAA):		
Actuals - May-Sept 2025	406000	$ -
Estimated		
October-December 2025	406000	-
Jan-Apr 2026	406000	-
Total Test Year		**-**
Adjustment		32,059
Test Year Adjusted		**32,059**

Aqua New Jersey, Inc
Water Systems
Interest Expense
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Reference	Test Year	Pro Forma
Interest Synchronization:			
Test Year Rate Base	Exh 26, Pg 1	$ 311,326,125	$ 327,930,244
Times Weighted Cost Of Debt	Exh 14	2.05%	2.05%
Interest Synchronization Amount		$ 6,395,469	$ 6,736,562

Aqua New Jersey, Inc
Wastewater Systems
Interest Expense
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Reference	Test Year	Pro Forma
Interest Synchronization:			
Test Year Rate Base	Exh 26, Pg 1	$ 16,993,394	$ 25,992,806
Times Weighted Cost Of Debt	Exh 14	2.05%	2.05%
Interest Synchronization Amount		$ 349,090	$ 533,962

a

Witness: William C. Packer Jr.

Aqua New Jersey, Inc
Water Systems
Rate Base and Rate of Return
Under Present and Proposed Rates
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Reference Exhibit 26	Description	Actual 09/30/25	Adjustment	Pro Forma 10/31/26
Page 2	Utility Plant in Service	$ 496,591,588	$ 27,885,723	$ 524,477,311
Page 5	Materials and Supplies	5,544,318	-	5,544,318
Page 6	Prepayments	581,920	-	581,920
Page 7	Unamortized Acquisition Adj.	(180,973)	30,131	(150,841)
Page 10	Tank Maintenance Balance	-		
	Subtotal	$ 502,536,853	$ 27,915,855	$ 530,452,707
Page 8	Reserve for Depreciation	$ (114,785,523)	$ (16,490,440)	$ (131,275,963)
Page 9	Customer Advances	(24,862,455)	-	(24,862,455)
Page 9	Contributed Property	(25,068,831)	-	(25,068,831)
Page 10	Deferred FIT	(26,609,509)	5,178,704	(21,430,805)
Page 10	Customer Deposits	115,591	-	115,591
	Consolidated Tax Adjustment	-	-	-
	Subtotal	$ (191,210,727)	$ (11,311,736)	$ (202,522,463)
	Rate Base	**$ 311,326,125**	**$ 16,604,119**	**$ 327,930,244**
	Operating Income	$ 23,734,717		$ 24,957,329
	Rate of Return	7.62%		7.61%

Aqua New Jersey, Inc
Wastewater Systems
Rate Base and Rate of Return
Under Present and Proposed Rates
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Reference Exhibit 26	Description	Actual 09/30/25	Adjustment	Pro Forma 04/30/26
Page 2	Utility Plant in Service	$ 37,778,857	$ 8,859,326	$ 46,638,183
Page 5	Materials and Supplies	-	-	-
Page 6	Prepayments	166,013	-	166,013
Page 7	Unamortized Acquisition Adj.	(526,674)	32,059	(494,616)
Page 10	Tank Maintenance Balance	-	(270,791)	(270,791)
	Subtotal	$ 37,418,196	$ 8,620,594	$ 46,038,789
Page 8	Reserve for Depreciation	$ (10,688,590)	$ 245,802	$ (10,442,788)
Page 9	Customer Advances	(9,586,965)	-	(9,586,965)
Page 9	Contributed Property	(280,334)	-	(280,334)
Page 10	Deferred FIT	15,495	133,016	148,511
Page 10	Customer Deposits	115,591	-	115,591
	Consolidated Tax Adjustment	-	-	-
	Other	-	-	-
	Subtotal	$ (20,424,802)	$ 378,818	$ (20,045,984)
	Rate Base	**$ 16,993,394**	**$ 8,999,412**	**$ 25,992,806**
	Operating Income	$ 1,116,336		$ 1,978,011
	Rate of Return	6.57%		7.61%

Aqua New Jersey, Inc
Water Systems
Schedule Of Utility Plant In Service
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Account # Actual	Account # Budget	Description	Actual Plant Balance 09/30/2025	Actual 10/01/25 04/30/26 Net Additions	Plant Balance 04/30/26	Post Test Year Net Additions	Pro Forma Plant Balance 10/31/26	Current Depreciation Rate	Pro Forma Depreciation Expense
301100	301	Organization	$ 1,063,478	$ -	$ 1,063,478	$ -	$ 1,063,478	0.00%	$ -
302100	302	Franchises	628,834	$ -	628,834	-	628,834	0.00%	-
303210	303	Land & Land Rights-Source	1,221,878	$ -	1,221,878	-	1,221,878	0.00%	-
303220		Land & Land Rights-Pumping	78,759	$ -	78,759	-	78,759	0.00%	-
303300		Land & Land Rights-Treatment	370,032	$ -	370,032	-	370,032	0.00%	-
303400		Land & Land Rights-T&D	489,031	$ -	489,031	-	489,031	0.00%	-
303500		Land & Land Rights-General	3,791	$ -	3,791	-	3,791	0.00%	-
303510		Land & Land Rights-Office	25,883	$ -	25,883	-	25,883	0.00%	-
304000	304	Structures & Imp	-	$ 11,309	11,309	-	11,309	0.00%	-
304200		Structures & Imp-SoS&Pump	218,751	$ 43,930	262,681	-	262,681	3.69%	9,693
304210		Structures & Imp-Source	11,344	$ 380	11,724	-	11,724	3.69%	433
304220		Structures & Imp-Pumping	1,889,409	$ 18,187	1,907,596	-	1,907,596	1.50%	28,614
304300		Structures & Imp-Treatment	16,530,192	$ -	16,530,192	-	16,530,192	2.02%	333,910
304400		Structures & Imp-T&D	926,540	$ (19,457)	907,083	-	907,083	1.68%	15,239
304500		Structures & Imp-General	14,270,780	$ 43,796	14,314,576	-	14,314,576	3.69%	528,208
304510		Structures & Imp-Gen-Office	3,581,143	$ 7,385	3,588,529	-	3,588,529	1.64%	58,852
307200	307	Wells & Springs	23,565,055	$ 33,216	23,598,271	-	23,598,271	1.26%	297,338
309200	309	Supply Mains	579,417	$ 123,811	703,228	-	703,228	1.73%	12,166
310000	310	Power Generation Equip	-	$ -	-	-	-	0.00%	-
310200		Power Generation Equip-Solar	66,144	$ 54,046	120,189	-	120,189	2.47%	2,969
310201		Power Generation Equip-Solar	2,315,751	$ -	2,315,751	-	2,315,751	2.47%	57,199
310300		Power Generation Equip-Treat	221,228	$ 3	221,231	-	221,231	2.47%	5,464
310400		Power Generation Equip-T&D	7,921	$ -	7,921	-	7,921	2.47%	196
311000	311	Pumping Equip	-	$ 38,803	38,803	-	38,803	1.36%	528
311200		Pumping Equip-SoS&Pumping	10,303,173	$ 122,638	10,425,811	-	10,425,811	1.36%	141,791
311240		Pumping Equip-SoS&P-Electric	554,244	$ 3,052	557,295	2,926,386	3,483,681	1.36%	47,378
311250		Pumping Equip-SoS&P-Diesel	634,172	$ -	634,172	-	634,172	1.36%	8,625
311300		Pumping Equip-Treatment	26,513	$ -	26,513	-	26,513	1.83%	485
311400		Pumping Equip-T&D	299,741	$ (4,189)	295,551	-	295,551	1.83%	5,409
320300	320	Water Treatment Equipment	27,717,666	$ 3,831,736	31,549,402	-	31,549,402	1.96%	618,368
320316		Water Treatment Equipment - PFAS	-	$ -	-	-	-	6.65%	-
330400	330	Dist Reservoirs & Standpipes	27,296,806	$ 1,241,234	28,538,039	-	28,538,039	1.68%	479,439
330410		Distribution Reservoirs & Standpipes - Tank Painting	-	$ -	-	-	-	7.81%	-
331400	331	T&D Mains	221,480,762	$ 9,446,650	230,927,413	-	230,927,413	1.64%	3,787,210
333400	333	Services	79,837,842	$ 5,716,956	85,554,798	-	85,554,798	3.27%	2,797,642
334400	334	Meters & Meter Installations	3,535,160	$ 556,771	4,091,932	-	4,091,932	3.81%	155,903
334420		Meter Installations	3,034,997	$ -	3,034,997	-	3,034,997	3.47%	105,314
334430		Meters-ERT	2,314,009	$ -	2,314,009	-	2,314,009	3.49%	80,759
334440		Meters-Other	15,537,574	$ 41,682	15,579,256	-	15,579,256	2.52%	392,597
335400	335	Hydrants	14,112,577	$ 1,098,856	15,211,433	-	15,211,433	1.70%	258,594
336400	336	Backflow Prevention Devices	295,660	$ -	295,660	-	295,660	2.88%	8,515
339200	339	Oth Plnt & Misc Eq-SoS&Pump	416,851	$ -	416,851	-	416,851	2.86%	11,922
339400		Oth Plnt & Misc Eq-T&D	69,985	$ -	69,985	-	69,985	0.17%	119
340500	340	Office Furniture & Equipment	2,513,778	$ 57,596	2,571,374	-	2,571,374	5.03%	129,340
340550		OF&E-Computer Equipment	73,840	$ 1,301	75,141	-	75,141	20.00%	15,028
340600		SAP Software	2,767,791	$ -	2,767,791	-	2,767,791	6.73%	186,272
341500	341	Transportation Equipment	2,210,438	$ 15,869	2,226,307	-	2,226,307	3.04%	67,680
342500	342	Stores Equipment	20,593	$ -	20,593	-	20,593	6.20%	1,277
343500	343	Tools, Shop & Garage Equip	1,061,420	$ 180,277	1,241,697	-	1,241,697	7.08%	87,912
344500	344	Laboratory Equipment	1,095	$ -	1,095	-	1,095	5.69%	62
345500	345	Power Operated Equipment	252,704	$ 94,765	347,469	-	347,469	9.75%	33,878
346500	346	Communication Equipment	3,798,847	$ 478,150	4,276,998	-	4,276,998	6.75%	288,697
347500	347	Miscellaneous Equipment	122,238	$ -	122,238	-	122,238	4.42%	5,403
348500	348	Other Tangible Plant	8,235,752	$ 1,720,586	9,956,337	-	9,956,337	1.22%	121,467
		Total	**$ 496,591,588**	**$ 24,959,337**	**$ 521,550,925**	**$ 2,926,386**	**$ 524,477,311**		**$ 11,187,895**
		Contributions in Aid of Construction & Customer Advances	$ (49,931,287)	$ -	$ (49,931,287)	$ -	$ (49,931,287)	1.41%	$ (704,031)

Aqua New Jersey, Inc
Wastewater Systems
Schedule Of Utility Plant In Service
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Account # Actual	Account # Budget	Description	Actual Plant Balance 09/30/2025	Actual 10/01/25 04/30/26 Net Additions	Plant Balance 04/30/26	Post Test Year Net Additions	Pro Forma Plant Balance 10/31/26	Current Depreciation Rate	Pro Forma Depreciation Expense
351100	351	Organization	310,946	-	$ 310,946	-	$ 310,946	0.00%	$ -
352100	352	Franchises	92,924	-	92,924	-	92,924	0.00%	-
353300	353	Land & Land Rights	-	-	-	-	-	0.00%	-
353400		Land & Land Rights	189,491	-	189,491	-	189,491	0.00%	-
354200	354	Structures & Improvements	250,527	579,430	829,957	-	829,957	1.99%	16,516
354300		Structures & Improvements	752,778	78,787	831,566	-	831,566	1.99%	16,548
354400		Structures & Improvements	1,300,210	7,114,928	8,415,138	-	8,415,138	1.99%	167,461
354500		Structures & Improvements	366,909	-	366,909	-	366,909	1.99%	7,301
354700		Structures & Improvements	454,673	(132,165)	322,508	-	322,508	1.90%	6,128
355200	355	Power Generation Equipment	75,241	(4,987)	70,253	-	70,253	4.96%	3,485
355300		Power Generation Equipment	115,717	-	115,717	-	115,717	4.93%	5,705
355400		Power Generation Equipment	162,791	-	162,791	-	162,791	4.96%	8,074
360200	360	Collection Sewers-Force	1,163,786	34,716	1,198,502	-	1,198,502	1.56%	18,697
361200	361	Collection Sewers-Gravity	20,636,843	622,687	21,259,530	-	21,259,530	1.62%	344,404
362200	362	Special Collecting Struct	80,033	-	80,033	-	80,033	2.95%	2,361
363200	363	Services to Customers	1,843,291	89,303	1,932,593	-	1,932,593	1.35%	26,090
364200	364	Flow Measuring Devices	966,165	3,688	969,854	-	969,854	4.79%	46,456
371300	371	Pumping Equipment	1,861,122	378,076	2,239,198	-	2,239,198	4.80%	107,482
380400	380	Treatment & Disposal Equip	7,155,410	59,022	7,214,432	-	7,214,432	3.57%	257,555
396700	396	Communication Equipment	-	35,841	35,841	-	35,841	0.00%	-
		Other							
		Total Utility Plant in Service	**$ 37,778,857**	**$ 8,859,326**	**$ 46,638,183**	**$ -**	**$ 46,638,183**		**$ 1,034,263**
		Contributions in Aid of Construction & Customer Advances	$ (9,867,298)	$ -	$ (9,867,298)	$ -	$ (9,867,298)	1.41%	$ (139,129)
		Total	$ 27,911,558	$ 8,859,326	$ 36,770,884	$ -	$ 36,770,884	$ 0	$ 895,134

Aqua New Jersey, Inc
Water Systems
Test Year Plant Additions & Retirements
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Account	Description	Gross Additions	Period Retirements	Net Additions
301100	Organization	-	-	-
302100	Franchises	-	-	-
303210	Land & Land Rights-Source	-	-	-
303220	Land & Land Rights-Pumping	-	-	-
303300	Land & Land Rights-Treatment	-	-	-
303400	Land & Land Rights-T&D	-	-	-
303500	Land & Land Rights-General	-	-	-
303510	Land & Land Rights-Office	-	-	-
304200	Structures & Imp-SoS&Pump	46,242	(2,312)	43,930
304210	Structures & Imp-Source	400	(20)	380
304220	Structures & Imp-Pumping	19,144	(957)	18,187
304300	Structures & Imp-Treatment	-	-	-
304400	Structures & Imp-T&D	(20,481)	1,024	(19,457)
304500	Structures & Imp-General	46,101	(2,305)	43,796
304510	Structures & Imp-Gen-Office	7,774	(389)	7,385
307200	Wells & Springs	34,124	(908)	33,216
309200	Supply Mains	130,327	(6,516)	123,811
310200	Power Generation Equip-Solar	56,890	(2,845)	54,046
310201	Power Generation Equip-Solar	-	-	-
310300	Power Generation Equip-Treat	3	(0)	3
310400	Power Generation Equip-T&D	-	-	-
311200	Pumping Equip-SoS&Pumping	129,092	(6,455)	122,638
311240	Pumping Equip-SoS&P-Electric	3,212	(161)	3,052
311250	Pumping Equip-SoS&P-Diesel	-	-	-
311300	Pumping Equip-Treatment	-	-	-
311400	Pumping Equip-T&D	(4,410)	220	(4,189)
320300	Water Treatment Equipment	4,033,407	(201,670)	3,831,736
320.PFAS	Water Treatment Equipment - PFAS	-	-	-
330400	Dist Reservoirs & Standpipes	1,306,562	(65,328)	1,241,234
330410	Dist Reservoirs & Standpipes - Tank Pa	-	-	-
331400	T&D Mains	9,943,842	(497,192)	9,446,650
333400	Services	6,017,848	(300,892)	5,716,956
334400	Meters & Meter Installations	586,075	(29,304)	556,771
334420	Meter Installations	-	-	-
334430	Meters-ERT	-	-	-
334440	Meters-Other	43,876	(2,194)	41,682
335400	Hydrants	1,156,691	(57,835)	1,098,856
336400	Backflow Prevention Devices	-	-	-
339200	Oth Plnt & Misc Eq-SoS&Pump	-	-	-
339400	Oth Plnt & Misc Eq-T&D	-	-	-
340500	Office Furniture & Equipment	60,627	(3,031)	57,596
340550	OF&E-Computer Equipment	1,369	(68)	1,301
340558	OF&E-Computer Equip (Other)	-	-	-
340560	OF&E-PC Software	-	-	-
340600	SAP Software	-	-	-
341500	Transportation Equipment	16,704	(835)	15,869
342500	Stores Equipment	-	-	-
343500	Tools, Shop & Garage Equip	189,766	(9,488)	180,277
344500	Laboratory Equipment	-	-	-
345500	Power Operated Equipment	99,753	(4,988)	94,765
346500	Communication Equipment	503,316	(25,166)	478,150
347500	Miscellaneous Equipment	-	-	-
348500	Other Tangible Plant	1,811,143	(90,557)	1,720,586
252	CAC	-	-	-
271	CIAC	-	-	-
Total		$ 26,219,398	$ (1,310,172)	$ 24,909,226

Aqua New Jersey, Inc
Wastewater Systems
Test Year Plant Additions & Retirements
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Account	Description	Gross Additions	Period Retirements	Net Additions
351100	Organization	-	-	-
352100	Franchises	-	-	-
353400	Land & Land Rights	-	-	-
354200	Structures & Improvements - T&D	609,704	(30,697)	579,008
354300	Structures & Improvements - Pumping	82,702	(4,356)	78,346
354400	Structures & Improvements - T&D	7,128,782	(699,024)	6,429,757
354500	Structures & Improvements	-	-	-
354700	Structures & Improvements	(139,121)	6,956	(132,165)
355200	Power Generation Equipment	(5,250)	262	(4,987)
355300	Power Generation Equipment	-	-	-
355400	Power Generation Equipment	-	-	-
360200	Collection Sewers-Force	36,543	(1,827)	34,716
361200	Collection Sewers-Gravity	655,460	(32,773)	622,687
362200	Special Collecting Struct	-	-	-
363200	Services to Customers	94,003	(4,700)	89,303
364200	Flow Measuring Devices	3,882	(194)	3,688
371300	Pumping Equipment	397,975	(19,899)	378,076
380400	Treatment & Disposal Equip	62,128	(3,106)	59,022
396700	Communication Equip	37,727	(1,886)	35,841
Total		$ 8,964,536	$ (791,244)	$ 8,173,292

Aqua New Jersey, Inc
Water Systems
Post Test Year Plant Additions & Retirements
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Post Test Year Additions: May 01, 2026 thru October 31, 2026

Account	Description	Gross Additions	Period Retirements	Net Additions
301100	Organization	$ -	$ -	$ -
302100	Franchises	-	-	-
303210	Land & Land Rights-Source	-	-	-
303220	Land & Land Rights-Pumping	-	-	-
303300	Land & Land Rights-Treatment	-	-	-
303400	Land & Land Rights-T&D	-	-	-
303510	Land & Land Rights-Office	-	-	-
304220	Structures & Imp-Pumping	-	-	-
304300	Structures & Imp-Treatment	-	-	-
304400	Structures & Imp-T&D	-	-	-
304500	Structures & Imp-General	-	-	-
304510	Structures & Imp-Gen-Office	-	-	-
307200	Wells & Springs	-	-	-
309200	Supply Mains	-	-	-
310200	Power Generation Equip-Solar	-	-	-
310201	Power Generation Equip-Solar	-	-	-
310300	Power Generation Equip-Treat	-	-	-
310400	Power Generation Equip-T&D	-	-	-
311200	Pumping Equip-SoS&Pumping	-	-	-
311250	Pumping Equip-SoS&P-Diesel	-	-	-
311300	Pumping Equip-Treatment	-	-	-
311400	Pumping Equip-T&D	-	-	-
320300	Water Treatment Equipment	3,080,406	(154,020)	2,926,386
320.PFAS	Water Treatment Equipment - PFAS	-	-	-
330400	Dist Reservoirs & Standpipes	-	-	-
331400	T&D Mains	-	-	-
333400	Services	-	-	-
334400	Meters & Meter Installations	-	-	-
334420	Meter Installations	-	-	-
334430	Meters-ERT	-	-	-
334440	Meters-Other	-	-	-
335400	Hydrants	-	-	-
336400	Backflow Prevention Devices	-	-	-
339200	Oth Plnt & Misc Eq-SoS&Pump	-	-	-
339400	Oth Plnt & Misc Eq-T&D	-	-	-
340500	Office Furniture & Equipment	-	-	-
340550	OF&E-Computer Equipment	-	-	-
340600	SAP Software	-	-	-
341500	Transportation Equipment	-	-	-
342500	Stores Equipment	-	-	-
343500	Tools, Shop & Garage Equip	-	-	-
344500	Laboratory Equipment	-	-	-
345500	Power Operated Equipment	-	-	-
346500	Communication Equipment	-	-	-
347500	Miscellaneous Equipment	-	-	-
348500	Other Tangible Plant	-	-	-
252000	CAC	-	-	-
271000	CIAC	-	-	-
Total		$ 3,080,406	$ (154,020)	$ 2,926,386

Aqua New Jersey, Inc
Wastewater Systems
Post Test Year Plant Additions & Retirements
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Post Test Year Additions: May 01, 2026 thru October 31, 2026

Account	Description	Gross Additions	Period Retirements	Net Additions
301100	Franchise	$ -	$ -	$ -
302100	Structures	-	-	-
303210	Structures	-	-	-
303220	Power Generation Equip TD	-	-	-
303300	Power Generation Equip TD	-	-	-
303400	Collection Mains - Gravity	-	-	-
303510	Pumping Equip	-	-	-
304220	Structures	-	-	-
304300	Structures	-	-	-
304400	Force Mains	-	-	-
304500	Collection Mains - Gravity	-	-	-
304510	Services	-	-	-
307200	Flow Measuring Devices	-	-	-
309200	Pumping Equip	-	-	-
310200	Treatment & Disposal Equip	-	-	-
310201	Structures	-	-	-
310300	Structures	-	-	-
310400	Structures	-	-	-
311200	Power Generation Equip TD	-	-	-
311250	Power Generation Equip TD	-	-	-
311300	Force Mains	-	-	-
311400	Collection Mains - Gravity	-	-	-
320300	Services	-	-	-
330400	Treatment & Disposal Equip	-	-	-
331400	Structures	-	-	-
333400	Structures	-	-	-
334400	Structures	-	-	-
334420	Structures	-	-	-
334430	Power Generation Equip TD	-	-	-
334440	Power Generation Equip TD	-	-	-
335400	Collection Mains - Gravity	-	-	-
336400	Services	-	-	-
339200	Flow Measuring Devices	-	-	-
339400	Pumping Equip	-	-	-
340500	Treatment & Disposal Equip	-	-	-
340550	Communication Equipment	-	-	-
340600	Organization	-	-	-
341500	Land & Rights	-	-	-
342500	Structures	-	-	-
343500	Structures	-	-	-
344500	Power Generation Equip Pumping	-	-	-
345500	Force Mains	-	-	-
346500	Collection Mains - Gravity	-	-	-
347500	Services	-	-	-
348500	Flow Measuring Devices	-	-	-
252000	Pumping Equip	-	-	-
271000	Treatment & Disposal Equip	-	-	-
Total		$ -	$ -	$ -

Witness: William C. Packer Jr.

Aqua New Jersey, Inc
Water Systems
Materials And Supplies
Rate Base Component
Base Year Ended September 30, 2025

Description		Amount
September 2024	$	5,606,868
October 2024		5,606,868
November 2024		5,606,868
December 2024		5,606,868
January 2025		5,752,118
February 2025		6,131,627
March 2025		5,969,373
April 2025		5,406,942
May 2025		5,035,584
June 2025		4,875,143
July 2025		5,420,794
August 2025		5,481,187
September 2025		5,575,891
Total	$	72,076,130
Test Year Amount - 13-Month Average	$	5,544,318

Witness: William C. Packer Jr.

Aqua New Jersey, Inc
Wastewater Systems
Materials And Supplies
Rate Base Component
Base Year Ended September 30, 2025

Description		Amount
September 2024	$	-
October 2024		-
November 2024		-
December 2024		-
January 2025		-
February 2025		-
March 2025		-
April 2025		-
May 2025		-
June 2025		-
July 2025		-
August 2025		-
September 2025		-
Total	$	-
Test Year Amount - 13-Month Average	$	-

Witness: William C. Packer Jr.

Aqua New Jersey, Inc
Water Systems
Prepayments
Rate Base Component
Base Year Ended September 30, 2025

Description		Amount
September 2024	$	467,745
October 2024		518,545
November 2024		507,850
December 2024		564,720
January 2025		564,720
February 2025		564,720
March 2025		564,720
April 2025		564,720
May 2025		564,720
June 2025		448,576
July 2025		463,670
August 2025		643,057
September 2025		1,127,194
Total	$	7,564,959
Test Year Amount - 13-Month Average	$	581,920

Witness: William C. Packer Jr.

Aqua New Jersey, Inc
Wastewater Systems
Prepayments
Rate Base Component
Base Year Ended September 30, 2025

Description		Amount
September 2024	$	118,595
October 2024		321,891
November 2024		214,880
December 2024		106,372
January 2025		106,372
February 2025		106,372
March 2025		106,372
April 2025		106,372
May 2025		106,372
June 2025		281,097
July 2025		174,767
August 2025		176,196
September 2025		232,512
Total	$	2,158,169
Test Year Amount - 13-Month Average	$	166,013

Aqua New Jersey, Inc
Water Systems
Unamortized Acquisition Adjustment
Rate Base Component
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Balance @ 12/31/2024	2025 Additions	2025 Amortizations	Balance @ 9/30/2025	Amortization	Projected Balance @ 4/30/2026
Tranquility Springs	(67,177)	-	17,526	(49,650)	13,632	(36,019)
Harkers Hollow Heights	2,641	-	(851)	1,791	(662)	1,129
Bloomsbury	(34,649)	-	11,140	(23,509)	8,664	(14,845)
Wallkill water	(45,320)	-	14,144	(31,177)	11,001	(20,176)
Vernon	(8,123)	-	2,617	(5,506)	2,035	(3,471)
Summit Lake	(5,323)	-	756	(4,567)	588	(3,979)
Byram	(40,390)	-	4,327	(36,063)	3,366	(32,697)
Cliffside Park	(50,305)	-	5,580	(44,725)	4,340	(40,385)
Spartan Village (water)	(3,892)	-	556	(3,336)	432	(2,903)
Berkley	0	-	-	0	-	0
Lawrenceville	65,909	-	(21,192)	44,718	(16,482)	28,235
Seaview Harbor	(33,085)	-	4,137	(28,948)	3,218	(25,730)
Total	**$ (219,713)**	**$ -**	**$ 38,740**	**$ (180,973)**	**$ 30,131**	**$ (150,841)**

Aqua New Jersey, Inc
Wastewater Systems
Unamortized Acquisition Adjustment
Rate Base Component
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Balance @ 12/31/2024	2025 Additions	2025 Amortizations	Balance @ 9/30/2025	Montly Amortization	Amortization	Projected Balance @ 4/30/2026
Oakwood Village (sewer)	(11,802)	-	857	(10,945)	95	666	(10,279)
Walkill - Sewer	17,500	-	(1,270)	16,230	(141)	(988)	15,242
Bear Brook (sewer)	(310,908)	-	22,566	(288,342)	2,507	17,551	(270,791)
Stanton Ridge (sewer)	(272,693)	-	19,792	(252,900)	2,199	15,394	(237,507)
Spartan Village (sewer)	(23,065)	-	1,674	(21,391)	186	1,302	(20,089)
California Village (sewer)	33,076	-	(2,401)	30,675	(267)	(1,867)	28,808
Total	**$ (567,892)**	**$ -**	**$ 41,218**	**$ (526,674)**	**$ 4,580**	**$ 32,059**	**$ (494,616)**

Witness: William C. Packer Jr.

Aqua New Jersey, Inc
Water Systems
Reserve For Depreciation
Rate Base Component
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description		Amount
Actual Balance at September 30, 2025		
AQUA_017 Allowance for Depreciation	$	(114,785,523)
Regulatory Liability - Net Salvage		(11,462,945)
Depreciation 10/01/2025 thru 04/30/2026		(6,337,666)
Retirements/Removal/Salvage 10/01/2025 thru 04/30/2026		1,310,172
Test Year Reserve For Depreciation Balance	$	(131,275,963)

Witness: William C. Packer Jr.

Aqua New Jersey, Inc
Wastewater Systems
Reserve For Depreciation
Rate Base Component
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description	Amount
Actual Balance at September 30, 2025	
AQUA_017 Allowance for Depreciation	$ (10,688,590)
Regulatory Liability - Net Salvage	173
Depreciation 10/01/2025 thru 04/30/2026	(550,303)
Retirements/Removal/Salvage 10/01/2025 thru 04/30/2026	791,244
Test Year Reserve For Depreciation Balance	$ (10,447,475)
Adjustment for change in Depreiciation Rates (Exhibit 26.2)	$ -
Reserve For Depreciation Balance at Proposed Rates	$ (10,447,475)

Witness: William C. Packer Jr.

Aqua New Jersey, Inc
Water Systems
Customer Advances And Contributed Property
Rate Base Component
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description		Amount
Customer Advances:		
Actual Balance @ 09/30/2025	$	(24,862,455)
Activity/Refunds 10/01/2025 thru 04/30/2026		-
Test Year Customer Advances	$	(24,862,455)
Contributed Property:		
Actual Balance @ 09/30/2025 Inclusive of Amortization	$	(25,068,831)
Activity/Refunds 10/01/2025 thru 04/30/2026		-
Test Year Contributed Property	$	(25,068,831)

Aqua New Jersey, Inc
Wastewater Systems
Customer Advances And Contributed Property
Rate Base Component
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description		Amount
Customer Advances:		
Actual Balance @ 09/30/2025	$	(9,586,965)
Activity/Refunds 10/01/2025 thru 04/30/2026		-
Test Year Customer Advances	$	(9,586,965)
Contributed Property:		
Actual Balance @ 09/30/2025 Inclusive of Amortization	$	(280,334)
Activity/Refunds 10/01/2025 thru 04/30/2026		-
Test Year Contributed Property	$	(280,334)

Aqua New Jersey, Inc
Water Systems
Deferred Federal Taxes and Customer Deposits
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description			Amount
Accumulated Deferred Income Taxes 09/30/2025:			
Federal:			
Liberalized Depreciation	282000	$	(30,809,353)
Other	283000		(9,313,611)
Other Deferred Credits - 481A RegLiab; Excess DIT	253000		(19,733,741)
Reg Asset - FAS109	186300	$	33,247,195
Activity 10/01/2025 - 04/30/2026			5,178,704
Total Accumulated Deferred Income Taxes		$	(21,430,805)
Customer Deposits:			
Balance at 09/30/2025:	235000	$	115,591
Activity 10/01/2025 - 04/30/2026			-
Test Year Balance		$	115,591

Witness: William C. Packer Jr.

Aqua New Jersey, Inc
Wastewater Systems
Deferred Federal Taxes, Tank Maintenance Balance & Customer Deposits
Test Year Ended April 30, 2026 and Pro Forma Present Rates
5 Months Actual + 7 Months Estimated

Description			Amount
Accumulated Deferred Income Taxes 09/30/2025:			
Federal:			
Liberalized Depreciation	282000	$	15,495
Other	283000		-
Other Deferred Credits	253000		-
Miscellaneous Deferred Debits	186300		-
Activity 10/01/2025 - 04/30/2026			133,016
Total Accumulated Deferred Income Taxes		$	148,511
Customer Deposits:			
Balance at 09/30/2025:	235000	$	-
Activity 10/01/2025 - 04/30/2026			-
Test Year Balance		$	-

Aqua New Jersey, Inc
Water Systems
Schedule of Utility Plant In Service by Division

Total By Division	Balance at 09/30/25	Estimated Additions - October thru December 2025 Gross Additions	Retirements	Net	Estimated Additions - January thru April 2026 Gross Additions	Retirements	Net	Balance @ 04/30/2026	Post Test Year Additions (PTYA) GrossAdditions	Retirements	Net	ProForma Bal @ 10/31/2026	PF Depr_Exp	Accum_Depr1	Accum_Depr2
Central	$ 155,794,490	$ 3,114,239	$ (155,712)	$ 2,958,527	$ 2,260,829	$ (113,041)	$ 2,147,788	$ 160,900,805	$ 3,080,406	$ (154,020)	$ 2,926,386	**$ 163,827,190**	$ 3,498,347	$ 1,956,484	$ 1,734,834
Eastern	52,219,449	1,356,695	(67,835)	1,288,861	703,326	(35,166)	668,160	54,176,469	-	-	-	**54,176,469**	$ 1,264,975	$ 726,682	$ 632,488
Northern	146,379,875	1,458,608	(72,930)	1,385,678	10,694,908	(533,947)	10,160,961	157,926,514	-	-	-	**157,926,514**	$ 3,359,555	$ 1,890,107	$ 1,679,777
Southern	126,398,267	3,371,841	(168,592)	3,203,249	1,462,239	(73,112)	1,389,127	130,990,643	-	-	-	**130,990,643**	$ 2,600,585	$ 1,489,636	$ 1,300,292
Corporate	15,799,507	1,806,711	(90,336)	1,716,376	42,750	(2,138)	40,613	17,556,495	-	-	-	**17,556,495**	$ 481,991	$ 274,757	$ 240,996
Total	$ 496,591,588	$ 11,108,095	$ (555,405)	$ 10,552,690	$ 15,164,052	$ (757,404)	$ 14,406,648	$ 521,550,925	$ 3,080,406	$ (154,020)	$ 2,926,386	**$ 524,477,311**	$ 11,205,453	$ 6,337,666	$ 5,588,387
Totals Based on "Division" Filter ---------->	$ 496,591,588	$ 11,108,095	$ (555,405)	$ 10,552,690	$ 15,164,052	$ (757,404)	$ 14,406,648	$ 521,550,925	$ 3,080,406	$ (154,020)	$ 2,926,386	**$ 524,477,311**	11,205,453	6,337,666	5,588,387

Division	Account	Acct3	Description	Balance at 09/30/25	2025 Adddition Gross	2025 Adddition Retirements	2025 Adddition Net	2026 Adddition Gross	2026 Adddition Retirements	2026 Adddition Net	Balance @ 04/30/2026	Post Test Year Additions (PTYA) Gross	Retirements	Net	ProForma Bal @ 10/31/2026	Dep_Rate	PF Depr_Exp	Accum_Depr1	Accum_Depr2
Northern	301100	301	Organization	530,322	-	-	-	-	-	-	530,322	-	-	-	**530,322**	0.00%	$ -	0	0
Northern	302100	302	Franchises	262,262	-	-	-	-	-	-	262,262	-	-	-	**262,262**	0.00%	-	0	0
Northern	303210	303	Land & Land Rights-Source	188,341	-	-	-	-	-	-	188,341	-	-	-	**188,341**	0.00%	-	0	0
Northern	303220		Land & Land Rights-Pumping	3,109	-	-	-	-	-	-	3,109	-	-	-	**3,109**	0.00%	-	0	0
Northern	303300		Land & Land Rights-Treatment	53,001	-	-	-	-	-	-	53,001	-	-	-	**53,001**	0.00%	-	0	0
Northern	303400		Land & Land Rights-T&D	58,664	-	-	-	-	-	-	58,664	-	-	-	**58,664**	0.00%	-	0	0
Northern	303500		Land & Land Rights-General	3,791	-	-	-	-	-	-	3,791	-	-	-	**3,791**	0.00%	-	0	0
Northern	303510		Land & Land Rights-Office	(7,609)	-	-	-	-	-	-	(7,609)	-	-	-	**(7,609)**	0.00%	-	0	0
Northern	304000	304	Structures & Imp	-	-	-	-	11,904	(595)	11,309	11,309	-	-	-	**11,309**	0.00%	-	0	0
Northern	304200		Structures & Imp-SoS&Pump	50,939	18,027	(901)	17,126	-	-	-	68,065	-	-	-	**68,065**	3.69%	2,512	1,281	1,256
Northern	304210		Structures & Imp-Source	1,210	400	(20)	380	-	-	-	1,590	-	-	-	**1,590**	3.69%	59	30	29
Northern	304220		Structures & Imp-Pumping	645,371	12,039	(602)	11,437	-	-	-	656,808	-	-	-	**656,808**	1.50%	9,852	5,697	4,926
Northern	304300		Structures & Imp-Treatment	3,474,165	-	-	-	-	-	-	3,474,165	-	-	-	**3,474,165**	2.02%	70,178	40,937	35,089
Northern	304400		Structures & Imp-T&D	338,805	(20,481)	1,024	(19,457)	-	-	-	319,348	-	-	-	**319,348**	1.68%	5,365	3,225	2,683
Northern	304500		Structures & Imp-General	1,808,592	2	(0)	2	-	-	-	1,808,594	-	-	-	**1,808,594**	3.69%	66,737	38,930	33,369
Northern	304510		Structures & Imp-Gen-Office	868,855	3,053	(153)	2,901	-	-	-	871,756	-	-	-	**871,756**	1.64%	14,297	8,326	7,148
Northern	307200	307	Wells & Springs	4,125,606	18,160	(908)	17,252	15,964	-	15,964	4,158,822	-	-	-	**4,158,822**	1.26%	52,401	30,445	26,201
Northern	309200	309	Supply Mains	111,318	130,327	(6,516)	123,811	-	-	-	235,129	-	-	-	**235,129**	1.73%	4,068	1,748	2,034
Northern	310200	310	Power Generation Equip-Solar	8,895	-	-	-	-	-	-	8,895	-	-	-	**8,895**	2.47%	220	128	110
Northern	310201		Power Generation Equip-Solar	1,816,754	-	-	-	-	-	-	1,816,754	-	-	-	**1,816,754**	2.47%	44,874	26,176	22,437
Northern	310300		Power Generation Equip-Treat	-	-	-	-	-	-	-	-	-	-	-	**-**	2.47%	-	0	0
Northern	310400		Power Generation Equip-T&D	-	-	-	-	-	-	-	-	-	-	-	**-**	2.47%	-	0	0
Northern	311000	311	Pumping Equip	-	-	-	-	-	-	-	-	-	-	-	**-**	1.36%	-	0	0
Northern	311200		Pumping Equip-SoS&Pumping	3,881,136	104,620	(5,231)	99,389	-	-	-	3,980,525	-	-	-	**3,980,525**	1.36%	54,135	31,185	27,068
Northern	311240		Pumping Equip-SoS&P-Electric	226,349	(5,214)	261	(4,953)	-	-	-	221,396	-	-	-	**221,396**	1.36%	3,011	1,776	1,505
Northern	311250		Pumping Equip-SoS&P-Diesel	74,456	-	-	-	-	-	-	74,456	-	-	-	**74,456**	1.36%	1,013	591	506
Northern	311300		Pumping Equip-Treatment	16,464	-	-	-	-	-	-	16,464	-	-	-	**16,464**	1.83%	301	176	151
Northern	311400		Pumping Equip-T&D	257,766	(4,410)	220	(4,189)	-	-	-	253,577	-	-	-	**253,577**	1.83%	4,640	2,729	2,320
Northern	320300	320	Water Treatment Equipment	7,013,442	290,717	(14,536)	276,181	1,333,332	(66,667)	1,266,665	8,556,288	-	-	-	**8,556,288**	1.96%	167,703	89,007	83,852
Northern	320316		Water Treatment Equipment - PFAS	-	-	-	-	-	-	-	-	-	-	-	**-**	0.00%	-	0	0
Northern	330400	330	Dist Reservoirs & Standpipes	10,867,619	515	(26)	489	-	-	-	10,868,108	-	-	-	**10,868,108**	1.68%	182,584	106,505	91,292
Northern	330410		Distribution Reservoirs & Standpipes - Tank Pain	-	-	-	-	-	-	-	-	-	-	-	**-**	7.81%	-	0	0
Northern	331400	331	T&D Mains	65,651,203	303,718	(15,186)	288,532	6,357,838	(317,892)	6,039,946	71,979,681	-	-	-	**71,979,681**	1.64%	1,180,467	658,334	590,233
Northern	333400	333	Services	30,870,924	490,382	(24,519)	465,862	2,123,460	(106,173)	2,017,287	33,354,074	-	-	-	**33,354,074**	3.27%	1,090,678	612,546	545,339
Northern	334400	334	Meters & Meter Installations	921,693	76,714	(3,836)	72,879	84,746	(4,237)	80,509	1,075,080	-	-	-	**1,075,080**	3.81%	40,961	22,189	20,480
Northern	334420		Meter Installations	401,164	-	-	-	-	-	-	401,164	-	-	-	**401,164**	3.47%	13,920	8,120	6,960
Northern	334430		Meters-ERT	-	-	-	-	-	-	-	-	-	-	-	**-**	3.49%	-	0	0
Northern	334440		Meters-Other	4,660,790	-	-	-	-	-	-	4,660,790	-	-	-	**4,660,790**	2.52%	117,452	68,514	58,726
Northern	335400	335	Hydrants	4,952,615	34,056	(1,703)	32,353	767,664	(38,383)	729,281	5,714,248	-	-	-	**5,714,248**	1.70%	97,142	52,890	48,571
Northern	336400	336	Backflow Prevention Devices	64,442	-	-	-	-	-	-	64,442	-	-	-	**64,442**	2.88%	1,856	1,083	928
Northern	339200	339	Oth Plnt & Misc Eq-SoS&Pump	7,299	-	-	-	-	-	-	7,299	-	-	-	**7,299**	2.86%	209	122	104
Northern	339400		Oth Plnt & Misc Eq-T&D	17,285	-	-	-	-	-	-	17,285	-	-	-	**17,285**	0.17%	29	17	15
Northern	340500	340	Office Furniture & Equipment	40,427	-	-	-	-	-	-	40,427	-	-	-	**40,427**	5.03%	2,033	1,186	1,017
Northern	340550		OF&E-Computer Equipment	-	160	(8)	152	-	-	-	152	-	-	-	**152**	20.00%	30	9	15
Northern	340600		SAP Software	-	-	-	-	-	-	-	-	-	-	-	**-**	6.73%	-	0	0
Northern	341500	341	Transportation Equipment	269,020	-	-	-	-	-	-	269,020	-	-	-	**269,020**	3.04%	8,178	4,771	4,089
Northern	342500	342	Stores Equipment	200	-	-	-	-	-	-	200	-	-	-	**200**	6.20%	12	7	6
Northern	343500	343	Tools, Shop & Garage Equip	609,359	2,412	(121)	2,292	-	-	-	611,651	-	-	-	**611,651**	7.08%	43,305	25,214	21,652
Northern	344500	344	Laboratory Equipment	1,095	-	-	-	-	-	-	1,095	-	-	-	**1,095**	5.69%	62	36	31
Northern	345500	345	Power Operated Equipment	35,811	-	-	-	-	-	-	35,811	-	-	-	**35,811**	9.75%	3,492	2,037	1,746
Northern	346500	346	Communication Equipment	1,086,113	3,411	(171)	3,240	-	-	-	1,089,353	-	-	-	**1,089,353**	6.75%	73,531	42,829	36,766
Northern	347500	347	Miscellaneous Equipment	27,950	-	-	-	-	-	-	27,950	-	-	-	**27,950**	4.42%	1,235	721	618
Northern	348500	348	Other Tangible Plant	82,864	-	-	-	-	-	-	82,864	-	-	-	**82,864**	1.22%	1,011	590	505
Northern	252000	252	CAC	-	-	-	-	-	-	-	-	-	-	-	**-**	0.00%	-	0	0
Northern	271000	271	CIAC	-	-	-	-	-	-	-	-	-	-	-	**-**	0.00%	-	0	0

Aqua New Jersey, Inc
Water Systems
Schedule of Utility Plant In Service by Division

Total By Division	Balance at 09/30/25	Estimated Additions - October thru December 2025 Gross Additions	Retirements	Net	Estimated Additions - January thru April 2026 Gross Additions	Retirements	Net	Balance @ 04/30/2026	Post Test Year Additions (PTYA) GrossAdditions	Retirements	Net	ProForma Bal @ 10/31/2026	PF Depr_Exp	Accum_Depr1	Accum_Depr2
Central	$ 155,794,490	$ 3,114,239	$ (155,712)	$ 2,958,527	$ 2,260,829	$ (113,041)	$ 2,147,788	$ 160,900,805	$ 3,080,406	$ (154,020)	$ 2,926,386	**$ 163,827,190**	$ 3,498,347	$ 1,956,484	$ 1,734,834
Eastern	52,219,449	1,356,695	(67,835)	1,288,861	703,326	(35,166)	668,160	54,176,469	-	-	-	**54,176,469**	$ 1,264,975	$ 726,682	$ 632,488
Northern	146,379,875	1,458,608	(72,930)	1,385,678	10,694,908	(533,947)	10,160,961	157,926,514	-	-	-	**157,926,514**	$ 3,359,555	$ 1,890,107	$ 1,679,777
Southern	126,398,267	3,371,841	(168,592)	3,203,249	1,462,239	(73,112)	1,389,127	130,990,643	-	-	-	**130,990,643**	$ 2,600,585	$ 1,489,636	$ 1,300,292
Corporate	15,799,507	1,806,711	(90,336)	1,716,376	42,750	(2,138)	40,613	17,556,495	-	-	-	**17,556,495**	$ 481,991	$ 274,757	$ 240,996
Total	$ 496,591,588	$ 11,108,095	$ (555,405)	$ 10,552,690	$ 15,164,052	$ (757,404)	$ 14,406,648	$ 521,550,925	$ 3,080,406	$ (154,020)	$ 2,926,386	**$ 524,477,311**	$ 11,205,453	$ 6,337,666	$ 5,588,387
Totals Based on "Division" Filter ---------->	$ 496,591,588	$ 11,108,095	$ (555,405)	$ 10,552,690	$ 15,164,052	$ (757,404)	$ 14,406,648	$ 521,550,925	$ 3,080,406	$ (154,020)	$ 2,926,386	**$ 524,477,311**	11,205,453	6,337,666	5,588,387

Division	Account	Acct3	Description	Balance at 09/30/25	2025 Adddition Gross	Retirements	Net	2026 Adddition Gross	Retirements	Net	Balance @ 04/30/2026	Post Test Year Additions (PTYA) Gross	Retirements	Net	ProForma Bal @ 10/31/2026	Dep_Rate	PF Depr_Exp	Accum_Depr1	Accum_Depr2
Central	301100	301	Organization	333,997	-	-	-	-	-	-	333,997	-	-	-	**333,997**	0.00%	$ -	0	0
Central	302100	302	Franchises	299,482	-	-	-	-	-	-	299,482	-	-	-	**299,482**	0.00%	-	0	0
Central	303210	303	Land & Land Rights-Source	252,283	-	-	-	-	-	-	252,283	-	-	-	**252,283**	0.00%	-	0	0
Central	303220		Land & Land Rights-Pumping	5,164	-	-	-	-	-	-	5,164	-	-	-	**5,164**	0.00%	-	0	0
Central	303300		Land & Land Rights-Treatment	-	-	-	-	-	-	-	-	-	-	-	**-**	0.00%	-	0	0
Central	303400		Land & Land Rights-T&D	320,321	-	-	-	-	-	-	320,321	-	-	-	**320,321**	0.00%	-	0	0
Central	303500		Land & Land Rights-General	-	-	-	-	-	-	-	-	-	-	-	**-**	0.00%	-	0	0
Central	303510		Land & Land Rights-Office	33,492	-	-	-	-	-	-	33,492	-	-	-	**33,492**	0.00%	-	0	0
Central	304000	304	Structures & Imp	-	-	-	-	-	-	-	-	-	-	-	**-**	0.00%	-	0	0
Central	304200		Structures & Imp-SoS&Pump	27,244	-	-	-	-	-	-	27,244	-	-	-	**27,244**	3.69%	1,005	586	503
Central	304210		Structures & Imp-Source	8,363	-	-	-	-	-	-	8,363	-	-	-	**8,363**	3.69%	309	180	154
Central	304220		Structures & Imp-Pumping	364,231	-	-	-	-	-	-	364,231	-	-	-	**364,231**	1.50%	5,463	3,187	2,732
Central	304300		Structures & Imp-Treatment	4,272,181	-	-	-	-	-	-	4,272,181	-	-	-	**4,272,181**	2.02%	86,298	50,341	43,149
Central	304400		Structures & Imp-T&D	134,657	-	-	-	-	-	-	134,657	-	-	-	**134,657**	1.68%	2,262	1,320	1,131
Central	304500		Structures & Imp-General	1,407,666	11,598	(580)	11,018	-	-	-	1,418,684	-	-	-	**1,418,684**	3.69%	52,349	30,419	26,175
Central	304510		Structures & Imp-Gen-Office	1,079,635	4,721	(236)	4,485	-	-	-	1,084,120	-	-	-	**1,084,120**	1.64%	17,780	10,350	8,890
Central	307200	307	Wells & Springs	9,854,765	-	-	-	-	-	-	9,854,765	-	-	-	**9,854,765**	1.26%	124,170	72,433	62,085
Central	309200	309	Supply Mains	54,764	-	-	-	-	-	-	54,764	-	-	-	**54,764**	1.73%	947	553	474
Central	310000	310	Power Generation Equip	-	-	-	-	-	-	-	-	-	-	-	**-**	0.00%	-	0	0
Central	310200		Power Generation Equip-Solar	11,512	4,390	(219)	4,170	-	-	-	15,682	-	-	-	**15,682**	2.47%	387	196	194
Central	310201		Power Generation Equip-Solar	-	-	-	-	-	-	-	-	-	-	-	**-**	2.47%	-	0	0
Central	310300		Power Generation Equip-Treat	70,862	-	-	-	-	-	-	70,862	-	-	-	**70,862**	2.47%	1,750	1,021	875
Central	310400		Power Generation Equip-T&D	5,091	-	-	-	-	-	-	5,091	-	-	-	**5,091**	2.47%	126	73	63
Central	311000	311	Pumping Equip	-	-	-	-	30,352	(1,518)	28,834	28,834	-	-	-	**28,834**	1.36%	392	114	196
Central	311200		Pumping Equip-SoS&Pumping	1,827,820	10,747	(537)	10,210	-	-	-	1,838,030	-	-	-	**1,838,030**	1.36%	24,997	14,541	12,499
Central	311240		Pumping Equip-SoS&P-Electric	228,504	8,980	(449)	8,531	-	-	-	237,035	-	-	-	**237,035**	1.36%	3,224	1,847	1,612
Central	311250		Pumping Equip-SoS&P-Diesel	150,054	-	-	-	-	-	-	150,054	-	-	-	**150,054**	1.36%	2,041	1,190	1,020
Central	311300		Pumping Equip-Treatment	8,288	-	-	-	-	-	-	8,288	-	-	-	**8,288**	1.83%	152	88	76
Central	311400		Pumping Equip-T&D	18,219	-	-	-	-	-	-	18,219	-	-	-	**18,219**	1.83%	333	194	167
Central	320300	320	Water Treatment Equipment	11,802,720	2,213,029	(110,651)	2,102,377	-	-	-	13,905,098	3,080,406	(154,020)	2,926,386	**16,831,483**	1.96%	329,897	146,963	150,609
Central	330400	330	Dist Reservoirs & Standpipes	5,089,901	9,163	(458)	8,705	-	-	-	5,098,605	-	-	-	**5,098,605**	1.68%	85,657	49,924	42,828
Central	330410		Distribution Reservoirs & Standpipes - Tank Pain	-	-	-	-	-	-	-	-	-	-	-	**-**	7.81%	-	0	0
Central	331400	331	T&D Mains	76,306,535	(2,433,056)	121,653	(2,311,403)	2,065,564	(103,278)	1,962,286	75,957,418	-	-	-	**75,957,418**	1.64%	1,245,702	728,329	622,851
Central	333400	333	Services	25,800,169	2,320,557	(116,028)	2,204,529	-	-	-	28,004,699	-	-	-	**28,004,699**	3.27%	915,754	513,164	457,877
Central	334400	334	Meters & Meter Installations	1,036,196	83,742	(4,187)	79,555	105,910	(5,296)	100,615	1,216,365	-	-	-	**1,216,365**	3.81%	46,344	25,032	23,172
Central	334420		Meter Installations	969,974	-	-	-	-	-	-	969,974	-	-	-	**969,974**	3.47%	33,658	19,634	16,829
Central	334430		Meters-ERT	-	-	-	-	-	-	-	-	-	-	-	**-**	3.49%	-	0	0
Central	334440		Meters-Other	5,894,088	-	-	-	-	-	-	5,894,088	-	-	-	**5,894,088**	2.52%	148,531	86,643	74,266
Central	335400	335	Hydrants	4,428,501	93,356	(4,668)	88,689	-	-	-	4,517,190	-	-	-	**4,517,190**	1.70%	76,792	44,356	38,396
Central	336400	336	Backflow Prevention Devices	103,443	-	-	-	-	-	-	103,443	-	-	-	**103,443**	2.88%	2,979	1,738	1,490
Central	339200	339	Oth Plnt & Misc Eq-SoS&Pump	2,945	-	-	-	-	-	-	2,945	-	-	-	**2,945**	2.86%	84	49	42
Central	339400		Oth Plnt & Misc Eq-T&D	30,902	-	-	-	-	-	-	30,902	-	-	-	**30,902**	0.17%	53	31	26
Central	340500	340	Office Furniture & Equipment	114,545	-	-	-	59,003	(2,950)	56,053	170,597	-	-	-	**170,597**	5.03%	8,581	4,183	4,291
Central	340550		OF&E-Computer Equipment	73,840	-	-	-	-	-	-	73,840	-	-	-	**73,840**	20.00%	14,768	8,615	7,384
Central	340600		SAP Software	-	-	-	-	-	-	-	-	-	-	-	**-**	6.73%	-	0	0
Central	341500	341	Transportation Equipment	442,388	-	-	-	-	-	-	442,388	-	-	-	**442,388**	3.04%	13,449	7,845	6,724
Central	342500	342	Stores Equipment	20,393	-	-	-	-	-	-	20,393	-	-	-	**20,393**	6.20%	1,264	738	632
Central	343500	343	Tools, Shop & Garage Equip	286,778	187,353	(9,368)	177,985	-	-	-	464,763	-	-	-	**464,763**	7.08%	32,905	15,519	16,453
Central	344500	344	Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	**-**	5.69%	-	0	0
Central	345500	345	Power Operated Equipment	186,406	99,753	(4,988)	94,765	-	-	-	281,171	-	-	-	**281,171**	9.75%	27,414	13,297	13,707
Central	346500	346	Communication Equipment	2,326,525	499,906	(24,995)	474,910	-	-	-	2,801,436	-	-	-	**2,801,436**	6.75%	189,097	100,957	94,548
Central	347500	347	Miscellaneous Equipment	2,973	-	-	-	-	-	-	2,973	-	-	-	**2,973**	4.42%	131	77	66
Central	348500	348	Other Tangible Plant	106,673	-	-	-	-	-	-	106,673	-	-	-	**106,673**	1.22%	1,301	759	651
Central	252000	252	CAC	-	-	-	-	-	-	-	-	-	-	-	**-**	0.00%	-	0	0
Central	271000	271	CIAC	-	-	-	-	-	-	-	-	-	-	-	**-**	0.00%	-	0	0

Aqua New Jersey, Inc
Water Systems
Schedule of Utility Plant In Service by Division

Total By Division	Balance at 09/30/25	Estimated Additions - October thru December 2025 Gross Additions	Retirements	Net	Estimated Additions - January thru April 2026 Gross Additions	Retirements	Net	Balance @ 04/30/2026	Post Test Year Additions (PTYA) GrossAdditions	Retirements	Net	ProForma Bal @ 10/31/2026	PF Depr_Exp	Accum_Depr1	Accum_Depr2
Central	$ 155,794,490	$ 3,114,239	$ (155,712)	$ 2,958,527	$ 2,260,829	$ (113,041)	$ 2,147,788	$ 160,900,805	$ 3,080,406	$ (154,020)	$ 2,926,386	**$ 163,827,190**	$ 3,498,347	$ 1,956,484	$ 1,734,834
Eastern	52,219,449	1,356,695	(67,835)	1,288,861	703,326	(35,166)	668,160	54,176,469	-	-	-	**54,176,469**	$ 1,264,975	$ 726,682	$ 632,488
Northern	146,379,875	1,458,608	(72,930)	1,385,678	10,694,908	(533,947)	10,160,961	157,926,514	-	-	-	**157,926,514**	$ 3,359,555	$ 1,890,107	$ 1,679,777
Southern	126,398,267	3,371,841	(168,592)	3,203,249	1,462,239	(73,112)	1,389,127	130,990,643	-	-	-	**130,990,643**	$ 2,600,585	$ 1,489,636	$ 1,300,292
Corporate	15,799,507	1,806,711	(90,336)	1,716,376	42,750	(2,138)	40,613	17,556,495	-	-	-	**17,556,495**	$ 481,991	$ 274,757	$ 240,996
Total	$ 496,591,588	$ 11,108,095	$ (555,405)	$ 10,552,690	$ 15,164,052	$ (757,404)	$ 14,406,648	$ 521,550,925	$ 3,080,406	$ (154,020)	$ 2,926,386	**$ 524,477,311**	$ 11,205,453	$ 6,337,666	$ 5,588,387
Totals Based on "Division" Filter ---------->	$ 496,591,588	$ 11,108,095	$ (555,405)	$ 10,552,690	$ 15,164,052	$ (757,404)	$ 14,406,648	$ 521,550,925	$ 3,080,406	$ (154,020)	$ 2,926,386	**$ 524,477,311**	11,205,453	6,337,666	5,588,387

Division	Account	Acct3	Description	Balance at 09/30/25	2025 Addditions Gross	Retirements	Net	2026 Addditions Gross	Retirements	Net	Balance @ 04/30/2026	Post Test Year Additions (PTYA) Gross	Retirements	Net	ProForma Bal @ 10/31/2026	Dep_Rate	PF Depr_Exp	Accum_Depr1	Accum_Depr2
Southern	301100	301	Organization	197,720	-	-	-	-	-	-	197,720	-	-	-	**197,720**	0.00%	$ -	0	0
Southern	302100	302	Franchises	66,523	-	-	-	-	-	-	66,523	-	-	-	**66,523**	0.00%	-	0	0
Southern	303210	303	Land & Land Rights-Source	781,254	-	-	-	-	-	-	781,254	-	-	-	**781,254**	0.00%	-	0	0
Southern	303220		Land & Land Rights-Pumping	11,102	-	-	-	-	-	-	11,102	-	-	-	**11,102**	0.00%	-	0	0
Southern	303300		Land & Land Rights-Treatment	317,031	-	-	-	-	-	-	317,031	-	-	-	**317,031**	0.00%	-	0	0
Southern	303400		Land & Land Rights-T&D	110,046	-	-	-	-	-	-	110,046	-	-	-	**110,046**	0.00%	-	0	0
Southern	303500		Land & Land Rights-General	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	0	0
Southern	303510		Land & Land Rights-Office	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	0	0
Southern	303510		Land & Land Rights-Office	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	0	0
Southern	304200	304	Structures & Imp-SoS&Pump	140,005	(11,685)	584	(11,101)	39,900	(1,995)	37,905	166,809	-	-	-	**166,809**	3.69%	6,155	3,302	3,078
Southern	304210		Structures & Imp-Source	1,610	-	-	-	-	-	-	1,610	-	-	-	**1,610**	3.69%	59	35	30
Southern	304220		Structures & Imp-Pumping	879,806	7,105	(355)	6,750	-	-	-	886,556	-	-	-	**886,556**	1.50%	13,298	7,728	6,649
Southern	304300		Structures & Imp-Treatment	8,781,313	-	-	-	-	-	-	8,781,313	-	-	-	**8,781,313**	2.02%	177,383	103,473	88,691
Southern	304400		Structures & Imp-T&D	453,078	-	-	-	-	-	-	453,078	-	-	-	**453,078**	1.68%	7,612	4,440	3,806
Southern	304500		Structures & Imp-General	1,299,917	34,500	(1,725)	32,775	-	-	-	1,332,692	-	-	-	**1,332,692**	3.69%	49,176	28,333	24,588
Southern	304510		Structures & Imp-Gen-Office	1,005,513	-	-	-	-	-	-	1,005,513	-	-	-	**1,005,513**	1.64%	16,490	9,619	8,245
Southern	307200	307	Wells & Springs	8,138,838	-	-	-	-	-	-	8,138,838	-	-	-	**8,138,838**	1.26%	102,549	59,820	51,275
Southern	309200	309	Supply Mains	400,935	-	-	-	-	-	-	400,935	-	-	-	**400,935**	1.73%	6,936	4,046	3,468
Southern	310200	310	Power Generation Equip-Solar	45,734	9,750	(488)	9,263	-	-	-	54,997	-	-	-	**54,997**	2.47%	1,358	726	679
Southern	310201		Power Generation Equip-Solar	498,997	-	-	-	-	-	-	498,997	-	-	-	**498,997**	2.47%	12,325	7,190	6,163
Southern	310300		Power Generation Equip-Treat	15,597	-	-	-	-	-	-	15,597	-	-	-	**15,597**	2.47%	385	225	193
Southern	310400		Power Generation Equip-T&D	2,830	-	-	-	-	-	-	2,830	-	-	-	**2,830**	2.47%	70	41	35
Southern	311000	311	Pumping Equip	-	-	-	-	-	-	-	-	-	-	-	-	1.36%	-	0	0
Southern	311200		Pumping Equip-SoS&Pumping	3,635,716	-	-	-	-	-	-	3,635,716	-	-	-	**3,635,716**	1.36%	49,446	28,843	24,723
Southern	311240		Pumping Equip-SoS&P-Electric	99,390	(554)	28	(527)	-	-	-	98,864	-	-	-	**98,864**	1.36%	1,345	786	672
Southern	311250		Pumping Equip-SoS&P-Diesel	408,526	-	-	-	-	-	-	408,526	-	-	-	**408,526**	1.36%	5,556	3,241	2,778
Southern	311300		Pumping Equip-Treatment	1,761	-	-	-	-	-	-	1,761	-	-	-	**1,761**	1.83%	32	19	16
Southern	311400		Pumping Equip-T&D	23,755	-	-	-	-	-	-	23,755	-	-	-	**23,755**	1.83%	435	254	217
Southern	320300	320	Water Treatment Equipment	1,910,886	193,677	(9,684)	183,993	-	-	-	2,094,879	-	-	-	**2,094,879**	1.96%	41,060	22,900	20,530
Southern	320316		Water Treatment Equipment - PFAS	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	0	0
Southern	330400	330	Dist Reservoirs & Standpipes	8,515,559	-	-	-	1,296,884	(64,844)	1,232,040	9,747,599	-	-	-	**9,747,599**	1.68%	163,760	89,489	81,880
Southern	330410		Distribution Reservoirs & Standpipes - Tank Pain	-	-	-	-	-	-	-	-	-	-	-	-	7.81%	-	0	0
Southern	331400	331	T&D Mains	59,063,359	2,219,410	(110,970)	2,108,439	-	-	-	61,171,799	-	-	-	**61,171,799**	1.64%	1,003,217	575,125	501,609
Southern	333400	333	Services	15,675,625	727,296	(36,365)	690,931	-	-	-	16,366,556	-	-	-	**16,366,556**	3.27%	535,186	305,602	267,593
Southern	334400	334	Meters & Meter Installations	1,355,505	112,368	(5,618)	106,749	111,205	(5,560)	105,645	1,567,899	-	-	-	**1,567,899**	3.81%	59,737	32,486	29,868
Southern	334420		Meter Installations	1,625,159	-	-	-	-	-	-	1,625,159	-	-	-	**1,625,159**	3.47%	56,393	32,896	28,197
Southern	334430		Meters-ERT	1,553,446	-	-	-	-	-	-	1,553,446	-	-	-	**1,553,446**	3.49%	54,215	31,626	27,108
Southern	334440		Meters-Other	3,903,518	-	-	-	-	-	-	3,903,518	-	-	-	**3,903,518**	2.52%	98,369	57,382	49,184
Southern	335400	335	Hydrants	3,939,075	78,350	(3,917)	74,432	-	-	-	4,013,507	-	-	-	**4,013,507**	1.70%	68,230	39,432	34,115
Southern	336400	336	Backflow Prevention Devices	127,774	-	-	-	-	-	-	127,774	-	-	-	**127,774**	2.88%	3,680	2,147	1,840
Southern	339200	339	Oth Plnt & Misc Eq-SoS&Pump	406,607	-	-	-	-	-	-	406,607	-	-	-	**406,607**	2.86%	11,629	6,784	5,814
Southern	339400		Oth Plnt & Misc Eq-T&D	21,798	-	-	-	-	-	-	21,798	-	-	-	**21,798**	0.17%	37	22	19
Southern	340500	340	Office Furniture & Equipment	105,855	1,624	(81)	1,543	-	-	-	107,398	-	-	-	**107,398**	5.03%	5,402	3,129	2,701
Southern	340550		OF&E-Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	20.00%	-	0	0
Southern	340600		SAP Software	-	-	-	-	-	-	-	-	-	-	-	-	6.73%	-	0	0
Southern	341500	341	Transportation Equipment	181,667	-	-	-	14,250	(713)	13,538	195,205	-	-	-	**195,205**	3.04%	5,934	3,342	2,967
Southern	342500	342	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-	6.20%	-	0	0
Southern	343500	343	Tools, Shop & Garage Equip	165,283	-	-	-	-	-	-	165,283	-	-	-	**165,283**	7.08%	11,702	6,826	5,851
Southern	344500	344	Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-	5.69%	-	0	0
Southern	345500	345	Power Operated Equipment	30,488	-	-	-	-	-	-	30,488	-	-	-	**30,488**	9.75%	2,973	1,734	1,486
Southern	346500	346	Communication Equipment	360,462	-	-	-	-	-	-	360,462	-	-	-	**360,462**	6.75%	24,331	14,193	12,166
Southern	347500	347	Miscellaneous Equipment	75,635	-	-	-	-	-	-	75,635	-	-	-	**75,635**	4.42%	3,343	1,950	1,672
Southern	348500	348	Other Tangible Plant	63,569	-	-	-	-	-	-	63,569	-	-	-	**63,569**	1.22%	776	452	388
Southern	252000	252	CAC	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	0	0
Southern	271000	271	CIAC	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	0	0

Aqua New Jersey, Inc
Water Systems
Schedule of Utility Plant In Service by Division

Total By Division	Balance at 09/30/25	Estimated Additions - October thru December 2025 Gross Additions	Retirements	Net	Estimated Additions - January thru April 2026 Gross Additions	Retirements	Net	Balance @ 04/30/2026	Post Test Year Additions (PTYA) GrossAdditions	Retirements	Net	ProForma Bal @ 10/31/2026	PF Depr_Exp	Accum_Depr1	Accum_Depr2
Central	$ 155,794,490	$ 3,114,239	$ (155,712)	$ 2,958,527	$ 2,260,829	$ (113,041)	$ 2,147,788	$ 160,900,805	$ 3,080,406	$ (154,020)	$ 2,926,386	**$ 163,827,190**	$ 3,498,347	$ 1,956,484	$ 1,734,834
Eastern	52,219,449	1,356,695	(67,835)	1,288,861	703,326	(35,166)	668,160	54,176,469	-	-	-	**54,176,469**	$ 1,264,975	$ 726,682	$ 632,488
Northern	146,379,875	1,458,608	(72,930)	1,385,678	10,694,908	(533,947)	10,160,961	157,926,514	-	-	-	**157,926,514**	$ 3,359,555	$ 1,890,107	$ 1,679,777
Southern	126,398,267	3,371,841	(168,592)	3,203,249	1,462,239	(73,112)	1,389,127	130,990,643	-	-	-	**130,990,643**	$ 2,600,585	$ 1,489,636	$ 1,300,292
Corporate	15,799,507	1,806,711	(90,336)	1,716,376	42,750	(2,138)	40,613	17,556,495	-	-	-	**17,556,495**	$ 481,991	$ 274,757	$ 240,996
Total	$ 496,591,588	$ 11,108,095	$ (555,405)	$ 10,552,690	$ 15,164,052	$ (757,404)	$ 14,406,648	$ 521,550,925	$ 3,080,406	$ (154,020)	$ 2,926,386	**$ 524,477,311**	$ 11,205,453	$ 6,337,666	$ 5,588,387
Totals Based on "Division" Filter ---------->	$ 496,591,588	$ 11,108,095	$ (555,405)	$ 10,552,690	$ 15,164,052	$ (757,404)	$ 14,406,648	$ 521,550,925	$ 3,080,406	$ (154,020)	$ 2,926,386	**$ 524,477,311**	11,205,453	6,337,666	5,588,387

Division	Account	Acct3	Description	Balance at 09/30/25	2025 Addditions Gross	Retirements	Net	2026 Addditions Gross	Retirements	Net	Balance @ 04/30/2026	Post Test Year Additions (PTYA) Gross	Retirements	Net	ProForma Bal @ 10/31/2026	Dep_Rate	PF Depr_Exp	Accum_Depr1	Accum_Depr2
Eastern	301100	301	Organization	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	0	0
Eastern	302100	302	Franchises	567	-	-	-	-	-	-	567	-	-	-	**567**	0.00%	-	0	0
Eastern	303210	303	Land & Land Rights-Source	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	0	0
Eastern	303220		Land & Land Rights-Pumping	59,385	-	-	-	-	-	-	59,385	-	-	-	**59,385**	0.00%	-	0	0
Eastern	303300		Land & Land Rights-Treatment	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	0	0
Eastern	303400		Land & Land Rights-T&D	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	0	0
Eastern	303500		Land & Land Rights-General	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	0	0
Eastern	303510		Land & Land Rights-Office	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	0	0
Eastern	304000	304	Structures & Imp	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	0	0
Eastern	304200		Structures & Imp-SoS&Pump	563	-	-	-	-	-	-	563	-	-	-	**563**	3.69%	21	12	10
Eastern	304210		Structures & Imp-Source	161	-	-	-	-	-	-	161	-	-	-	**161**	3.69%	6	3	3
Eastern	304220		Structures & Imp-Pumping	-	-	-	-	-	-	-	-	-	-	-	-	1.50%	-	0	0
Eastern	304300		Structures & Imp-Treatment	2,533	-	-	-	-	-	-	2,533	-	-	-	**2,533**	2.02%	51	30	26
Eastern	304400		Structures & Imp-T&D	-	-	-	-	-	-	-	-	-	-	-	-	1.68%	-	0	0
Eastern	304500		Structures & Imp-General	9,754,606	-	-	-	-	-	-	9,754,606	-	-	-	**9,754,606**	3.69%	359,945	209,968	179,972
Eastern	304510		Structures & Imp-Gen-Office	1,430	-	-	-	-	-	-	1,430	-	-	-	**1,430**	1.64%	23	14	12
Eastern	307200	307	Wells & Springs	1,445,846	-	-	-	-	-	-	1,445,846	-	-	-	**1,445,846**	1.26%	18,218	10,627	9,109
Eastern	309200	309	Supply Mains	12,400	-	-	-	-	-	-	12,400	-	-	-	**12,400**	1.73%	215	125	107
Eastern	310000	310	Power Generation Equip	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	0	0
Eastern	310200		Power Generation Equip-Solar	2	-	-	-	-	-	-	2	-	-	-	**2**	2.47%	0	0	0
Eastern	310201		Power Generation Equip-Solar	-	-	-	-	-	-	-	-	-	-	-	-	2.47%	-	0	0
Eastern	310300		Power Generation Equip-Treat	134,770	3	(0)	3	-	-	-	134,772	-	-	-	**134,772**	2.47%	3,329	1,942	1,664
Eastern	310400		Power Generation Equip-T&D	-	-	-	-	-	-	-	-	-	-	-	-	2.47%	-	0	0
Eastern	311000	311	Pumping Equip	-	-	-	-	10,493	(525)	9,968	9,968	-	-	-	**9,968**	1.36%	136	40	68
Eastern	311200		Pumping Equip-SoS&Pumping	958,501	13,725	(686)	13,039	-	-	-	971,540	-	-	-	**971,540**	1.36%	13,213	7,656	6,606
Eastern	311250		Pumping Equip-SoS&P-Diesel	1,137	-	-	-	-	-	-	1,137	-	-	-	**1,137**	1.36%	15	9	8
Eastern	311300		Pumping Equip-Treatment	-	-	-	-	-	-	-	-	-	-	-	-	1.83%	-	0	0
Eastern	311400		Pumping Equip-T&D	-	-	-	-	-	-	-	-	-	-	-	-	1.83%	-	0	0
Eastern	320300	320	Water Treatment Equipment	6,984,171	2,653	(133)	2,520	-	-	-	6,986,691	-	-	-	**6,986,691**	1.96%	136,939	79,867	68,470
Eastern	330400	330	Dist Reservoirs & Standpipes	2,823,727	-	-	-	-	-	-	2,823,727	-	-	-	**2,823,727**	1.68%	47,439	27,673	23,719
Eastern	330410		Distribution Reservoirs & Standpipes - Tank Pain	-	-	-	-	-	-	-	-	-	-	-	-	7.81%	-	0	0
Eastern	331400	331	T&D Mains	19,536,693	744,422	(37,221)	707,201	692,833	(34,642)	658,191	20,902,085	-	-	-	**20,902,085**	1.64%	342,794	193,432	171,397
Eastern	333400	333	Services	7,491,124	356,153	(17,808)	338,345	-	-	-	7,829,469	-	-	-	**7,829,469**	3.27%	256,024	146,120	128,012
Eastern	334400	334	Meters & Meter Installations	221,768	11,390	(569)	10,820	-	-	-	232,588	-	-	-	**232,588**	3.81%	8,862	5,049	4,431
Eastern	334420		Meter Installations	38,700	-	-	-	-	-	-	38,700	-	-	-	**38,700**	3.47%	1,343	783	671
Eastern	334430		Meters-ERT	760,564	-	-	-	-	-	-	760,564	-	-	-	**760,564**	3.49%	26,544	15,484	13,272
Eastern	334440		Meters-Other	1,079,178	43,876	(2,194)	41,682	-	-	-	1,120,860	-	-	-	**1,120,860**	2.52%	28,246	16,170	14,123
Eastern	335400	335	Hydrants	792,386	183,265	(9,163)	174,102	-	-	-	966,488	-	-	-	**966,488**	1.70%	16,430	8,721	8,215
Eastern	336400	336	Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-	2.88%	-	0	0
Eastern	339200	339	Oth Plnt & Misc Eq-SoS&Pump	-	-	-	-	-	-	-	-	-	-	-	-	2.86%	-	0	0
Eastern	339400		Oth Plnt & Misc Eq-T&D	-	-	-	-	-	-	-	-	-	-	-	-	0.17%	-	0	0
Eastern	340500	340	Office Furniture & Equipment	7,941	-	-	-	-	-	-	7,941	-	-	-	**7,941**	5.03%	399	233	200
Eastern	340550		OF&E-Computer Equipment	-	1,210	(60)	1,149	-	-	-	1,149	-	-	-	**1,149**	20.00%	230	67	115
Eastern	340600		SAP Software	-	-	-	-	-	-	-	-	-	-	-	-	6.73%	-	0	0
Eastern	341500	341	Transportation Equipment	69,869	-	-	-	-	-	-	69,869	-	-	-	**69,869**	3.04%	2,124	1,239	1,062
Eastern	342500	342	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-	6.20%	-	0	0
Eastern	343500	343	Tools, Shop & Garage Equip	-	-	-	-	-	-	-	-	-	-	-	-	7.08%	-	0	0
Eastern	344500	344	Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-	5.69%	-	0	0
Eastern	345500	345	Power Operated Equipment	-	-	-	-	-	-	-	-	-	-	-	-	9.75%	-	0	0
Eastern	346500	346	Communication Equipment	25,748	-	-	-	-	-	-	25,748	-	-	-	**25,748**	6.75%	1,738	1,014	869
Eastern	347500	347	Miscellaneous Equipment	15,680	-	-	-	-	-	-	15,680	-	-	-	**15,680**	4.42%	693	404	347
Eastern	348500	348	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	1.22%	-	0	0
Eastern	252000	252	CAC	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	0	0
Eastern	271000	271	CIAC	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	0	0

Aqua New Jersey, Inc
Water Systems
Schedule of Utility Plant In Service by Division

Total By Division	Balance at 09/30/25	Estimated Additions - October thru December 2025 Gross Additions	Retirements	Net	Estimated Additions - January thru April 2026 Gross Additions	Retirements	Net	Balance @ 04/30/2026	Post Test Year Additions (PTYA) GrossAdditions	Retirements	Net	ProForma Bal @ 10/31/2026	PF Depr_Exp	Accum_Depr1	Accum_Depr2
Central	$ 155,794,490	$ 3,114,239	$ (155,712)	$ 2,958,527	$ 2,260,829	$ (113,041)	$ 2,147,788	$ 160,900,805	$ 3,080,406	$ (154,020)	$ 2,926,386	**$ 163,827,190**	$ 3,498,347	$ 1,956,484	$ 1,734,834
Eastern	52,219,449	1,356,695	(67,835)	1,288,861	703,326	(35,166)	668,160	54,176,469	-	-	-	**54,176,469**	$ 1,264,975	$ 726,682	$ 632,488
Northern	146,379,875	1,458,608	(72,930)	1,385,678	10,694,908	(533,947)	10,160,961	157,926,514	-	-	-	**157,926,514**	$ 3,359,555	$ 1,890,107	$ 1,679,777
Southern	126,398,267	3,371,841	(168,592)	3,203,249	1,462,239	(73,112)	1,389,127	130,990,643	-	-	-	**130,990,643**	$ 2,600,585	$ 1,489,636	$ 1,300,292
Corporate	15,799,507	1,806,711	(90,336)	1,716,376	42,750	(2,138)	40,613	17,556,495	-	-	-	**17,556,495**	$ 481,991	$ 274,757	$ 240,996
Total	$ 496,591,588	$ 11,108,095	$ (555,405)	$ 10,552,690	$ 15,164,052	$ (757,404)	$ 14,406,648	$ 521,550,925	$ 3,080,406	$ (154,020)	$ 2,926,386	**$ 524,477,311**	$ 11,205,453	$ 6,337,666	$ 5,588,387
Totals Based on "Division" Filter ---------->	$ 496,591,588	$ 11,108,095	$ (555,405)	$ 10,552,690	$ 15,164,052	$ (757,404)	$ 14,406,648	$ 521,550,925	$ 3,080,406	$ (154,020)	$ 2,926,386	**$ 524,477,311**	11,205,453	6,337,666	5,588,387

Division	Account	Acct3	Description	Balance at 09/30/25	2025 Addditions Gross	Retirements	Net	2026 Addditions Gross	Retirements	Net	Balance @ 04/30/2026	Post Test Year Additions (PTYA) Gross	Retirements	Net	ProForma Bal @ 10/31/2026	Dep_Rate	PF Depr_Exp	Accum_Depr1	Accum_Depr2
Corporate	301100	301	Organization	1,438	-	-	-	-	-	-	1,438	-	-	-	**1,438**	0.00%	$ -	0	0
Corporate	302100	302	Franchises	-	-	-	-	-	-	-	-	-	-	-	**-**	0.00%	-	0	0
Corporate	303210	303	Land & Land Rights-Source	-	-	-	-	-	-	-	-	-	-	-	**-**	0.00%	-	0	0
Corporate	303220		Land & Land Rights-Pumping	-	-	-	-	-	-	-	-	-	-	-	**-**	0.00%	-	0	0
Corporate	303300		Land & Land Rights-Treatment	-	-	-	-	-	-	-	-	-	-	-	**-**	0.00%	-	0	0
Corporate	303400		Land & Land Rights-T&D	-	-	-	-	-	-	-	-	-	-	-	**-**	0.00%	-	0	0
Corporate	303510		Land & Land Rights-Office	-	-	-	-	-	-	-	-	-	-	-	**-**	0.00%	-	0	0
Corporate	304000	304	Structures & Imp	-	-	-	-	-	-	-	-	-	-	-	**-**	0.00%	-	0	0
Corporate	304200		Structures & Imp-SoS&Pump	-	-	-	-	-	-	-	-	-	-	-	**-**	3.69%	-	0	0
Corporate	304300		Structures & Imp-Treatment	-	-	-	-	-	-	-	-	-	-	-	**-**	2.02%	-	0	0
Corporate	304400		Structures & Imp-T&D	-	-	-	-	-	-	-	-	-	-	-	**-**	1.68%	-	0	0
Corporate	304500		Structures & Imp-General	-	-	-	-	-	-	-	-	-	-	-	**-**	3.69%	-	0	0
Corporate	304510		Structures & Imp-Gen-Office	625,709	-	-	-	-	-	-	625,709	-	-	-	**625,709**	1.64%	10,262	5,986	5,131
Corporate	307200	307	Wells & Springs	-	-	-	-	-	-	-	-	-	-	-	**-**	1.26%	-	0	0
Corporate	309200	309	Supply Mains	-	-	-	-	-	-	-	-	-	-	-	**-**	1.73%	-	0	0
Corporate	310200	310	Power Generation Equip-Solar	-	-	-	-	42,750	(2,138)	40,613	40,613	-	-	-	**40,613**	2.47%	1,003	293	502
Corporate	310300		Power Generation Equip-Treat	-	-	-	-	-	-	-	-	-	-	-	**-**	2.47%	-	0	0
Corporate	311000	311	Pumping Equip	-	-	-	-	-	-	-	-	-	-	-	**-**	1.36%	-	0	0
Corporate	311200		Pumping Equip-SoS&Pumping	-	-	-	-	-	-	-	-	-	-	-	**-**	1.36%	-	0	0
Corporate	311250		Pumping Equip-SoS&P-Diesel	-	-	-	-	-	-	-	-	-	-	-	**-**	1.36%	-	0	0
Corporate	311300		Pumping Equip-Treatment	-	-	-	-	-	-	-	-	-	-	-	**-**	1.83%	-	0	0
Corporate	311400		Pumping Equip-T&D	-	-	-	-	-	-	-	-	-	-	-	**-**	1.83%	-	0	0
Corporate	320300	320	Water Treatment Equipment	6,446	-	-	-	-	-	-	6,446	-	-	-	**6,446**	1.96%	126	74	63
Corporate	330400	330	Dist Reservoirs & Standpipes	-	-	-	-	-	-	-	-	-	-	-	**-**	1.68%	-	0	0
Corporate	331400	331	T&D Mains	922,971	(6,886)	344	(6,541)	-	-	-	916,430	-	-	-	**916,430**	1.64%	15,029	8,798	7,515
Corporate	333400	333	Services	-	-	-	-	-	-	-	-	-	-	-	**-**	3.27%	-	0	0
Corporate	334400	334	Meters & Meter Installations	-	-	-	-	-	-	-	-	-	-	-	**-**	3.81%	-	0	0
Corporate	334420		Meter Installations	-	-	-	-	-	-	-	-	-	-	-	**-**	3.47%	-	0	0
Corporate	334430		Meters-ERT	-	-	-	-	-	-	-	-	-	-	-	**-**	3.49%	-	0	0
Corporate	334440		Meters-Other	-	-	-	-	-	-	-	-	-	-	-	**-**	2.52%	-	0	0
Corporate	335400	335	Hydrants	-	-	-	-	-	-	-	-	-	-	-	**-**	1.70%	-	0	0
Corporate	336400	336	Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	**-**	2.88%	-	0	0
Corporate	339200	339	Oth Plnt & Misc Eq-SoS&Pump	-	-	-	-	-	-	-	-	-	-	-	**-**	2.86%	-	0	0
Corporate	339400		Oth Plnt & Misc Eq-T&D	-	-	-	-	-	-	-	-	-	-	-	**-**	0.17%	-	0	0
Corporate	340500	340	Office Furniture & Equipment	2,245,010	-	-	-	-	-	-	2,245,010	-	-	-	**2,245,010**	5.03%	112,924	65,872	56,462
Corporate	340550		OF&E-Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	**-**	20.00%	-	0	0
Corporate	340600		SAP Software	2,767,791	-	-	-	-	-	-	2,767,791	-	-	-	**2,767,791**	6.73%	186,272	108,659	93,136
Corporate	341500	341	Transportation Equipment	1,247,494	2,454	(123)	2,332	-	-	-	1,249,826	-	-	-	**1,249,826**	3.04%	37,995	22,143	18,997
Corporate	342500	342	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	**-**	6.20%	-	0	0
Corporate	343500	343	Tools, Shop & Garage Equip	-	-	-	-	-	-	-	-	-	-	-	**-**	7.08%	-	0	0
Corporate	344500	344	Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	**-**	5.69%	-	0	0
Corporate	345500	345	Power Operated Equipment	-	-	-	-	-	-	-	-	-	-	-	**-**	9.75%	-	0	0
Corporate	346500	346	Communication Equipment	-	-	-	-	-	-	-	-	-	-	-	**-**	6.75%	-	0	0
Corporate	347500	347	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	**-**	4.42%	-	0	0
Corporate	348500	348	Other Tangible Plant	7,982,647	1,811,143	(90,557)	1,720,586	-	-	-	9,703,232	-	-	-	**9,703,232**	1.22%	118,379	62,932	59,190
Corporate	252000	252	CAC	-	-	-	-	-	-	-	-	-	-	-	**-**	0.00%	-	0	0
Corporate	271000	271	CIAC	-	-	-	-	-	-	-	-	-	-	-	**-**	0.00%	-	0	0

Aqua New Jersey, Inc
Wastewater Systems
Schedule of Utility Plant In Service by Division

Total By Division	Balance at 09/30/25	Estimated Additions - October thru December			Estimated Additions - January thru April 2026			Balance @ 04/30/2026	Post Test Year Additions (PTYA)			ProForma Bal @ 10/31/2026	PF Depr_Exp	Accum_Depr1	Accum_Depr2
		Gross	Retirements	Net	Gross	Retirements	Net		Gross	Retirements	Net				
Bear Brook	$ 1,852,492	$ 25,063	$ (1,253)	$ 23,810	$ 28,500	$ (1,425)	$ 27,075	$ 1,903,377	$ -	$ -	$ -	$ 1,903,377	$ 72,045	$ 41,582	$ 36,022
California Village	829,060	16,773	(839)	15,934	58,341	(2,917)	55,424	900,418	-	-	-	900,418	29,086	16,494	14,543
Maxim	7,445,358	54,068	(2,703)	51,365	384,187	(19,209)	364,978	7,861,700	-	-	-	7,861,700	150,870	82,877	75,435
North Hanover	2,226,480	30,074	(1,504)	28,570	45,600	(2,280)	43,320	2,298,370	-	-	-	2,298,370	63,584	36,270	31,792
Oakwood Village	5,850,465	138,859	(6,943)	131,916	-	-	-	5,982,380	-	-	-	5,982,380	183,802	106,448	91,901
Spartan Village	2,093,969	6,860,346	-	6,860,346	82,191	(4,110)	78,081	9,032,396	-	-	-	9,032,396	192,344	71,935	96,172
Stanton Ridge	2,183,141	1,610	(81)	1,530	476,076	(23,804)	452,272	2,636,943	-	-	-	2,636,943	65,711	35,697	32,855
Wallkill	985,947	16,980	(849)	16,131	34,200	(1,710)	32,490	1,034,568	-	-	-	1,034,568	19,506	10,968	9,753
Woolwich	14,311,946	624,066	(31,203)	592,862	87,602	(4,380)	83,222	14,988,030	-	-	-	14,988,030	259,735	148,031	129,868
Total	$ 37,778,857	$ 7,767,839	$ (45,375)	$ 7,722,464	$ 1,196,697	$ (59,835)	$ 1,136,862	$ 46,638,183	$ -	$ -	$ -	$ 46,638,183	$ 1,036,682	$ 550,303	$ 518,341
Totals Based on "Division" Filter ----------->	$ 37,778,857	$ 7,767,839	$ (45,375)	$ 7,722,464	$ 1,196,697	$ (59,835)	$ 1,136,862	$ 46,638,183	$ -	$ -	$ -	$ 46,638,183	$ 1,036,682	$ 550,303	$ 518,341

Division	Account	Acct3	Description	Balance at 09/30/25	2025 Additions			2026 Additions			Balance @ 04/30/2026	Post Test Year Additions (PTYA)			ProForma Bal @ 10/31/2026	Dep_Rate	PF Depr_Exp	Accum_Depr1	Accum_Depr2
					Gross	Retirements	Net	Gross	Retirements	Net		Gross	Retirements	Net					
Bear Brook	352100	352	Franchise	69,447	-	-	-	-	-	-	69,447	-	-	-	**69,447**	0.00%	-	0	0
Bear Brook	354200	354	Structures	4,319	-	-	-	28,500	(1,425)	27,075	31,394	-	-	-	**31,394**	1.99%	625	207	312
Bear Brook	354400		Structures	3,818	-	-	-	-	-	-	3,818	-	-	-	**3,818**	1.99%	76	44	38
Bear Brook	355200	355	Power Generation Equip TD	-	1,820	(91)	1,729	-	-	-	1,729	-	-	-	**1,729**	4.96%	86	25	43
Bear Brook	355400	355	Power Generation Equip TD	6,251	-	-	-	-	-	-	6,251	-	-	-	**6,251**	4.96%	310	181	155
Bear Brook	361200	361	Collection Mains - Gravity	187,532	5,401	(270)	5,131	-	-	-	192,663	-	-	-	**192,663**	1.62%	3,121	1,796	1,561
Bear Brook	364200	364	Flow Measuring Devices	44,488	18	(1)	17	-	-	-	44,505	-	-	-	**44,505**	4.79%	2,132	1,243	1,066
Bear Brook	371300	371	Pumping Equip	815,015	17,825	(891)	16,934	-	-	-	831,948	-	-	-	**831,948**	4.80%	39,934	23,057	19,967
Bear Brook	380400	380	Treatment & Disposal Equip	721,622	-	-	-	-	-	-	721,622	-	-	-	**721,622**	3.57%	25,762	15,028	12,881
California Village	354300	354	Structures	5,840	-	-	-	44,091	(2,205)	41,886	47,726	-	-	-	**47,726**	1.99%	950	311	475
California Village	354400		Structures	205,507	-	-	-	-	-	-	205,507	-	-	-	**205,507**	1.99%	4,090	2,386	2,045
California Village	354500		Structures	38	-	-	-	-	-	-	38	-	-	-	**38**	1.99%	1	0	0
California Village	354700		Structures	55,910	-	-	-	-	-	-	55,910	-	-	-	**55,910**	1.90%	1,062	620	531
California Village	360200	360	Force Mains	1,354	-	-	-	-	-	-	1,354	-	-	-	**1,354**	1.56%	21	12	11
California Village	361200	361	Collection Mains - Gravity	105,002	-	-	-	14,250	(713)	13,538	118,539	-	-	-	**118,539**	1.62%	1,920	1,056	960
California Village	363200	363	Services	28,694	-	-	-	-	-	-	28,694	-	-	-	**28,694**	1.35%	387	226	194
California Village	364200	364	Flow Measuring Devices	284,298	-	-	-	-	-	-	284,298	-	-	-	**284,298**	4.79%	13,618	7,944	6,809
California Village	371300	371	Pumping Equip	112,494	-	-	-	-	-	-	112,494	-	-	-	**112,494**	4.80%	5,400	3,150	2,700
California Village	380400	380	Treatment & Disposal Equip	29,923	16,773	(839)	15,934	-	-	-	45,857	-	-	-	**45,857**	3.57%	1,637	789	819
Maxim	354200	354	Structures	35,139	-	-	-	17,100	(855)	16,245	51,384	-	-	-	**51,384**	1.99%	$ 1,023	502	511
Maxim	354300		Structures	175,003	-	-	-	-	-	-	175,003	-	-	-	**175,003**	1.99%	3,483	2,031	1,741
Maxim	354400		Structures	7,031	139,121	(6,956)	132,165	-	-	-	139,196	-	-	-	**139,196**	1.99%	2,770	849	1,385
Maxim	354700		Structures	139,121	(139,121)	6,956	(132,165)	-	-	-	6,956	-	-	-	**6,956**	1.90%	132	810	66
Maxim	355200	355	Power Generation Equip TD	67	-	-	-	-	-	-	67	-	-	-	**67**	4.96%	3	2	2
Maxim	355300		Power Generation Equip Pumping	31,321	-	-	-	-	-	-	31,321	-	-	-	**31,321**	4.93%	1,544	901	772
Maxim	355400		Power Generation Equip TD	151,481	-	-	-	-	-	-	151,481	-	-	-	**151,481**	4.96%	7,513	4,383	3,757
Maxim	360200	360	Force Mains	4,278	-	-	-	-	-	-	4,278	-	-	-	**4,278**	1.56%	67	39	33
Maxim	361200	361	Collection Mains - Gravity	5,995,582	-	-	-	-	-	-	5,995,582	-	-	-	**5,995,582**	1.62%	97,128	56,658	48,564
Maxim	363200	363	Services	657,196	45,477	(2,274)	43,203	14,250	(713)	13,538	713,936	-	-	-	**713,936**	1.35%	9,638	5,399	4,819
Maxim	371300	371	Pumping Equip	186,455	-	-	-	352,837	(17,642)	335,195	521,650	-	-	-	**521,650**	4.80%	25,039	9,913	12,520
Maxim	380400	380	Treatment & Disposal Equip	62,685	8,591	(430)	8,162	-	-	-	70,846	-	-	-	**70,846**	3.57%	2,529	1,390	1,265
North Hanover	352100	352	Franchise	23,477	-	-	-	-	-	-	23,477	-	-	-	**23,477**	0.00%	-	0	0
North Hanover	354200	354	Structures	3,797	-	-	-	-	-	-	3,797	-	-	-	**3,797**	1.99%	76	44	38
North Hanover	354300		Structures	51,845	-	-	-	-	-	-	51,845	-	-	-	**51,845**	1.99%	1,032	602	516
North Hanover	354400		Structures	590,238	-	-	-	-	-	-	590,238	-	-	-	**590,238**	1.99%	11,746	6,852	5,873
North Hanover	354500		Structures	366,871	-	-	-	-	-	-	366,871	-	-	-	**366,871**	1.99%	7,301	4,259	3,650
North Hanover	355200	355	Power Generation Equip TD	26,457	-	-	-	-	-	-	26,457	-	-	-	**26,457**	4.96%	1,312	765	656
North Hanover	355400		Power Generation Equip TD	4,446	-	-	-	-	-	-	4,446	-	-	-	**4,446**	4.96%	221	129	110
North Hanover	361200	361	Collection Mains - Gravity	319,280	-	-	-	21,375	(1,069)	20,306	339,587	-	-	-	**339,587**	1.62%	5,501	3,113	2,751
North Hanover	363200	363	Services	3,995	-	-	-	-	-	-	3,995	-	-	-	**3,995**	1.35%	54	31	27
North Hanover	364200	364	Flow Measuring Devices	248,533	3,815	(191)	3,625	-	-	-	252,158	-	-	-	**252,158**	4.79%	12,078	6,995	6,039
North Hanover	371300	371	Pumping Equip	79,405	-	-	-	7,125	(356)	6,769	86,174	-	-	-	**86,174**	4.80%	4,136	2,318	2,068
North Hanover	380400	380	Treatment & Disposal Equip	508,136	26,259	(1,313)	24,946	-	-	-	533,082	-	-	-	**533,082**	3.57%	19,031	10,842	9,516
North Hanover	396700	396	Communication Equipment	-	-	-	-	17,100	(855)	16,245	16,245	-	-	-	**16,245**	6.75%	1,097	320	548
Oakwood Village	351100	351	Organization	94,781	-	-	-	-	-	-	94,781	-	-	-	**94,781**	0.00%	-	0	0
Oakwood Village	353400	353	Land & Rights	3	-	-	-	-	-	-	3	-	-	-	**3**	0.00%	-	0	0
Oakwood Village	354300	354	Structures	142,963	-	-	-	-	-	-	142,963	-	-	-	**142,963**	1.99%	2,845	1,660	1,422
Oakwood Village	354400		Structures	98,156	137,953	(6,898)	131,055	-	-	-	229,211	-	-	-	**229,211**	1.99%	4,561	1,900	2,281
Oakwood Village	355300	355	Power Generation Equip Pumping	79,485	-	-	-	-	-	-	79,485	-	-	-	**79,485**	4.93%	3,919	2,286	1,959
Oakwood Village	360200	360	Force Mains	102,033	-	-	-	-	-	-	102,033	-	-	-	**102,033**	1.56%	1,592	929	796
Oakwood Village	361200	361	Collection Mains - Gravity	754,316	-	-	-	-	-	-	754,316	-	-	-	**754,316**	1.62%	12,220	7,128	6,110
Oakwood Village	363200	363	Services	263,233	-	-	-	-	-	-	263,233	-	-	-	**263,233**	1.35%	3,554	2,073	1,777
Oakwood Village	364200	364	Flow Measuring Devices	73,972	-	-	-	-	-	-	73,972	-	-	-	**73,972**	4.79%	3,543	2,067	1,772
Oakwood Village	371300	371	Pumping Equip	9,392	-	-	-	-	-	-	9,392	-	-	-	**9,392**	4.80%	451	263	225
Oakwood Village	380400	380	Treatment & Disposal Equip	4,232,131	906	(45)	861	-	-	-	4,232,992	-	-	-	**4,232,992**	3.57%	151,118	88,143	75,559

Aqua New Jersey, Inc
Wastewater Systems
Schedule of Utility Plant In Service by Division

Total By Division	Balance at 09/30/25	Estimated Additions - October thru December			Estimated Additions - January thru April 2026			Balance @ 04/30/2026	Post Test Year Additions (PTYA)			ProForma Bal @ 10/31/2026	PF Depr_Exp	Accum_Depr1	Accum_Depr2
		Gross	Retirements	Net	Gross	Retirements	Net		Gross	Retirements	Net				
Bear Brook	$ 1,852,492	$ 25,063	$ (1,253)	$ 23,810	$ 28,500	$ (1,425)	$ 27,075	$ 1,903,377	$ -	$ -	$ -	$ 1,903,377	$ 72,045	$ 41,582	$ 36,022
California Village	829,060	16,773	(839)	15,934	58,341	(2,917)	55,424	900,418	-	-	-	900,418	29,086	16,494	14,543
Maxim	7,445,356	54,068	(2,703)	51,365	384,187	(19,209)	364,978	7,861,700	-	-	-	7,861,700	150,870	82,877	75,435
North Hanover	2,226,480	30,074	(1,504)	28,570	45,600	(2,280)	43,320	2,298,370	-	-	-	2,298,370	63,584	36,270	31,792
Oakwood Village	5,850,465	138,859	(6,943)	131,916	-	-	-	5,982,380	-	-	-	5,982,380	183,802	106,448	91,901
Spartan Village	2,093,969	6,860,346	-	6,860,346	82,191	(4,110)	78,081	9,032,396	-	-	-	9,032,396	192,344	71,935	96,172
Stanton Ridge	2,183,141	1,610	(81)	1,530	476,076	(23,804)	452,272	2,636,943	-	-	-	2,636,943	65,711	35,697	32,855
Wallkill	985,947	16,980	(849)	16,131	34,200	(1,710)	32,490	1,034,568	-	-	-	1,034,568	19,506	10,968	9,753
Woolwich	14,311,946	624,066	(31,203)	592,862	87,602	(4,380)	83,222	14,988,030	-	-	-	14,988,030	259,735	148,031	129,868
Total	$ 37,778,857	$ 7,767,839	$ (45,375)	$ 7,722,464	$ 1,196,697	$ (59,835)	$ 1,136,862	$ 46,638,183	$ -	$ -	$ -	$ 46,638,183	$ 1,036,682	$ 550,303	$ 518,341
Totals Based on "Division" Filter ----------->	$ 37,778,857	$ 7,767,839	$ (45,375)	$ 7,722,464	$ 1,196,697	$ (59,835)	$ 1,136,862	$ 46,638,183	$ -	$ -	$ -	$ 46,638,183	$ 1,036,682	$ 550,303	$ 518,341

Division	Account	Acct3	Description	Balance at 09/30/25	2025 Additions			2026 Additions			Balance @ 04/30/2026	Post Test Year Additions (PTYA)			ProForma Bal @ 10/31/2026	Dep_Rate	PF Depr_Exp	Accum_Depr1	Accum_Depr2
					Gross	Retirements	Net	Gross	Retirements	Net		Gross	Retirements	Net					
Spartan Village	351100	351	Organization	82,556	-	-	-	-	-	-	82,556	-	-	-	82,556	0.00%	-	0	0
Spartan Village	353400	353	Land & Rights	611	-	-	-	-	-	-	611	-	-	-	611	0.00%	-	0	0
Spartan Village	354200	354	Structures	155,782	4,227	-	4,227	43,716	(2,186)	41,530	201,539	-	-	-	201,539	1.99%	4,011	2,074	2,005
Spartan Village	354300		Structures	185,269	4,411	-	4,411	-	-	-	189,680	-	-	-	189,680	1.99%	3,775	2,176	1,887
Spartan Village	354400		Structures	69,268	6,851,708	-	6,851,708	-	-	-	6,920,976	-	-	-	6,920,976	1.99%	137,727	40,573	68,864
Spartan Village	355300	355	Power Generation Equip Pumping	4,911	-	-	-	-	-	-	4,911	-	-	-	4,911	4.93%	242	141	121
Spartan Village	361200	361	Collection Mains - Gravity	686,065	-	-	-	28,500	(1,425)	27,075	713,140	-	-	-	713,140	1.62%	11,553	6,611	5,776
Spartan Village	363200	363	Services	22,343	-	-	-	5,700	(285)	5,415	27,758	-	-	-	27,758	1.35%	375	197	187
Spartan Village	364200	364	Flow Measuring Devices	221,075	-	-	-	-	-	-	221,075	-	-	-	221,075	4.79%	10,589	6,177	5,295
Spartan Village	371300	371	Pumping Equip	7,938	-	-	-	4,275	(214)	4,061	11,999	-	-	-	11,999	4.80%	576	279	288
Spartan Village	380400	380	Treatment & Disposal Equip	658,150	-	-	-	-	-	-	658,150	-	-	-	658,150	3.57%	23,496	13,706	11,748
Stanton Ridge	351100	351	Organization	25,522	-	-	-	-	-	-	25,522	-	-	-	25,522	0.00%	-	0	0
Stanton Ridge	353400	353	Land & Rights	181,025	-	-	-	-	-	-	181,025	-	-	-	181,025	0.00%	-	0	0
Stanton Ridge	354200	354	Structures	51,474	1,610	(81)	1,530	476,076	(23,804)	452,272	505,276	-	-	-	505,276	1.99%	10,055	3,231	5,027
Stanton Ridge	354400		Structures	196,050	-	-	-	-	-	-	196,050	-	-	-	196,050	1.99%	3,901	2,276	1,951
Stanton Ridge	354700		Structures	258,094	-	-	-	-	-	-	258,094	-	-	-	258,094	1.90%	4,904	2,861	2,452
Stanton Ridge	355400	355	Power Generation Equip TD	613	-	-	-	-	-	-	613	-	-	-	613	4.96%	30	18	15
Stanton Ridge	360200	360	Force Mains	297,735	-	-	-	-	-	-	297,735	-	-	-	297,735	1.56%	4,645	2,709	2,322
Stanton Ridge	361200	361	Collection Mains - Gravity	1,898	-	-	-	-	-	-	1,898	-	-	-	1,898	1.62%	31	18	15
Stanton Ridge	363200	363	Services	86,068	-	-	-	-	-	-	86,068	-	-	-	86,068	1.35%	1,162	678	581
Stanton Ridge	371300	371	Pumping Equip	183,792	-	-	-	-	-	-	183,792	-	-	-	183,792	4.80%	8,822	5,146	4,411
Stanton Ridge	380400	380	Treatment & Disposal Equip	900,869	-	-	-	-	-	-	900,869	-	-	-	900,869	3.57%	32,161	18,761	16,081
Wallkill	351100	351	Organization	108,088	-	-	-	-	-	-	108,088	-	-	-	108,088	0.00%	-	0	0
Wallkill	353400	353	Land & Rights	7,852	-	-	-	-	-	-	7,852	-	-	-	7,852	0.00%	-	0	0
Wallkill	354300	354	Structures	26,290	-	-	-	34,200	(1,710)	32,490	58,780	-	-	-	58,780	1.99%	1,170	494	585
Wallkill	355200	355	Power Generation Equip TD	361	-	-	-	-	-	-	361	-	-	-	361	4.96%	18	10	9
Wallkill	360200	360	Force Mains	30,226	-	-	-	-	-	-	30,226	-	-	-	30,226	1.56%	472	275	236
Wallkill	361200	361	Collection Mains - Gravity	519,632	-	-	-	-	-	-	519,632	-	-	-	519,632	1.62%	8,418	4,911	4,209
Wallkill	363200	363	Services	153,841	-	-	-	-	-	-	153,841	-	-	-	153,841	1.35%	2,077	1,212	1,038
Wallkill	364200	364	Flow Measuring Devices	32,953	-	-	-	-	-	-	32,953	-	-	-	32,953	4.79%	1,578	921	789
Wallkill	371300	371	Pumping Equip	97,751	15,913	(796)	15,118	-	-	-	112,869	-	-	-	112,869	4.80%	5,418	2,949	2,709
Wallkill	380400	380	Treatment & Disposal Equip	8,953	1,067	(53)	1,013	-	-	-	9,966	-	-	-	9,966	3.57%	356	197	178
Woolwich	354200	354	Structures	16	-	-	-	38,475	(1,924)	36,551	36,567	-	-	-	36,567	1.99%	728	212	364
Woolwich	354300		Structures	165,568	-	-	-	-	-	-	165,568	-	-	-	165,568	1.99%	3,295	1,922	1,647
Woolwich	354400		Structures	130,141	-	-	-	-	-	-	130,141	-	-	-	130,141	1.99%	2,590	1,511	1,295
Woolwich	354700		Structures	1,547	-	-	-	-	-	-	1,547	-	-	-	1,547	1.90%	29	17	15
Woolwich	355200	355	Power Generation Equip TD	48,356	(7,070)	353	(6,716)	-	-	-	41,640	-	-	-	41,640	4.96%	2,065	1,302	1,033
Woolwich	360200	360	Force Mains	728,161	36,543	(1,827)	34,716	-	-	-	762,877	-	-	-	762,877	1.56%	11,901	6,784	5,950
Woolwich	361200	361	Collection Mains - Gravity	12,067,536	585,934	(29,297)	556,637	-	-	-	12,624,173	-	-	-	12,624,173	1.62%	204,512	116,668	102,256
Woolwich	362200	362	Special Collection Structures	80,033	-	-	-	-	-	-	80,033	-	-	-	80,033	2.95%	2,361	1,377	1,180
Woolwich	363200	363	Services	627,922	76	(4)	72	28,500	(1,425)	27,075	655,068	-	-	-	655,068	1.35%	8,843	5,052	4,422
Woolwich	364200	364	Flow Measuring Devices	60,846	49	(2)	47	-	-	-	60,892	-	-	-	60,892	4.79%	2,917	1,701	1,458
Woolwich	371300	371	Pumping Equip	368,881	-	-	-	-	-	-	368,881	-	-	-	368,881	4.80%	17,706	10,329	8,853
Woolwich	380400	380	Treatment & Disposal Equip	32,941	8,533	(427)	8,107	-	-	-	41,047	-	-	-	41,047	3.57%	1,465	770	733
Woolwich	396700	396	Communication Equipment	-	-	-	-	20,627	(1,031)	19,596	19,596	-	-	-	19,596	6.75%	1,323	386	661

BEFORE THE
NEW JERSEY BOARD OF PUBLIC UTILITIES

AQUA NEW JERSEY, INC.

Docket No. WR2601___

DIRECT TESTIMONY OF

NATALIE CHESKO

With regard to an Overview of the Company's Request

January 30, 2026

AQUA NEW JERSEY, INC.

DIRECT TESTIMONY
OF
NATALIE CHESKO

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Natalie Chesko. My primary business address is 10 Black Forest Road, Hamilton, New Jersey 08691.

Q. By whom are you employed and in what capacity?

A. I am the President of Aqua New Jersey, Inc. ("Aqua" or the "Company"), a position I assumed in 2024. In that capacity, I have overall responsibility for the day-to-day operations, business development, forecasting and planning, and financial results of Aqua. Additionally, I lead our management team in developing and implementing the Company's vision, strategy, goals, and objectives. Along with others, I am accountable for establishing and overseeing relations with, and reporting to, governmental agencies, providing quality water and wastewater service to our customers, meeting environmental compliance regulations, and achieving the Company's financial goals.

Q. Please provide a brief description of your education and experience.

A. I graduated from Rutgers University with a B.S. in Bioresource Engineering. I have over 20 years of experience in engineering and the utilities industries. Before joining Aqua, I served as the Executive Director of the Hamilton Township Municipal Utilities Authority from June 2022 through March 2024. In addition, I previously served at the Acting Executive Director at the Township of Ocean Sewerage Authority from November 2021 through June 2022 and their Technical Services Manager from October 2020 through

November 2021, Authority Engineer at South Monmouth Regional Sewerage Authority from January 2018 through October 2020, and operated my own engineering design firm from January 2008 through June 2018.

I am a member of several professional organizations including the American Water Works Association, the New Jersey Utilities Association, and the National Association of Water Companies.

Q. Have you testified before the New Jersey Board of Public Utilities ("Board") before?

A. I have not previously testified before the Board.

Q. What is the purpose of your Direct Testimony?

A. The purpose of my Direct Testimony is to provide an overview of the Company and some of the challenges Aqua has faced since rates for water and wastewater service were last increased in October 2024 and January 2021, respectively. In particular, I want to discuss how policies to address items like the replacement of lead service lines ("LSL") and of aging mains, and PFAS treatment have impacted, and will continue to impact, Aqua for the foreseeable future. In addition, I will provide an overview of the Company's filing and its requests in this proceeding, including a recent franchise expansion and small water system acquisition. I will also discuss the recent announcement of the proposed merger of Aqua's ultimate parent company, Essential Utilities, Inc. ("Essential"), with American Water Works Company, Inc. ("American Water"), which is the subject of a separately filed petition.[1]

[1] *See I/M/O the Merger of American Water Works Company, Inc. and Essential Utilities, Inc.*, BPU Dkt. No. WM25110628 (filed on November 26, 2025).

Q. Was this Direct Testimony prepared by you or under your direct supervision?

A. Yes. This Direct Testimony was prepared by me or under my direct supervision and control. The source documents for my Direct Testimony are Company records and public documents. I also rely on my personal knowledge and experience.

II. OVERVIEW OF AQUA

Q. Please briefly describe the Company.

A. Aqua is a regulated public utility, incorporated under the laws of the State of New Jersey, and a subsidiary of Essential. The Essential family of utility companies, which is comprised of water, wastewater and natural gas public utilities, provides service to approximately five million people across nine states, with more than three million of those served by its water and wastewater utilities.

Aqua is engaged in the business of treating and distributing potable water for both domestic use and fire protection service, as well as providing wastewater collection and treatment services. The Company was formed in 1969 under the name of Garden State Water Company through the merger of the Peoples Water Company of Phillipsburg, the Hamilton Square Water Company, and the Blackwood Water Company. Garden State Water Company grew through the acquisition of numerous small privately-owned and municipally-owned water and wastewater systems, and ultimately was acquired by Consumers Water Company. In 1999, Philadelphia Suburban Water Company acquired Consumers Water Company and its subsidiaries, including Aqua. Philadelphia Suburban Water Company changed its name to Aqua America, Inc. in 2004. In 2020, Aqua America changed its name to Essential, and completed its acquisition of Peoples Natural Gas Company.

Today, Aqua serves a total New Jersey customer base of approximately 63,500, of which approximately 56,450 represent water service customers and approximately 7,050 represent wastewater service customers.

1. Overview of Aqua's Water Systems

Q. Please briefly summarize Aqua's water systems.

A. Currently, Aqua consists of 25 separate public water systems and is organized into four geographically diverse operating divisions – one in the northwestern part of the state ("Northern Division"); one in the west-central part of the State ("Central Division"); the third in the southwestern part of the State ("Southern Division"); and the fourth in Ocean and Monmouth Counties ("Eastern Division"). The Central Division comprises five water systems, the Southern Division includes three water systems, the Eastern Division consists of a single water system, and the Northern Division oversees sixteen water systems—totaling twenty-five water systems across the state. Company Witness Alissa Vanim provides a detailed description of the sources of supply Aqua uses to meet the water service needs of its customers.

Aqua's customer base is largely residential. In 2025, approximately 66.24% of Aqua's water sales (by volume) were to residential customers. For the twelve months ending December 31, 2025, Aqua's annual water production was approximately 5.2 billion gallons, with water service revenues for the same period of approximately $55.1 million.[2]

[2] Please note that stated sales volumes and revenues reflect Aqua's preliminary 2025 financial results and have not yet been subject to review and audit. Aqua anticipates that audited financial results will be available on, or about, mid-April, 2026.

2. Overview of Aqua's Wastewater Systems

Q. Please briefly summarize Aqua's wastewater systems.

A. Aqua's wastewater operations are located in three of its four geographical divisions – Northern, Southern, and Central. The Howell, North Hanover, California Village, and Spartan Village wastewater systems are all included in the Central Division. Southern Division wastewater responsibilities are located solely in Woolwich Township, while the Stanton Ridge, Oakwood Village, Wallkill, and Bear Brook wastewater systems are all included in the Northern Division.

With respect to wastewater sales, once again, the Company's customer base is nearly all residential customers. Sales of wastewater services for the twelve months ending December 31, 2025 resulted in revenues of approximately $6.2 million. Company Witness Vanim provides a detailed description of Aqua's wastewater collection and treatment facilities.

3. Summary of Company Investments

Q. Please briefly describe some of the major investments Aqua has made since rates for water service were last set in 2024 and rates for wastewater service were last set in 2021.

A. While Aqua invests in its water and wastewater systems on a continual basis, some of the more significant investments made since the last rate cases include: the Sitgreaves Street replacement of approximately 11,145 linear feet ("LF") of aging cast iron water main with ductile iron main at an approximate cost of $7.6 million. Another significant project is our work replacing LSLs with copper lines in our Northern Division to meet the New Jersey Department of Environmental Protection ("NJDEP") requirements at a cost totaling

approximately $1.95 million. The Hamilton Well #13 project was another significant investment to mitigate PFAS, as per state and federal rules, utilizing ion exchange vessels and totaling approximately $1.74 million. Additionally, Spartan Village was an aged wastewater treatment plant that was decommissioned and replaced with a membrane based wastewater treatment plant and at a cost that totaled over approximately $5.586 million. Finally, there was a need to replace approximately 3,500 LF of aging main on Mill Creek Road with new ductile iron main, at a cost of over $2.1 million. Please note that the above estimated project costs are subject to increase as project costs are entered on the Company's books. These are just some recent examples of significant investments Aqua has made. Company Witness Vanim provides a more detailed discussion of rate base additions.

III. RATE CASE REQUEST SUMMARY

Q. Please summarize the Company's requests in this matter.

A. As will be discussed in detail in this filing, Aqua is requesting an increase in rates for water service of $6,015,030 (or 10.9%) above the annual level of revenues for the test year ending April 30, 2026 (and inclusive of the Distribution System Improvement Charge ("DSIC") and Lead Service Line Replacement Charge ("LSLRC") surcharges implemented during the test year period).

Aqua is also requesting an increase in its rates for wastewater service of $1,870,503 (or 28.8%) above the annual level of wastewater revenues for the test year ending April 30, 2026 (and inclusive of the PSTAC surcharge implemented during the test year period).

Aqua is seeking the requested rate increases so that it has the opportunity to earn an adequate return of, and on, its capital invested to serve customers, and for recognition

of the increasing expenses the Company incurs to provide safe, adequate and proper utility service to our customers.

The Company also intends to supplement this filing with new Foundational Filings for its DSIC and RESIC surcharge mechanisms (and has included placeholder exhibit tabs for **Exhibits 1(W)** and **2(W)**, respectively) and has included an update to its LSL Replacement ("LSLR") Plan approved in Aqua's 2024 base rate case, as **Exhibit 3(W)**. Finally, the currently authorized PSTAC will also be reset in this matter.

Q. What are the test year and the pro forma periods used in the Company's filing?

A. As noted above, the Company has used a test year ending April 30, 2026, which reflects five months of actual and seven months of projected data. Additionally, we have normalized certain expenses to reflect anticipated costs during the first year rates will be in effect, and reflected net post-test year plant additions of $2,926,386 for water through the period October 31, 2026, all of which are major in nature and consequence.

Q. Does the Company's filing include a proposal to address the refunding to customers of Gross Receipts, Excise and Franchise Taxes ("GREFT") overcharges?

A. Yes. *In I/M/O the New Jersey Board of Public Utilities' Consideration of the Gross Receipts Tax on Water and Sewer Utilities*, BPU Dkt. No. WR25060330, the Company agreed in a Stipulation of Settlement (filed with the Board on December 22, 2025), to make a proposal in its next base rate case to refund to customers certain GREFT overcharges. Consistent with that requirement, Company Witness Ted Holod describes Aqua's proposal to make a refund to water and wastewater customers via a one-time bill credit.

1. Water

Q. Please summarize the Company's requests regarding rates for water service in this matter.

A. As noted above, Aqua is requesting an increase in rates for water service of $6,015,030 (or 10.9%) above the annual level of revenues for the test year ending April 30, 2026 (and inclusive of the DSIC and LSLRC surcharges implemented during the test year period). The Company has also included its Annual Update to the LSLR Plan, and placeholder exhibits for its DSIC and RESIC Foundational Filings.

Q. Please highlight some of the key factors driving the need for the requested rate increase.

A. Using a historic test year period, the Board last authorized Aqua to increase its base rates for water service in October 2024. Since that time, Aqua has continued to invest steadily in its water systems to provide safe, adequate and proper utility service and to meet evolving environmental standards, including the need to treat for PFAS and other chemical substances. At the same time, the Company has seen increases in its Operations & Maintenance ("O&M") expenses, some of which are quite significant due to inflation and other economic pressures, such as rising interest rates and energy costs. Taken together, these circumstances have necessitated that Aqua file a base rate case so that rates for water service may be updated to reflect the cost of providing that service to customers.

In summary, the Company is seeking rate relief to meet the increased investments and expenses that result from new and enhanced regulatory and environmental requirements, capital improvements, and increases in O&M costs due to inflation, rising energy costs, interest rate increases and supply chain challenges. The rates requested by

Aqua in this proceeding should allow the Company to recover its costs to provide water service and provide Aqua with the opportunity to earn a fair return on its investments to serve customers.

Q. What is the rate impact of the Company's proposed rate on the typical residential customer?

A. Under the proposed rates, the typical residential customer using 5,270 gallons per month will see a total monthly bill increase of $8.23 or 13.0% above the current monthly bill (including the current DSIC and LSLRC surcharges).

Q. You mentioned the enhanced regulatory and environmental challenges that Aqua has faced in recent years. Can you please elaborate.

A. Aqua continues to address two very significant challenges: LSLRs and treatment for PFAS. In the case of LSLRs, a mechanism for cost recovery has helped Aqua begin to recover the costs related to the replacement of thousands of LSLs. This has been helpful to Aqua as it addresses this important public health challenge and must continue as the Company works to replace the remaining inventory of 410 known service lines that contain lead components and have been identified as requiring replacement.

At the same time, Aqua has been actively engaged in the installation PFAS treatment in several locations. As will be explained in the Direct Testimony of Company Witness Vanim, Aqua has some unique challenges given the number of small, independent systems it operates. In fact, Aqua may eventually be required to install treatment at more than two dozen separate well locations. Each installation will need to be tailored to the individual characteristics of each specific water supply source, including system size, water quality and site conditions. Once installed, the treatment facilities need to be maintained

and the treatment medium must be replaced on a regular basis. Clearly, this is a complex and expensive undertaking and the approval of the RESIC Foundational Filing is an important aspect of the Company's request in this proceeding.

2. Sewer

Q. Please summarize the Company's wastewater-related requests in this matter.

A. As will be discussed in detail in this filing, Aqua is requesting an increase in wastewater base rates of $1,870,503 (or 28.8%) above the annual level of revenues for the test year ending April 30, 2026. Aqua is filing for a rate increase so that it has the opportunity to earn an adequate return of, and on, its capital invested to serve customers, and for recognition of the increasing expenses the Company incurs to provide safe, adequate and proper utility service to our customers.

Q. Would you please highlight some of the key items driving the need for the requested rate increase?

A. Increased capital investment is a major factor in this case. Since its last wastewater rate case in 2020 (with rates effective January 1, 2021), the Company has deployed millions of dollars of capital into its wastewater systems to ensure these systems are capable of providing safe, reliable and adequate utility service to our customers. Specifically, the Company has made significant investments in Spartan Village, as it was an aged wastewater treatment plant that was decommissioned and replaced with a membrane based wastewater treatment plant and totaled approximately $5.586 million as discussed in Company Witness Vanim's Direct Testimony (PT-4).

The Company has also seen an increase in its O&M expenses, some of which are quite significant, and anticipates that its purchased sewerage treatment costs will also

increase in the near term. Those specific increases will be discussed in greater detail in the Direct Testimony of Ted Holod (PT-3).

In summary, the Company is seeking rate relief to meet the increased investment and expenses that result from capital improvements, increases in O&M costs, and environmental compliance. The rates requested by Aqua in this proceeding should allow the Company the opportunity to earn a fair return on its investments to serve customers.

Q. What is the rate impact of the Company's proposed rate increase on the typical residential customer?

A. Aqua currently charges customers a fixed monthly rate depending on their service territory plus a fixed PSTAC surcharge to recover the costs of wastewater treatment services. Under the proposed rates, residential customers located in the Wallkill service area will see their base rates for wastewater service increase from $17.23 to $37.20. For all other General Sewer Service residential customers, the fixed monthly rate for wastewater is proposed to increase from $38.35 to $57.06. In addition, Aqua's PSTAC rate will be reset in this case. Aqua's rate design is discussed more fully by Company Witness Gregory Herbert (PT-6).

IV. OVERVIEW OF THE COMPANY'S PETITION

Q. Please provide a summary of the Company's Petition and supporting Direct Testimony.

A. In addition to my Direct Testimony (marked as PT-1), this filing consists of the Petition seeking an increase in base rates for water and wastewater service and other requests, supporting Exhibits, and the Direct Testimony of six other witness as follows:

Petition Testimony No.	Witness Name & Title	Topics Covered
PT-2	William C. Packer, Controller and Vice President of Regulatory Accounting	Rate Base; Revenue Requirement; Accounting & Tax Matters
PT-3	Ted Holod, Aqua NJ Controller	O&M; Accounting Matters
PT-4	Alissa Vanim, Director of Operations	LSLR Program and PFAS Treatment
PT-5	Elias Bakhash, State Engineer	UPIS and DSIC
PT-6	Greg Herbert, Gannett Fleming Valuation and Rate Consultants LLC	Billing Analysis; Rate Design; Class Cost of Service Study
PT-7	Dylan D'Ascendis, ScottMadden, Inc.	Capital Structure, ROE

V. MISCELLANEOUS

Q. Please provide an update as to the status of the proposed merger of American Water and Aqua's parent company, Essential.

A. On November 26, 2025, American Water and Essential filed a Petition with the Board seeking approval of a merger transaction that would result in Essential becoming a wholly-owned subsidiary of American Water.[3] As noted, Essential is the parent company of Aqua. That transaction remains pending before the Board and is not reflected in this filing. As noted in the merger request, the merger transaction is expected to achieve operational efficiencies in the future, if approved, and those benefits will be reflected in future rate cases as appropriate. It would be premature, however, to consider any such future benefits in this proceeding as they are not known and measurable and will not be known and measurable until such time as the transaction is approved, closes (which is currently anticipated to occur not sooner than January 1, 2027), and any efficiencies are realized following implementation.

[3] *See I/M/O the Merger of American Water Works Company, Inc. and Essential Utilities, Inc*., BPU Dkt. No. WM25110628 (filed November 26, 2025).

Q. Please briefly discuss the franchise expansion and acquisition referenced earlier in your testimony.

A. Certainly. Aqua has entered into an Asset Purchase Agreement, dated January 6, 2026, with Lake Tamarack Water Corporation for the acquisition of the Lake Tamarack water production and distribution system located in Hardyston Township. The purchase price of that system, which serves approximately 254 customers, is $113,000, and closing is anticipated to occur following receipt of approvals required by the Board, the Township of Hardyston having already approved the granting of the franchise to Aqua to serve customers in the Lake Tamarack service area in connection with the sale of the system.[4] The Company plans to shortly file a petition with the Board for approval of the Lake Tamarack acquisition, thus, it too, is not a part of the instant base rate case proceeding.

VI. CONCLUSION

Q. Does this conclude your Direct Testimony in this case?

A. Yes, it does, but I reserve my right to supplement my Direct Testimony as needed during this proceeding.

[4] *See* Township of Hardyston Ordinance No. 2025-11, dated December 12, 2025 (approving execution of Franchise Agreement between the Township of Hardyston and Aqua).

BEFORE THE
NEW JERSEY BOARD OF PUBLIC UTILITIES

AQUA NEW JERSEY, INC.

Docket No. WR2601___

DIRECT TESTIMONY OF WILLIAM C. PACKER

With regard to Overall Revenue Requirement, Capitalization, Rate Base, Certain Expenses, and Tax Matters

January 30, 2026

AQUA NEW JERSEY, INC.

DIRECT TESTIMONY
OF
WILLIAM C. PACKER

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is William C. Packer. My business address is 762 West Lancaster Avenue, Bryn Mawr, Pennsylvania 19010.

Q. By whom are you employed and in what capacity?

A. I am employed by Essential Utilities, Inc. ("Essential"), as Vice President, Rates, Regulatory, and Regional Controller. In this capacity, I am the Regional Controller of Aqua Pennsylvania, Inc. ("Aqua PA") and Aqua New Jersey, Inc. ("Aqua" or the "Company"). Additionally, I oversee rate issues for all subsidiaries of Essential.

Q. Please provide a brief description of your education and experience.

A. I graduated from the Richard Stockton College of New Jersey ("Stockton University") in 1998 with a Bachelor of Science degree in Business Studies with a concentration in Accounting. In 1998, I joined GE Capital Mortgage Services Inc. as a staff accountant. In September 1999, I joined New Jersey American Water Company ("American") as a General Staff Accountant responsible for financial statement preparation, account reconciliation, financial support for rate cases, and account analysis. In September 2001, I was transferred to American's Service Company, in its Shared Services operation located in Mt. Laurel, New Jersey. I was employed there for four years in several roles, including Senior Fixed Assets/Job Cost Accountant, Financial Support Analyst, and Accounting Supervisor Fixed Assets. At American, I had the opportunity to support the rate-making

process by working closely with operating subsidiaries in 23 states, preparing schedules and answering interrogatories. In March 2005, I joined Aqua and served as Assistant Controller until December 2006, when I transferred to Aqua America, Inc. In July 2008, I was promoted to the position of Mid-Atlantic Manager of Rates and since then have assumed increasing levels of responsibility and promotions. In April 2017, I became the Vice President - Controller of Aqua PA. In 2020, I was promoted to my current position of Vice President, Rates, Regulatory, and Regional Controller where I have additional responsibilities to oversee all rates and regulatory filings of Essential Utilities, Inc. and its subsidiaries.

Lastly, in addition to my corporate business experience, I was elected to serve three terms as a Councilman in the Borough of Woodbury Heights, New Jersey, and was elected Mayor of the Borough in November 2018—a position I held through June 2024. The Borough is one of 565 municipalities in New Jersey and has a population of approximately 3,000 residents. As a former municipal official and leader of a constituency of approximately 3,000 residents, I have gained valuable experience dealing with public service issues and challenges affecting municipalities and residents in the State of New Jersey.

Q. Have you testified before the New Jersey Board of Public Utilities ("Board") before?

A. Yes. I have testified in the Company's previous 13 base rate cases filed since 2005.

Q. Was this Direct Testimony prepared by you or under your direct supervision?

A. Yes. This Direct Testimony was prepared by me or under my direct supervision and control. The source documents for my Direct Testimony are Company records and public documents. I also rely on my personal knowledge and experience.

Q. What is the purpose of your Direct Testimony?

A. The purpose of my Direct Testimony is to introduce the Company's overall request for rate relief in this application for increased water and wastewater utility rates and to provide support for certain of the Company's accounting exhibits and its rate base calculation I will explain the calculations of the revenue requirement and the rate base claim the Company has requested in this proceeding. Specifically, I will address the following claims:

- Operating Income – Exhibit 13.1 (W) & (WW)
- Capitalization Structure and Rate of Return – Exhibit 14.1
- Calculation of Revenue Requirement – Deficiency – Exhibit 15.1 (W) & (WW)
- Federal Income Tax Expense – Exhibit 22.1 (W) & (WW)
- Rate Base and Components of Rate Base – Exhibit 26.1 through 26.11 (W) & (WW)
- Federal Income Tax – Exhibit 22.1 (W) & (WW)

I am also the overall accounting witness in this case. Should any witness defer any accounting questions, I am the witness who will respond to those issues

Q. Are you sponsoring other exhibits in this case?

A. Yes, in addition to the above mentioned exhibits, I am also sponsoring Exhibits 7.1(W) & (WW), 8.1(W) & (WW), 9.1(W) & (WW), 10.1(W) & (WW), 13.1(W) & (WW), 14.1(W) & (WW), 15.1(W) & (WW) and 26.1 through 26.11(W) & (WW), which show the accumulation of the various components of the Company's revenue requirements. Exhibits 7.1 through 10.1 show historical calendar year data for the water and wastewater systems for the years 2021 through 2024. Exhibits 13.1(W) & (WW), the Statement of Income, displays the Company's requested revenue increase, along with all expense components

that make up the calculation of Utility Operating Income at present and proposed rates. In Exhibit 14.1, in conjunction with Company Witness Mr. D'Ascendis (PT-7), I support the Company's proposed capital structure. This exhibit shows the detailed components of the Company's requested ratio of debt and equity financing and the calculation of the weighted average cost of capital. Exhibits 15.1(W) & (WW) shows the detailed components included in the calculation of the Company's revenue requirement and the requested increase in this proceeding.

II. SUMMARY OF REQUESTS

Q. What are the test year and pro forma periods utilized in this filing?

A. The Company has utilized a test year ending April 30, 2026 which contains five months of actual and seven months of projected data. For the pro forma period, we have adjusted the test year for certain expenses to reflect known and measurable increases the first year rates will be in effect and included approximately $2.9 million of post-test year capital projects that are major in nature and consequence, which is consistent with the Board's longstanding policy as the benchmark for inclusion.

1. Water

Q. Please address Exhibit 15.1(W), the Rate Increase Calculation.

A. Exhibit 15.1(W) shows the detailed components of the revenue requirement and provides the calculation of the requested increase in base rate revenues in this proceeding. Pro Forma Rate Base is shown on Exhibit 26.1(W) and amounts to $327,930,244. The Company's proposed overall Rate of Return ("ROR") is 7.61% which incorporates a Return on Equity ("ROE") of 10.50%, which is the ROE recommended by Company Witness D'Ascendis. The application of the ROR to Rate Base produces Operating Income at Proposed Rates, which, when compared to Operating Income at Pro Forma Present

Rates, results in an Operating Income Deficit of $4,102,962. This ultimately produces the water Revenue Increase requested in this case of $6,015,030. as shown on Exhibit 15.1(W).

2. Wastewater

Q. Please address Exhibit 15.1(WW), the Rate Increase Calculation.

A. Exhibit 15.1(WW) summarizes the components of the revenue requirement and provides the calculation of the additional annual revenue which the Company is requesting in this case. Pro Forma Rate Base is shown on Exhibit 26.1(WW) and amounts to $25,992,806, The application of ROR to Rate Base produces Operating Income at Proposed Rates, which, when compared to Operating Income at Pro Forma Present Rates, results in an Operating Income Deficit of $1,286,289, which when grossed up for fees and taxes produces the Revenue Increase requested in this case of $1,870,503 as shown on Exhibit 15.1(WW).

III. EXPENSES AND TAX MATTERS

Q. Please explain Exhibits 22.1(W) and 22.1(WW), Federal Income Tax.

A. The calculation of federal income tax expense for both the test year and the Pro Forma period is detailed on this exhibit. I have utilized a 21% Federal Income Tax rate for Aqua as a member company of a consolidated tax group with a tax sharing/allocation agreement. The calculation of federal income taxes includes an estimate for repair eligible tax expense deductions related to annual capital investments pursuant to the Company's tax method of accounting. The deductions included in the provision for income tax expense represent flow-through accounting, which the Company was approved to implement in its 2018 water rate case and then subsequently reviewed in its 2023 water rate case. Lastly, I have

synchronized interest with the Company's proposed capital structure for the purposes of calculating federal income tax expense.

IV. RATE BASE

1. Water

Q. Please describe the Company's claim for Rate Base, as detailed in Exhibit 26.1(W) through 26.4(W).

A. The Company's rate base claim as of the end of the test year April 30, 2026 is $327.9 million. The Company summarizes the components of Rate Base requested in this proceeding on Exhibit 26.1(W). For all of the components, the Company started with actual results as of September 30, 2025 and then projected activity through the remainder of the test year through April 30, 2026. The largest and most significant component is Utility Plant in Service (test year and post-test year capital), shown specifically on Exhibits 26.2(W) through 26.4(W), which I worked closely with Company Witness Elias Bakhash to develop. Utility Plant additions are supported in Witness Bakhash's Direct Testimony (PT-5). With regard to the post-test year additions adjustment, shown on Exhibit 26.4(W), the Board has in the past recognized post-test year additions for certain capital improvements that will be in service up to 6 months beyond the test year, in this case by October 31, 2026, provided those projects are (1) major in nature and consequence, (2) known and measurable, and (3) able to be evidenced by proofs.

Q. Please continue with a description of Exhibits 26.5(W) through 26.7(W).

A. Exhibit 26.5(W) deals with Material and Supplies inventory. These are items that are stored at Aqua's facilities for day-to-day operations, emergency activities, and chemical inventories. For this rate base item, and consistent with past practice, I have utilized a 13-month average to determine the balance to be used as of April 30, 2026. The same 13-

month average calculation was utilized for Prepaid Expense Balances that the Company incurs during the normal course of business, shown on Exhibit 26.6(W). I previously mentioned Utility Plant Acquisition Adjustment Amortizations, the unamortized balance of which is shown on Exhibit 26.7(W). All of the Acquisition Adjustments were previously reviewed by the Board and approved as rate base.

Q. Please discuss Exhibit 26.8(W) through 26.10(W).

A. These exhibits deal with typical deductions to rate base. Those include Accumulated Depreciation, Exhibit 26.8(W); Customer Advances ("CAC") and Contributions in Aid of Construction ("CIAC"), Exhibit 26.9(W); and Deferred Income Taxes, and Customer Deposits, Exhibit 26.10(W).

On Exhibit 26.8(W), the Company is detailing its roll-forward of the balance of Accumulated Depreciation of Utility Plant, net of CAC and CIAC. The rates used in the calculation of depreciation expense are shown on Exhibit 26.2(W), and the resulting annualized depreciation expense claim is shown on Exhibit 13.1(W); the depreciation rates utilized for water are same as those that were approved in the Company's 2023 rate case settlement.

Regarding Exhibit 26.9(W), CAC and CIAC, the Company again started with September 30, 2025 balances and brought them forward with no activity through April 30, 2026. Both CAC and CIAC represent Utility Plant that the Company did not pay for, except to the extent refunds were paid on CAC balances, which are specified in agreements between the Company and developers.

Exhibit 26.10(W), reflects balances for Customer Deposits, and Federal Deferred Taxes.

Q. Please explain the Consolidated Income Tax Adjustment ("CTA") line item on Exhibit 26.1(W) and what it reflects.

A. The Company has calculated and included the value of a CTA Exhibit 26.1(W), which adjustment is consistent with the Board's regulations and method regarding the CTA. The result of the calculation for Aqua is zero, since Aqua is in a net operating loss position.

2. Wastewater

Q. Please explain the calculation of Exhibits 26.1(WW) through 26.4(WW).

A. The Company's rate base claim as of the end of the test year April 30, 2026 is $25,992,806. The Company summarizes the components of Rate Base requested in this proceeding on Exhibit 26.1(WW). For all the components, the Company started with actual results as of September 30, 2025 and then projected activity through the remainder of the test year (net of retirements) through April 30, 2026. The largest and most significant component is Utility Plant in Service, shown specifically on Exhibit 26.2(WW) and 26.3 (WW). Utility Plant additions are supported in the testimony of Company Witness Elias Bakhash (PT-5). Aqua is not seeking post-test year Utility Plant additions related to its wastewater operations, as shown on Exhibit 26.4(WW).

Q. Please describe Exhibits 26.5(WW) through 26.10(WW).

A. Exhibit 26.5(WW) deals with Materials and Supplies inventory. These are items that are stored at Aqua's facilities for day-to-day operations, emergency activities, and chemical inventories. In this instance, the Company has claimed zero in rate base for wastewater materials and supplies. The Company expenses its supplies needed for wastewater operations as incurred and has an immaterial amount on hand to warrant inventory tracking and given the relatively small size of the Company's sewer business, Aqua does not maintain a financial inventory on its books and records as to the cost of materials.

Regarding Prepaid Expense Balances, and consistent with our past practice on water rate cases, I have utilized a 13-month average to determine the balance to be used as of April 30, 2026, shown on Exhibit 26.6(WW). Regarding Utility Plant Acquisition Adjustment Amortizations, the unamortized balance of which is shown on Exhibit 26.7(WW), all of the Acquisition Adjustments were previously reviewed by the Board and approved as rate base.

On Exhibit 26.8(WW), the Company is detailing its roll-forward of the balance of Accumulated Depreciation of Utility Plant, net of CAC and CIAC. The rates used in the calculation of depreciation expense are shown on Exhibit 26.2(WW), and the resulting annualized depreciation expense claim is shown on Exhibit 13.1(WW); the depreciation rates utilized for wastewater are same as those that were approved in the Company's 2021 wastewater rate case.

Regarding Exhibit 26.9(WW), CAC and CIAC, the Company again started with September 30, 2025 balances and brought them forward with no activity through April 30, 2026.

Lastly, Exhibit 26.10(W) reflects balances for Customer Deposits, and Federal Deferred Taxes.

V. CONCLUSION

Q. Does this conclude your Direct Testimony?

A. Yes, it does. However, I reserve the right to supplement this Direct Testimony as needed during this proceeding.

BEFORE THE
NEW JERSEY BOARD OF PUBLIC UTILITIES

AQUA NEW JERSEY, INC.

Docket No. WR2601___

DIRECT TESTIMONY OF TED M. HOLOD

With regard to Certain Accounting Matters and Surcharge Mechanisms

January 30, 2026

AQUA NEW JERSEY, INC.

DIRECT TESTIMONY
OF
TED M. HOLOD

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Ted Holod. My business address is 10 Black Forest Road, Hamilton, New Jersey, 08691.

Q. By whom are you employed and in what capacity?

A. I am employed by Aqua New Jersey, Inc. ("Aqua" or the "Company") as State Controller. In this capacity, I am responsible for the day-to-day financial matters of the Company, including accounting and ratemaking functions.

Q. Please provide a brief description of your education and experience.

A. I graduated from The College of New Jersey, Ewing, NJ, with a BS in Accountancy. I have also earned a Master's in Business Administration from Rider University and I am a licensed Certified Public Accountant. My work experience is detailed below.

I have worked for more than 30 years in various industries, beginning as an Internal Auditor and Associate for Goldman Sachs from 1994 to 2002 for a series of hedge funds in the Princeton area. I then moved to a back-office service provider for hedge funds within ADP from 2002-2004. From 2004 to 2008, I was the Controller for a real estate firm named KOR Companies in Jersey City. In 2008, I began working for what was then United Water, later Suez, and eventually Veolia in the Toms River, NJ office. I was employed there until 2024 as a Financial Manager. I then moved to Aqua NJ in May of 2024 and have been the State Controller through the present time.

Q. Have you testified before the New Jersey Board of Public Utilities ("Board") before?

A. No, I have not previously testified before the Board.

Q. What is the purpose of your Direct Testimony?

A. The purpose of my Direct Testimony is to support and explain several of the Company's accounting adjustments in this proceeding. I will also be providing support for the Company's Uniform Purchased Sewerage Treatment Adjustment Clause ("PSTAC") reset, pursuant to N.J.A.C. 14:9-7.1 et seq., for the Company's purchased sewer treatment expense.

II. ACCOUNTING MATTERS

Q. What accounting adjustments and exhibits are addressed in your Direct Testimony?

A. I will explain certain of the calculations of the revenue requirement and certain expense claims the Company has requested in this proceeding. Specifically, I will address:

- Summary of O&M Expenses – Exhibits 20.1(W) & 20.1(WW)
- Labor Expense & Benefits Expense – Exhibits 20.2(W) & 20.2(WW)
- Purchased Water Expense – Exhibit 20.3(W)
- Purchased Wastewater and Sludge Removal Expense – Exhibit 20.3(WW) & 20.3.1(WW)
- Purchased Power Expense – Exhibits 20.4(W) & 20.4(WW)
- Chemical Expense – Exhibits 20.5(W) & 20.5(WW)
- Supplies Expense – Exhibits 20.6(W) & 20.6(WW)
- Outside Contract Services – Exhibits 20.7(W) & 20.7(WW)
- Lease, Transportation, Insurance, Other Expense – Exhibits 20.8(W) & 20.8(WW)
- Bad Debt Expense – Exhibits 20.9(W) & 20.9(WW)
- Rate Case Expense – Exhibits 20.10(W) & 20.10(WW)

- Summary of Taxes Other than Income – Exhibits 21.1(W) & 21.1(WW)
- Regulatory Assessments – Exhibits 21.2(W) & 21.2(WW)
- Payroll Tax Assessments – Exhibits 21.3(W) & 21.3(WW)
- Excise Taxes – Exhibits 21.4(W) & 21.4(WW)
- Misc-Water Tax/SDWA Adjustments – Exhibits 21.5(W) & 21.5(WW)
- Amortization Adjustments – Exhibits 23.1(W) & 23.1(WW)
- Interest Expense – Exhibits 25.1(W) & 25.1(WW)

1. Water & Wastewater

Q. Please discuss Exhibit 17 with regard to the Company's calculation of water and wastewater revenue at present rates.

A. In Exhibit PT-5, Company Witness Gregory Herbert explains his calculations and the process he used to develop the Company's water and sewer revenue at present rates. I worked closely with Witness Herbert in the development of this calculation. Operating revenues at Pro-Forma present rates are $64.741 million for water (Exhibit 13.1(W)) and $8.355 million for wastewater (Exhibit 13.1(WW)).

Q. Please provide an overview of how the Company developed its various claims for O&M Expenses.

A. As is required by the Board, the first point of measurement for the Company's O&M Expense claims is the projected test year ended April 30, 2026. This includes actual results from May 1, 2025 through September 30, 2025, and then includes projections of actual results through April 30, 2026. Utilizing this foundation, the Company then makes normalization and annualization adjustments to certain expenses to reflect expected known and measurable expense levels to be realized during the first year that rates are expected to be in effect.

In my experience, I would describe the State of New Jersey as an historical test year state, meaning that during the course of this proceeding the Company will update its projections to a full actual test year. Expense claims that the Company can demonstrate to have "known and measurable" changes (in other words, adjustments that can be evidenced through proofs) are allowed and appropriate claims. In this proceeding, where the Company has made adjustments to the projected test year ended April 30, 2026, it is referred to as "Pro Forma Present Rates." The adjustments and resulting expense levels included in Pro Forma Present Rates reflect the Company's expectations of expense levels to be realized during the first year that new rates are in effect. These adjustments will be annualized when the Company updates the record in this proceeding to a fully actual test year (referred to as "12 + 0").

Q. Please describe Exhibits 20.2(W) and 20.2(WW), Labor and Benefits Expense.

A. To compute test year labor, I utilized the actual labor expense for the five months ended September 30, 2025, and then projected labor expense for the remaining seven months of the test year through April 30, 2026. Labor for the Pro Forma Present Rates includes full staff complement annualized expenses with vacancy credit. This expense also includes that portion of incentive compensation for Aqua's employees.

Q. Please describe Exhibits 20.2(W) and 20.2(WW), Benefits Expense, and its adjustments to selected benefits expense items (*i.e.*, Health, Dental and 401K).

A. The rates and the employee contributions for the test year are the actual costs in effect for 2025, and projected through the test year ending April 30, 2026. For the Pro Forma Present Rates, the Company is utilizing the rates effective January 1, 2026 and annualizing our claim for benefits. The Company provides its employees certain benefits in addition to

those I made adjustments to, such as Long Term Disability Insurance, Accidental Death and Dismemberment, Life Insurance, Training, Pension, and Post-retirement Healthcare. Specifically, my adjustments to Employee Health and Dental insurance reflect increases in coverage rates effective on January 1, 2026. Regarding the Company's 401k expense, I included an anticipated increase in this expense, which I will update specifically at a later date. During the course of this proceeding, and consistent with past regulatory practice in New Jersey, I will be updating this claim to reflect 12+0, and at that time, I will then annualize the actual rates being charged.

Q. Please explain the calculation of Exhibit 20.3(W), Purchased Water Expense.

A. The test year for Purchased Water expense was compiled by taking the actual expenses for the period May 1, 2025 through September 30, 2025 combined from each entity from which the Company purchases water – the Riegelsville Water Company, Trenton Water Works and NJ American Water Company – and adding the projected expenditures for the remainder of the test year through April 30, 2026. Pro Forma Present Rates Purchased Water Expense represents the anticipated expense for the first year new rates go into effect.

Q. Please explain the calculation of Exhibits 20.3(WW) and 20.3.1(WW), Purchased Wastewater and Sludge.

A. The test year Purchased Wastewater expenses were compiled by taking the actual expenses for the period May 1, 2025 through September 30, 2025 combined from each entity from which the Company purchases wastewater treatment services – Logan Township, Sussex County MUA, and Ocean County UA – and adding the projected expenditures for the remainder of the test year through April 30, 2026, including an adjustment for price increases received from those entities through December 2025.

The test year for Sludge expenses was compiled by taking the actual expenses for the period May 1, 2025 through September 30, 2025 from each entity from which the Company purchases sludge and adding the projected expenditures for the remainder of the test year through April 30, 2026.

Pro Forma Present Rates Purchased Wastewater & Sludge Expenses represent the anticipated expense for the first year new rates go into effect.

Q. Please explain the calculation of Exhibits 20.4(W), 20.4(WW), 20.5(W), and 20.5(WW), Purchased Power and Chemical Expense.

A. The test year expense was compiled by taking the actual expenses for the period May 1, 2025 through September 30, 2025 and adding the projected expenditures for the remainder of the test year through April 30, 2026. The Pro Forma Present Rates Purchased Power and Chemical Expense represents the anticipated expense for the first year new rates go into effect based on cost per million gallons pumped.

Q. Please explain the calculation of Exhibits 20.6(W) and 20.6(WW), Supplies.

A. The test year expense was compiled by taking the actual expenses for the period May 1, 2025 through September 30, 2025, and adding the projected expenditures for the remainder of the test year through April 30, 2026. The Pro Forma Present Rates Supplies Expense represents the anticipated expense for the first year new rates go into effect.

Q. Please explain the calculation of Exhibits 20.7(W) and 20.7(WW), Outside Services.

A. The Company utilizes contract services for certain expenditures such as Auditing, Engineering, Lab Testing, Customer Billing, Contract Operations/Maintenance, and Legal. All of the aforementioned expenses were compiled by taking the actual expenses for the period May 1, 2025 through September 30, 2025 and adding the projected expenditures for

the remainder of the test year through April 30, 2026. The Pro Forma Present Rates Outside Services Expense represents the anticipated expense for the first year new rates go into effect.

Q. Regarding certain Outside Services, shown on Exhibits 20.7(W) and 20.7(WW), please describe Management Fees Expense.

A. Aqua is charged monthly for the services rendered to it by the employees of Aqua Services, Inc., which include primarily employees based in Aqua Services, Inc.'s corporate headquarters located in Bryn Mawr, Pennsylvania. For example, some of the services provided by Aqua Services, Inc. include, but are not limited to the following categories: Corporate Governance, Accounting, Legal, Engineering, Human Resources, Information Technology, Regulatory, Communications, Water Quality, Taxes, Treasury and Auditing. The Company's Outside Services expense claim in this proceeding is based on the projected actual results through April 30, 2026, and then adjusted to a normalized level to include expense levels expected to be realized during the first year rates are in effect. This expense also includes that portion of incentive compensation for Essential Utilities, Inc.'s ("Essential") employees providing services to Aqua.

Q. Is there a document or agreement that specifies the services to be received by Aqua from Aqua Services, Inc. and how they are allocated and charged to Aqua?

A. Yes, services are provided to Aqua pursuant to an Affiliate Interest Agreement that was previously reviewed and approved by the Board in 2022.[1]

[1] *See I/M/O the Request of Aqua New Jersey, Inc. and Aqua Water Holdings, Inc. for Approval of Intercompany Restructuring and of an Affiliated Interest Agreement*, BPU Docket No. WO21081067, Order Adopting Stipulation (dated February 22, 2022) (the "Restructuring/AIA Order").

Q. How are the costs of those services charged out by Essential to its subsidiaries?

A. Aqua Services, Inc. personnel keep daily time records and, where appropriate, their time and related overheads are directly assigned to the subsidiary for which they are working. Where costs are incurred in rendering services to multiple companies in common and cannot be identified and related exclusively to a particular company, they are allocated to all such companies based on the number of customers served by each company at the end of the immediately preceding calendar year.

Q. Please explain the calculation of Exhibits 20.8(W) and 20.8(WW), Lease, Transportation, Insurance and Other Expenses.

A. Lease Expense for the Company is the cost of leasing office equipment. Transportation expenses are the costs associated with the Company's fleet of vehicles and their associated operating costs (*e.g.*, fuel, maintenance, etc.). Insurance expenses are the costs associated with the Company's insurance coverage for Workers Compensation, Auto & Property, General Liability and Executive Risk. Other Expenses primarily include a variety of Administrative and General expenses that are individually not material enough to be reported as a separate line item, but which are recurring and necessary expenditures of the Company in providing service to its customers. Some examples include: Office Supplies, Business Travel Expense, Office Utilities, Mail & Postage, and Bank Fees.

The test year for these expenses was compiled by taking the actual expenses for the period May 1, 2025 through September 30, 2025 and then projecting the expense for the remaining months of the test year through April 30, 2026. Pro Forma Present Rates Lease, Transportation, Insurance and Other Expense represents the anticipated expense for the first year new rates go into effect.

Q. Is there anything further you would like to state as it relates to the Insurance Expense included in Exhibits 20.8(W) and 20.8(WW)?

A. Yes. The Company monitors this expense annually in terms of claims experience as analyzed in a multi-year average. There have been no significant claims for Aqua. Premium increases are largely the result of industry-wide (utility sector and otherwise) incidents, reduced insurance capacity, inflationary costs, and uncommonly high settlements, often referred to as nuclear verdicts. Essential is considered a "good risk" company from a corporate insurance perspective; however, premium pricing is all relative and as Essential is assessed within the utility sector, that brings with it industry-wide risks and exposures. The projected 2026 Insurance Expense for the Company is approximately $503,500.

Q. Would you please explain Exhibits 20.9(W) and 20.9(WW), Bad Debt Expenses.

A. I have continued to average the bad debt percentages over a 18-month period – for the calendar years 2024 through September 30, 2025 – and applied that percentage of (0.30%) for Water and (0.03%) for Wastewater to the projected test year and normalized rate year period gross revenues to determine the Bad Debt Expense. The new percentages are what Aqua believes best represents the level of bad debt expense incurred during the first year that rates are in effect based on historical experience and current trends. During the course of this proceeding, I will update this calculation to 12+0 and propose to utilize the result as a basis for the final adjustment to Bad Debt Expense.

Q. Please describe Exhibit 20.10(W) and 20.10(WW), Rate Case Expense.

A. Rate Case Expenses are detailed by category based on the Company's best estimate as of the date of filing and assumes a fully litigated rate case. I will update this schedule

periodically as the case progresses. The Company is requesting a two (2) year amortization period for rate case expenses, which is a decrease in the amortization period requested and approved in the Company's last water base rate case. This change is due to the Company anticipating filing a rate case every two years, given anticipated increased capital spending on PFAS treatment and lead service line replacements.

Q. Please explain Exhibits 21.1 to 21.5(W) and 21.1 to 21.5(WW), Taxes other than Income.

A. The Company pays various taxes, assessments, and other fees, which are reflected in these exhibits. Those include: Regulatory Assessments, Payroll Taxes, Revenue Taxes, Property Taxes and various Water Allocation Fees/Safe Drinking Water Act Fees. The Regulatory Assessments from the Board and the Division of Rate Counsel are assessed based on a percentage of utility revenue. The test year and the pro forma period are based on the most recent actual assessment percentages. The Company is not currently projecting any changes in the assessment percentages, but will appropriately revise these exhibits if any changes occur in the assessment percentages. I would note that there has been a correction in the Gross Receipts, Excise and Franchise Tax ("GREFT") paid to the State of New Jersey, and it is now calculated at a rate of 7.0% rather than 7.50% as was the case in the past. Certain expense adjustments and revenue implications of the instant proceeding have an effect on the aforementioned taxes and are detailed in Exhibits 21.1 to 21.5 for water (W) and wastewater (WW).

Q. Please address the Company's proposal to refund water and wastewater customers for GREFT over-collections as required by the Board.

A. In *I/M/O the New Jersey Board of Public Utilities' Consideration of the Gross Receipts Tax on Water and Sewer Utilities*, BPU Dkt. No. WR25060330, Stipulation of Settlement (filed December 22, 2025) (pending Board approval), Aqua agreed to make a proposal in its next base rate cases to refund to customers certain GREFT overcharges. Consistent with that requirement, the Company is proposing to provide refunds to its water and wastewater customers via a one-time bill credit, which will be provided in the first bill received by a customer with the new rates established in this case.

Q. Please provide further detail on the credit and how it was determined.

A. On November 4, 2024, Aqua received a letter from the NJ Department of Treasury indicating that an overpayment of the Gross Receipts portion of the GREFT tax by 0.5% (7.5% vs 7.0%) had occurred due to an error by the Department of the Treasury in which they imposed the higher rate in error. The Department of Treasury indicated they would send Aqua refunds dating back to 2020. Thus, Aqua received a total of $1.092 million from the NJ Department of Treasury for this retroactive period (2020 through 2024) during Q1 & Q2 of 2025.

Since this time, Aqua NJ has added to this amount by taking an additional 0.5% of revenue and placing these dollar amounts in the same Regulated Liabilities account on a quarterly basis. The expected total Regulated Liabilities by October 31, 2026 is approximately $1.755 million. The calculation of the credit will be scaled up based on the customer AWWA meter equivalents in the same manner as the Distribution System Improvement Charge, which is a fixed charge by meter size.

Q. Please explain Exhibits 23.1(W) and 23.1(WW), Amortization Adjustments.

A. A summary of various positive and negative Utility Plant Acquisition Adjustments recorded with the acquisition of certain water and wastewater systems previously approved by the Board are presented in this Exhibit, and Aqua NJ will continue to amortize acquisition adjustments from prior transactions. In addition, Aqua NJ, as a subsidiary to Essential Utilities, was one of several parties in class action lawsuits against manufacturers of certain per- and polyfluoroalkyl substances or compounds ("PFAS") for damages, contribution, and reimbursement of costs incurred to address the presence of such PFAS in public water supply systems owned and operated by Essentia's subsidiaries in December 2018. A settlement was reached in 2024 and Aqua NJ's portion of this settlement is just over $4.1M with 3M & Dupont, which was received in three payments in 2025. Aqua NJ proposes a two-year amortization of the reimbursement from 3M and Dupont per the PFAS settlement. Please also refer to Exhibit 26.7 for a breakdown of individual Utility Plant Acquisition Adjustments.

Finally, Aqua NJ has executed an asset purchase agreement to acquire the assets of the Lake Tamarack Water Corporation and obtained a municipal consent from the Township of Hardyston to serve the Lake Tamarack portion of the Township. This transaction will be the subject of a separately filed proceeding at the Board but will have no impact on the current rate case.

Q. Please describe Exhibits 25.1(W) and 25.1(WW), Interest Expense.

A. On Exhibit 25.1 the Company has calculated the Interest Expense claim being used in this Petition and synchronized this calculation with rate base. In other words, the Company is seeking recovery of interest expenses to the extent those expenses were incurred to finance

(with debt) the rate base being requested in this case. The weighted average cost of debt used in the calculation is derived from the Company's pro forma Exhibit 14.1, whereby the Company has shown the requested Capital Structure. Further, Exhibit 14.1 shows the various instruments of debt and their respective cost rates that were then used to calculate the effective cost of debt "requested" which is 2.01%.

III. UNIFORM PSTAC

Q. Please explain how the PSTAC is reflected in this filing for wastewater rates.

A. The PSTAC is reflected in this proceeding in a few ways. First, Aqua was authorized by the Board to implement a uniform PSTAC as part of its 2020 wastewater base rate case.[2] Since that time, the Company has made annual PSTAC filings in order to adjust the rates to be commensurate with the costs incurred for wastewater treatment. The current PSTAC rates became effective January 1, 2026, as approved by the Board in December 2025.[3] However, when new base rates are set, the current PSTAC will reset.

Second, Aqua intends to follow the Board's process for establishing a new PSTAC rate to begin at the conclusion of this case. Aqua requests that the Board authorize the Company to implement a new PSTAC surcharge to become effective with the new base rates, and find that the Company's baseline wastewater treatment expenses are consistent with the requirements of N.J.A.C. 14:9-7.1 et seq.

---

[2] *See I/M/O the Petition of Aqua New Jersey, Inc. for Approval of an Increase in Rates for Wastewater service and Other Tariff Changes*, BPU Docket No. WR20010056, Order Adopting Initial Decision Settlement (dated December 2, 2020), at 3, 5.

[3] *I/M/O the Petition of Aqua New Jersey, Inc. for Approval of an Increase in its 2026 Purchased Wastewater Treatment Adjustment Clause ("PSTAC") Rate, True-up of its 2024 PSTAC rates, and Other Required Approvals*, BPU Docket No. WR25080575, Order Approving Stipulation (dated December 17, 2025).

IV. CONCLUSION

Q. Does this conclude your Direct Testimony?

A. Yes, it does. However, I reserve the right to supplement this Direct Testimony as needed during this proceeding.

BEFORE THE
NEW JERSEY BOARD OF PUBLIC UTILITIES

AQUA NEW JERSEY, INC.

Docket No. WR2601___

DIRECT TESTIMONY OF ALISSA VANIM

With regard to
LSLR Program and
PFAS Treatment Challenges

January 30, 2026

AQUA NEW JERSEY, INC.

DIRECT TESTIMONY
OF
ALISSA VANIM

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Alissa Vanim. My business address is 10 Black Forest Road, Hamilton, New Jersey 08691.

Q. By whom are you employed and in what capacity?

A. I am employed by Aqua New Jersey, Inc. ("Aqua" or the "Company") as Director of Operations.

Q. Please provide a brief description of your education, responsibilities and experience.

A. I hold a Bachelor of Science degree in Environmental Studies from Richard Stockton University. I was hired as the Director of Operations for Aqua in December 2024, and in that capacity have overall responsibility for the day-to-day operations, business development and financial results of Aqua. Along with others, I am accountable for establishing and overseeing relations and reporting with governmental agencies, providing quality water and wastewater service to our customers, and achieving the Company's financial goals. I am responsible for the overall operations of the Company's four divisions including all aspects of water treatment and distribution, wastewater treatment and collection, water quality, and customer service.

Prior to stepping into the Director role, I served as the Manager of Environmental Compliance for Aqua New Jersey for seven years. Before that, I worked with Handex

Consulting & Remediation, where I operated remediation systems and also served as both a compliance officer and contract manager for over ten years.

Q. Do you hold any professional licenses in connection with your occupation?

A. I am currently awaiting approval from the New Jersey Department of Environmental Protection ("NJ DEP") to complete the examination for my T-2 Water Treatment and W-2 Distribution licenses from the NJ DEP).

Q. Have you testified before the New Jersey Board of Public Utilities ("Board") before?

A. No. I have not.

Q. What is the purpose of your Direct Testimony?

A. The purpose of my Direct Testimony is to support the Company's Petition in this proceeding regarding: (i) capital relative to operating costs for water and wastewater operations; (ii) Aqua's approach to Lead Service Line Replacement ("LSLR"); (iii) the Company's Annual Update to the LSLR Program (attached as Exhibit 3(W) to the Petition); and (iv) the challenges Aqua faces in the installation of PFAS treatment throughout its system and its progress towards such installations.

Q. Was this Direct Testimony prepared by you or under your direct supervision?

A. Yes. This Direct Testimony was prepared by me or under my direct supervision and control. The source documents for my Direct Testimony are Company records and public documents. I also rely on my personal knowledge and experience.

Q. Are you sponsoring any exhibits as part of your Direct Testimony?

A. Yes. I am sponsoring Exhibit 3(W) to the Petition, which was prepared by me or under my direct supervision and direction.

II. WATER AND WASTEWATER OPERATIONS

Q. Please describe the Company's water operations.

A. Currently, Aqua consists of 25 separate public water systems and is organized into four geographically diverse operating divisions – one in the northwestern part of the state ("Northern Division"); one in the west-central part of the State ("Central Division"); the third in the southwestern part of the State ("Southern Division"); and the fourth in Ocean and Monmouth Counties ("Eastern Division"). The Central Division consists of California Village, Hamilton, Lawrenceville, North Hanover and Spartan Village, which combined together, consists of 19,396 total services. The Eastern Division is mainly located in Bayville and has a total count of 4,609 services. The Northern Division consists of Bear Brook, Brainards, Bunnvale, Byram, Califon, Cliffside Park, Fox Hill, Harkers Hollow, Phillipsburg, Riegel Ridge, Riegelsville, Summit Lake, Tranquility, Vernon, Wallkill and Warren Glen and has a total of 13,466 services. Lastly, the Southern Division consists of Blackwood, Seaview Harbor, and Woolwich and has a total of 19,737 services.

The Company owns and operates fifty-three groundwater treatment plants across the State of New Jersey serving approximately 185,000 people in thirty different communities. Aqua's source of supply is groundwater from wells located throughout our service territories. Additional supply is purchased as needed from neighboring sources. Emergency and contract (routine use) interconnections are established within our system, when possible. Aqua employs 41 employees, with approximately 32 of them being union staff members.

Q. Company Witness Natalie Chesko mentioned the potential acquisition of water facilities located in the Township of Hardyston, County of Sussex, for the Lake Tamarack service area. Please describe the water facilities that would be acquired in that transaction.

A. Aqua is in the process of acquiring the assets of the Lake Tamarack Water Corporation, which serves a residential community located within the Township of Hardyston, Sussex County, New Jersey. The system currently serves approximately 264 customer connections and includes three water supply wells and treatment facilities and two storage tanks. The existing water system has experienced ongoing corrosion control challenges and requires PFAS treatment along with capital investment in the distribution system with new mains, and meter installation. Aqua intends to invest in necessary improvements to ensure the provision of reliable and safe potable water to customers in compliance with all applicable regulatory standards. The Township of Hardyston has granted Aqua a municipal consent to serve the Lake Tamarack area. The Company will make a separate filing to address the provision of water service to the Lake Tamarack community and provides this brief description of the proposed transaction in the interest of completeness.

Q. Please describe the Company's wastewater operations.

A. Aqua has wastewater operations in three of its four geographical divisions – Northern, Southern, and Central. Howell, North Hanover, California Village, and Spartan Village all reside in the Central Division. Southern Division wastewater responsibilities are solely in Woolwich Township. Stanton Ridge, Oakwood Village, Wallkill, and Bear Brook are all in the Northern Division. The common wastewater treatment plants at Aqua include a

screening for preliminary treatment, sedimentation tanks for primary treatment, aeration for secondary treatment, and disinfection for tertiary treatment.

Q. Please briefly describe the wastewater systems for which the Company is seeking a rate increase.

A. Briefly, Woolwich was acquired in 1998 and is the largest of the Company's systems, followed closely by Maxim. Woolwich has approximately 3,352 customers, while Maxim, which was acquired in 2003, has approximately 2,618 customers. The Company has three systems serving mobile home parks. California Village, North Hanover and Spartan Village, which were acquired in 2006, 2005 and 2014, respectively. California Village has 136 customers, North Hanover has 100 customers, and Spartan Village has 221 customers. Lastly, Bear Brook, Stanton Ridge, Wallkill, and Oakwood were acquired in 2004, 2007, 2010, and 2016, respectively. Bear Brook serves a development with 87 single family homes, a golf course, which is no longer accessible to the public, and a wedding venue. Similarly, Stanton Ridge serves a development of 151 homes, a golf course and a clubhouse. Wallkill has 446 customers in an apartment complex and a residential development, and Oakwood has 35 customers, one of which is an apartment complex with 1,224 units.

Q. Please describe the Woolwich wastewater treatment and collections facilities?

A. Aqua and its predecessor, Consumers New Jersey, has owned and operated the Woolwich system since the first house was constructed. Aqua and the Developer, Summit Ventures, entered a contractual relationship in 1999 by which the Developer provides and pays for all the sewer conveyance and disposal capacity necessary to build out the 4,500 prospective homes in Woolwich. There are approximately 41 miles of sewer mains and 535 manholes

in the system. The majority of the sewer flow from Woolwich is conveyed to the Logan Township Municipal Utilities Authority ("LTMUA") for treatment. The refund schedule was established in the original contract from 1999. The Woolwich system consists of a gravity collection system that discharges to various pumping stations using force mains to pump the wastewater to LTMUA. Routine maintenance is performed throughout the system that includes, but is not limited to, cleaning and jetting of collection mains, lift station cleaning, manhole inspections and inflow and infiltration investigations. Backup power and SCADA monitoring are provided at all pumping stations. The Company has been upgrading its SCADA capabilities to allow for full control on the OT Network in 2026. Since the development started in 1999, approximately 3,352 customers have been added, most of which are residential customers ranging from four-bedroom single family homes to one bedroom apartments. Also included in the customer count are two schools, doctors' offices and commercial space. Based on the 2025 Master Permit, Aqua is expecting the buildout of multiple developments and warehouses in the upcoming years, which will include 2,000 residential apartments, townhouses, single family homes, and age restricted homes. There are concept plans for approximately 600,000 square feet of commercial and office space.

Q. Please describe the Hanover Village wastewater treatment and collections facilities?

A. The Hanover Village system was built around 1955 and acquired by the Company in 2005. It consists of a stand-alone gravity collection system that includes two small pumping stations and onsite treatment and stream disposal, serving approximately 100 customers. This system is completely built out, and has required capital investments by Aqua to ensure continued compliance with all NJ DEP regulations. Since taking ownership, Aqua has

completed numerous projects to provide safe and adequate service to its customers including, sewer collection system renovations, treatment plant renovations, aeration system improvements, tank painting, safety equipment installation and pump station improvements. An influent grinder has been installed to remove the flushable wipes and other trash that have frequently caused issues with the facility along with SCADA visibility. Prior to the acquisition by the Company, the system experienced monitoring and reporting violations due to equipment failures, poorly trained operators and lack of consistent treatment. There were also overflows and backups in the collection system due to lack of proper operation and maintenance. Aqua has been in design phase and will begin construction on a new collection system for the Hanover Plant in 2026-2027. The plant is in a remote area of the Township that is susceptible to sustained power outages; however, standby power is now available via a diesel generator that Aqua installed.

Q. Please describe the California Village wastewater treatment and collection facilities?

A. The California Village system was built in the 1950's and acquired by the Company in December 2006. It is a stand-alone gravity collection system that includes one small pumping station that flows to the Company's onsite treatment plant, serving approximately 136 customers. Like Hanover Village, this system is also completely built-out, and has required (i) capital investments by Aqua to maintain compliance with all NJ DEP regulations, and (ii) the completion of several similar projects to provide safe and adequate service to customers. At the time of acquisition, this system still contained gaseous chlorine treatment, so Aqua converted this system over to hypochlorite shortly after the acquisition was completed. Prior to the acquisition by the Company, the system experienced monitoring and reporting violations due to equipment failures, poorly trained

operators and lack of consistent treatment. Customer complaints have been decreased significantly since the Company took over the system.

Q. Please describe the Spartan Village wastewater system.

A. Aqua acquired the Spartan Village wastewater system, which serves a mobile home community consisting of approximately 221 residential customers, in 2014 from the owner of the mobile home community.[1] Utility services were previously included in the cost of monthly lot rentals. As a part of Aqua's acquisition, the Board authorized the Company to charge Spartan Village customers the same monthly rates that had been set earlier that year for customers in Woolwich, California Village and Hanover Village (*i.e.*, Rate Schedule No. 1 – General Sewer Service). The Company previously invested a large amount of capital for lining the collection system at Spartan Village, which resulted in decreased flow from large rain storms. Aqua recently installed a new, state-of-the-art wastewater treatment plant to replace the previous facility, which had reached the end of its useful life and was no longer performing reliably. The new plant is fully automated, designed to optimize efficiency and ensure compliance with all regulatory standards.

While the system operates remotely and provides full visibility to Aqua through advanced monitoring technology, it still requires daily on-site checks to verify performance and address any operational needs. This upgrade represents a significant investment in infrastructure to enhance reliability, improve environmental protection and compliance, and deliver consistent service to our customers.

[1] *See I/M/O the Petition of Aqua New Jersey, Inc. for Approval of Municipal Consents to Provide Water and Wastewater Service to Areas of the Township of North Hanover and the Borough of Wrightstown, and Other Required Approvals,* BPU Dkt. No. WE13121186, Order (dated July 23, 2014). Aqua also provides water service to Spartan Village.

Q. Please describe the Company's Bear Brook and Stanton Ridge wastewater systems.

A. Aqua acquired the Bear Brook wastewater system in July of 2004 in BPU Docket No. WE03090731. The system serves a residential development consisting of approximately 87 single family homes, a golf course (no longer accessible to the public), and a wedding venue/clubhouse located in Fredon Township. Initial rates for wastewater service for Bear Brook were established by the Board in December of 2000 in BPU Dkt. No. WE99120915, and the Board approved the Company's proposal to continue to charge wastewater customers the same monthly rates previously set in that earlier proceeding. Those rates are set out in Rate Schedule No. 2. Immediately upon acquisition, this system required capital investments by Aqua to maintain compliance with all NJ DEP regulations. In 2019, Aqua installed new UV Treatment at the Bear Brook wastewater treatment plant to improve the treatment process and facilitate continued environmental compliance. Aqua also performed upgrades to the spray field system that allowed for remote control and additional fields for spray irrigation.

Aqua acquired the Stanton Ridge wastewater system, which serves a development consisting of approximately 151 homes, a golf course, and a clubhouse located in the Township of Readington, in 2007 from the Stanton Ridge Homeowners Association, Inc. Since taking ownership, Aqua has completed numerous projects to provide safe and adequate service to its customers including, sewer collection system renovations, treatment plant renovations including replacement of filter media. Aqua completed the last major repair required by the NJ DEP in summer 2025 which was the removal and replacement of the corroded effluent tank along with a new UV system.

Q. Please describe the Maxim and Wallkill wastewater systems.

A. Aqua acquired the Maxim wastewater system, which serves approximately 2,588 mostly residential customers located in Howell Township, from AquaSource Utility in 2003. This facility consists of a collection system and four lift stations. A project upgrading the remote access and visibility will be completed by April 2026.

Aqua acquired the Wallkill wastewater system, which provides service to approximately 441 customers located in an apartment complex and residential neighborhood in Hardyston Township, in 2010. Since taking ownership, Aqua has completed numerous projects to provide safe and adequate service – and specifically to reduce pre-ownership inflow and infiltration issues – to its customers including: sewer collection system renovations and extensions.

Q. Finally, please describe the Company's Oakwood Village wastewater system.

A. In late December 2016, Aqua purchased the Oakwood Village wastewater system, which provides service to 35 customers, including 34 single-family homes and an apartment complex consisting of 1,224 rental apartments, located in the Township of Mount Olive. To date, Aqua has made significant investments to return this wastewater treatment plant to a functioning plant that is following the NJ DEP requirements, including: replacement of the UV disinfection system, replacement of the membrane filters, spray field improvements, repairs to site fencing, and the addition of an influent screening system.

III. DRIVERS OF OPERATING COST INCREASES

Q. Please summarize when the Company's last rate cases were for water and wastewater.

A. The Company's last water rate case was filed on January 19, 2024, with a settlement approved by Board Order dated October 9, 2024.[2] In the 2024 Water Base Rate Case ("BRC"), the Board approved a revenue increase of $2,250,000 and an agreed upon total rate base of approximately $265 million, with a test year from May 1, 2023 to April 30, 2024.[3]

For wastewater, the Company's last rate case was filed on January 21, 2020, with a settlement approved by Board Order dated December 2, 2020.[4] In the 2020 Wastewater BRC, the Board approved a revenue increase of $500,000 and an agreed upon total rate base of approximately $10.4 million, with a test year from May 1, 2019 to April 30, 2020.[5]

Q. What significant cost increases has the Company experienced since the 2024 Water BRC and the 2020 Wastewater BRC base rate case filings?

A. Since the 2020 Wastewater BRC and 2024 Water BRC filings, respectively, Aqua has seen significant cost increases in a number of categories, but the most significant are increased utilities costs and sampling requirements Like other large energy users, Aqua has experienced significant increases in the cost of electricity and gas and expects additional

[2] *I/M/O the Petition of Aqua New Jersey for Approval of an Increase in Rates for Water Service, Covid-19 Deferred Cost Recovery, Adjustment of Certain Depreciation Rates, and Other Tariff Changes*, BPU Docket No. WR24010057 ("2024 Water BRC"), Order Approving Initial Settlement Decision and Stipulation, dated Oct. 9, 2024.

[3] *Id.* at 3.

[4] *I/M/O the Petition of Aqua New Jersey for Approval of an Increase in Rates for Wastewater Service and Other Tariff Changes*, BPU Docket No. WR20010056 ("2020 Wastewater BRC"), Order Adopting Initial Decision Settlement, dated Dec. 2, 2020.

[5] *Id*. at 2.

increases in the future. Aqua utilized approximately 11.1 million kWh (electricity) in 2025, which had a cost of $1.8 million dollars. Another cost Aqua is experiencing in 2025 – 2026 is additional costs associated with increased sampling requirements. These are driven by the EPA's mandated PFAS regulation, along with the supplementary monitoring and compliance measures required by the NJ DEP. These enhanced regulatory standards necessitate more frequent sampling, expanded analytical parameters and additional documentation/reporting to ensure full compliance

Q. Are there any cost increases to the Company's wastewater operations that you would like to highlight that have occurred since the 2020 Wastewater BRC?

A. Since the 2020 filing, Aqua has experienced cost increases in purchased power, chemicals, labor and transportation for its plants. The cost of operations of the Spartan Village plant has also increased as a result of the increased power and chemical use necessary to support the new wastewater treatment processes at the new treatment plant.

Q. What major capital improvements have been (or are expected to be) made for the Company's water operations since the last filing?

A. Since the end of the post-test year period in the 2024 Water BRC, *i.e.*, October 31, 2024, through the end of the post-test year period in this case of October 31, 2026, Aqua has painted three water storage tanks throughout its footprint. The water main replacement program aggressively replaced aging infrastructure, adding over $29.3 million in critical underground infrastructure providing reliable service to our customers for years to come. The Company has also focused on inventory and replacement of lead or galvanized water services (service lines that connect the property to the water main) in 2025-2026, with a total of $3.2 million spent on replacing or identifying the water services as of December

31, 2025. Aqua has successfully completed installation of eight PFAS filtration systems to ensure that our customers continue to receive safe and adequate water service, consistent with the changing state and federal regulations. Aqua has also implemented a new SCADA system that is based on a cellular network to ensure reliability.

Q. What major capital improvements have been (or are expected to be) made for the Company's wastewater operations since the last filing?

A. Since the end of the post-test year period in the 2020 Wastewater BRC, *i.e.*, October 31, 2020, through the end of the post-test year period in this case of October 31, 2026, examples of upgrades would be: SCADA upgrades throughout the plants for increased reliability; design of a collection system; new lift stations; a new wastewater treatment plant to replace an aging plant; and UV system/effluent tank replacement.

IV. AQUA'S LSLR PROGRAM

Q. Please provide some background on Aqua's LSLR Program.

A. The LSLR Law was signed by Governor Murphy in July 2021 and required New Jersey's water utilities to inventory and replace all LSLs, including those on private property that are owned by the customer. The LSLR Law directed utilities to submit to the Board an initial plan for replacing LSLs, which Aqua did on December 23, 2022.[6]

On July 12, 2023, the Board approved Aqua's initial plan and authorized the Company to seek recovery through its DSIC of the "total cost of the replacement of Company-owned LSLs made since May 31, 2022," as well as the "total cost of customer notifications," the costs of LSL inventorying that requires excavation to determine LSL

[6] *See I/M/O the Petition of Aqua New Jersey, Inc. for Approval to Defer Certain Costs Related to the Replacement of Lead Service Lines and Other Related Approvals*, BPU Docket No. WR22120745, Order Adopting Stipulation (dated July 12, 2023), at 2.

composition, and other incremental costs incurred to comply with the LSLR Law.[7] In its initial plan, Aqua also requested, and received, authorization to defer certain customer-owned LSLR costs and to seek their recovery in its next filed base rate case.[8] Consistent with this authority, Aqua deferred the "total cost of the replacement of customer-owned LSLs" and "interest on the project costs of customer-owned LSL replacements," and sought recovery of those deferred costs in the 2024 Water BRC.

Q. Please explain how the Company has utilized the LSLR Surcharge approved by the Board in the 2024 Water BRC.

A. In the 2024 Water BRC, the Board approved the Company's recovery of deferred customer-owned LSLR costs incurred as of June 30, 2024, in addition to future customer-owned LSLR costs through an LSLR surcharge, which appears as a separate line item on the monthly bills of customers.[9] The LSLR Surcharge is updated on a semi-annual basis to reflect the actual costs the Company has incurred in the prior six-month period, with such filings to continue through the recovery period through December 31, 2027.

The initial LSLR Surcharge became effective on the same date as the new base rates. The Company recently made its third LSLR Surcharge filing, with new rates to become effective February 1, 2026.[10] To date, the Company has recovered approximately $4.4 million in LSLR costs from customers through the LSLRC Surcharge.

[7] *Id.* at 3.
[8] *Id.* at 2-3.

[9] 2024 Water BRC Order, at 4.

[10] *See I/M/O Aqua New Jersey, Inc.'s Lead Service Replacement Line Plan and Cost Recovery Mechanism – Third Surcharge Filing*, BPU Docket No. WR24110846, Compliance Tariff Filing Letter, dated December 16, 2025 (including proposed tariff page for Rate Schedule No. 5 – LSLRC).

Q. Please provide an overview of Aqua's LSLR challenges.

A. As required, Aqua has conducted a comprehensive review of Company records to attempt to determine the composition of service lines—both Company-owned and customer-owned—in its service territory. Current estimates based on that effort are that there are approximately 410 known Company-owned LSLs and customer-owned LSLs that will need to be replaced. I would note that this is an estimate and it may change as further inventorying and testing of the composition of unknown service lines is completed. Presently, Aqua has 3,000 service lines with unknown composition remaining.

Q. Where in the Aqua system are LSLs predominantly located?

A. Aqua has encountered greater concentrations of LSLs in the older parts of its systems, such as in Phillipsburg and Blackwood. This is not surprising given when those systems were built and the building materials that were commonly used at that time. Table 1 in the Updated LSLR Plan (*see* Exhibit 3(W) to the Petition) shows a current breakdown of LSLs by system.

Q. What average costs are typically incurred in replacing LSLs?

A. Aqua has replaced approximately 2,500 LSLs, and based on that experience has made some general estimates of the average cost of replacing LSLs. Where a full LSL replacement is required, *i.e.*, both the Company-owned and customer-owned portions, the average cost for that full replacement has generally been approximately $8,000. In instances in which only the Company-side is replaced, the average cost has generally been approximately $4,200. In situations in which only the customer-side is replaced, the average cost has generally been approximately $5,100.

Q. Why is there a difference in the average cost to replace a Company-owned versus a customer-owned LSL?

A. There are many factors that influence cost, but one difference between Company-owned and customer-owned LSLR costs is due to the fact that Company-owned LSLs tend to be shorter, running from the water main to the curb. There is also less likelihood of encountering landscaping and other conditions which can impact the ease of replacement, *e.g.*, mature trees with large root systems and hardscaping. Additionally, challenges include local plumbing permits and inspections and access to pipes that were originally installed in basement slabs. Company-side challenges include additional traffic control and road opening permits which add additional cost and time.

Q. What other factors influence the LSLR costs?

A. Some of the more significant factors impacting costs are: (i) whether the work is completed as part of a main replacement program in a targeted area versus as a one-off replacement; (ii) local ordinances, codes and requirements; (iii) property site conditions; and (iv) the scope of work, if any, performed through building foundation walls.

Q. How quickly does Aqua plan to complete the LSLR in its service territory?

A. The Company estimates that it could replace up to 2,000 LSLs per year depending on access to the LSLs, municipal moratoriums on street excavation work, and contractor and equipment availability. Coordinating this critical work with the municipalities and other utilities' work in the area is an important facet of this project, as restoration costs and road opening moratoriums are important considerations for cost and service territory relationship reasons.

Q. Has the Company been able to secure any loans or grants to offset LSLR costs?

A. Aqua has applied for grants from the iBank, but grants have not yet been received yet. The Company, has however, secured IBank loans for two current LSL projects (Phillipsburg and Blackwood), both of which are eligible for loan forgiveness upon the completion of each project. To date, Aqua has received loans of approximately $843,000 for the Blackwood LSLR project and approximately $75,000 for the Phillipsburg LSLR project. Please note that these loan amounts include loan closing costs.

Q. Do you have any comments on the challenges Aqua faces in its LSLR program?

A. Yes, I do. From a technical, operational, engineering and financial perspective, replacing thousands of LSLs is a complex and expensive undertaking—particularly for a company the size of Aqua. LSLRs are performed by contractors, but Aqua is still required to contract for and supervise these activities. In addition, Aqua must educate and interact with customers and municipal and state officials to secure needed permissions to perform work—this task alone is very time consuming—and then schedule contractor activities. At a time when the Company is also facing the prospect of spending millions of dollars to treat PFAS, LSLR costs are another significant source of financial pressure on Aqua, which costs are unavoidable to ensure compliance with federal and state mandates regarding replacements. Consequently, it is vital that the Company receive full and timely cost recovery for LSLR costs.

Q. Has Aqua updated its LSLR Plan as required?

A. Yes, Exhibit 3(W) to the Petition is the Updated LSLR Plan – for 2025, which was prepared by me, and is submitted in this proceeding in compliance with the annual update requirement.

IV. AQUA'S APPROACH TO PFAS TREATMENT REQUIREMENTS

Q. Please provide an overview of the PFAS treatment issue.

A. Both the EPA and the NJ DEP have promulgated standards that require water utilities to test for, and treat, PFAS in drinking water supplies. To-date, Aqua has mitigated the PFAS in 12 different treatment plants and currently anticipates that it will be required to install PFAS treatment at an additional 11 treatment plants (including Lake Tamarack) pursuant to the EPA regulations. The most effective and commonly used treatment technologies are granular activated carbon, high pressure membrane separation (*e.g.*, nanofiltration or reverse osmosis), and ion exchange. Depending on the specific characteristics of the individual wells, treatment technologies can vary significantly, and costs can range from $150,000 to $ 10,000,000 per installation. In addition, some well sites are fairly small and may not have enough space to install treatment. In those instances, the Company may need to purchase adjacent property to install treatment facilities.

Q. Beyond the cost of the treatment facilities, what costs will the Company incur to treat for PFAS?

A. Additional costs include incremental, on-going operations and maintenance ("O&M") costs to keep the treatment facilities in working order and to replace and properly dispose of the medium that is used in the treatment facilities. At this time, Aqua has had limited experience with PFAS treatment facility installation and operation; however, Aqua does have extensive experience with other forms of media and believes that the installation and on-going O&M costs will be significant—particularly to a company of Aqua's size. Additional costs include increased visits to the site, remote monitoring of the vessels, replacement and disposal of spent media, additional increased monitoring.

Q. How does Aqua propose to deal with recovery of future costs related to PFAS treatment?

A. As explained in the Direct Testimony of Company Witness Bakhash, at this time the Company is requesting to capture the costs related to PFAS treatment in the RESIC surcharge. Given the magnitude of, and knowledge that there will be, increased costs, this is a reasonable approach to enabling Aqua to meet water quality requirements while also balancing cost recovery concerns.

V. CONCLUSION

Q. Does this conclude your Direct Testimony?

A. Yes, it does. I do, however, reserve the right to supplement this Direct Testimony as this proceeding progresses.

BEFORE THE
NEW JERSEY BOARD OF PUBLIC UTILITIES

AQUA NEW JERSEY, INC.

Docket No. WR2601_____

DIRECT TESTIMONY OF ELIAS BAKHASH

With Regard To
The Distribution System, Additions To Utility Plant In Service,
the DSIC, and the RESIC

January 30, 2026

AQUA NEW JERSEY, INC.

DIRECT TESTIMONY
OF
ELIAS BAKHASH

I. INTRODUCTION

Q. Please state your name, occupation and business address.

A. My name is Elias Bakhash. My business address is 10 Black Forest Road, Hamilton, New Jersey 08691.

Q. By whom are you employed and in what capacity?

A. I am employed by Aqua New Jersey, Inc. ("Aqua" or the "Company") as Engineering Manager.

Q. Please provide a brief description of your education and experience.

A. I graduated from Aleppo University in 2011 with a Bachelor of Science Degree in Mechanical Engineering. In 2013, I began working at Catholic Relief Services as a water and sanitation Engineer. My focus was designing water system for towns that have no access to potable water in Syria. In 2016, I moved to Villanova University to pursue my higher education and obtained two master's degrees in water sources and sustainable engineering. In 2020, I started working with AECOM as a Project Engineer. My focus was designing civil site plans for water and wastewater treatment plants.

I joined Aqua Pennsylvania in June 2022 as a Project Manager. I was responsible for managing the water main replacement and relocation projects, as well as treatment projects.

I joined Aqua New Jersey in January 2025 as an Engineering Manager, I am

responsible for the short-term and long-term capital planning, budgeting, designing and implementation of all capital projects in New Jersey.

Q. Do you hold any professional licenses in connection with your occupation?

A. No.

Q. Have you testified before the New Jersey Board of Public Utilities ("Board") before?

A. No, I have not previously provided testimony before the Board.

Q. What is the purpose of your Direct Testimony?

A. The purpose of my Direct Testimony is to support and explain the Company's capital additions to Utility Plant in Service ("UPIS") in this proceeding, and to support the Distribution System Improvement Charge ("DSIC")-related requests.

Q. Was this Direct Testimony prepared by you or under your direct supervision?

A. Yes. This Direct Testimony was prepared by me or under my direct supervision and control. The source documents for my Direct Testimony are Company records and public documents. I also rely on my personal knowledge and experience.

Q. Are you sponsoring any exhibits as part of your Direct Testimony?

A. Yes. I am partially sponsoring Exhibits 26.2 through 26.4(W) & (WW) with Company Witness William C. Packer (PT-2), which display the Company's UPIS by account. Specifically, I will be supporting the need for the Company's projected investment in rate base for the test year ended April 30, 2026, for water and wastewater, and post-test year additions, for water, through October 31, 2026.

II. SYSTEM OVERVIEW

Q. Please describe the Company's sources of water supply and storage facilities.

A. The Company's source of supply is groundwater from wells located throughout our service territories. Additional supply is purchased as needed from neighboring sources. Storage facilities include eight elevated tanks, five ground tanks, fifteen standpipes, and six reservoirs. Water treatment includes chlorination at all locations, pH adjustment where necessary, corrosion control where necessary, and fluoridation (where locally mandated). Since 2006, the Company has installed treatment for radium/gross alpha, uranium, iron & manganese and PFAS. The Company maintains multiple interconnections with neighboring systems when possible. In this Direct Testimony, I will discuss the details of our ongoing investment in rate base during the test year as well as the pro forma period.

Q. Please describe the Company's water treatment-based plant.

A. The Company owns and operates fifty-three groundwater treatment plants across the State of New Jersey serving approximately 185,000 people in thirty different communities. The standard treatment plants at Aqua include a well pump to extract water from the well, chemical treatment such as ion exchange, and disinfection with either UV or chlorination along with other site specific treatment.

Q. Please describe the Company's wastewater plant.

A. The Company owns and operates several wastewater treatment facilities across the State of New Jersey. The common wastewater treatment plant at Aqua includes a screening for preliminary treatment, sedimentation tanks for primary treatment, aeration for secondary treatment, and disinfection for tertiary treatment. Company Witness Alissa Vanim

provides further detail on the collection and transmission facilities.

III. RATE BASE ADDITIONS

Q. You mentioned you are partially sponsoring Exhibits 26.2 through 26.4(W) & (WW). What exactly are you supporting?

A. Specifically, I will be supporting the need for the Company's projected investment in water and wastewater rate base for the test year ended April 30, 2026 and, for water only, for the post-test year period, through October 31, 2026.

1. Water

Q. Please describe the capital additions that are a part of the Company's rate base in this case.

A. These exhibits contain schedules showing, by plant account, the Company's (i) actual plant balance at September 30, 2025; (ii) the adjusted test year plant balance (reflecting net additions and retirements through April 30, 2026); as well as (iii) any post-test year plant additions through October 31, 2026. Exhibit 26.2(W) summarizes the Company's calculation of UPIS and depreciation expense to be included in rates in this proceeding. Exhibit 26.3(W) provides additional detail by plant account regarding plant additions and retirements through April 30, 2026, the end of the test year. Exhibit 26.4(W) shows plant additions through October 31, 2026, the end of the post-test year period. All additions reflected in these exhibits are Company-funded and therefore exclude contributions in aid of construction ("CIAC").

Q. Please describe the larger dollar value projects included in the Company's request.

A. There are three projects that have a large capital spend for the Company. First, is the

Sitgreaves Road Water Main Replacement project, which began construction in February 2025 and is expected to be completed in January 2026. This project consisted of a water main replacement for 11,145 linear feet of old water main, and replacing 599 lead service lines with copper. This project provided hydraulic gridding and redundancy to the water network and Aqua's broader customer base. The engineering estimate for this project is $7,676,637. Second, the Woolwich Elevated Water Tank on Route 322, the project was started in 2024 and was completed in December 2025. The project consists of building an elevated water tank to provide hydraulic capacity and redundancy to the Woolwich water system. The engineering estimate for this project is $4,596,670. Third, the Apple Avenue Water Main Replacement project consists of the installation of 4,977 linear feet of 8-inch CLDIP pipe using the trenching method. The construction for this project started in March 2025 and was completed in December 2025. The engineering estimate for this project is $1,946,306. Please note that the costs identified above are estimates as all final costs have not been recorded as of the time of this filing.

Q. Please describe the capital additions that were included in the Post-Test Year Period (5/1/2026 – 10/31/2026).

A. Two Capital Projects were added for the Post-Test Year Period: Hamilton Well 13 PFAS Removal Project to remove PFAS permanently from Aqua's treated water. This project is imperative to keep Aqua in compliance with the coming PFAS regulation. The other project is PFAS Treatment for Lawrenceville Well 6, this project is to remove PFAS contaminant from Aqua's treated water.

Q. Are these projects "major in nature and consequence?"

A. Yes. They are major projects from Aqua's perspective given Aqua's size and the scope and complexity of the various projects. These post-test year projects are needed so that the Company can continue to meet its obligation to provide safe, adequate and proper utility service. Therefore, it is important that they are included for cost recovery in this proceeding.

Q. Do the proposed test year projects and those you have included in rate base as post-test year additions accurately reflect the plant in service that will serve Aqua customers during the time these proposed rates will be in effect?

A. Yes, they do. State and federal environmental requirements, the operational needs of the system, and the Company's obligation to manage an efficient water supply system all combine to require that certain construction projects need to be performed in a planned and consistent manner. The rate base included on the schedules in this case reflects the plant which will provide quality service to customers during the time these proposed rates will be in effect. At this time, I expect that each of the projects I have discussed will be in service on the schedule indicated above. All projects will be updated as the rate case proceeds.

2. Wastewater

Q. Please describe Exhibits 26.2(WW) and 26.3(WW), regarding the capital additions that are a part of the Company's wastewater rate base in this case.

A. As with water, I have assisted Company Witness Mr. Packer in the preparation of schedules which show by plant account the Company's actual plant balance at September 30, 2025,

the adjusted test year plant balance (reflecting net additions and retirements through April 30, 2026), as well as post-test year plant additions through October 31, 2026. These schedules can be found at Exhibits 26.2(WW) and 26.3(WW). Exhibit 26.2(WW) summarizes the Company's calculation of UPIS and depreciation expense to be included in rates in this proceeding. Exhibit 26.3(WW) provides additional details by plant account regarding plant additions and retirements through April 30, 2026, the end of the test year. All additions shown on are Company funded and therefore exclude CIAC.

Q. What is included in the wastewater capital additions?

A. The rate base additions are system-wide and generally relate to overall system upgrades and/or operational improvements such as for sewer main replacements, replacements of pumping units, minor treatment plant rehabilitation and the upgrading or replacement of other equipment, as shown on Exhibits 26.2(WW) and 26.3(WW). They are all necessary projects, and I have analyzed each project's merit before including them in our plans and budget. These are all the kind of projects that need to be completed in order to maintain our system reliability to serve our customers.

Q. Do the current plant and proposed test year projects accurately reflect the wastewater plant in service that will serve Aqua customers during the time these rates will be in effect?

A. Yes, they do. New Jersey Department of Environmental Protection ("NJDEP") requirements, the operational needs of the system, and the Company's obligation to manage efficient sewer treatment all combine to require that certain activities need to be performed in a planned and consistent manner. The rate base included on the schedules in

this case reflects the plant which will provide quality service to customers during the time these rates will be in effect. At this time, I expect that each of the projects I have discussed will be in service at the time indicated in Exhibits 26.2(WW) and 26.3(WW). All projects will be updated as the rate case proceeds.

Q. Please describe the capital additions that were included in the post-test year period (5/1/2026 – 10/31/2026)?

A. None of the Company's post-test period wastewater capital additions meet the "major in nature and consequence" standard used by the Board, and so no projects have been included.

IV. DSIC PROGRAM AND FOUNDATIONAL FILING

Q. Has the DSIC program had an impact on the Company's capital investments?

A. Yes. Over the years, the Company has used the DSIC program for some of its larger capital investments. Aqua's current DSIC program was approved in its 2024 water base rate case.[1] The Company made its first semi-annual cost recovery filing for the six-month period ending February 28, 2025, and made its second cost recovery filing on September 30, 2025, for the six-month period ending August 31, 2025. A third cost recovery request will be made during the pendency of this proceeding. We will continue to execute on the projects included in the Foundational Filing approved in the 2024 Water Rate Case.[2] In addition to the DSIC programs the Company identified in its Foundational Filing, costs related to lead

[1] *See I/M/O the Petition of Aqua New Jersey, Inc. for Approval of an Increase in Rates for Water service, COVID-19 Deferred Cost Recovery, Adjustment of Certain Depreciation Rates, and Other Tariff Changes* ("2024 Water Rate Case") BPU Docket No. WR24010057, Order Approving Initial Decision and Stipulation (dated October 9, 2024), at 6.

[2] *See I/M/O the Petition of Aqua New Jersey, Inc.'s 2022 Distribution System Improvement Charge Foundational Filing*, BPU Dkt. No. WR22050360, Decision and Order Adopting Stipulation (dated December 21, 2022).

service line replacement ("LSLR") for Company-owned LSLs are also being recovered in the DSIC, along with the costs of (i) customer notification, (ii) LSL inventorying that requires excavation, and (iii) other LSLR-related costs. Customer-side LSLR costs are recovered through the LSLRC surcharge mechanism.

Q. What are the Company's requests regarding the DSIC in this filing?

A. Aqua has made two DSIC surcharge cost recovery filings, and will make a third prior to the conclusion of this case. Aqua seeks a finding from the Board that those interim DSIC surcharges are final and not subject to refund, and that the DSIC rate shall be reset to zero with the implementation of new base rates in this case. Aqua also requests that the DSIC projects that have been completed and placed into service will be included in the water rate base rates set in this proceeding. In addition, Aqua has included a placeholder for a new DSIC Foundational Filing (*see* Exhibit 1(W) to the Petition) and requests that the Board approve it as part of this base rate case.

Q. Please elaborate on the Foundational Filing.

A. This proposed Foundational Filing builds on the currently approved Foundational Filing and includes certain projects that were not completed from the current Foundational Filing, as well as some new projects. The Company requests that the proposed Foundational Filing be made effective as of the last day of the DSIC recovery period for which a DSIC surcharge has been implemented at the time of this case. As the Board is aware, the purpose of this timing request is to avoid any "gap" period during which the Company's DSIC-eligible investments are excluded from calculations of both "base" and DSIC spending.

V. RESIC PROGRAM AND FOUNDATIONAL FILING

Q. Please describe Aqua's current RESIC program.

A. Company Witness Vanim describes the challenges that Aqua is facing in addressing changing PFAS regulations. A key element of the Company's plan for implementing PFAS treatment is the establishment and use of the Resiliency and Environmental System Investment Charge ("RESIC") for PFAS treatment costs. In July, Aqua submitted a petition to the Board pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:19-29 et seq. to establish and implement a RESIC for the recovery of costs of investments related to: (i) compliance with requirements to address existing and emerging chemical elements or compounds; (ii) installation of new plant or equipment or replacement of existing plant or equipment to further, maintain, and (iii) addressing treatment media and related equipment for both existing and emerging chemical elements and compounds.

The RESIC Foundational Filing proposed Aqua would invest in RESIC-eligible property and increase annual revenues to reflect those in-service investments, in increments occurring at approximately six-month intervals, by no more than $1,234,168, which amount is no more than 2.5% of the Company's annual revenues ($49,366,736), which is the cap on RESIC surcharge revenues. Aqua projected to spend $69,584,468 in capital expenditures on RESIC-eligible projects for a three-year period.

The Board approved the Company's RESIC Foundational Filing in November 2025, and Aqua will make its first RESIC cost recovery filing during the pendency of this proceeding. In addition, consistent with the Board's regulations, the RESIC surcharge will be reset to zero at the conclusion of this case. Aqua is in the process of preparing a new

RESIC Foundational Filing which will build upon the earlier Board-approved RESIC Foundational Filing. That new Foundational Filing is presently being completed and will be filed in this proceeding as Exhibit 2(W). Aqua requests that the Board approve its new RESIC Foundational Filing so that the Company may continue making needed investments and recovering costs related thereto on a timely basis.

VI. CONCLUSION

Q. Does this conclude your Direct Testimony?

A. Yes, it does. However, I reserve the right to supplement this Direct Testimony as needed during this proceeding.

BEFORE THE
NEW JERSEY BOARD OF PUBLIC UTILITIES

AQUA NEW JERSEY, INC.

BPU DOCKET NO. WR2601____

DIRECT TESTIMONY OF GREGORY R. HERBERT

With regard to Cost of Service, Rate Design and Billing Determinants

January 30, 2026

AQUA NEW JERSEY, INC.

DIRECT TESTIMONY
OF
GREGORY R. HERBERT

I. BACKGROUND

Q. Please state your name and business address.

A. My name is Gregory R. Herbert. My business address is 300 Sterling Parkway, Suite 200, Mechanicsburg, Pennsylvania.

Q. By whom are you employed?

A. I am employed by Gannett Fleming Valuation and Rate Consultants, LLC ("Gannett Fleming").

Q. Please describe your position with Gannett Fleming and briefly state your general duties and responsibilities.

A. My position is Project Manager, Rate Studies. My duties and responsibilities include the preparation of accounting and financial data for utilities regarding revenues under present and proposed rates, including pro forma adjustments to the base year and projected rate year revenues, conducting cost allocations by customer class, and the design of customer rates. Additionally, my responsibilities include developing pro forma revenue requirements, capital recovery fee studies, lead-lag studies, and depreciation studies for investor-owned and municipal-owned utilities. I joined Gannett Fleming in May 2017.

Q. Please describe your education background.

A. I have a Bachelor of Science Degree in Economics from the Pennsylvania State University.

Q. What are your professional affiliations?

A. I am a member of the American Water Works Association, the Pennsylvania Municipal

Authorities Association, and the National Association of Water Companies.

Q. Briefly describe your work experience prior to joining Gannett Fleming.

A. Prior to my employment at Gannett Fleming, I was a Senior Analyst in the Performance Reporting Group of Cambridge Associates, LLC where I oversaw the financial preparation of monthly and annual performance and benchmarking reports for public and private endowment clients.

Q. Have you previously testified before the New Jersey Board of Public Utilities (the "Board")?

A. Yes, I testified in Aqua New Jersey, Inc.'s ("Aqua" or the "Company") prior water base rate case, Docket No. WR24010057. Additionally, a list of rate cases in which I submitted testimony or assisted Gannett Fleming staff is attached to my Direct Testimony as Exhibit GRH-1.

Q. What is the purpose of your Direct Testimony?

A. The purpose of my Direct Testimony is to explain and support the calculations of Aqua's class cost of service allocation study ("CCOSS") for water. Additionally, my Direct Testimony explains and supports the proposed water and wastewater rate structures including the pro forma billing determinants.

Q. Are you sponsoring any exhibits in this case?

A. Yes. Exhibit GRH-1 (list of rate cases), Exhibit GRH-2 (Water CCOSS), Exhibit GRH-3 (Summary of Increase and Proposed Rates for Water) and Exhibit GRH-4 (Proposed Rates for Wastewater), are attached to my Direct Testimony. In addition, the billing determinants, proposed rates, and revenues that I calculated are contained in Exhibits 17.1 and 17.2(W), for water, and Exhibits 17.1 and 17.2(WW), for wastewater (and the workpapers thereto),

which are included with the Company's Petition. Those portions of Exhibits 17.1 and 17.2 were prepared by me or under my direct supervision and control.

II. COST OF SERVICE ALLOCATION – WATER OPERATIONS

Q. Please briefly describe the purpose of your cost allocation study for Aqua's water operations.

A. The purpose of the study was to allocate the total cost of service, which is the total revenue requirement for all the service areas of the Company, to the several customer classifications. In the study, the total costs were allocated to the residential, commercial, industrial, public authorities, and private and public fire protection classifications in accordance with generally accepted principles and procedures. The cost of service allocation results in indications of the relative cost responsibilities of each class of customers. The allocated cost of service is one of several criteria appropriate for consideration in designing customer rates to produce the required revenues. The results of my allocation of the Pro Forma cost of service for the test year ended April 30, 2026, compared to the revenues under present and proposed rates as of that date, are presented in the study, in Exhibit GRH-2.

Q. Please describe the method of cost allocation that was used in your study.

A. The base-extra capacity method, as described in 2017 and prior Water Rates Manuals published by the American Water Works Association ("AWWA"), was used to allocate the Pro Forma costs. Base-extra capacity is a recognized method for allocating the cost of providing water service to customer classifications in proportion to the classifications' use of the commodity, facilities, and services. It is generally accepted as a sound method for allocating the cost of water service and has been used by the Company in its previous cost

allocation studies.

Q. Please describe the procedure you used to perform the study presented in Exhibit GRH-2.

A. Each identified classification of cost in the Pro Forma cost of service was allocated to the customer classifications through the use of appropriate factors. These allocations are presented in Exhibit GRH-2, Schedule B. The items of cost, which include operation and maintenance ("O&M") expenses, depreciation expense, taxes and income available for return, are identified in column 1 of Schedule B. The cost of each item, shown in column 3, is allocated to the several customer classifications based on allocation factors referenced in column 2. The development of the allocation factors is presented in Exhibit GRH-2, Schedule C. I will use some of the larger cost items to illustrate the principles and considerations used in the cost allocation methodology.

Purchased electric power, treatment chemicals, and waste disposal are examples of costs that tend to vary with the amount of water consumed and are thus considered base costs. They are allocated to the several customer classifications in direct proportion to the average daily consumption of those classifications through the use of Factor 1. The development of Factor 1 is shown on Schedule C (Exhibit GRH-2). Other sources of supply, pumping, water treatment, and transmission costs are associated with meeting usage requirements in excess of the average, generally to meet maximum day requirements. Costs of this nature were allocated to customer classifications partially as base costs, proportional to average daily consumption; partially as maximum day extra capacity costs, proportional to maximum day extra capacity; and, in the case of certain pumping stations and transmission mains, partially as fire protection costs, through the use of Factors 2 and

3. The development of the allocation factors, referenced as Factors 2 and 3, is shown on Schedule C (Exhibit GRH-2).

Costs associated with storage facilities and the capital costs of distribution mains were allocated partly on the basis of average consumption and partly on the basis of maximum hour extra demand, including the demand for fire protection service, because these facilities are designed to meet maximum hour and fire demand requirements. The development of the factors, referenced as Factors 4 and 5, used for these allocations is shown on Schedule C (Exhibit GRH-2).

Fire demand costs were allocated to public and private fire protection service in proportion to the relative potential demands on the system by public fire hydrants and private service lines as presented in Exhibit GRH-2, Schedule D.

For O&M costs of mains, the relative weightings of Factor 3 (maximum day and fire) and Factor 4 (maximum hour) were based on the size of transmission and distribution mains. For cost allocation purposes, mains 12" and larger were classified as serving a transmission function, and mains less than 12" were classified as serving a distribution function. The development of this weighted factor, referenced as Factor 6, is presented in Schedule C (Exhibit GRH-2). Costs associated with Public Fire Hydrants were allocated directly to the Public Fire Protection Classification, as shown in Factor 7.

Costs associated with meters were allocated to customer classifications in proportion to the capacity requirements of the sizes and quantities of meters serving each classification. The development of the factor for meters, referenced as Factor 8, is presented in Schedule C (Exhibit GRH-2). Factor 9, Allocation of Services in Schedule C

(Exhibit GRH-2), was developed in a similar manner as Factor 8, using cost ratios by size for service lines.

Costs for customer accounting, billing and collecting, and customer-related management fees were allocated on the basis of the number of bills rendered for each classification. Costs related to uncollectible accounts are allocated based on the net write-offs by class. The development of these factors, referenced as Factors 12 and 20, are presented in Schedule C (Exhibit GRH-2). Factor 13, allocation of meter reading, is the same as Factor 12, except that Private and Public Fire Protection classes are excluded, because these customers are not metered.

Administrative and general costs were allocated on the basis of allocated direct costs, excluding those costs such as purchased water, purchased power, purchased chemicals, and waste disposal, which require little administrative and general expense. The development of factors for this allocation, referenced as Factor 14, is presented in Schedule C (Exhibit GRH-2).

Annual depreciation accruals were allocated on the basis of the function of the facilities represented by the depreciation expense for each depreciable plant account. The original cost less depreciation of utility plant in service was similarly allocated for the purpose of developing factors, referenced as Factor 18, for allocating items such as income taxes and return. The development of Factor 18 is presented in Schedule C (Exhibit GRH-2).

Factors 14 and 18, as well as Factors 11, 12, 16, 17 and 19, are composite allocation factors. These factors are based on the result of allocating other costs and are computed

internally in the cost allocation program. Refer to Schedule C (Exhibit GRH-2) for a description of the bases for each composite allocation factor.

Q. What was the source of the total cost of service data set forth in Column 3 of Schedule B (Exhibit GRH-2)?

A. The Pro Forma costs of service were furnished by the Company and are set forth in various exhibits sponsored by Company Witnesses.

Q. Referring to Schedule C (Exhibit GRH-2), pages 4 and 6, please explain the source of system maximum day and maximum hour ratios used in the development of the factors referenced as Factors 2, 3, and 4.

A. The system maximum day ratio was based on the review of average day to maximum day sendouts of the Company's system for the years 2022, 2023, and 2024. The maximum hour ratio was based on prior cost of service studies of the Company, which I reviewed and determined to be reasonable.

Q. What was the source of the maximum day extra capacity and maximum hour extra capacity demands used for the customer classifications in the development of Factors 2, 3, and 4?

A. The ratios were based on prior cost of service studies of the Company, which I reviewed and determined to be reasonable.

Q. Have you summarized the results of the water CCOSS?

A. Yes. The results are summarized in Schedule A, columns 1, 2 and 3 of Exhibit GRH-2. Column 2 sets forth the total allocated Pro Forma cost of service for the test year ending April 30, 2026, for each customer classification identified in column 1. Column 3 presents each customer classification's cost responsibility as a percent of the total cost.

Q. Have you compared these cost responsibilities with the proportionate revenue under existing rates for each customer classification?

A. Yes. A comparison of the allocated cost responsibilities and the percentage revenue under existing rates can be made by comparing columns 3 and 5 of Schedule A (Exhibit GRH-2). A similar comparison of the percentage cost responsibilities (relative cost of service) and the percentage of Pro Forma revenues (relative revenues) under proposed rates can be made by comparing columns 3 and 7 of Schedule A (Exhibit GRH-2). This comparison shows that revenues under proposed rates generally move toward the indicated cost of service. It should be emphasized that the CCOSS is used as one of the guidelines for rate design, but that there are other considerations that are taken into account when designing rates, such as the concept of gradualism.

III. PROPOSED WATER RATE STRUCTURE

Q. Please describe the billing determinants you developed.

A. Billing determinants consist of the number of billed-months and gallons consumed for usage by customers by class, the number of hydrants and hose connections to sprinkler systems for Private Fire Protection customers, and the number of hydrants for Public Fire Protection customers.

Q. Please describe the method you used to develop the billing determinants.

A. I obtained three years' worth of billing information from the Company, covering the 12-month periods ending September 2023, 2024, and 2025. From the information provided, I summarized the number of billed months and consumption in each of those months by operating division, class of service, and meter size.

Q. How did you calculate billed-months?

A. I computed the total billed months for each customer bill by considering the dollar amount charged for base or meter size charges and the applicable base charge rate. To illustrate, customers billed on a monthly basis accrued 1.0 billed-months for the regular days of service, while those billed quarterly accumulated 3.0 billed-months for the usual days of service. In instances where the days of service deviated from the standard monthly or quarterly measurement periods, fractional billed-months were calculated. Additionally, for customers with Private Fire Protection sprinkler connections, as well as for Private and Public hydrants, I determined the number of billed unit-months reflected on each quarterly bill.

Q. How did you calculate consumption?

A. The Company data shows for each bill the amount of water consumption that was billed. The monthly consumption amounts for the test year from the Company data were then identified by each rate group and customer class and then multiplied by the corresponding tariff volumetric rate to determine the consumption revenue for each customer class and rate group.

Q. How did you ensure the accuracy of your test year billing determinants?

A. I employed the base and usage rates applicable during the test year for different rate groups as a check on my billing determinants. I utilized the base charge corresponding to the customer's meter size for the billed-months and applied the usage rate to the consumption volume. For sprinkler connections and hydrants, the base charge by hose size was multiplied by the billed unit-months. This process resulted in the calculated expected revenue based on my developed billing determinants, which I then compared to the booked

revenue for the same time period. The calculated percent difference was found to be within a half of one percent for the five-months of actuals of the base year, confirming the accuracy of the billing determinants I developed.

Q. Are you satisfied that the billing determinants for the test year accurately represent historical activity?

A. Yes.

Q. Did you include an organic growth adjustment in the development of the Pro Forma billed-months billing determinants?

A. Yes. The Company provided me with an analysis for organic growth projections that totals 210 customers, for the seven months projected of the pro forma test period, all of whom were residential, which I incorporated into the Pro Forma billing determinants of the Central Division.

Q. Did you make an adjustment for consumption in the development of the Pro Forma usage billing determinants?

A. Yes. From my analysis of the billing data and reviewing the prior case average usages, I found that the five-year average usage per Customer Equivalent Unit ("CEU") was slightly lower than the annualized test year data. Therefore, I determined and applied a small usage adjustment factor, of 0.995, to adjust consumption downwards for Pro Forma purposes. A five-year period was analyzed for the usage adjustment because it smooths out short-term anomalies and is more representative of actual usage trends than a shorter time period, such as a three-year average, would suggest.

Q. Do you believe that the level of Pro Forma Revenues at Present Rates as shown on Exhibit 17.1(W) is appropriate for setting rates in this case?

A. Yes, I do. I calculated Pro Forma Revenues at Present Rates by applying present rates to the Pro Forma billing determinants that I developed and described earlier in my Direct Testimony.

Q. Did you calculate the proposed rates in this proceeding?

A. Yes, I did, and I relied upon the water CCOSS to develop the proposed rate design. I developed base charges to recover 40.5% of the revenue requirement by relying on the calculated customer charge in Schedule E of the CCOSS to assist with setting the base charge. The volumetric rates were increased so that revenues by class moved towards the allocated costs to provide water service which, when applied to the Pro Forma billing determinants, resulted in an expected revenue amount which was within 0.0045% of the requested revenue requirement.

Q. What are the appropriate factors to be considered in designing a water utility's rate structure?

A. In preparing a proposed rate structure, I considered the allocated cost of service; the impact of radical changes from the present rate structure, *i.e.*, gradualism; the understandability and ease of application of the rate structure; community and social influences; the value of service; and input from the Company's management.

Q. Please describe the rate design objectives of the Company's management?

A. The Company's objectives for the water rate design were to continue to close the gap between the Wallkill service area volumetric rates and the volumetric rate applicable for all other service areas, to continue progressing towards a uniform, state-wide water rate

structure in future rate proceedings. The Byram Township/Seaview Harbor proposed rate, which has historically been higher than the other service areas' volumetric rates, receives a smaller increase than Wallkill and Main Division service areas to progress towards a uniform rate. Additionally, the Company wanted to consolidate (where reasonable) the seven various Public Fire rates to continue progressing toward a uniform Public Fire Protection rate that would be applicable to all service areas of the Company.

Q. Please describe the proposed water rates.

A. The proposed customer charge in Aqua's tariff for customers having a 5/8" meter size is $26.20 per month, an increase of $3.10 from the present rate of $23.10 that includes the present DSIC rate of $2.93. Charges for customers with meters greater than 5/8" are increased based on meter equivalents, which are sourced from the AWWA M1 manual. Included in Exhibit GRH-3 is a summary of the impact of the rate increase on a residential customer using an average of 5,720 gallons per month, on page 1, and the present and proposed rates for all customers, on pages 2-3.

Q. How did you develop the level of rates for Public Fire Protection?

A. The Company is proposing to increase the All Service Areas (Except as Noted Below) rates for Public Fire Protection to $59.28, an increase of $5.63 from the present rate of $53.65 per month. In addition, to further the Company's goal of moving towards a uniform Public Fire Protection rate, the Company is also proposing to consolidate the other seven Public Fire Protection rates into four rates in this rate proceeding, as follows:

Municipal Customer	Current Charge	Proposed Charge
Holland Township – Fox Hill Dr.	$ 41.16	$ 48.14
Upper Freehold Township	39.96	48.14
Alpha Borough	30.26	36.79
Fredon Township	30.26	36.79
Lawrenceville Township	33.12	36.79
Bayville Township	24.23	26.92
Hardyston Township	22.38	26.92

IV. PROPOSED WASTEWATER RATE STRUCTURE

Q. Please describe the billing determinants you developed.

A. Billing determinants consist of the number of billed-months by customers by class. The wastewater system only has flat rates, thus the consumption data is not available, tracked or required for calculating proposed rates.

Q. Please describe the method you used to develop the billing determinants.

A. As with water, I used the billing information provided by the Company covering the 12-month periods ending September 2023, 2024, and 2025. From the information provided, I summarized the number of billed months and consumption in each of those months by operating division, class of service, and meter size.

Q. How did you calculate billed-months?

A. I computed the total billed months for each customer bill by considering the dollar amount charged for flat rate or flat rate by meter size charges and the applicable rate. To illustrate, customers billed on a monthly basis accrued 1.0 billed-months for the regular days of service. In instances where the days of service deviated from the standard monthly measurement period, fractional billed-months were calculated.

Q. How did you reconcile the accuracy of your test year billing determinants?

A. I employed the flat rates applicable during the test year for the two General Sewer Service customer rate classification types: Other Than Wallkill (the "Main Division") and Wallkill (the "Wallkill Division"). I utilized the flat rates corresponding to their meter size for the billed-months. This process resulted in the calculated expected revenue based on my developed billing determinants, which I then compared to the booked revenue for the same time period. The calculated percent difference was found to be within a half of one percent for the five-months actuals of the base year, confirming the accuracy of the billing determinants I developed.

Q. Are you satisfied that the billing determinants for the test year accurately represent historical activity?

A. Yes.

Q. Did you include an organic growth adjustment in the development of the Pro Forma billed-months billing determinants?

A. Yes. The Company provided me with its projection of organic growth of 82 customers, for the seven months projected of the pro forma test period, all of whom were residential, which I incorporated into the Pro Forma billing determinants of the Main Division.

Q. Do you believe that the level of Pro Forma Revenues at Present Rates as shown on Exhibit 17.1(WW) is appropriate for setting rates in this case?

A. Yes, I do. I calculated Pro Forma Revenues at Present Rates by applying present rates to the Pro Forma billing determinants that I developed and described earlier in my Direct Testimony.

Q. Did you calculate the proposed rates in this proceeding?

A. Yes, I did. Aqua's wastewater customers are charged flat rates. Because no consumption data is available, a wastewater cost of service study is not required for the proposed rate design. The Company's main objective in designing rates was to narrow the gap between the Wallkill Division rates and the Main Division rates so they can eventually be consolidated into a uniform, state-wide sewer rate structure in future rate proceedings. I applied the Pro Forma billing determinants to the proposed rates, which resulted in an expected revenue amount that was within 0.0011% of the requested revenue requirement.

Q. Please describe the proposed wastewater rates.

A. The proposed customer charge in Aqua's tariff for Main Division customers having a residential (single unit) flat rate is $85.49 per month, an increase of $18.71 from the present rate of $66.78 (including the PSTAC). The proposed customer charge for Wallkill Division customers having a residential (single unit) flat rate is $65.63 per month, an increase of $19.97 from the present rate of $45.66 (including the PSTAC). Charges for non-residential customers with meters greater than 5/8" are increased based on meter equivalents, which are sourced from the AWWA M1 manual. The four customers in the Main Division with specified rates were increased by the same percentage as the Main Division's General Sewer Service percentage increases. Included in Exhibit GRH-4 is a summary of the present and proposed rates for all customers.

V. CONCLUSION

Q. Does this conclude your Direct Testimony?

A. Yes, it does. However, I reserve the right to supplement my Direct Testimony as needed during this proceeding.

Exhibit GRH-1

GREGORY R. HERBERT – LIST OF CASES TESTIFIED OR ASSISTED OTHER GANNETT FLEMING STAFF

Year	Jurisdiction	Docket No.	Client Utility	Subject
2017	MO PSC	SR-2017-0286	Missouri-American Water Company	Cost of Service/Rate Design
2018	PA PUC	2018-200208	SUEZ Water Pennsylvania	Revenue Requirements
2018	NJ BPU	WR18050593	SUEZ Water New Jersey, Inc	Cost Allocation/Rate Design
2019	PA PUC	2018-3006814	UGI Utilities Inc. - Gas Division	Cost of Service Allocation Studies
2019	PA PUC	2019-3006904	Newtown Artesian Water Co.	Revenue Req./Rate Design
2019	PA PUC	2019-3010955	City of Lancaster – Sewer Fund	Rev. Req../Cost of Service/Rates
2020	PA PUC	2020-3017206	Philadelphia Gas Works	Cost of Service
2020	PA PUC	2020-3019369	Pennsylvania American Water	Cost of Service
2020	PA PUC	2020-3019371	Pennsylvania American Water	Cost of Service
2020	PA PUC	2020-3020256	City of Bethlehem	Rev. Req./Cost of Service/Rates
2020	CA PUC	A2101003	San Jose Water Company	Rate Design
2021	PA PUC	2021-3026116	Borough of Hanover	Revenue and Revenue Requirements
2021	PA PUC	2021-3026682	City of Lancaster – Water Fund	Revenue and Revenue Requirements
2021	PA PUC	2021-3027385	Aqua Pennsylvania, Inc.	Cost of Service/Rate Design
2021	PA PUC	2021-3027386	Aqua Pennsylvania Wastewater, Inc.	Cost of Service/Rate Design
2022	PA-PUC	2022-3031704	Borough of Ambler	Rev. Req./Rate Design
2022	PA-PUC	2022-3031673	Pennsylvania American Water	Cost of Service
2022	PA-PUC	2022-3031340	York Water Company	Cost of Service/Rate Design
2022	PA-PUC	2022-3032806	York Water Company	Cost of Service/Rate Design
2022	KY-PSC	2022-00161	Northern Kentucky Water District	Cost of Service/Rate Design
2022	PUCO	22-1094-WW-AIR	Aqua Ohio Inc.	Cost of Service
2022	PUCO	22-1096-ST-AIR	Aqua Ohio Inc.	Cost of Service
2023	PA-PUC	2023-3037933	Philadelphia Gas Works	Cost of Service
2023	VA-SCC	PUR-2023-00073	Aqua Virginia, Inc.	Bill Analysis/Rate Design
2024	NJ-BPU	WR24010057	Aqua New Jersey, Inc.	Bill Analysis/Rate Design
2024	IL-CC	24-0044	Aqua Illinois, Inc.	Bill Analysis/Rate Design
2024	PA-PUC	R-2024-3045192	Veolia Water Pennsylvania	Rev. Req./Rate Design
2024	PA-PUC	R-2024-3045193	Veolia Wastewater Pennsylvania	Rev. Req./Rate Design
2024	PA-PUC	R-2024-3047822	Aqua Pennsylvania, Inc. (Water)	Bill Analysis
2024	PA-PUC	R-2024-3047824	Aqua Pennsylvania, Inc. (Wastewater)	Bill Analysis
2024	PA-PUC	R-2024-3050208	Newtown Artesian Water Co.	Rev. Reg./Rate Design
2025	PA-PUC	R-2025-3053112	Philadelphia Gas Works	Cost of Service

Exhibit GRH-1

GREGORY R. HERBERT – LIST OF CASES TESTIFIED OR ASSISTED OTHER GANNETT FLEMING STAFF

Year	Jurisdiction	Docket No.	Client Utility	Subject
2025	PA-PUC	R-2025-3053442	The York Water Company	Cost of Service and Rate Design
2025	NCUC	W-218 Sub. 629	Aqua North Carolina, Inc.	Bill Analysis/Rate Design
2025	PA-PUC	R-2025-3053573	The York Water Company (WW)	Cost of Service and Rate Design
2025	PUC-TX	Docket No. 58124	Aqua Texas, Inc. (Water and WW)	Bill Analysis/COS/Rate Design
2025	VA-SCC	PUR-2025-00071	Aqua Virginia, Inc. (Water and WW)	Bill Analysis/COS/Rate Design
2025	RIPUC	25-30-WW	Veolia Rhode Island, Inc.	Cost of Service and Rate Design
2025	PUCO	25-0594-WW-AIR	Aqua Ohio, Inc. (Water)	Bill Analysis/COS/Rate Design
2025	PUCO	25-0593-ST-AIR	Aqua Ohio, Inc. (Wastewater)	Bill Analysis/COS/Rate Design
2025	PA-PUC	R-2025-3057983	Pennsylvania American Water	Cost of Service
2025	PA-PUC	R-2025-3058051	Pennsylvania American Water (Wastewater)	Cost of Service
2025	PA-PUC	R-2025-3057237	City of Lancaster-Bureau of Water	Rev. Req/COS/Rate Design

Exhibit GRH-2
Witness: G.R. Herbert

AQUA NEW JERSEY, INC.

Hamilton, NJ

WATER OPERATIONS

COST OF SERVICE ALLOCATION STUDY

FOR THE TEST YEAR ENDED APRIL 30, 2026

GANNETT FLEMING VALUATION AND RATE CONSULTANTS, LLC

Mechanicsburg, Pennsylvania

CONTENTS

Page

PART I. INTRODUCTION

Plan of Report I-2
Basis of Study I-2
Allocation Procedures - Water I-3
Base Costs I-3
Extra Capacity Costs I-3
Customer Costs I-3
Fire Protection Costs I-4
Results of Study I-4

PART II. COST OF SERVICE BY CUSTOMER CLASSIFICATION - WATER

Schedule A. Comparison of Cost of Service with Revenues Under Present and Proposed Rates for the Test Year Ended April 30, 2026 ..... II-2
Schedule B. Cost of Service for the Twelve Months Ended April 30, 2026 Allocated to Customer Classifications II-3
Schedule C. Factors for Allocating Cost of Service to Customer Classifications II-9
Schedule D. Basis for Allocating Demand Related Costs of Fire Service to Private and Public Fire Protection Customer Classifications II-30
Schedule E. Calculation of Customer Cost per Month for a 5/8-Inch Meter II-31

PART I. INTRODUCTION

AQUA NEW JERSEY, INC.

COST OF SERVICE ALLOCATION STUDY
FOR THE TEST YEAR ENDED APRIL 30, 2026

PART I. INTRODUCTION

PLAN OF REPORT

The report sets forth the results of the cost of service allocation study based on pro forma revenue requirements for Aqua Illinois, Inc., based on a test year ended April 30, 2026. Part I, Introduction, contains statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Part II, Cost of Service by Customer Classification, presents detailed schedules of the allocation of costs to customer classifications, as well as the bases for the allocations. Schedule A in Part II summarizes the cost allocation and the revenues produced under present and proposed rates. Part III of the report presents the proposed state-wide water rate structure.

BASIS OF STUDY

The purpose of the cost allocation studies was to determine the relative cost of service responsibilities of the several customer classifications within each tariff group, based on considerations of quantity of water consumed, variability of rate of consumption, and costs associated with customer metering, billing and accounting. The allocation studies incorporated generally-accepted principles and procedures for allocating the several categories of cost to customer classifications in proportion to each classification's use of facilities, commodities and services required in providing water service.

ALLOCATION PROCEDURES

The allocation studies were based on the Base-Extra Capacity Method for allocating costs to customer classifications. The method is described in the 2017 and prior editions of the Water Rates Manual published by the American Water Works Association. The four basic categories of cost responsibility are base, extra capacity, customer, and fire protection costs. The following discussion presents a brief description of these costs and the manner in which they were allocated.

Base Costs are costs that tend to vary with the quantity of water used, plus costs associated with supplying, treating, pumping, and distributing water to customers under average load conditions, without the elements necessary to meet peak demands. Base costs were allocated to customer classifications on the basis of average daily usage.

Extra Capacity Costs are costs associated with meeting usage requirements in excess of the average. They include operating and capital costs for additional plant and system capacity beyond that required for average use. The extra capacity costs in this study are subdivided into costs necessary to meet maximum day extra demand and costs to meet maximum hour extra demand. The extra capacity costs were allocated to customer classifications on the bases of each classification's maximum day and hour usage in excess of average usage.

Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. Customer costs include the operating and capital costs related to meters and services, meter reading costs, and billing and collecting costs. The customer costs were allocated on the bases of the relative cost of meters and services, and the number of customers.

Fire Protection Costs are costs associated with providing the facilities to meet the potential peak demand of fire protection service. Fire Protection costs are subdivided into costs to meet Public Fire Protection and Private Fire Protection demands. The extra capacity costs assigned to fire protection service were allocated to Public and Private Fire Protection on the basis of the total relative demands of the hydrants and fire service lines, sized to provide fire protection.

RESULTS OF STUDY

The results of the cost of service allocation study are set forth in Part II. The data summarized for each tariff group in Schedule A, Comparison of Pro Forma Cost of Service with Revenues Under Present and Proposed Rates for the Test Year Ended April 30, 2026, constitute the principal results of the cost allocation studies and proposed revenue distribution.

The cost of service by customer classification shown in column 2 of Schedule A is developed in Schedule B, Cost of Service for the Twelve Months Ended April 30, 2026, Allocated to Customer Classifications. The allocation of the total cost of service to the several customer classifications was performed by applying the allocation factors referenced in column 2 of Schedule B to the cost of service set forth in column 3. The bases for the allocation factors are presented in Schedule C.

Schedule D presents the basis for allocating demand related costs of fire service to private and public fire protection classifications. Schedule E presents the calculation of customer costs per month for a 5/8-inch meter.

PART II. COST OF SERVICE BY CUSTOMER CLASSIFICATION

AQUA NEW JERSEY, INC.

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED APRIL 30, 2026

Customer Classification	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 49,329,182	81.9%	$ 38,974,659	73.6%	$ 44,432,142	73.8%	$ 5,457,483	14.0%
Commercial	5,805,898	9.6%	8,050,600	15.2%	9,191,440	15.3%	1,140,840	14.2%
Industrial	574,859	1.0%	793,714	1.5%	907,066	1.5%	113,352	14.3%
Public Authority	508,283	0.8%	783,559	1.5%	892,808	1.5%	109,249	13.9%
Private Fire Service	1,368,234	2.3%	1,995,661	3.8%	2,163,002	3.6%	167,341	8.4%
Public Fire Service	2,640,481	4.4%	2,384,046	4.5%	2,640,481	4.4%	256,435	10.8%
Total Sales	60,226,938	100.0%	52,982,239	100.0%	60,226,938	100.0%	7,244,699	13.7%
Other Revenues	465,341		1,699,341		465,341		(1,234,000)	-72.6%
Raw Water Revenue	49,071		42,047		49,071		7,024	16.7%
Total	$ 60,741,350		$ 54,723,627		$ 60,741,350		$ 6,017,723	11.0%

AQUA NEW JERSEY, INC.

COST OF SERVICE FOR THE TWELVE MONTHS ENDED APRIL 30, 2026 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Fire Protection	
							Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
OPERATION AND MAINTENANCE EXPENSES								
SOURCE OF SUPPLY EXPENSES								
Operating Labor	2	680,446	582,523	80,709	10,067	6,911	57	180
Operating - Other Expense	2	19,013	16,277	2,255	281	193	2	5
Outside Services - Operations	2	37,427	32,041	4,439	554	380	3	10
Purchased Water	1	800,129	627,673	142,509	18,429	11,030	117	371
Purchased Fuel and Power	1	2,368,558	1,858,051	421,857	54,554	32,651	346	1,099
Supplies	2	106,954	91,562	12,686	1,582	1,086	9	28
Transportation	2	25,135	21,518	2,981	372	255	2	7
TOTAL SOURCE OF SUPPLY - OPERATION		4,037,662	3,229,645	667,436	85,839	52,506	535	1,701
Maintenance Labor	2	21,133	18,092	2,507	313	215	2	6
Maintenance - Other Expense	2	738	632	88	11	7	0	0
Outside Services - Maintenance	2	182,140	155,929	21,604	2,695	1,850	15	48
Supplies	2	21,568	18,464	2,558	319	219	2	6
Transportation	2	968	828	115	14	10	0	0
TOTAL SOURCE OF SUPPLY - MAINTENANCE		226,547	193,945	26,871	3,352	2,301	19	60
TOTAL SOURCE OF SUPPLY EXPENSE		4,264,209	3,423,590	694,307	89,190	54,807	554	1,761
WATER TREATMENT								
Operating Labor	2	40,601	34,758	4,816	601	412	3	11
Chemicals	1	1,203,232	943,893	214,304	27,714	16,587	176	558
Purchased Fuel and Power	1	13,981	10,967	2,490	322	193	2	6
Other Operating Expenses	2	1,518	1,300	180	22	15	0	0
Outside Services - Lab Testin	2	285,539	244,447	33,868	4,224	2,900	24	76
Outside Services - O&M	2	900,290	770,729	106,785	13,319	9,143	75	239
Supplies	2	628	538	75	9	6	0	0
Transportation	2	1,036	887	123	15	11	0	0
TOTAL WATER TREATMENT EXPENSE - OPERATION		2,446,825	2,007,520	362,640	46,227	29,267	280	891
Maintenance Labor	2	17,691	15,145	2,098	262	180	1	5
Chemicals	1	0	0	0	0	0	0	0
Leases	2		0	0	0	0	0	0
Outside Services - O&M	2	75,056	64,255	8,902	1,110	762	6	20
Maintenance - Other Expense	2	1,110	950	132	16	11	0	0
Supplies	2	19,116	16,365	2,267	283	194	2	5
Transportation	2	411	352	49	6	4	0	0
TOTAL WATER TREATMENT EXPENSE - MAINTENANCE		113,385	97,067	13,449	1,677	1,152	9	30
TOTAL WATER TREATMENT EXPENSE		2,560,210	2,104,587	376,089	47,904	30,419	290	921

AQUA NEW JERSEY, INC.

COST OF SERVICE FOR THE TWELVE MONTHS ENDED APRIL 30, 2026 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
TRANSMISSION AND DISTRIBUTION EXPENSES								
Operating Labor - Mains	6	31,072	21,844	2,050	237	176	1,635	5,130
Operating Labor - Services	9	82,864	74,233	5,387	127	372	2,745	0
Operating Labor - Meters	8	62,144	51,829	8,665	426	1,224	0	0
Operating Labor - Hydrants	7	31,072	0	0	0	0	0	31,072
Purchased Fuel and Power	1	239,315	187,734	42,624	5,512	3,299	35	111
Leases	6	204	143	13	2	1	11	34
Operating Supplies - Mains	6	4,111	2,890	271	31	23	216	679
Operating Supplies - Services	9	10,962	9,820	713	17	49	363	0
Operating Supplies - Meters	8	8,221	6,857	1,146	56	162	0	0
Operating Supplies - Hydrants	7	4,111	0	0	0	0	0	4,111
Transportation Expenses	10	7,907	5,893	967	98	86	94	770
Outside Services- Mains	6	9,769	6,868	645	74	55	514	1,613
Outside Services- Services	9	26,051	23,337	1,693	40	117	863	0
Outside Services- Meters	8	19,538	16,295	2,724	134	385	0	0
Outside Services- Hydrants	7	9,769	0	0	0	0	0	9,769
Operating Expenses - Other	10	465	347	57	6	5	6	45
TOTAL T & D EXPENSE OPERATION		547,572	408,090	66,954	6,759	5,954	6,481	53,333
Maintenance Labor - Mains	6	19,035	13,382	1,256	145	108	1,001	3,143
Maintenance Labor - Services	9	50,760	45,473	3,300	78	228	1,682	0
Maintenance Labor - Meters	8	38,070	31,751	5,308	261	750	0	0
Maintenance Labor - Hydrants	7	19,035	0	0	0	0	0	19,035
Leases	6		0	0	0	0	0	0
Maint. Supplies and Expenses - Mains	6	14,789	10,397	976	113	84	778	2,442
Maint. Supplies and Expenses - Services	9	39,436	35,329	2,564	60	177	1,306	0
Maint. Supplies and Expenses - Meters	8	29,577	24,668	4,124	203	583	0	0
Maint. Supplies and Expenses - Hydrants	7	14,789	0	0	0	0	0	14,789
Outside Services- Mains	6	21,411	15,052	1,413	163	121	1,126	3,535
Outside Services- Services	9	57,095	51,149	3,712	87	256	1,891	0
Outside Services- Meters	8	42,821	35,714	5,971	293	844	0	0
Outside Services- Hydrants	7	21,411	0	0	0	0	0	21,411
Transportation	11	5,840	4,170	454	22	50	123	1,021
Other Expenses	11	1,019	728	79	4	9	22	178
TOTAL T & D EXPENSE - MAINTENANCE		375,087	267,812	29,155	1,429	3,208	7,930	65,552
TOTAL T & D EXPENSE		922,659	675,902	96,109	8,188	9,163	14,411	118,885

AQUA NEW JERSEY, INC.

COST OF SERVICE FOR THE TWELVE MONTHS ENDED APRIL 30, 2026 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Fire Protection	
							Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
CUSTOMER ACCOUNTS								
Operating Labor	12	471,581	442,977	21,576	317	927	5,783	0
Management Fees	12	580,940	545,702	26,580	391	1,142	7,124	0
Other Expenses	12	672	631	31	0	1	8	0
Outside Services - Other	12	70,481	66,206	3,225	47	139	864	0
Supplies	12	27,102	25,458	1,240	18	53	332	0
Transportation	12	20,249	19,021	926	14	40	248	0
Uncollectible Accts	20	273,617	260,839	12,778	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		1,444,642	1,360,834	66,356	788	2,302	14,361	0
ADMINISTRATIVE AND GENERAL EXPENSES								
Salaries and Wages	14	2,638,098	2,274,194	236,327	22,843	19,025	16,719	68,990
Leases	14	3,586	3,091	321	31	26	23	94
Supplies	14	12,463	10,744	1,116	108	90	79	326
Management Fees - Administrative	14	1,481,527	1,277,162	132,718	12,828	10,684	9,389	38,744
Management Fees - HR	16		0	0	0	0	0	0
Management Fees - Customer Related	12		0	0	0	0	0	0
Management Fees - Water Quality	1		0	0	0	0	0	0
Outside Services - Accounting	14	167,539	144,428	15,008	1,451	1,208	1,062	4,381
Outside Services - Legal	14	266,780	229,980	23,899	2,310	1,924	1,691	6,977
Outside Services - Other	14	798,769	688,586	71,556	6,916	5,760	5,062	20,889
Insurance	14	423,673	365,231	37,954	3,669	3,055	2,685	11,080
Insurance - Work Comp	14	44,017	37,945	3,943	381	317	279	1,151
Employee Pension & Benefits	16	717,773	615,766	63,861	6,092	5,212	5,059	21,783
Reg Commision Exp	19	326,250	256,837	29,714	3,028	2,508	7,414	26,748
Other Expenses	14	509,401	439,133	45,633	4,411	3,674	3,228	13,322
Transportation	14	107,241	92,448	9,607	929	773	680	2,805
Purchased Power	14	48,965	42,211	4,386	424	353	310	1,281
Advertising	14	40,897	35,256	3,664	354	295	259	1,070
TOTAL A & G EXPENSE		7,586,978	6,513,013	679,707	65,775	54,905	53,940	219,638
Total Operation & Maintenance Expenses		16,778,698	14,077,926	1,912,568	211,846	151,596	83,556	341,206

AQUA NEW JERSEY, INC.

COST OF SERVICE FOR THE TWELVE MONTHS ENDED APRIL 30, 2026 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Fire Protection	
							Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
DEPRECIATION EXPENSE								
Source of Supply Plant								
Structures and Improvements	2	10,126	8,668	1,201	150	103	1	3
Collecting & Impounding Res.	2	0	0	0	0	0	0	0
Lake, River and Other Intakes	2	0	0	0	0	0	0	0
Wells and Springs	2	280,242	239,913	33,240	4,146	2,846	23	74
Supply Mains	2	12,166	10,415	1,443	180	124	1	3
Other Plant and Equipment	2	11,922	10,206	1,414	176	121	1	3
Pumping Plant								
Structures and Improvements	3	28,614	19,773	2,740	342	235	1,335	4,190
Power Generating Equipment	3	59,413	41,056	5,688	710	487	2,772	8,701
Electric Pumping Equipment	3	198,322	137,045	18,988	2,368	1,626	9,252	29,043
Water Treatment Plant								
Structures and Improvements	2	333,910	285,857	39,606	4,940	3,391	28	89
Power Generating Equipment	2	5,464	4,678	648	81	55	0	1
Electric Pumping Equipment	2	485	415	58	7	5	0	0
Water Treatment Equipment	2	618,026	529,086	73,305	9,143	6,277	52	164
Transmission & Dist. Plant								
Structures and Improvements	10	14,271	10,636	1,745	176	155	169	1,390
Power Generating Equipment	10	196	146	24	2	2	2	19
Electric Pumping Equipment	10	(1,431)	(1,067)	(175)	(18)	(16)	(17)	(139)
Dist. Reservoirs & Standpipes	5	470,523	331,968	28,084	3,158	2,408	25,351	79,554
T & D Mains - Transmission	3	775,170	535,663	74,216	9,257	6,355	36,162	113,517
T & D Mains - Distribution	4	2,344,977	1,654,537	139,970	15,741	12,001	126,321	396,408
Services	9	2,795,855	2,504,665	181,749	4,275	12,547	92,617	0
Meters	8	734,573	612,649	102,420	5,033	14,471	0	0
Meter Installations	8	0	0	0	0	0	0	0
Hydrants	7	258,329	0	0	0	0	0	258,329
Backflow Prevention Devices	8	8,515	7,102	1,187	58	168	0	0
Other Plant & Misc. Equipment	10	119	89	15	1	1	1	12
General Plant								
Structures and Improvements	14	587,060	506,080	52,590	5,083	4,234	3,721	15,352
Laboratory Equipment	1	62	49	11	1	1	0	0
Office Furniture	14	330,641	285,032	29,620	2,863	2,384	2,095	8,647
Personal Computers	14	0	0	0	0	0	0	0
PC Software	14	0	0	0	0	0	0	0
MainFrame Computers	14	0	0	0	0	0	0	0
MainFrame Software	14	0	0	0	0	0	0	0
Other Machinery & Equipment	14	0	0	0	0	0	0	0
Stores Equipment	14	1,277	1,101	114	11	9	8	33
Power Equipment	14	33,878	29,205	3,035	293	244	215	886
Communication Equipment	14	288,697	248,874	25,862	2,500	2,082	1,830	7,550
Miscellaneous Equipment	14	5,403	4,658	484	47	39	34	141

AQUA NEW JERSEY, INC.

COST OF SERVICE FOR THE TWELVE MONTHS ENDED APRIL 30, 2026 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Transportation Equipment	14	67,680	58,344	6,063	586	488	429	1,770
Tools, Shop and Garage Equip.	14	87,912	75,785	7,875	761	634	557	2,299
Other Tangible Plant	14	121,467	104,712	10,881	1,052	876	770	3,177
Other Adjustments	14	0	0	0	0	0	0	0
Total Depreciation Expense		10,483,864	8,257,339	844,100	73,126	74,353	303,730	931,215

AQUA NEW JERSEY, INC.

COST OF SERVICE FOR THE TWELVE MONTHS ENDED APRIL 30, 2026 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Amortization Expense								
Utility Plant Acquisition Adj.	18	(2,058,945)	(1,546,130)	(164,720)	(16,469)	(14,475)	(66,599)	(250,552)
Tank Painting Amortization	5	0	0	0	0	0	0	0
Total Amortization Expense		(2,058,945)	(1,546,130)	(164,720)	(16,469)	(14,475)	(66,599)	(250,552)
Taxes Other Than Income								
Gross Receipts and Franchise Taxes	19	8,518,952	6,706,467	775,886	79,079	65,495	193,600	698,424
Payroll Taxes	16	310,155	266,077	27,595	2,632	2,252	2,186	9,413
Other Taxes	18	687,841	516,522	55,029	5,502	4,836	22,249	83,703
Total Taxes, Other Than Income		9,516,948	7,489,067	858,510	87,213	72,583	218,035	791,540
Income Taxes	18	1,063,455	798,584	85,079	8,506	7,476	34,399	129,411
Utility Income Available for Return	18	24,957,329	18,741,286	1,996,645	199,622	175,455	807,276	3,037,046
Total Cost of Service		60,741,350	47,818,072	5,532,182	563,845	466,989	1,380,397	4,979,866
Less: Other Water Revenues	19	465,341	366,335	42,382	4,320	3,578	10,575	38,151
Less: Raw Water Revenues	18	49,071	36,849	3,926	392	345	1,587	5,971
Total Cost of Service Related to Sales of Water		60,226,938	47,414,887	5,485,874	559,133	463,066	1,368,234	4,935,744
Reallocation of Public Fire	21		1,914,295	320,025	15,726	45,217	0	(2,295,263)
Total		$ 60,226,938	$ 49,329,182	$ 5,805,898	$ 574,859	$ 508,283	$ 1,368,234	$ 2,640,481

AQUA NEW JERSEY, INC.

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	9,127.8	0.7845
Commercial	2,072.4	0.1781
Industrial	268.0	0.0230
Public Authority	160.4	0.0138
Private Fire Protection	1.7	0.0001
Public Fire Protection	5.4	0.0005
Total	11,635.7	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.5714	(4)	(5)=(4)x 0.4286	(6)=(3)+(5)
Residential	0.7845	0.4483	0.9516	0.4078	0.8561
Commercial	0.1781	0.1018	0.0393	0.0168	0.1186
Industrial	0.0230	0.0132	0.0038	0.0016	0.0148
Public Authority	0.0138	0.0079	0.0053	0.0023	0.0102
Private Fire Protection	0.0001	0.0001			0.0001
Public Fire Protection	0.0005	0.0003			0.0003
Total	1.0000	0.5714	1.0000	0.4286	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

AQUA NEW JERSEY, INC.

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	9,127.8	1.10	10,040.6	0.9516
Commercial	2,072.4	0.20	414.5	0.0393
Industrial	268.0	0.15	40.2	0.0038
Public Authority	160.4	0.35	56.1	0.0053
Total	11,628.6		10,551.4	1.0000

The weighting of the factors is based on the maximum day ratio of 2.17, based on the prior cost of service study.

	Maximum Day Ratio	Weight
Average Day	1.00	0.5714
Maximum Day Extra Capacity	0.75	0.4286
Total	1.75	1.0000

* Ratio of maximum day to average day minus 1.0.

AQUA NEW JERSEY, INC.

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.4613	(4)	(5)=(4) X 0.3459	(6)	(7)=(6) X 0.1928	(8)=(3)+(5)+(7)
Residential	0.7845	0.3618	0.9516	0.3292			0.6910
Commercial	0.1781	0.0822	0.0393	0.0136			0.0957
Industrial	0.0230	0.0106	0.0038	0.0013			0.0119
Public Authority	0.0138	0.0064	0.0053	0.0018			0.0082
Private Fire Protection	0.0001	0.0001			0.2416	0.0466	0.0467
Public Fire Protection	0.0005	0.0002			0.7584	0.1462	0.1464
Total	1.0000	0.4613	1.0000	0.3459	1.0000	0.1928	1.0000

AQUA NEW JERSEY, INC.

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.73 and the average daily system sendout for 2022 of 7.5 MGD. The system demand for fire protection is 10,000 Gallons per minute for 10 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	14,353,510	0.4613
Maximum Day Extra Capacity	0.75	10,765,132	0.3459
Subtotal	1.75	25,118,642	0.8072
Fire Protection		6,000,000	0.1928
Total		31,118,642	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands.

AQUA NEW JERSEY, INC.

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.2221	(5)	(6)=(5) X 0.5552	(7)	(8)=(7) X 0.2228	(9)=(4)+(6)+(8)
Residential	380.3	0.7843	0.1742	0.9572	0.5314			0.7056
Commercial	86.4	0.1782	0.0396	0.0362	0.0201			0.0597
Industrial	11.2	0.0231	0.0051	0.0029	0.0016			0.0067
Public Authority	6.7	0.0138	0.0031	0.0037	0.0020			0.0051
Private Fire Protection	0.1	0.0002	0.0000			0.2416	0.0538	0.0539
Public Fire Protection	0.2	0.0004	0.0001			0.7584	0.1690	0.1690
Total	484.9	1.0000	0.2221	1.0000	0.5552	1.0000	0.2228	1.0000

The maximum hour extra capacity factors in column 5 are determined on the following page.

AQUA NEW JERSEY, INC.

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 3.50 and the average daily system sendout for 2022 of 7.5 MGD. The system demand for fire protection is 10,000 gallons per minute

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	9,968	0.2221
Maximum Hour Extra Capacity	2.50	24,920	0.5552
Subtotal	3.50	34,888	0.7772
Fire Protection		10,000	0.2228
Total		44,888	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity 1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	380.3	3.00	1,140.9	0.9572
Commercial	86.4	0.50	43.2	0.0362
Industrial	11.2	0.30	3.4	0.0029
Public Authority	6.7	0.65	4.4	0.0037
Total	484.6		1,191.9	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands.

AQUA NEW JERSEY, INC.

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.2221	(5)	(6)=(5) X 0.5551	(7)	(8)=(7) X 0.2228	(9)=(4)+(6)+(8)
Residential	380.3	0.7843	0.1742	0.9572	0.5314			0.7055
Commercial	86.4	0.1782	0.0396	0.0362	0.0201			0.0597
Industrial	11.2	0.0231	0.0051	0.0029	0.0016			0.0067
Public Authority	6.7	0.0138	0.0031	0.0037	0.0020			0.0051
Private Fire Protection	0.1	0.0002	0.0000			0.2416	0.0538	0.0539
Public Fire Protection	0.2	0.0004	0.0001			0.7584	0.1690	0.1691
Total	484.9	1.0000	0.2221	1.0000	0.5551	1.0000	0.2228	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

AQUA NEW JERSEY, INC.

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 10 hour demand of fire flow, as related to total storage capacity.

Fire not updated.

Fire Protection Weight = $\frac{10{,}000 \text{ GPM X } 60 \text{ Min. X } 10 \text{ Hrs.}}{26{,}928{,}000 \text{ Gallons}}$ = 0.2228

General Service Weight = 1.0000 - 0.2228 = 0.7772

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	28.57	0.2221
Extra Capacity Maximum Hour	2.50	71.43	0.5551
Total	3.50	100.00	0.7772

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity 1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	380.3	3.0	1,140.9	0.9572
Commercial	86.4	0.5	43.2	0.0362
Industrial	11.2	0.3	3.4	0.0029
Public Authority	6.7	0.7	4.4	0.0037
Total	484.6		1,191.9	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

AQUA NEW JERSEY, INC.

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.1745	(4)	(5)=(4)X 0.8255	(6)=(3)+(5)
Residential	0.6910	0.1206	0.7056	0.5824	0.7030
Commercial	0.0957	0.0167	0.0597	0.0493	0.0660
Industrial	0.0119	0.0021	0.0067	0.0055	0.0076
Public Authority	0.0082	0.0014	0.0051	0.0042	0.0057
Private Fire Protection	0.0467	0.0081	0.0539	0.0445	0.0526
Public Fire Protection	0.1464	0.0256	0.1690	0.1395	0.1651
Total	1.0000	0.1745	1.0000	0.8255	1.0000

The weighting of the factors is based on the total inch-feet of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	60,717	0.1745
Distribution Mains	287,241	0.8255
Total	347,958	1.0000

AQUA NEW JERSEY, INC.

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	59,524	0.8340
Commercial	9,951	0.1394
Industrial	489	0.0069
Public Authority	1,406	0.0197
Private Fire	-	-
Total	71,370	1.0000

AQUA NEW JERSEY, INC.

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Large Industrial		Public Authority		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	45,862	45,862	1,259	1,259	10	10	0	0	19	19	47,150	47,150
3/4	1.5	5,612	8,418	157	236	1	2	0	0	0	0	5,770	8,656
1	2.5	1,248	3,120	363	908	1	3	0	0	3	8	1,615	4,039
1-1/2	5.0	144	720	178	890	3	15	0	0	12	60	337	1,685
2	8.0	158	1,264	536	4,288	13	104	0	0	58	464	765	6,120
3	15.0	6	90	53	795	0	0	0	0	4	60	63	945
4	25.0	0	0	23	575	7	175	0	0	3	75	33	825
6	50.0	1	50	4	200	2	100	0	0	8	400	15	750
8	80.0	0	0	10	800	1	80	0	0	4	320	15	1,200
10	115.0	0	0	0	0	0	0	0	0	0	0	0	0
12	160.0					0	0					0	0
Total		53,031	59,524	2,583	9,951	38	489	0	0	111	1,406	55,763	71,370

AQUA NEW JERSEY, INC.

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	53,897	0.8958
Commercial	3,911	0.0650
Industrial	92	0.0015
Public Authority	270	0.0045
Private Fire Protection	1,993	0.0331
Total	60,163	1.0000

AQUA NEW JERSEY, INC.

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Large Industrial		Public Authority		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(13)	(15)	(16)
3/4	1.00	51,474	51,474	1,416	1,416	11	11	0	0	19	19	0	0	52,920	52,920
1	1.40	1,248	1,747	363	508	1	1	0	0	3	4	0	0	1,615	2,260
1-1/2	1.80	144	259	178	320	3	5	0	0	12	22	0	0	337	606
2	2.50	158	395	536	1,340	13	33	0	0	58	145	0	0	765	1,913
3	3.00	6	18	53	159	0	0	0	0	4	12	11	33	74	222
4	4.00	0	0	23	92	7	28	0	0	3	12	168	672	201	804
6	4.00	1	4	4	16	2	8	0	0	8	32	172	688	187	748
8	6.00	0	0	10	60	1	6	0	0	4	24	66	396	81	486
10	6.50	0	0	0	0	0	0	0	0	0	0	27	176	27	176
12	7.00	0	0	0	0	0	0	0	0	0	0	4	28	4	28
Total		53,031	53,897	2,583	3,911	38	92	0	0	111	270	448	1,993	56,211	60,163

AQUA NEW JERSEY, INC.

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 401,851	0.7453
Commercial	65,931	0.1223
Industrial	6,656	0.0123
Large Industrial	-	0.0000
Public Authority	5,863	0.0109
Sales for Resale	-	0.0000
Private Fire Protection	6,382	0.0118
Public Fire Protection	52,518	0.0974
Total	539,200	1.0000

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 262,915	0.7140
Commercial	28,622	0.0777
Industrial	1,403	0.0038
Large Industrial	-	0.0000
Public Authority	3,150	0.0086
Sales for Resale	-	0.0000
Private Fire Protection	7,785	0.0211
Public Fire Protection	64,353	0.1748
Total	$368,228	1.0000

AQUA NEW JERSEY, INC.

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 12. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	53,031	0.93934
Commercial	2,583	0.04575
Industrial	38	0.00067
Public Authority	111	0.00197
Private Fire Protection	692	0.01226
Public Fire Protection	-	-
Total	56,455	1.00000

FACTOR 13. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	53,031	0.9510
Commercial	2,583	0.0463
Industrial	38	0.0007
Public Authority	111	0.0020
Total	55,763	1.0000

AQUA NEW JERSEY, INC.

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 14. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 3,936,594	0.8621
Commercial	409,078	0.0896
Industrial	39,541	0.0087
Public Authority	32,931	0.0072
Private Fire Protection	28,940	0.0063
Public Fire Protection	119,421	0.0262
Total	$ 4,566,506	1.0000

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND CASH WORKING CAPITAL

Factors are based on the allocation of all operation and maintenance expenses including purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 13,821,089	0.8401
Commercial	1,882,854	0.1144
Industrial	208,817	0.0127
Public Authority	-	0.0091
Private Fire Protection	76,142	0.0046
Public Fire Protection	314,458	0.0191
Total	$ 16,452,448	1.0000

AQUA NEW JERSEY, INC.

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$ 3,606,202	0.8579
Commercial	373,997	0.0890
Industrial	35,675	0.0085
Public Authority	30,526	0.0073
Private Fire Protection	29,628	0.0070
Public Fire Protection	127,571	0.0303
Total	$ 4,203,600	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$ 256,457,268	0.7508
Commercial	27,324,425	0.0800
Industrial	2,732,225	0.0080
Public Authority	2,401,569	0.0070
Private Fire Protection	11,057,026	0.0324
Public Fire Protection	41,605,236	0.1218
Total	$ 341,577,750	1.0000

AQUA NEW JERSEY, INC.

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$ 246,253,692	0.7509
Commercial	26,235,188	0.0800
Industrial	2,622,961	0.0080
Public Authority	2,305,413	0.0070
Private Fire Protection	10,607,314	0.0323
Public Fire Protection	39,905,676	0.1217
Total	$ 327,930,244	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$ 40,854,768	0.7872
Commercial	4,726,581	0.0911
Industrial	481,737	0.0093
Public Authority	398,986	0.0077
Private Fire Protection	1,179,382	0.0227
Public Fire Protection	4,254,694	0.0820
Total	$ 51,896,148	1.0000

AQUA NEW JERSEY, INC.

COST OF SERVICE FOR THE TWELVE MONTHS ENDED APRIL 30, 2026 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
RATE BASE								
Intangible Plant								
Organization	17	1,063,478	798,461	85,073	8,507	7,477	34,425	129,535
Franchises & Consents	17	628,834	472,130	50,303	5,030	4,421	20,356	76,594
Source of Supply Plant								
Land and Land Rights	2	1,221,878	1,046,037	144,929	18,077	12,409	102	324
Structures and Improvements	2	285,714	244,597	33,889	4,227	2,902	24	76
Collecting & Impounding Res.	2	-	-	-	-	-	-	-
Lake, River and Other Intakes	2	-	-	-	-	-	-	-
Wells and Springs	2	19,151,807	16,395,666	2,271,623	283,337	194,503	1,599	5,079
Supply Mains	2	564,857	483,568	66,999	8,357	5,737	47	150
Other Plant and Equipment	2	274,507	235,003	32,560	4,061	2,788	23	73
Pumping Plant								
Land and Land Rights	3	78,759	54,425	7,541	941	646	3,674	11,534
Structures and Improvements	3	1,566,831	1,082,722	150,011	18,711	12,844	73,093	229,449
Power Generating Equipment	3	1,691,002	1,168,527	161,900	20,194	13,862	78,886	247,633
Electric Pumping Equipment	3	12,587,289	8,698,152	1,205,131	150,315	103,187	587,202	1,843,302
Water Treatment Plant								
Land and Land Rights	2	370,032	316,780	43,890	5,474	3,758	31	98
Structures and Improvements	2	12,543,413	10,738,288	1,487,792	185,571	127,389	1,047	3,326
Power Generating Equipment	2	155,988	133,539	18,502	2,308	1,584	13	41
Electric Pumping Equipment	2	20,720	17,738	2,458	307	210	2	5
Water Treatment Equipment	2	24,395,586	20,884,812	2,893,595	360,915	247,759	2,037	6,470
Transmission & Dist. Plant								
Land and Land Rights	10	477,615	355,954	58,400	5,895	5,194	5,653	46,519
Structures and Improvements	10	684,846	510,397	83,740	8,453	7,447	8,105	66,703
Power Generating Equipment	10	5,585	4,162	683	69	61	66	544
Electric Pumping Equipment	10	(101,010)	(75,280)	(12,351)	(1,247)	(1,098)	(1,195)	(9,838)
Dist. Reservoirs & Standpipes	5	22,333,299	15,756,818	1,332,987	149,911	114,290	1,203,279	3,776,015
T & D Mains - Distribution	4	103,872,660	73,289,047	6,200,069	697,273	531,593	5,595,479	17,559,199
T & D Mains -Transmission	3	34,336,794	23,727,641	3,287,469	410,043	281,483	1,601,825	5,028,332
Services	9	52,696,075	47,207,758	3,425,600	80,582	236,490	1,745,646	-
Meters	8	16,332,582	13,621,698	2,277,225	111,905	321,754	-	-
Meter Installations	8	-	-	-	-	-	-	-
Hydrants	7	12,166,304	-	-	-	-	-	12,166,304
Back Flow Preventing Devices	8	193,993	161,794	27,048	1,329	3,822	-	-
Other Plant & Misc. Equipment	10	68,565	51,099	8,384	846	746	811	6,678
General Plant								
Land and Land Rights	14	29,674	25,581	2,658	257	214	188	776
Structures and Improvements	14	10,899,381	9,395,903	976,391	94,376	78,601	69,075	285,035
Laboratory Equipment	1	351	275	63	8	5	0	0
Office Furniture	14	932,952	804,259	83,576	8,078	6,728	5,913	24,398

AQUA NEW JERSEY, INC.

COST OF SERVICE FOR THE TWELVE MONTHS ENDED APRIL 30, 2026 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Fire Protection	
							Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Personal Computers	14	-	0	0	0	0	0	0
PC Software	14	543,758	468,751	48,711	4,708	3,921	3,446	14,220
MainFrame Computers	14	-	0	0	0	0	0	0
MainFrame Software	14	-	0	0	0	0	0	0
Other Machinery & Equipment	14	-	0	0	0	0	0	0
Stores Equipment	14	5,349	4,611	479	46	39	34	140
Power Equipment	14	(27,325)	(23,556)	(2,448)	(237)	(197)	(173)	(715)
Communication Equipment	14	933,792	804,983	83,651	8,086	6,734	5,918	24,420
Miscellaneous Equipment	14	57,729	49,765	5,171	500	416	366	1,510
Transportation Equipment	14	1,419,783	1,223,936	127,187	12,294	10,239	8,998	37,129
Tools, Shop and Garage Equip.	14	233,083	200,931	20,880	2,018	1,681	1,477	6,095
Other Tangible Plant/Rounding	14	8,573,532	7,390,885	768,036	74,237	61,828	54,335	224,210
Adjustments	14	0	0	0	0	0	0	0
Total Utility Plant In Service		343,270,062	257,727,860	27,459,801	2,745,762	2,413,468	11,111,807	41,811,364
Acquisition Adjustment - Net	17	(150,841)	(113,252)	(12,067)	(1,207)	(1,061)	(4,883)	(18,373)
PrePayments	19	581,920	458,111	53,000	5,402	4,474	13,225	47,709
Materials & Supplies	17	5,544,318	4,162,685	443,516	44,348	38,981	179,472	675,315
Customer Deposits	12	115,591	108,580	5,289	78	227	1,418	0
Consolidated Tax Adjustment	17	0	0	0	0	0	0	0
Deferred Income Taxes - Total	17	(21,430,805)	(16,090,292)	(1,714,352)	(171,422)	(150,676)	(693,725)	(2,610,339)
Total Other Rate Base Elements		(15,339,817)	(11,474,168)	(1,224,613)	(122,800)	(108,054)	(504,493)	(1,905,688)
Total Original Cost Measure of Value		$ 327,930,244	$ 246,253,692	$ 26,235,188	$ 2,622,961	$ 2,305,413	$ 10,607,314	$ 39,905,676

AQUA NEW JERSEY, INC.

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. ALLOCATION OF BAD DEBT EXPENSE

Factors are based on the net write-off by class, as follows:

Customer Classification	Net Write-offs	Allocation Factor
(1)	(2)	(3)
Residential	$ 227,286	0.9533
Commercial	11,134	0.0467
Industrial	-	-
Public Authority	-	-
Private Fire Protection	-	-
Public Fire Protection	-	-
Total	$ 238,421	1.0000

FACTOR 21. REALLOCATION OF PUBLIC FIRE

Factors are based on the relative cost of meters by size and customer classification.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	59,524	0.8340
Commercial	9,951	0.1394
Industrial	489	0.0069
Large Industrial	0	0.0000
Public Authority	1,406	0.0197
Private Fire	0	0.0000
Total	71,370	1.0000

AQUA NEW JERSEY, INC.

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description	Restrictive Diameters Squared	Quantity	Relative Demand*	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION				
Fire Lines				
3 -inch	7.07	11	78	
4 -inch	12.57	168	2,112	
6 -inch	28.27	172	4,862	
8 -inch	50.27	66	3,318	
10 -inch	78.54	27	2,121	
12 -inch	113.10	4	452	
Private Hydrants	12.57	244	3,071	
Total Private Fire Protection		692	16,014	0.2416
PUBLIC FIRE PROTECTION				
Hydrant				
5 1/4" Valve	12.57	3,999	50,269	
Total Public Fire Prorection		3,999	50,269	0.7584
Total Fire Protection		4,691	66,283	1.0000

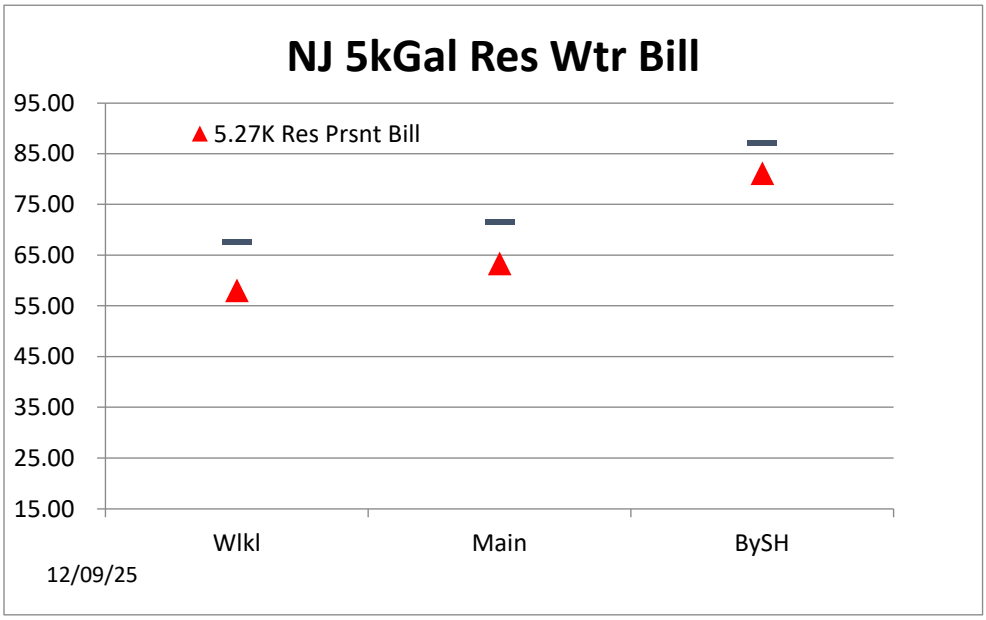
AQUA NEW JERSEY, INC.

CALCULATION OF CUSTOMER COST PER MONTH FOR A 5/8-INCH METER

Cost Function	Cost of Service	Total Units		Cost Per 5/8-inch Meter	Cost Per 5/8-inch Meter Monthly Bill
(1)	(2)	(3)		(4)	(5)
Meters	$ 3,069,045	71,370	5/8-inch Equivalents	$ 43.00	$ 3.58
Services	8,462,622	58,170	3/4-inch Equivalents	145.48	12.12
Billing, Collecting and Meter Reading	5,587,058	55,763	Customers	100.19	8.35
Subtotal Customer Costs	17,118,724				24.05
Unrecovered Public Fire	2,295,263	71,370	5/8-inch Equivalents	32.16	2.68
Total Customer Costs and Public Fire	$ 19,413,987				$ 26.73

Summary of Average Monthly Bills at 5,270 Gallons of Usage
Under Present and Proposed Rates

	Wlkl	Main	BySH
~# custs	459	55,073	244
Present 5/8" BFC	20.17	20.17	20.17
DSIC	2.93	2.93	2.93
LSLRC	4.79	4.79	4.79
Present Usg Rate	5.721	6.730	10.100
5.27K Res Prsnt Bill	58.04	63.36	81.12
Proposed 5/8" BFC	26.20	26.20	26.20
LSLRC	4.79	4.79	4.79
Proposed Usg Rate	6.933	7.703	10.630
5.27K Res Prpsd Bill	67.53	71.58	87.01
$ Incrs	9.49	8.23	5.89
% Incrs	16.3%	13.0%	7.3%



Aqua New Jersey, Inc.
Summary of Present and Proposed Rates
Water Operations

General Metered Service - Rate Schedule No. 1 - Monthly

Customer Charge - Residential, Commercial, Industrial, and Public	Present Rate	Proposed Rate	Change
5/8"	$ 20.17	$ 26.20	29.90%
3/4"	30.26	39.31	29.91%
1”	50.43	65.51	29.90%
1-1/2"	100.85	131.00	29.90%
2”	161.36	209.60	29.90%
3”	302.55	393.00	29.90%
4”	504.25	655.00	29.90%
6"	1,008.50	1,310.00	29.90%
8"	1,613.60	2,096.00	29.90%
10"	2,319.55	3,013.00	29.90%
12"	4,336.55	5,633.00	29.90%
Bulk Water Purchase	37.92	49.26	29.89%
Easement	-	-	#DIV/0!
Raw Water	504.25	655.00	0.30

Usage Charge - Residential, Commercial, Industrial, and Public	Present Rate	Proposed Rate	Change
1000 Gallon Units			
Allowance	-	-	
All Usage	$ 6.7300	$ 7.7030	14.46%
Wallkill	5.7210	6.9330	21.19%
Byram Township and Seaview Harbor	10.1000	10.6300	5.25%
Non-Potable Water	1.3460	1.5410	14.49%

Usage Charge - Sales for Resale	Present Rate	Proposed Rate	Change
1000 Gallon Units			
All Usage	$ 6.7200	$ 7.6930	14.48%

Flat Rate for Unmetered Service - Rate Schedule No. 1 - Monthly

Customer Charge - All Classes	Present Rate	Proposed Rate	Change
Residential	$ 54.91	$ 66.63	21.35%
Commercial, Industrial, Other Water Utility, and Public	85.17	105.94	24.39%

Aqua New Jersey, Inc.
Summary of Present and Proposed Rates
Water Operations

Private Fire Protection Services - Rate Schedule No. 3 - Monthly

Private Fire Protection	Present Rate	Proposed Rate	Change
<2”	$ -	$ -	#DIV/0!
3”	104.11	112.65	8.20%
4”	173.51	187.74	8.20%
6”	347.03	375.49	8.20%
8”	555.23	600.76	8.20%
10”	798.14	863.59	8.20%
12”	1,492.19	1,614.55	8.20%
Private Hydrant	49.42	54.72	10.72%

Public Fire Protection - Rate Schedule No. 4 - Monthly

Public Fire Protection	Present Rate	Proposed Rate	Change
All Service Areas (Except Below)	$ 53.65	$ 59.28	10.49%
Alpha Borough	30.26	36.79	21.59%
Bayville Township	24.23	26.92	11.09%
Fredon Township	30.26	36.79	21.59%
Hardyston Township	22.38	26.92	20.27%
Holland Township - Fox Hill Dr	41.16	48.14	16.97%
Lawrenceville Township	33.12	36.79	11.09%
Upper Freehold Township	39.96	48.14	20.48%
Byram Township - Monthly Fixed Charge per Customer	$ 6.94	$ 8.09	16.57%

General Metered Service - DSIC Charges

Customer Charge - Residential, Commercial, Industrial, and Public	Present Rate	Proposed Rate	Change
5/8"	$ 2.93	$ -	-100.00%
3/4"	4.40	-	-100.00%
1”	7.33	-	-100.00%
1-1/2"	14.65	-	-100.00%
2”	23.44	-	-100.00%
3”	43.95	-	-100.00%
4”	73.25	-	-100.00%
6"	146.50	-	-100.00%
8"	234.40	-	-100.00%
10"	336.95	-	-100.00%
12"		-	#DIV/0!

Aqua New Jersey, Inc.
Summary of Present and Proposed Rates
Wastewater Operations

General Sewer Service - (Other than Wallkill)	Present Rates	Proposed Rates	Change	PSTAC Rates: Present Rates	PSTAC Rates: Proposed Rates	PSTAC Rates: Change	TOTAL MONTHLY RATES: Present Rates	TOTAL MONTHLY RATES: Proposed Rates	TOTAL MONTHLY RATES: Change
Residential	Flat Rate Charges			PSTAC Charges			Total Monthly Charges		
Single Unit	$ 38.35	$ 57.06	48.8%	$ 28.43	$ 28.43	0.0%	$ 66.78	$ 85.49	28.0%
Non-Residential and Multi-Family	Flat Rate Charges			PSTAC Charges			Total Monthly Charges		
5/8"	$ 38.35	$ 57.06	48.8%	$ 28.43	$ 28.43	0.0%	$ 66.78	$ 85.49	28.0%
3/4"	46.02	68.50	48.8%	34.12	34.12	0.0%	80.14	102.62	28.1%
1"	92.04	136.90	48.7%	68.23	68.23	0.0%	160.27	205.13	28.0%
1 1/2"	191.75	285.30	48.8%	142.15	142.15	0.0%	333.90	427.45	28.0%
2"	283.79	422.20	48.8%	210.38	210.38	0.0%	494.17	632.58	28.0%
3"	575.25	855.90	48.8%	426.45	426.45	0.0%	1,001.70	1,282.35	28.0%
4"	767.00	1,141.20	48.8%	568.61	568.61	0.0%	1,335.61	1,709.81	28.0%
6"	1,917.50	2,853.00	48.8%	-	-		1,917.50	2,853.00	48.8%
8"	3,068.00	4,564.80	48.8%	2,274.41	2,274.41	0.0%	5,342.41	6,839.21	28.0%
Customer Specific Charges - General Sewer Sercice				**Customer Specific Charges - General Sewer Sercice**			**Customer Specific Charges - General Sewer Sercice**		
Oakwood Village Apartment Complex	$ 23,470.20	$ 34,923.66	48.8%	$ 17,399.28	$ 17,399.28	0.0%	$ 40,869.48	$ 52,322.94	28.0%
Bear Brook Clubhouse	859.04	1,278.25	48.8%	636.84	636.84	0.0%	1,495.88	1,915.09	28.0%
Stanton Ridge Clubhouse	218.60	325.28	48.8%	162.05	162.05	0.0%	380.65	487.33	28.0%
Maxim Laundromat	935.74	1,392.38	48.8%	693.69	693.69	0.0%	1,629.43	2,086.07	28.0%

General Sewer Service - (Wallkill)	Present Rates	Proposed Rates	Change	PSTAC Rates: Present Rates	PSTAC Rates: Proposed Rates	PSTAC Rates: Change	PSTAC Rates: Present Rates	PSTAC Rates: Proposed Rates	PSTAC Rates: Change
Residential	Flat Rate Charges			PSTAC Charges			Total Monthly Charges		
Single Unit	$ 17.23	$ 37.20	115.9%	$ 28.43	$ 28.43	0.0%	$ 45.66	$ 65.63	43.7%
Non-Residential	Flat Rate Charges			PSTAC Charges			Total Monthly Charges		
5/8"	$ 17.23	$ 37.20	115.9%	$ 28.43	$ 28.43	0.0%	$ 45.66	$ 65.63	43.7%
3/4"	20.68	44.60	115.7%	34.12	34.12	0.0%	54.80	78.72	43.6%
1"	41.35	89.30	116.0%	68.23	68.23	0.0%	109.58	157.53	43.8%
1 1/2"	86.15	186.00	115.9%	142.15	142.15	0.0%	228.30	328.15	43.7%
2"	127.50	275.30	115.9%	210.38	210.38	0.0%	337.88	485.68	43.7%
3"	258.45	558.00	115.9%	426.45	426.45	0.0%	684.90	984.45	43.7%
4"	344.60	744.00	115.9%	568.61	568.61	0.0%	913.21	1,312.61	43.7%
6"	861.50	1,860.00	115.9%	-	-		861.50	1,860.00	115.9%
8"	1,378.40	2,976.00	115.9%	2,274.41	2,274.41	0.0%	3,652.81	5,250.41	43.7%

BEFORE THE
NEW JERSEY BOARD OF PUBLIC UTILITIES

AQUA NEW JERSEY, INC.

Docket No. WR2601

DIRECT TESTIMONY OF
Dylan W. D'Ascendis

With regard to Rate of Return
and Capital Structure

January 30, 2026

TABLE OF CONTENTS

Page

I. INTRODUCTION 1
A. WITNESS IDENTIFICATION 1
B. BACKGROUND AND QUALIFICATIONS 1

II. PURPOSE OF TESTIMONY 2

III. SUMMARY 3

IV. GENERAL PRINCIPLES 5
A. BUSINESS RISK 8
B. FINANCIAL RISK 10

V. AQUA NJ AND THE UTILITY PROXY GROUPS 11

VI. CAPITAL STRUCTURE 16

VII. COMMON EQUITY COST RATE MODELS 18
A. DISCOUNTED CASH FLOW MODEL 19
B. THE RISK PREMIUM MODEL 22
C. THE CAPITAL ASSET PRICING MODEL 32
D. COMMON EQUITY COST RATES FOR PROXY GROUPS OF DOMESTIC, NON-PRICE REGULATED COMPANIES BASED ON THE DCF, RPM, AND CAPM 46

VIII. CONCLUSION OF COMMON EQUITY COST RATE BEFORE ADJUSTMENT 50

IX. ADJUSTMENTS TO THE COMMON EQUITY COST RATE 51
A. BUSINESS RISK ADJUSTMENT 51
B. FLOTATION COST ADJUSTMENT 54

X. CONCLUSION 57

AQUA NEW JERSEY, INC.

DIRECT TESTIMONY
OF
Dylan W. D'Ascendis

I. INTRODUCTION

A. WITNESS IDENTIFICATION

Q. Please state your name and business address.

A. My name is Dylan W. D'Ascendis. My business address is 1820 Chapel Avenue W, Suite 300, Cherry Hill, NJ 08003.

Q. By whom are you employed and in what capacity?

A. I am a Partner at ScottMadden, Inc.

B. BACKGROUND AND QUALIFICATIONS

Q. Please summarize your professional experience and educational background.

A. I have offered expert testimony on behalf of investor-owned utilities in over 40 state regulatory commissions in the United States, the Federal Energy Regulatory Commission, the National Energy Regulator in Canada, the Alberta Utility Commission, one American Arbitration Association panel, and the Superior Court of Rhode Island on issues including, but not limited to, common equity cost rate, rate of return, valuation, capital structure, class cost of service, and rate design.

On behalf of the American Gas Association ("AGA"), I calculate the AGA Gas Index, which serves as the benchmark against which the performance of the American Gas Index Fund ("AGIF") is measured on a monthly basis. The AGA Gas Index and AGIF are a market capitalization-weighted index and mutual fund, respectively, comprised of the common stocks of the publicly traded corporate members of the AGA.

I am a member of the Society of Utility and Regulatory Financial Analysts ("SURFA"). In 2011, I was awarded the professional designation "Certified Rate of Return

Analyst" by SURFA, which is based on education, experience, and the successful completion of a comprehensive written examination.

I am also a member of the National Association of Certified Valuation Analysts ("NACVA") and was awarded the professional designation "Certified Valuation Analyst" by the NACVA in 2015.

I am a graduate of the University of Pennsylvania, where I received a Bachelor of Arts degree in Economic History. I have also received a Master of Business Administration with high honors and concentrations in Finance and International Business from Rutgers University.

The details of my educational background and expert witness appearances are included in Appendix A.

Q. Have you previously provided testimony before the New Jersey Board of Public Utilities ("BPU" or the "Board")?

A. Yes, I have on various occasions, details of which can be found in Appendix A.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your Direct Testimony in this proceeding?

A. The purpose of my Direct Testimony is to present evidence on behalf of Aqua New Jersey, Inc. ("Aqua NJ" or the "Company") about the appropriate capital structure and corresponding cost rates the Company should be awarded in order to allow it the opportunity to earn a reasonable return on its jurisdictional rate base.

Q. Have you prepared any exhibits in support of your recommendation?

A. Yes. I have prepared Exhibits DWD-1 through DWD-10, which have been prepared by me or under my direct supervision.

Q. What is your recommended cost of capital for Aqua NJ?

A. I recommend the BPU authorize the Company the opportunity to earn an overall rate of return of 7.61% based on a capital structure, which consists of 47.05% long-term debt at an embedded cost rate of 4.37%, and 52.95% common equity at my recommended return on common equity ("ROE") of 10.50%. The overall rate of return is summarized on page 1 of Exhibit DWD-1 and in Table 1 below:

Table 1: Summary of Overall Rate of Return

Type of Capital	Ratios	Cost Rate	Weighted Cost Rate
Long-Term Debt	47.05%	4.37%	2.05%
Common Equity	52.95%	10.50%	5.56%
Total	100.00%		7.61%

III. SUMMARY

Q. Please summarize your recommended common equity cost rate.

A. My recommended common equity cost rate of 10.50% is summarized on page 2 of Exhibit DWD-1. I have assessed the market-based common equity cost rates of companies of relatively similar, but not necessarily identical, risk to Aqua NJ. Using companies of relatively comparable risk as proxies is consistent with the principles of fair rate of return established in the *Hope*[1] and *Bluefield*[2] Supreme Court cases. No proxy group can be identical in risk to any single company, so there must be an evaluation of relative risk between the company and the proxy group to see if it is appropriate to make adjustments to the proxy group's indicated rate of return.

My recommendation results from the application of several cost of common equity models, specifically the Discounted Cash Flow ("DCF") model, the Risk Premium Model

[1] *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591 (1944). *("Hope")*
[2] *Bluefield Water Works Improvement Co. v. Public Serv. Comm'n*, 262 U.S. 679 (1922). ("*Bluefield*")

("RPM"), and the Capital Asset Pricing Model ("CAPM"), to the market data of: 1) a Proxy Group of Five Water and Wastewater Companies (the "Water Utility Proxy Group"); and 2) a Proxy Group of Twelve Water and Natural Gas Companies (the "Water and Gas Utility Proxy Group," collectively, the "Utility Proxy Groups"); both of whose selection criteria will be discussed below.[3] In addition, I applied the DCF model, RPM, and CAPM to a proxy group of 35 domestic, non-price regulated companies comparable in total risk to the Water Utility Proxy Group, and to a proxy group of 36 domestic, non-price regulated companies comparable in total risk to the Water and Gas Utility Proxy Group (collectively, "Non-Price Regulated Proxy Groups") whose selection criteria will be discussed below.

The results derived from each are as follows:

Table 2: Summary of Common Equity Cost Rate

	Water Utility Proxy Group	Water and Gas Utility Proxy Group
Discounted Cash Flow Model	10.48%	10.62%
Risk Premium Model	10.30% - 11.05%	10.41% - 11.08%
Capital Asset Pricing Model	10.05% - 11.48%	10.05% - 11.35%
Market Models Applied to Comparable Risk, Non-Price Regulated Companies	11.61% - 12.25%	11.36% - 12.01%
Indicated Range of Common Equity Cost Rates Before Adjustments for Company-Specific Risk	10.05% - 12.25%	10.05% - 12.01%
Business Risk Adjustment	0.15%	0.20%
Flotation Cost Adjustment	0.07%	0.07%
Indicated Range of Common Equity Cost Rates after Adjustment	10.27% - 12.47%	10.32% - 12.28%
Recommended Cost of Common Equity	10.50%	

[3] As I discuss in Section V below, the results of the Water and Gas Utility Proxy Group act as a check on the indicated range of ROEs produced by the Water Utility Proxy Group.

The indicated range of common equity cost rates applicable to the Utility Proxy Groups are between 10.05% and 12.25%, before any Company-specific adjustments.

The indicated range of common equity cost rates applicable to the Utility Proxy Groups were then adjusted upward to reflect Aqua NJ's greater business risk due to its smaller size relative to the Utility Proxy Groups and 0.07% for flotation costs. These adjustments result in a Company-specific range of common equity cost rates between 10.27% and 12.47%. From this range of results, I recommend the Board consider a common equity cost rate of 10.50% for use in setting rates for the Company.

IV. GENERAL PRINCIPLES

Q. What general principles have you considered in arriving at your recommended common equity cost rate of 10.50%?

A. In unregulated industries, the competition of the marketplace is the principal determinant of the price of products or services. For regulated public utilities, regulation must act as a substitute for marketplace competition. Assuring that the utility can provide safe and reliable service at all times to their customers requires a level of earnings sufficient to maintain the integrity of presently invested capital. Sufficient earnings also permit the attraction of needed new capital at a reasonable cost, for which the utility must compete with other firms of comparable risk, consistent with the fair rate of return standards established by the U.S. Supreme Court in the previously cited *Hope* and *Bluefield* decisions. The U.S. Supreme Court affirmed the fair rate of return standards in *Hope*, when it stated:

> The rate-making process under the Act, i.e., the fixing of 'just and reasonable' rates, involves a balancing of the investor and the consumer interests. Thus we stated in the *Natural Gas Pipeline Co.* case that 'regulation does not insure [sic] that the business shall produce net revenues.' 315 U.S. at page 590, 62 S.Ct. at page 745. But such considerations aside, the investor interest has a legitimate concern with the financial integrity of the company whose rates are

> being regulated. From the investor or company point of view it is important that there be enough revenue not only for operating expenses but also for the capital costs of the business. These include service on the debt and dividends on the stock. *Cf. Chicago & Grand Trunk R. Co. v. Wellman*, 143 U.S. 339, 345, 346 12 S.Ct. 400, 402. By that standard the return to the equity owner should be commensurate with returns on investments in other enterprises having corresponding risks. That return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and to attract capital.[4]

In summary, the U.S. Supreme Court has found a return that is adequate to attract capital at reasonable terms enables the utility to provide service while maintaining its financial integrity. As discussed above, and in keeping with established regulatory standards, that return should be commensurate with the returns expected elsewhere for investments of corresponding risk. The Board's decision in this proceeding, therefore, should provide the Company with the opportunity to earn a return that is: 1) adequate to attract capital at reasonable cost and terms; 2) sufficient to ensure its financial integrity; and 3) commensurate with returns on investments in enterprises having corresponding risks.

In addition, the required return for a regulated public utility is established on a stand-alone basis, *i.e.*, for the utility operating company at issue in a rate case. Parent entities, like other investors, have capital constraints and must look at the attractiveness of the expected risk-adjusted return of each investment alternative in their capital budgeting process. That is, utility holding companies that own many utility operating companies have choices as to where they will invest their limited capital within the holding company family. Therefore, the opportunity cost concept applies regardless of whether the funding source is public or within the corporate family.

[4] *Hope*, 320 U.S. 591 (1944), at 603.

When funding is provided by a parent entity, the return still must be sufficient to provide an incentive to allocate equity capital to the subsidiary or business unit rather than other internal or external investment opportunities. That is, the regulated subsidiary must compete for capital with all the parent company's affiliates, and with other similar risk companies, which may include non-utilities. In that regard, investors value corporate entities on a sum-of-the-parts basis and expect each division within the parent company to provide an appropriate risk-adjusted return.

It, therefore, is important that the authorized ROE for the Company reflects the risks and prospects of its operations and supports its financial integrity from a stand-alone perspective.

Q. Within that broad framework, how is the cost of capital estimated in regulatory proceedings?

A. Regulated utilities primarily use common stock and long-term debt to finance their permanent property, plant, and equipment (*i.e.*, rate base). The fair rate of return for a regulated utility is based on its weighted average cost of capital, in which, as noted earlier, the costs of the individual sources of capital are weighted by their respective book values.

The cost of capital is the return investors require to make an investment in a firm. Investors will provide funds to a firm only if the return that they *expect* is equal to, or greater than, the return that they *require* to accept the risk of providing funds to the firm.

The cost of capital (that is, the combination of the costs of debt and equity) is based on the economic principle of "opportunity costs." The principle of opportunity costs recognizes that investing in any asset (whether debt or equity securities) represents a forgone opportunity to invest in alternative assets. For any investment to be sensible, its expected return must be at least equal to the return expected on alternative investment opportunities with comparable risks. Because investments with like risks should offer

similar returns, the opportunity cost of an investment should equal the return available on an investment of comparable risk.

The cost of debt is contractually defined and can be directly observed as the interest rate or yield on debt securities. However, the cost of equity must be estimated based on market data and various financial models. Because the cost of equity is premised on opportunity costs, the models used to determine it are typically applied to a group of "comparable" or "proxy" companies.

In the end, the estimated cost of capital should reflect the return that investors require in light of the subject company's business and financial risks, and the returns available on comparable investments.

A. BUSINESS RISK

Q. Please define business risk and explain why it is important to the determination of a fair rate of return.

A. Business risk is the riskiness of a company's common stock without the use of debt and/or preferred capital. Examples of such general business risks faced by all utilities (*i.e.*, electric, natural gas distribution, and water) include size, the quality of management, the regulatory environment in which utilities operate, customer mix and concentration of customers, service territory growth, and capital intensity. All of these have a direct bearing on earnings.

Consistent with the basic financial principle of risk and return, business risk is important to the determination of a fair rate of return, because the higher the level of risk, the higher the rate of return investors demand.

Q. What business risks do the water and wastewater industries face in general?

A. Water and wastewater utilities have an ever-increasing responsibility to be stewards of the environment from which water supplies are drawn in order to preserve and protect essential

natural resources of the United States. This increased environmental stewardship is a direct result of compliance with the Safe Drinking Water Act, as well as a response to continuous monitoring by the Environmental Protection Agency and state and local governments of the water supply for potential contaminants and their resultant regulations. This, plus aging infrastructure, necessitate additional capital investment in the distribution and treatment of water, exacerbating the pressure on free cash flows arising from increased capital expenditures for infrastructure repair and replacement. The significant amount of capital investment and, hence, high capital intensity, is a major risk factor for the water and wastewater utility industry.

Value Line Investment Survey ("*Value Line*") observes the following about the water utility industry:

> For decades, water utilities did not reinvest much capital in keeping their pipelines and wastewater facilities in good condition. This resulted in the water infrastructure in the U.S. being in poor condition. Part of the reason for the lack of investment was to keep customers' rates low. Both water companies and regulators realized that more funds had to be used to modernize aging pipelines. Hence, all of the companies covered in this space started to hike their construction budgets substantially. It will take decades to complete the building program, but slow and steady progress is being made. [5]

The water and wastewater industry also experiences low depreciation rates. Depreciation rates are one of the principal sources of internal cash flows for all utilities (through a utility's depreciation expense) and are vital for a company to fund ongoing replacements and repairs of water and wastewater systems. Water/wastewater utility assets have long lives, and therefore have long capital recovery periods. As such, they face greater risk due to inflation, which results in a higher replacement cost per dollar of net plant. Simply put, capital that is retiring today will need to be replaced with capital that is significantly more expensive.

[5] *Value Line Investment Survey*, October 3, 2025.

Substantial capital expenditures, as noted by *Value Line,* will require significant financing. The three sources of financing typically used are debt, equity (common and preferred), and cash flow. All three are intricately linked to the opportunity to earn a sufficient rate of return as well as the ability to achieve that return. Consistent with *Hope* and *Bluefield*, the return must be sufficient to maintain credit quality as well as enable the attraction of necessary new capital, be it debt or equity capital. If unable to raise debt or equity capital, the utility must turn to either retained earnings or free cash flow,[6] both of which are directly linked to earning a sufficient rate of return. The level of free cash flow represents a utility's ability to meet the needs of its debt and equity holders. If either retained earnings or free cash flow is inadequate, it will be nearly impossible for the utility to attract the needed capital for new infrastructure investment necessary to ensure quality service to its customers and compliance with statutory and regulatory mandates. An insufficient rate of return can be financially devastating for utilities as well as a public safety issue for their customers and the environment.

The water and wastewater utility industry's high degree of capital intensity and low depreciation rates, coupled with the need for substantial infrastructure capital spending, require regulatory support in the form of adequate and timely rate relief, and in particular a sufficient authorized return on common equity, so that the industry can successfully meet the challenges it faces.

B. FINANCIAL RISK

Q. Please define financial risk and explain why it is important to the determination of a fair rate of return.

A. Financial risk is the additional risk created by the introduction of debt and preferred stock into the capital structure. The higher the proportion of debt and preferred stock in the

[6] Free Cash Flow = Operating Cash Flow (Funds From Operations) minus Capital Expenditures.

capital structure, the higher the financial risk (*i.e.,* likelihood of default). Therefore, consistent with the basic financial principle of risk and return, investors demand a higher common equity return as compensation for bearing higher default risk.

Q. Can bond and credit ratings be a proxy for the combined business and financial risk (*i.e.*, investment risk of an enterprise)?

A. Yes, similar bond ratings/issuer credit ratings reflect, and are representative of, similar combined business and financial risks (*i.e.*, total risk) faced by bond investors.[7] Although specific business or financial risks may differ between companies, the same bond/credit rating indicates that the combined risks are roughly similar, albeit not necessarily equal, as the purpose of the bond/credit rating process is to assess credit quality or credit risk (i.e., the risk of the company not paying its outstanding debt), and not common equity risk (i.e., the risk of the company not paying its outstanding debt, nor compensating its equity investors).

Q. That being said, do rating agencies reflect company size in their bond ratings?

A. No. Neither S&P nor Moody's have minimum company size requirements for any given rating level. This means, all else equal, a relative size analysis needs to be conducted for companies with similar bond ratings.

V. AQUA NJ AND THE UTILITY PROXY GROUPS

Q. Are you familiar with the operations of Aqua NJ?

A. Yes. Aqua NJ is a subsidiary of Essential Utilities, Inc. ("Essential"). Aqua NJ's operations span the state of New Jersey and are broken into four divisions: the Northern, Central, Southern and Eastern divisions. Aqua NJ is headquartered in Hamilton, New

[7] Risk distinctions within S&P's bond rating categories are recognized by a plus or minus, i.e., within the A category, an S&P rating can be at A+, A, or A-. Similarly, risk distinctions for Moody's ratings are distinguished by numerical rating gradations, i.e., within the A category, a Moody's rating can be A1, A2 and A3.

Jersey and serves more than 185,000 residents in 11 counties and has approximately 55,000 water customers and 6,600 sewer customers.[8] Aqua NJ's common stock is not publicly traded.

Q. Why is it necessary to develop a proxy group when estimating the ROE for the Company?

A. Because the Company is not publicly traded and does not have publicly traded equity securities, it is necessary to develop groups of publicly traded, comparable companies to serve as "proxies" for the Company. In addition to the analytical necessity of doing so, the use of proxy companies is consistent with the *Hope* and *Bluefield* comparable risk standards, as discussed above. I have selected proxy groups that, in my view, are fundamentally risk-comparable to the Company.

Even when proxy groups are carefully selected, it is common for analytical results to vary from company to company. Despite the care taken to ensure comparability, because no two companies are identical, market expectations regarding future risks and prospects will vary within the proxy group. It therefore is common for analytical results to reflect a seemingly wide range, even for a group of similarly situated companies. At issue is how to estimate the ROE for the target company from within that range. That determination will be best informed by employing a variety of sound analyses and necessarily must consider the sort of quantitative and qualitative information discussed throughout my Direct Testimony. Additionally, a relative risk analysis between the Company and the Utility Proxy Groups must be made to determine whether explicit Company-specific adjustments need to be made to the Utility Proxy Groups' indicated results.

My analyses are based on the Utility Proxy Groups, one containing only U.S. water and wastewater utilities and a second containing both U.S. water and natural gas utilities.

[8] https://www.aquawater.com/about-aqua/states-we-serve/aqua-new-jersey

As discussed earlier, utilities must compete for capital with other companies with commensurate risk (including non-utilities) and, to do so, must be provided the opportunity to earn a comparable return to these companies having a commensurate risk. Consequently, it is appropriate to consider the Utility Proxy Groups' market data in determining the Company's ROE.

Q. Please explain how you chose your Water Utility Proxy Group.

A. The basis of selection for the Water Utility Proxy Group was to select those companies which meet the following criteria:

(i) They are included in the Water Utility Group of *Value Line's Standard Edition* or *Value Line's Small and Mid-Cap Edition* (October 3, 2025);[9]

(ii) They have 60% or greater of 2024 total operating income or 60% or greater of 2024 total assets attributable to regulated water operations;

(iii) At the time of preparation of this testimony, they had not publicly announced that they were involved in any major merger or acquisition activity (*i.e.*, one publicly traded utility merging with or acquiring another);

(iv) They have not cut or omitted their common dividends during the five years ending 2024 or through the time of the preparation of this testimony;

(v) They have *Value Line* and Bloomberg Professional Services ("Bloomberg") adjusted Beta coefficients ("beta");

(vi) They have a positive *Value Line* five-year dividends per share ("DPS") growth rate projection; and

(vii) They have *Value Line*, Zacks or S&P Capital IQ five-year earnings per share ("EPS") growth rate projections.

[9] While Mr. D'Ascendis normally excludes companies from *Value Line's Small and Mid-Cap Edition*, Mr. D'Ascendis expanded his criteria to ensure his proxy group is comprised of a sufficient number of companies.

The following five companies met these criteria:

Company	Ticker
American States Water Company	AWR
California Water Service Group	CWT
Global Water Resources, Inc.	GWRS
H2O America, Inc.	HTO
Middlesex Water Company	MSEX

Q. Please describe Exhibit DWD-2, page 1.

A. Page 1 of Exhibit DWD-2 contains comparative capitalization and financial statistics for the Water Utility Proxy Group identified above for the years 2020 to 2024. During the five-year period ending 2024, the historically achieved average earnings rate on book common equity for the group averaged 10.38%. The average common equity ratio based on total permanent capital (excluding short-term debt) was 52.17%, and the average dividend payout ratio was 88.46%.

Total debt to earnings before interest, taxes, depreciation, and amortization for the years 2020 to 2024 ranges between 4.44x and 5.34x, with an average of 5.01x. Funds from operations to total debt range from 12.31% to 17.22%, with an average of 14.25%.

Q. Please explain how you chose your Water and Gas Utility Proxy Group.

A. The basis of selection for the Water and Gas Utility Proxy Group was to select those companies which meet the criteria for the Water Utility Proxy Group in addition to the companies which adhere to following criteria:

(i) They were included in the Natural Gas Utility Group of *Value Line's Standard Edition* (*Value Line*) (November 21, 2025);

(ii) They have 60% or greater of fiscal year 2024 total operating income derived from, or 60% or greater of fiscal year 2024 total assets attributable to, regulated gas distribution operations;

(iii) At the time of preparation of this testimony, they had not publicly announced that they were involved in any major merger or acquisition activity (i.e., one publicly-traded utility merging with or acquiring another) or any other major development;

(iv) They have not cut or omitted their common dividends during the five years ended 2024 or through the time of preparation of this testimony;

(v) They have *Value Line* and Bloomberg Professional Services ("Bloomberg") adjusted Beta coefficients ("beta");

(vi) They have positive *Value Line* five-year dividends per share growth rate projections; and

(vii) They have *Value Line*, Zacks, or S&P Capital IQ consensus five-year earnings per share growth rate projections.

The following twelve companies met these criteria:

Company	**Ticker**
American States Water Company	AWR
California Water Service Group	CWT
Global Water Resources, Inc.	GWRS
H2O America, Inc.	HTO
Middlesex Water Company	MSEX
Atmos Energy Corporation	ATO
Chesapeake Utilities Corporation	CPK
New Jersey Resources Corporation	NJR
NiSource Inc.	NI
Northwest Natural Holding Company	NWN
ONE Gas, Inc.	OGS
Southwest Gas Holdings, Inc.	SWX

Q. Please describe Exhibit DWD-2, page 3.

A. Page 3 of Exhibit DWD-2 contains comparative capitalization and financial statistics for the Water and Gas Utility Proxy Group identified above for the years 2020 to 2024. During the five-year period ending 2024, the historically achieved average earnings rate on book common equity for the group averaged 9.44%. The average common equity ratio based on total permanent capital (excluding short-term debt) was 51.23%, and the average dividend payout ratio was 73.14%.

Total debt to earnings before interest, taxes, depreciation, and amortization for the years 2020 to 2024 ranges between 4.70x and 5.26x, with an average of 5.08x. Funds from operations to total debt range from 11.32% to 21.68%, with an average of 15.77%.

Q. Please explain why you also included the Water and Gas Utility Proxy Group.

A. While the five companies that comprise my Water Utility Proxy Group passed my selection criteria, and therefore are comparable in risk to Aqua NJ, five companies may represent a limited sample size. Given a limited sample size may increase the chance for outlier values to skew indicated results, it could be appropriate to review a larger set of utilities to confirm those results. Because of this, I decided to use the Water and Gas Utility Proxy Group as a check on my Water Utility Proxy Group results. I do not generally use gas utility market data in an ROE study for water utilities, as they are an imperfect comparator (i.e., similar delivery method but vastly unique risks). It is for this reason, I will only use this group as a check on the Water Utility Proxy Group results.

VI. CAPITAL STRUCTURE

Q. How does the capital structure affect the rate of return?

A. As discussed above, there are two general categories of risk: business risk and financial risk. The capital structure relates to a company's financial risk, which represents the risk that a company may not have adequate cash flows to meet its financial obligations and is a

function of the percentage of debt (or financial leverage) in its capital structure. In that regard, as the percentage of debt in the capital structure increases, so do the fixed obligations for the repayment of that debt. Consequently, as the degree of financial leverage increases, the risk of financial distress (i.e., financial risk) also increases.[10] In essence, even if two firms face the same business risks, a company with meaningfully higher levels of debt in its capital structure is likely to have a higher cost of both debt and equity. Since the capital structure can affect the subject company's overall level of risk, it is an important consideration in establishing a just and reasonable rate of return.

Q. What capital structure ratios do you recommend be employed in developing an overall fair rate of return for the company?

A. I recommend the use of Aqua NJ's expected capital structure which consists of 47.05% long-term debt and 52.95% common equity as shown on page 1 of Exhibit DWD-1.

Q. How does Aqua NJ's target common equity ratio of 52.95% compare with the equity ratios maintained by the companies in your Utility Proxy Groups?

A. Aqua NJ's proposed common equity ratio of 52.95% is reasonable and consistent with the range of common equity ratios maintained, on average, by the companies in the Utility Proxy Groups on which I base my recommended common equity cost rate. As shown on pages 2 and 4 through 5 of Exhibit DWD-2, the common equity ratios of the Utility Proxy Groups range from 27.99% to 60.96% in 2024. Aqua NJ's proposed equity ratio of 52.95% falls within the reasonable range.

[10] Roger A. Morin, Modern Regulatory Finance, Public Utility Reports, Inc., 2020, at 51-52. ("Morin")

Q. What long-term debt cost rate is most appropriate for Aqua NJ in this proceeding?

A. Aqua NJ's proposed long-term debt cost rate of 4.37% is derived from the projected long-term borrowings of the Company as of April 30, 2026, and is reasonable and appropriate as Aqua NJ's cost of long-term debt in this proceeding.

VII. COMMON EQUITY COST RATE MODELS

Q. Is it important that cost of common equity models be market-based?

A. Yes. A public utility must compete for equity in capital markets along with all other companies of comparable risk, which includes non-utilities. The cost of common equity is thus determined based on equity market expectations for the returns of those comparable risk companies. If individual investors are choosing to invest their capital among companies of comparable risk, they will choose a company providing a higher return over a company providing a lower return.

Q. Are your cost of common equity models market-based models?

A. Yes. The DCF model is market-based because market prices are used in developing the dividend yield component of the model. The RPM is market-based because the bond ratings and expected bond yields used in the application of the RPM reflect the market's assessment of bond/credit risk. In addition, the use of beta (β) to determine the equity risk premium reflects the market's assessment of market/systematic risk, since betas are derived from regression analyses of market prices. The CAPM is market-based for many of the same reasons that the RPM is market-based (*i.e.*, the use of expected bond yields and beta). Selection of the comparable risk non-price regulated companies is market-based because it is based on statistics which result from regression analyses of market prices and reflect the market's assessment of total risk.

Q. What analytical approaches did you use to determine the Company's ROE?

A. As discussed earlier, I have relied on the DCF model, the RPM, and the CAPM, which I apply to the Utility Proxy Groups described above. I also applied these same models to Non-Price Regulated Proxy Groups described later in this section.

I rely on multiple models because reasonable investors use a variety of tools and do not rely exclusively on a single source of information or a single model. Moreover, the specific models on which I rely focus on different aspects of return requirements, and provide different insights into investors' views of risk and return. The DCF model, for example, estimates the investor-required return assuming a constant expected dividend yield and growth rate in perpetuity, while Risk Premium-based methods (i.e., the RPM and CAPM approaches) provide the ability to reflect investors' views of risk, future market returns, and the relationship between interest rates and the Cost of Equity. Just as the use of market data for the Utility Proxy Groups adds the reliability necessary to inform expert judgment in arriving at a recommended common equity cost rate, the use of multiple generally accepted common equity cost rate models also adds reliability and accuracy when arriving at a recommended common equity cost rate.

A. <u>DISCOUNTED CASH FLOW MODEL</u>

Q. What is the theoretical basis of the DCF model?

A. The DCF model is based on the theory that the present value of an expected future stream of net cash flows during the investment holding period can be determined by discounting those cash flows at the cost of capital, or the investors' capitalization rate. Mathematically this is shown as:

$$P_0 = \frac{D_1}{(1+ke)} + \frac{D_2}{(1+ke)^2} + \ldots + \frac{D_t}{(1+ke)^t}$$

where:

k = the required Return on Common Equity;

$D_{1...}D_t$ = the future expected dividends; and

P_0 = the current stock price.

The above equation can be rearranged to form the single-stage constant growth DCF model as such:

$$K_e = (D_0 (1+g))/P + g$$

where:

K_e = the required Return on Common Equity;

D_0 = the annualized Dividend Per Share;

P = the current stock price; and

g = the growth rate.

In this form, the required ROE is equal to the expected dividend yield plus an expected long-term growth rate. The constant growth DCF formula is derived from the present value DCF formula.

Under the model's strict assumptions, the growth rate equals the rate of capital appreciation (that is, the growth in the stock price). Given that assumption, it does not matter whether the investor holds the stock in perpetuity, or whether they hold the stock for some period of time, collect the dividends, then sell at the prevailing market price.

Q. Which version of the DCF model did you use?

A. I used the single-stage constant growth DCF model.

Q. Please describe the dividend yield you used in your application of the DCF model.

A. The unadjusted dividend yields are based on the proxy companies' dividends as of December 12, 2025, divided by the average of closing market prices for the 60 trading days ending December 12, 2025.[11]

[11] *See* Exhibit DWD-3, page 1, Column 1.

Q. Please explain your adjustment to the dividend yield.

A. Because dividends are paid periodically (quarterly), as opposed to continuously (daily), an adjustment must be made to the dividend yield. This is often referred to as the discrete, or the Gordon Periodic, version of the DCF model.

DCF theory calls for the use of the full growth rate, or D_1, in calculating the dividend yield component of the model. Since the various companies in the Utility Proxy Groups increase their quarterly[12] dividend at various times during the year, a reasonable assumption is to reflect one-half the annual dividend growth rate in the dividend yield component, or $D_{1/2}$. Because the dividend should be representative of the next 12-month period, my adjustment is a conservative approach that does not overstate the dividend yield. Therefore, the actual average dividend yields in Column 1 on page 1 of Exhibit DWD-3 have been adjusted upward to reflect one-half the average projected growth rate shown in Column 5.

Q. Please explain the basis of the growth rates you applied to the Utility Proxy Groups in your DCF model.

A. Investors with more limited resources than institutional investors are likely to rely on widely available financial information services, such as *Value Line*, Zacks, and S&P Capital IQ. Investors realize that analysts have significant insight into the dynamics of the industries and individual companies they analyze, as well as companies' abilities to effectively manage the effects of changing laws and regulations, and ever-changing economic and market conditions. For these reasons, I used analysts' five-year forecasts of EPS growth in my DCF analysis.

Over the long run, there can be no growth in DPS without growth in EPS. Security analysts' earnings expectations have a more significant influence on market prices than

[12] Global Water Resources, Inc. pays a monthly dividend.

dividend expectations. Thus, the use of earnings growth rates in a DCF analysis provides a better match between investors' market price appreciation expectations and the growth rate component of the DCF.

Q. Please summarize the DCF model results.

A. The results of applying the DCF model to the Utility Proxy Groups are shown on page 1 of Exhibit DWD-3, and in Table 3, below:

Table 3: DCF Model Results for the Utility Proxy Groups

	Water Utility Proxy Group	Water and Gas Utility Proxy Group
Mean	11.01%	10.76%
Median	9.94%	10.47%
Average of Mean and Median	10.48%	10.62%

In arriving at a conclusion for the constant growth DCF-indicated common equity cost rate for the Utility Proxy Groups, I relied on an average of the mean and the median results of the DCF, specifically 10.48% applicable to the Water Utility Proxy Group and 10.62% applicable to the Water and Gas Utility Proxy Group.

B. THE RISK PREMIUM MODEL

Q. Please describe the theoretical basis of the RPM.

A. The RPM is based on the fundamental financial principle of risk and return, namely, that investors require greater returns for bearing greater risk. The RPM recognizes that common equity capital has greater investment risk than debt capital, as common equity shareholders are behind debt holders in any claim on a company's assets and earnings. As a result, investors require higher returns from common stocks than from investment in bonds, to compensate them for bearing the additional risk.

While it is possible to directly observe bond returns and yields, investors' required common equity return cannot be directly determined or observed. According to RPM

theory, one can estimate a common equity risk premium over bonds (either historically or prospectively) and use that premium to derive a cost rate of common equity. The cost of common equity equals the expected cost rate for long-term debt capital, plus a risk premium over that cost rate, to compensate common shareholders for the added risk of being unsecured and last-in-line for any claim on the corporation's assets and earnings in the event of a liquidation.

Q. Please explain the total market approach RPM.

A. The total market approach RPM adds a representative public utility bond yield to an average of: (1) an equity risk premium that is derived from a beta-adjusted total market equity risk premium, and (2) an equity risk premium based on the S&P Utilities Index.

Q. Please explain the basis of the expected bond yield of applicable to the Utility Proxy Groups.

A. The first step in the total market approach RPM analysis is to determine the expected bond yield. Because both ratemaking and the cost of capital, including common equity cost rate, are prospective in nature, a prospective yield on similarly-rated long-term debt is essential. I rely on a consensus forecast of about 50 economists of the expected yield on Aaa rated corporate bonds for the six calendar quarters ending with the first calendar quarter of 2027, and the long-term projections for 2027 to 2031, and 2032 to 2036 from *Blue Chip*. As shown on line 1 of page 1 of Exhibit DWD-4, the average expected yield on Moody's Aaa rated corporate bonds is 5.18%. In order to derive an expected yield on A2 rated public utility bonds, I make an upward adjustment of 0.38%, which represents a recent spread between Aaa rated corporate bonds and A2 rated public utility bonds, in order to adjust the expected Aaa rated corporate bond yield to an equivalent Moody's A2 rated public utility

bond.[13] Adding that recent 0.38% spread to the expected Aaa rated corporate bond yield of 5.18% results in an expected A2 rated public utility bond of 5.56%.

I then reviewed the average credit rating for the Proxy Groups from Moody's to determine if an adjustment to the estimated A2-rated public utility bond was necessary. Since the Water and Gas Utility Proxy Group's average Moody's long-term issuer rating is A3, another adjustment to the expected A2-rated public utility bond yield is needed to reflect the difference in bond ratings. An upward adjustment of 0.07%, which represents one-third of a recent spread between A2- and Baa2-rated public utility bond yields, is necessary to make the A2-rated prospective bond yield applicable to an A3-rated public utility bond.[14] Adding the 0.07% to the 5.56% prospective A2 rated public utility bond yield results in a 5.63% expected bond yield for the Water and Gas Utility Proxy Group. No further adjustments are required to the bond yield applicable to the Water Utility Proxy Group.[15]

Table 4: Summary of the Calculation of the Utility Proxy Groups' Projected Bond Yields[16]

	Water Utility Proxy Group	Water and Gas Utility Proxy Group
Prospective Yield on Moody's Aaa Rated Corporate Bonds (*Blue Chip)*	5.18%	5.18%
Adjustment to Reflect Yield Spread Between Moody's Aaa Rated Corporate Bonds and Moody's A2 Rated Utility Bonds	0.38%	0.38%
Adjustment to Reflect the Water and Gas Utility Proxy Group's Average Moody's Bond Rating of A3		0.07%
Prospective Bond Yield Applicable to the Utility Proxy Groups	5.56%	5.63%

[13] As shown on line 2 and explained in note 2 of page 1 of Exhibit DWD-4.
[14] As shown on line 4 and explained in note 3, page 1 of Exhibit DWD-4.
[15] The subsidiary companies of each of the five proxy companies are unrated by Moody's Investor Service thus, no adjustment is necessary.
[16] As shown on page 1 of Exhibit DWD-4.

To develop the indicated ROE using the total market approach RPM, this prospective bond yield is then added to the average of the two different equity risk premiums described below.

Q. Please explain how the beta-derived equity risk premium is determined.

A. The components of the beta-derived risk premium model are: 1) an expected market equity risk premium over corporate bonds, and 2) beta. The derivation of the beta-derived equity risk premium that I applied to the Utility Proxy Groups is shown on lines 1 through 6 of page 6 of Exhibit DWD-4. The total beta-derived equity risk premium I applied was based on an average of three historical market data-based equity risk premiums, a *Value Line*-based equity risk premium, and combined *Value Line*, Bloomberg, and S&P Capital IQ-based equity risk premium. Each of these is described below.

Q. How did you derive a market equity risk premium based on long-term historical data?

A. To derive a historical market equity risk premium, I used the most recent holding period returns for the large company common stocks less the average historical yield on Moody's Aaa/Aa-rated corporate bonds for the period 1928 to 2024. The use of holding period returns over a very long period of time is appropriate because it is consistent with the long-term investment horizon presumed by investing in a going concern, i.e., a company expected to operate in perpetuity.

The long-term arithmetic mean monthly total return rate on large company common stocks was 12.05% and the long-term arithmetic mean monthly yield on Moody's Aaa/Aa-rated corporate bonds was 5.95% from 1928 to 2024. As shown on line 1 of page 6 of Exhibit DWD-4, subtracting the mean monthly bond yield from the total return on large company stocks results in a long-term historical equity risk premium of 6.10%.

I used the arithmetic mean monthly total return rates for the large company stocks and yields (income returns) for the Moody's Aaa/Aa-rated corporate bonds, because they are appropriate for the purpose of estimating the cost of capital as noted in Kroll's Stocks, Bonds, Bills, and Inflation ("SBBI") Yearbook 2023 ("SBBI - 2023"). The use of the arithmetic mean return rates and yields is appropriate because historical total returns and equity risk premiums provide insight into the variance and standard deviation of returns needed by investors in estimating future risk when making a current investment. If investors relied on the geometric mean of historical equity risk premiums, they would have no insight into the potential variance of future returns because the geometric mean relates the change over many periods to a constant rate of change, thereby obviating the year-to-year fluctuations, or variance, which is critical to risk analysis.

Q. Please explain the derivation of the regression-based market equity risk premium.

A. To derive the regression analysis-derived market equity risk premium of 7.03%, shown on line 2 of page 6 of Exhibit DWD-4, I used the same monthly annualized total returns on large company common stocks relative to the monthly annualized yields on Moody's Aaa/Aa rated corporate bonds as mentioned above. The relationship between interest rates and the market equity risk premium was modeled using the observed monthly market equity risk premium as the dependent variable, and the monthly yield on Moody's Aaa/Aa rated corporate bonds as the independent variable. I used a linear Ordinary Least Squares ("OLS") regression, in which the market equity risk premium is expressed as a function of the Moody's Aaa/Aa rated corporate bond yield:

$$RP = \alpha + \beta\ (R_{Aaa/Aa})$$

where:

RP = the market equity risk premium;

α = the regression intercept coefficient;

β = the regression slope coefficient; and

$R_{Aaa/Aa}$ = the Moody's Aaa/Aa rated corporate bond yield.

Q. Please explain the derivation of a PRPM equity risk premium.

A. The PRPM, published in the *Journal of Regulatory Economics,*[17] was developed from the work of Robert F. Engle, who shared the Nobel Prize in Economics in 2003 "for methods of analyzing economic time series with time-varying volatility ("ARCH")".[18] Engle found that volatility changes over time and is related from one period to the next, especially in financial markets. Engle discovered that volatility of prices and returns clusters over time and is therefore highly predictable and can be used to predict future levels of risk and risk premiums.

The PRPM estimates the risk-return relationship directly, as the predicted equity risk premium is generated by predicting volatility or risk. The PRPM is not based on an estimate of investor behavior, but rather on an evaluation of the results of that behavior (i.e., the variance of historical equity risk premiums). The inputs to the model are the historical monthly returns on large company common stocks minus the monthly yields on Moody's Aaa/Aa-rated corporate bonds during the period from January 1928 through November 2025.[19] Using a generalized form of ARCH, known as GARCH, I calculated a projected equity risk premium using Eviews© statistical software. When the GARCH model is applied to the historical return data, it produces a predicted GARCH variance series and a GARCH coefficient. Multiplying the predicted monthly variance by the

[17] Autoregressive conditional heteroscedasticity. *See* "A New Approach for Estimating the Equity Risk Premium for Public Utilities", Pauline M. Ahern, Frank J. Hanley and Richard A. Michelfelder, Ph.D. *The Journal of Regulatory Economics* (December 2011), 40:261-278.

[18] www.nobelprize.org.

[19] Data from January 1928 to December 2022 is from SBBI - 2023. Data from January 2023 to November 2025 is from Bloomberg.

GARCH coefficient and then annualizing it[20] produces the predicted annual equity risk premium. The resulting PRPM predicted a market equity risk premium of 7.28%.[21]

Q. Please explain the derivation of a projected equity risk premium based on *Value Line* Summary and Index data for your RPM analysis.

A. As noted previously, because both ratemaking and the cost of capital are prospective, a prospective market equity risk premium is needed. The derivation of the forecasted or prospective market equity risk premium can be found in note 4 on page 6 of Exhibit DWD-4. Consistent with the premise that total returns are the sum of capital appreciation and income returns, this prospective market return is derived from an average of the three- to five-year median market price appreciation potential by *Value Line* Summary and Index for the 13 weeks ending December 12, 2025, plus an average of the median estimated dividend yield for the common stocks of the 1,700 firms covered in *Value Line*'s Standard Edition.[22]

The average median expected price appreciation is 41.00%, which translates to an 8.97% annual appreciation, and when added to the average of *Value Line's* median expected dividend yields of 2.15%, equates to a forecasted annual total return rate on the market of 11.12%. The forecasted Aaa rated bond yield of 5.18% is deducted from the total market return of 11.12%, resulting in an equity risk premium of 5.94%, shown on page 6, line 4 of Exhibit DWD-4.

Q. Please explain the derivation of an equity risk premium based on the S&P 500 companies.

A. Using data from *Value Line*, Bloomberg, and S&P Capital IQ, I calculated an expected total return on the S&P 500 using expected dividend yields and long-term growth estimates

[20] Annualized Return = (1 + Monthly Return) ^12 - 1.
[21] Shown on line 3, page 6 of Exhibit DWD-4.
[22] As explained in detail in page 2, note 1 of Exhibit DWD-6.

as a proxy for capital appreciation. The expected total return for the S&P 500 is 17.84%. Subtracting the prospective yield on Aaa-rated corporate bonds of 5.18% results in a 12.66% projected equity risk premium as shown on page 6, line 5 of Exhibit DWD-4.

Q. What is your conclusion of a beta-derived equity risk premium for use in your RPM analysis?

A. I gave equal weight to the five equity risk premiums in arriving at my conclusion of 7.80%.[23]

Table 5: Summary of the Calculation of the Equity Risk Premium Using Total Market Returns[24]

Historical Spread Between Total Returns of Large Stocks and Aaa and Aa2 Rated Corporate Bond Yields (1928 – 2024)	6.10%
Regression Analysis on Historical Data	7.03%
PRPM Analysis on Historical Data	7.28%
Prospective Equity Risk Premium using Total Market Returns from *Value Line* Summary & Index less Projected Aaa Corporate Bond Yields	5.94%
Prospective Equity Risk Premium using Measures of Capital Appreciation and Income Returns for the S&P 500 less Projected Aaa Corporate Bond Yields	12.66%
Average	7.80%

After calculating the average market equity risk premium of 7.80%, I adjusted it by beta to account for the risk of the Utility Proxy Groups. As discussed below, the beta is a meaningful measure of prospective relative risk to the market as a whole and is a logical means by which to allocate a Company's, or proxy group's, share of the market's total equity risk premium relative to corporate bond yields.

Q. What measures of beta do you use in determining your beta-adjusted equity risk premium?

A. I use two measures of beta to calculate my beta-adjusted equity risk premium: (1) the average of *Value Line* and Bloomberg betas; and (2) *Value Line* betas. As will be discussed

[23] *See,* line 7 on page 6 of Exhibit DWD-4.
[24] As shown on page 6 of Exhibit DWD-4.

in detail below, Bloomberg betas may not accurately reflect the risks of the Utility Proxy Groups at this time and should be viewed with caution.

Q. What are the beta values you will apply to the market equity risk premium?

A. As shown on pages 1 and 2 of Exhibit DWD-6, the Water Utility Proxy Group's average blended beta is 0.58, and its average *Value Line* beta is 0.77. Applying these betas to the market equity risk premium of 7.80% results in equity risk premiums of 4.52% and 6.01%, respectively. Similarly, the Water and Gas Utility Proxy Group's average blended beta is 0.59, and its average *Value Line* beta is 0.76. Applying these betas to the market equity risk premium of 7.80% results in equity risk premiums of 4.60% and 5.93%, respectively.

Q. How did you derive the equity risk premium based on the S&P Utility Index and Moody's A rated public utility bonds?

A. I estimated three equity risk premiums based on S&P Utility Index holding period returns, and one equity risk premium based on the expected returns of the S&P Utilities Index, using *Value Line*, Bloomberg, and S&P Capital IQ data. Turning first to the S&P Utility Index holding period returns, I derived a long-term monthly arithmetic mean equity risk premium between the S&P Utility Index total returns of 10.59% and monthly Moody's A2-rated public utility bond yields of 6.42% from 1928 to 2024, to arrive at an equity risk premium of 4.16%. I then used the same historical data to derive an equity risk premium of 4.94% based on a regression of the monthly equity risk premiums. The final S&P Utility Index holding period equity risk premium involved applying the PRPM using the historical monthly equity risk premiums from January 1928 to November 2025 to arrive at a PRPM-derived equity risk premium of 4.13% for the S&P Utility Index.

I then derived expected total returns on the S&P Utilities Index of 12.18% using data from *Value Line,* Bloomberg, and S&P Capital IQ and subtracted the prospective A2

rated public utility bond yield (5.56%),[25] which resulted in a risk premium of 6.62%. As with the market equity risk premiums, I averaged each risk premium to arrive at my utility-specific equity risk premium of 4.96%.

Table 6: Summary of the Calculation of the Equity Risk Premium Using S&P Utility Index Holding Returns[26]

Historical Spread Between Total Returns of the S&P Utilities Index and A2 Rated Utility Bond Yields (1928 – 2024)	4.16%
Regression Analysis on Historical Data	4.94%
PRPM Analysis on Historical Data	4.13%
Prospective Equity Risk Premium using Measures of Capital Appreciation and Income Returns for the S&P Utilities Index less Projected A2 Utility Bond Yields	6.62%
Average	4.96%

Q. What is your conclusion of an equity risk premium for use in your total market approach RPM analysis?

A. The ranges of equity risk premiums I applied to the Water Utility Proxy Group and the Water and Gas Utility Proxy Group are from 4.74% to 5.49% and 4.78% to 5.45%, respectively, which are the average of the beta-adjusted equity risk premiums for the Utility Proxy Group and the S&P Utilities Index.[27]

Table 7: Summary of Conclusions for the Equity Risk Premium for the Utility Proxy Group[28]

Beta-Adjusted Equity Risk Premium	4.52% - 6.01%	4.60% - 5.93%
S&P Utilities Index Equity Risk Premium	4.96%	4.96%
Average	4.74% - 5.49%	4.78% - 5.45%

Q. What is the indicated RPM common equity cost rate for the Utility Proxy Groups?

A. As shown on line 7 of Exhibit DWD-4, page 1, I calculated ranges of common equity cost rates of 10.30% to 11.05% and 10.41% to 11.08% for the Water and Water and Gas Utility Proxy Groups, respectively, based on the RPM.

[25] Derived on line 3 of page 1 of Exhibit DWD-4.
[26] As shown on page 9 of Exhibit DWD-4.
[27] As shown on page 5 of Exhibit DWD-4.
[28] As shown on page 5 of Exhibit DWD-4.

Table 8: Summary of the Total Market Return Risk Premium Model[29]

	Water Utility Proxy Group	Water and Gas Utility Proxy Group
Prospective Moody's A2 Rated Utility Bond Applicable to the Water Utility Proxy Group	5.56%	
Prospective Moody's A3 Rated Utility Bond Applicable to the Water and Gas Utility Proxy Group		5.63%
Prospective Equity Risk Premium	4.74% - 5.49%	4.78% - 5.45%
Indicated Cost of Common Equity	10.30% - 11.05%	10.41% - 11.08%

C. THE CAPITAL ASSET PRICING MODEL

Q. Please explain the theoretical basis of the CAPM.

A. CAPM theory defines risk as the co-variability of a security's returns with the market's returns as measured by beta (β). A beta of less than 1.0 indicates lower variability than the market as a whole while a beta greater than 1.0 indicates greater variability than the market.

The CAPM assumes that all other risk (*i.e.*, all non-market or unsystematic risk) can be eliminated through diversification. The risk that cannot be eliminated through diversification is called market, or systematic, risk. In addition, the CAPM presumes that investors require compensation only for systematic risk, which is the result of macroeconomic and other events that affect the returns on all assets. The model is applied by adding a risk-free rate of return to a market risk premium, which is adjusted proportionately to reflect the systematic risk of the individual security relative to the total market, as measured by beta. The traditional CAPM model is expressed as:

[29] As shown on page 1 of Exhibit DWD-4.

$$R_s = R_f + \beta(R_m - R_f)$$

Where: R_s = Return rate on the common stock;

R_f = Risk-free rate of return;

R_m = Return rate on the market as a whole; and

β = Adjusted beta (volatility of the security relative to the market as a whole).

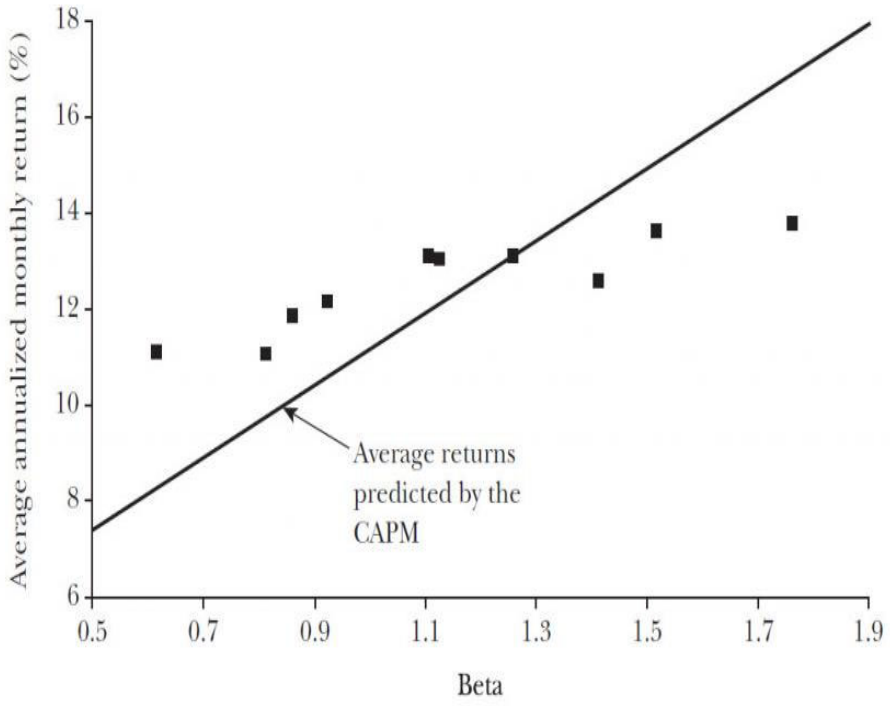
Numerous tests of the CAPM have measured the extent to which security returns and beta are related as predicted by the CAPM, confirming its validity. The empirical CAPM ("ECAPM") reflects the reality that while the results of these tests support the notion that beta is related to security returns, the empirical Security Market Line ("SML") described by the CAPM formula is not as steeply sloped as the predicted SML.[30] The ECAPM reflects this empirical reality. Fama and French clearly state regarding Figure 2, below, that "[t]he returns on the low beta portfolios are too high, and the returns on the high beta portfolios are too low."[31]

[30] Roger A. Morin, Modern Regulatory Finance, (PUR Books, 2021) at 221. ("Morin").

[31] Eugene F. Fama and Kenneth R. French, "The Capital Asset Pricing Model: Theory and Evidence", *Journal of Economic Perspectives*, Vol. 18, No. 3, Summer 2004 at 33 ("Fama & French"). http://pubs.aeaweb.org/doi/pdfplus/10.1257/0895330042162430.

Figure 2 http://pubs.aeaweb.org/doi/pdfplus/10.1257/0895330042162430

Average Annualized Monthly Return versus Beta for Value Weight Portfolios Formed on Prior Beta, 1928–2003



In addition, Morin observes that while the results of these tests support the notion that beta is related to security returns, the empirical SML described by the CAPM formula is not as steeply sloped as the predicted SML. Morin states:

> With few exceptions, the empirical studies agree that … low-beta securities earn returns somewhat higher than the CAPM would predict, and high-beta securities earn less than predicted.[32]
>
> * * *
>
> Therefore, the empirical evidence suggests that the expected return on a security is related to its risk by the following approximation:
>
> $$K = R_F + x\,\beta(R_M - R_F) + (1-x)\,\beta(R_M - R_F)$$
>
> where x is a fraction to be determined empirically. The value of x that best explains the observed relationship [is] Return = 0.0829 + 0.0520 β is between 0.25 and 0.30. If x = 0.25, the equation becomes:

[32] Morin, at 207.

$$K = R_F + 0.25(R_M - R_F) + 0.75\ \beta(R_M - R_F)$$[33]

Fama and French provide similar support for the ECAPM when they state:

> The early tests firmly reject the Sharpe-Lintner version of the CAPM. There is a positive relation between beta and average return, but it is too 'flat.'… The regressions consistently find that the intercept is greater than the average risk-free rate… and the coefficient on beta is less than the average excess market return… This is true in the early tests… as well as in more recent cross-section regressions tests, like Fama and French (1992).[34]

Finally, Fama and French further note:

> Confirming earlier evidence, the relation between beta and average return for the ten portfolios is much flatter than the Sharpe-Linter CAPM predicts. The returns on low beta portfolios are too high, and the returns on the high beta portfolios are too low. For example, the predicted return on the portfolio with the lowest beta is 8.3 percent per year; the actual return as 11.1 percent. The predicted return on the portfolio with the highest beta is 16.8 percent per year; the actual is 13.7 percent.[35]

Clearly, the justification from Morin, Fama, and French along with their reviews of other academic research on the CAPM, validate the use of the ECAPM. In view of theory and practical research, I have applied both the traditional CAPM and the ECAPM to the companies in the Utility Proxy Groups and averaged the results.

Q. What betas did you use in your CAPM analysis?

A. As discussed previously, I use: (1) the average of the *Value Line* and Bloomberg betas, which is consistent with the approach taken in prior testimony I have provided in New Jersey and elsewhere, and (2) *Value Line* betas. While both *Value Line* and Bloomberg adjust their calculated (or "raw") betas to reflect the tendency of beta to regress to the market mean of 1.00, *Value Line* calculates beta over a five-year period, while Bloomberg's calculation is based on two years of data.

---

[33] Morin, at 221.
[34] Fama & French, at 32.
[35] Fama & French, at 33.

Q. Why are you presenting your model results exclusively using *Value Line* betas alongside your traditional analysis?

A. I am presenting my model results in this way because recent and historical data show that Bloomberg betas may not accurately reflect the risks of the Utility Proxy Groups at this time.

Q. How does Bloomberg calculate beta?

A. As discussed above, beta is the covariance of a stock relative to a market index divided by the variance of the market return. Bloomberg calculates its beta using two years of weekly return data relative to the S&P 500 Index.

Q. What is a covariance?

A. A covariance is comprised of two measures: (1) the relative volatility of the stock, which is the standard deviation of the weekly returns of the stock divided by the standard deviation of the weekly index returns;[36] and (2) the correlation of weekly stock and market index returns.[37]

Q. What has the Bloomberg beta been for the Combined Utility Proxy Group[38] since 2005?

A. As shown in Chart 1, below, the Combined Utility Proxy Group's average adjusted beta generally has ranged between 0.60 and 0.90, with some high side exceptions (2007-2008 and 2020-2022) and low side exceptions (2017-2020, second half 2024-present).

[36] A relative volatility greater than 1.0 indicates that particular security is more volatile than the market during that calculation period. A relative volatility below 1.0 indicates that the security has less volatility than the market over that calculation period.

[37] Correlations range from negative one to positive one. The closer the correlation is to zero the weaker the relationship. Positive values indicate a positive correlation, where the values of both variables tend to increase together

[38] The Combined Proxy Group is equivalent to the Water and Gas Utility Proxy Group.

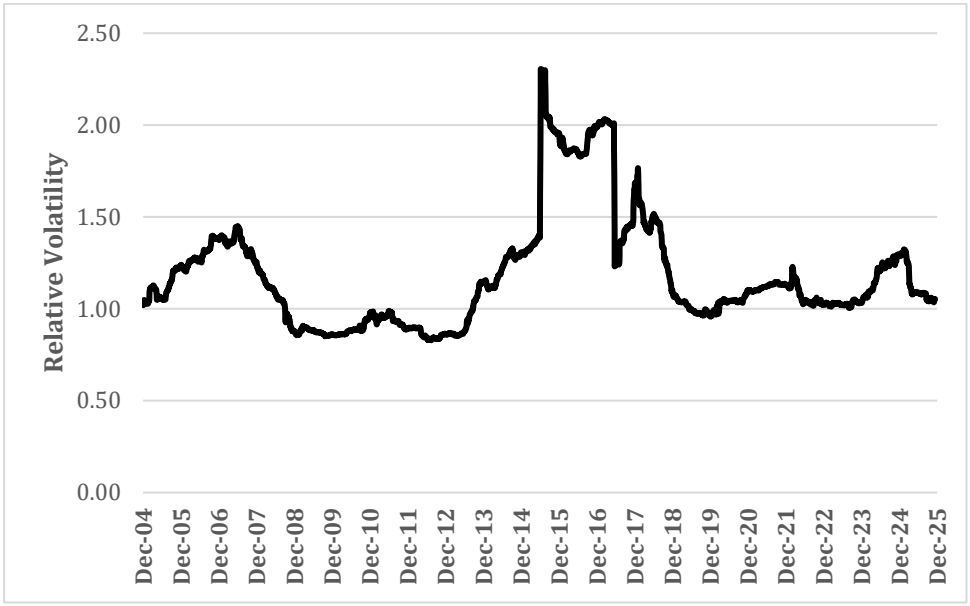
Chart 1: Bloomberg Adjusted Beta for the Combined Utility Proxy Group 2005-Present[39]

Q. What have the components of beta (i.e., relative volatility and correlation) shown during that period?

A. As shown on Chart 2, the Combined Utility Proxy Group's relative volatility was generally above 1.0, indicating higher volatility than the S&P 500.

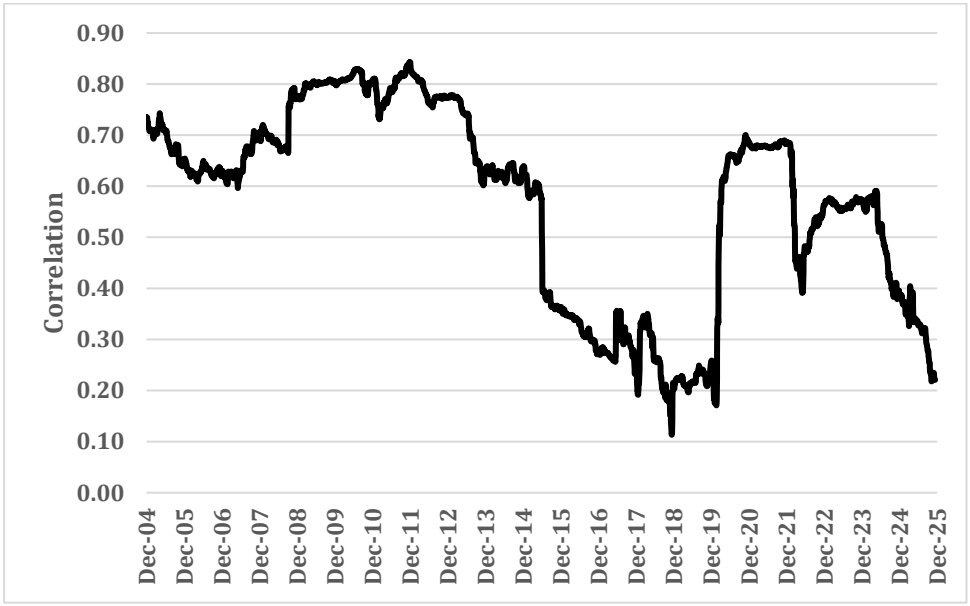
[39] Source of Information: Bloomberg Professional Services.

Chart 2: Relative Volatility for the Utility Proxy Groups 2005-Present[40]



On Chart 3, the two-year rolling correlation between the Combined Utility Proxy Groups and the S&P 500 has varied over the period 2005-2025.

Chart 3: Correlation of the Combined Utility Proxy Group Relative to the S&P 500 Index 2005-Present[41]



Importantly, as shown on Chart 3, during market distress (i.e., the Great Recession and the COVID-19 pandemic), the correlation of the Combined Utility Proxy Group returns and

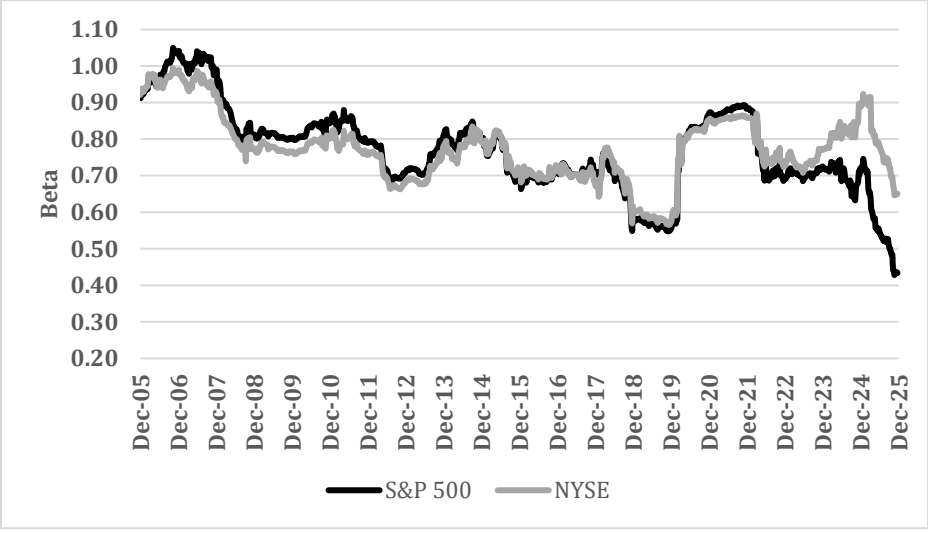
40 Source of Information: S&P Capital IQ.
41 Source of Information: S&P Capital IQ.

the S&P 500 returns approached 1.0, showing that utilities, as represented by the Combined Utility Proxy Group, do not possess defensive qualities and should not be considered defensive stocks nor are they safe harbor investments in times of market distress.

Q. Does the lower correlation of the Combined Utility Proxy Group's returns relative to the S&P 500 returns alone necessitate the exclusion or mitigation of Bloomberg betas?

A. No. Just as the investor required return varies under different market conditions, so do the model inputs. To determine whether Bloomberg's default betas calculated relative to the S&P 500 Index are accurately reflecting the risk of the Combined Utility Proxy Group, I compared them with betas calculated using two years of weekly returns relative to the New York Stock Exchange ("NYSE"). The comparison between two-year S&P 500 and NYSE betas are put forth in Chart 4, below:

Chart 4: Comparison of Two-Year S&P 500 and NYSE betas for the Combined Utility Proxy Group 2005-Present[42]



As shown on Chart 4, the two-year S&P 500 and NYSE betas are generally consistent until approximately 2024, when the spread between them expanded beyond historical ranges as seen above and as further shown on Chart 5, below:

[42] Source of Information: Bloomberg Professional Services.

Chart 5: Spread between Two-Year S&P and NYSE betas for the Combined Utility Proxy Group 2005-Present[43]

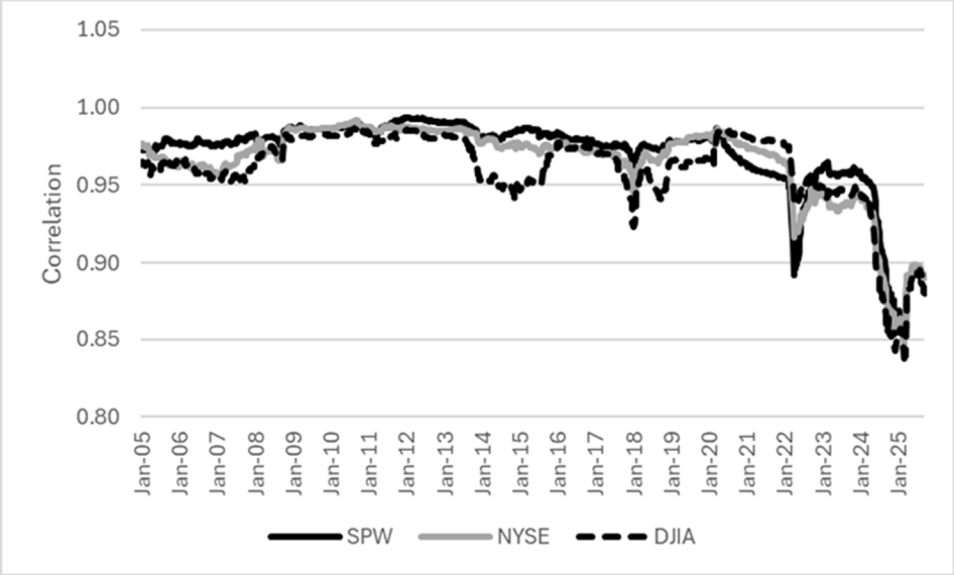
In view of Chart 5, it is clear that the relationship between the S&P 500 and NYSE is dislocated. To determine which index was distorting the risk of the Combined Utility Proxy Group, I compared the S&P 500 returns with those of the NYSE and other market indices.

Q. Which market indices did you use in your comparison?

A. In my comparison, I ran correlations between the returns of the S&P 500 and three other market indices: (1) the NYSE; (2) the Dow Jones Industrial Average ("DJIA"); and (3) the S&P 500 Equal Weighed Index ("SPW"). I ran the correlations for the same 2005-2025 period in the prior charts, which is put forth in Exhibit DWD-5 and summarized in Chart 6, below:

[43] Source of Information: Bloomberg Professional Services.

Chart 6: Correlation between the S&P 500 Relative to Various Market Indices 2005-Present[44]



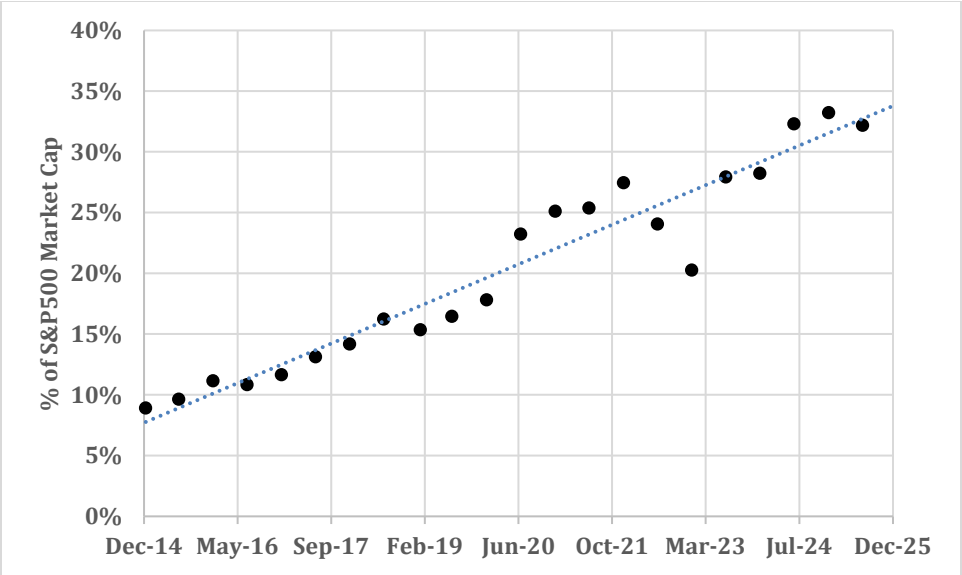
As shown in Chart 6, the two-year rolling correlation between S&P 500's returns and the other market indices' returns generally ranged between 0.95 and 1.00 for the entire period but has recently dipped below 0.85 for each of the measures, indicating that the relationship between the S&P 500 and the other market indices are strained. As shown on pages 2 through 4 of Exhibit DWD-5, the two-year rolling correlations of the other market indices are within historical boundaries, whereas, as shown in Chart 6, the correlation in returns between the S&P 500 and the other three indices dropped below 0.90 for an extended period of time, beginning in 2024. Stated differently, the recent relationship between the S&P 500 Index and the other market indices is inconsistent with their historical relationships while the other market indices have maintained their historical relationships with each other.

[44] Source of Information: Bloomberg Professional Services.

Q. Why is the relationship between the S&P 500 and other market indices degrading?

A. I believe that the concentration of the "Magnificent Seven"[45] ("Mag7") as a percentage of the S&P 500 market capitalization could explain why the two-year rolling correlations between the S&P 500 and the other market indices are degrading. Since 2015, the Mag7 stocks' percentage of the S&P 500 market capitalization has increased from 8.91% to 34.18% as shown on Chart 7, below:

Chart 7: Magnificent Seven Stocks Percentage of S&P 500 Market Capitalization 2015-Present[46]



Q. Does the concentration affect the calculation of beta for the Utility Proxy Groups?

A. Yes, it does. I evaluated the two-year rolling correlation between the Combined Utility Proxy Group's weekly returns and those returns for the Mag7 and the remaining 493 companies that comprise the S&P 500 index. As shown on Table 9, below, the Combined Utility Proxy Group's returns had a **negative** 0.1278 correlation with the Mag7 returns and a **positive** 0.2839 correlation with the rest of the S&P 500, indicating opposite relationships between the Utility Proxy Groups and the two subsets of the S&P 500.

[45] The "Magnificent Seven" stocks are: (1) Apple, Inc.; (2) Amazon.com, Inc.; (3) Alphabet, Inc.; (4) Meta Platforms, Inc.; (5) Microsoft Corporation; (6) NVIDIA Corporation; and (7) Tesla, Inc.

[46] Source of Information: Bloomberg Professional Services.

Table 9: Correlation between the Utility Proxy Group's Weekly Returns and those of the Magnificent Seven Stocks and the Remaining 493 Component Companies of the S&P 500 as of December 12, 2025[47]

	Correlation Coefficient	
	Mag7	Remaining 493
Utility Proxy Group Weekly Returns	-0.1278	0.2839

Given the disconnection of the relationship between the Mag7 and the remaining members of the S&P 500 Index relative to the Utility Proxy Groups, the concentration of the Mag7 stocks within the S&P 500 Index, and the S&P 500's degrading relationship to other market indices, Bloomberg betas do not accurately reflect the risk of the Combined Utility Proxy Group as compared to the market, and therefore should be viewed with caution.

Q. Please summarize your reasoning as it pertains to your use of beta in your analysis.

A. While the cost of capital and the inputs to cost of capital models vary based on market conditions, these variations should not lead an analyst to eliminate or mitigate a specific input. After investigating historical relationships between betas calculated relative to the S&P 500 and NYSE and the relative volatility and correlation of those betas, I discovered that these relationships are currently not within historical ranges and needed to be investigated further. I then compared returns for the S&P 500 to those of the NYSE, SPW, and DJIA, and discovered that those relationships also have departed from historical benchmarks. Importantly, the NYSE, SPW, and DJIA continue to show high levels of correlation with each other. I then investigated the companies that comprised the S&P 500 and found that the Mag7 stocks' return now has an outsized influence on the return on the S&P 500. Looking at the correlations of Combined Utility Proxy Group returns related to Mag7 stocks and the remaining 493 stocks that comprise the S&P 500 Index, I discovered

[47] Source of Information: S&P Capital IQ.

opposite relationships (i.e., negative correlation with Mag7 stocks and positive correlations with the remaining 493 stocks).

Given the above, I believe that using the S&P 500 Index to calculate betas may not accurately reflect the risk of the Utility Proxy Groups at this time and therefore should be viewed with caution. To reflect this in my analysis, I present my CAPM and RPM analysis using my traditional application of the models as presented in prior testimonies and also present my model results exclusively using *Value Line* betas, which are calculated relative to the NYSE.

Q. Please describe your selection of a risk-free rate of return.

A. As shown in column 5 on page 1 of Exhibit DWD-6, the risk-free rate adopted for both applications of the CAPM is 4.60%. This risk-free rate is based on the average of the *Blue Chip* consensus forecast of the expected yields on 30-year U.S. Treasury bonds for the six quarters ending with the first calendar quarter of 2027, and long-term projections for the years 2027 to 2031 and 2032 to 2036.

Q. Why is the yield on long-term U.S. Treasury bonds appropriate for use as the risk-free rate?

A. The yield on long-term U.S. Treasury Bonds is almost risk-free, and its term is consistent with the long-term cost of capital to public utilities measured by the yields on A2-rated public utility bonds, the long-term investment horizon inherent in utilities' common stocks, and the long-term life of the jurisdictional rate base to which the allowed fair rate of return (i.e., cost of capital) will be applied. In contrast, short-term U.S. Treasury yields are more volatile and largely a function of Federal Reserve monetary policy.

Q. Please explain the estimation of the expected risk premium for the market used in your CAPM analyses.

A. The basis of the market risk premium is explained in detail in note 1 on page 2 of Exhibit DWD-6. As discussed previously, the market risk premium is derived from an average of two historical data-based market risk premiums, one *Value Line* data-based market risk premium and one Bloomberg, *Value Line*, and S&P Capital IQ data-based market risk premium.

The long-term income return on U.S. Government Securities of 4.99% was deducted from the monthly historical total market return of 12.29%, which results in an historical market equity risk premium of 7.31%.[48] I applied a linear OLS regression to the monthly annualized historical returns on the S&P 500 relative to historical yields on long-term U.S. Government Securities. That regression analysis yielded a market equity risk premium of 7.88%. The PRPM market equity risk premium is 8.12% and is derived using the PRPM relative to the yields on long-term U.S. Treasury securities from January 1926 through November 2025.

The *Value Line*-derived forecasted total market equity risk premium is derived by deducting the forecasted risk-free rate of 4.60%, discussed above, from the *Value Line* Summary and Index projected total annual market return of 11.12%, resulting in a forecasted total market equity risk premium of 6.52%.

The S&P 500 projected market equity risk premium using *Value Line,* Bloomberg, and S&P Capital IQ data is derived by subtracting the projected risk-free rate of 4.60% from the projected total return of the S&P 500 of 17.84%. The resulting market equity risk premium is 13.24%.

[48] SBBI - 2023, at Appendix A-1 (1) through A-1 (3) and Appendix A-7 (19) through A-7 (21); Bloomberg Professional.

These five market risk premiums, when averaged, resulted in an average total market equity risk premium of 8.62%.

Table 10: Summary of the Calculation of the Market Risk Premium for Use in the CAPM[49]

Historical Spread Between Total Returns of Large Stocks and Long-Term Government Bond Yields (1926 – 2024)	7.31%
Regression Analysis on Historical Data	7.88%
PRPM Analysis on Historical Data	8.12%
Prospective Equity Risk Premium using Total Market Returns from *Value Line* Summary & Index less Projected 30-Year Treasury Bond Yields	6.52%
Prospective Equity Risk Premium using Measures of Capital Appreciation and Income Returns for the S&P 500 less Projected 30-Year Treasury Bond Yields	13.24%
Average	8.62%

Q. What are the results of your application of the traditional and empirical CAPM to the Utility Proxy Groups?

A. As shown on pages 1 and 2 of Exhibit DWD-6, the average of the mean and median results of my CAPM/ECAPM applied to the Water Utility Proxy Group using my traditional and *Value Line*-only beta approach are 10.05% and 11.48%, respectively. Relative to the Water and Gas Utility Proxy Group, the average of the mean and median results of my CAPM/ECAPM using traditional and *Value Line*-only beta approach are 10.05% and 11.35%, respectively. Given the above, the reasonable range of CAPM cost rates applicable to the Utility Proxy Groups are from 10.05% to 11.48%.

D. COMMON EQUITY COST RATES FOR PROXY GROUPS OF DOMESTIC, NON-PRICE REGULATED COMPANIES BASED ON THE DCF, RPM, AND CAPM

Q. Why did you also consider proxy groups of domestic, non-price regulated companies?

A. In the *Hope* and *Bluefield* cases, the U.S. Supreme Court did not specify that comparable risk companies had to be utilities. Since the purpose of rate regulation is to be a substitute

[49] As shown on page 2 of Exhibit DWD-6.

for the competition of the marketplace, non-price regulated firms operating in the competitive marketplace make an excellent proxy if they are comparable in total risk to the Utility Proxy Groups being used to estimate the cost of common equity. The selection of such domestic, non-price regulated competitive firms theoretically and empirically results in proxy groups which are comparable in total risk to the Utility Proxy Groups.

Q. How did you select non-price regulated companies that are comparable in total risk to the Utility Proxy Groups?

A. In order to select proxy groups of domestic, non-price regulated companies similar in total risk to the Utility Proxy Groups, I relied on the betas and related statistics derived from *Value Line* regression analyses of weekly market prices over the most recent 260 weeks (*i.e.*, five years). Using these selection criteria resulted in a proxy group of 35 domestic, non-price regulated firms comparable in total risk to the Water Utility Proxy Group and a proxy group of 36 domestic, non-price regulated firms comparable in total risk to the Water and Gas Utility Proxy Group. Total risk is the sum of non-diversifiable market risk and diversifiable company-specific risks. The following criteria were used in the selection of the domestic, non-price regulated firms:

(i) They must be covered by *Value Line Investment Survey* (Standard Edition);

(ii) They must be domestic, non-price regulated companies, *i.e.*, non-utilities;

(iii) Their betas must lie within plus or minus two standard deviations of the average unadjusted betas of the respective Utility Proxy Groups; and

(iv) The residual standard errors of the *Value Line* regressions which gave rise to the unadjusted betas must lie within plus or minus two standard deviations of the average residual standard errors of the respective Utility Proxy Groups.

Betas measure market or systematic risk, which is not diversifiable. The residual standard errors of the regressions measure each firm's company-specific, diversifiable risk. Companies that have similar betas and similar residual standard errors resulting from the same regression analyses have similar total investment risk.

Q. Have you prepared an Exhibit which shows the data from which you selected the domestic, non-price regulated companies that are comparable in total risk to the Utility Proxy Groups?

A. Yes, the basis of my selection, and both proxy groups' regression statistics, are shown in Exhibit DWD-7.

Q. Did you calculate common equity cost rates using the DCF, RPM, and CAPM for the Non-Price Regulated Proxy Groups?

A. Yes. Because the DCF, RPM, and CAPM have been applied in an identical manner as described above, I will not repeat the details of the rationale and application of each model. One exception is in the application of the RPM, where I did not use public utility-specific equity risk premiums.

Pages 2 and 3 of Exhibit DWD-8 contain the derivation of the constant growth DCF model common equity cost rates. The indicated common equity cost rates using the constant growth DCF for the Non-Price Regulated Proxy Groups comparable in total risk to the Utility Proxy Groups are 13.02% (based on the Water Utility Proxy Group) and 12.92% (based on the Water and Gas Utility Proxy Group).

Pages 4 through 7 of Exhibit DWD-8 contain the data and calculations that support indicated RPM common equity cost rates from 11.40% to 12.18% (based on the Water Utility Proxy Group) and 11.11% to 11.89% (based on the Water and Gas Utility Proxy Group). As shown on line 1, page 4 of Exhibit DWD-8, the consensus prospective yield on Moody's Baa2-rated corporate bonds for the six quarters ending in the first quarter of

2027, and for the years 2027 to 2031 and 2032 to 2036, is 5.95%.[50] Since the Non-Price Regulated Proxy Group associated with the Water Utility Proxy Group has an average Moody's long-term issuer rating of Baa1, a downward adjustment of 0.09% to the projected Baa2-rated corporate bond yield is necessary to reflect a difference in ratings which results in a projected Baa1-rated corporate bond yield of 5.86%.[51] Similarly, since the Non-Price Regulated Proxy Group associated with the Water and Gas Utility Proxy Group has an average Moody's long-term issuer rating of A3/Baa1, a downward adjustment of 0.14% to the projected Baa2-rated corporate bond yield is necessary to reflect a difference in ratings which results in a projected Baa1-rated corporate bond yield of 5.81%.[52]

When ranges of beta-adjusted risk premiums of 5.54% to 6.32% (based on the Water Utility Proxy Group) and 5.30% to 6.08% (based on the Water and Gas Utility Proxy Group)[53] relative to the Non-Price Regulated Proxy Groups are added to the prospective Baa1 and A3/Baa1-rated corporate bond yields of 5.86% and 5.81%, respectively, the indicated ranges of RPM common equity cost rates are 11.40% to 12.18% (based on the Water Utility Proxy Group) and 11.11% to 11.89% (based on the Water and Gas Utility Proxy Group).

Pages 8 through 11 of Exhibit DWD-8 contain the inputs and calculations that support my range of indicated CAPM/ECAPM common equity cost rates of 11.01% to 11.73% (based on the Water Utility Proxy Group) and 10.79% to 11.54% (based on the Water and Gas Utility Proxy Group).

---

50 *Blue Chip Financial Forecasts*, December 30, 2025 and December 1, 2025, at p. 2 and p. 14, respectively.

51 The 0.09% downward adjustment is equal to one-third of the spread between A2 and Baa2 corporate bond yields, as illustrated in note 2 on page 4 of Exhibit DWD-8.

52 The 0.14% downward adjustment is equal to one-half of the spread between A2 and Baa2 corporate bond yields, as illustrated in note 2 on page 4 of Exhibit DWD-8.

53 Derived on page 5 of Exhibit DWD-8.

Q. What is the cost rate of common equity based on the Non-Price Regulated Proxy Groups comparable in total risk to the Utility Proxy Groups?

A. As shown on page 1 of Exhibit DWD-8, the results of the common equity models applied to the Non-Price Regulated Proxy Groups comparable in total risk to the Utility Proxy Groups are as follows:

Table 10: Summary of Model Results Applied to the Non-Price Regulated Proxy Groups[54]

	Relative to the Water Utility Proxy Group	Relative to the Water and Gas Utility Proxy Group
Discounted Cash Flow Model	13.02%	12.92%
Risk Premium Model	11.40% - 12.18%	11.11% - 11.89%
Capital Asset Pricing Model	11.01% - 11.73%	10.79% - 11.54%
Mean	11.81% - 12.31%	11.61% - 12.12%
Median	11.40% - 12.18%	11.11% - 11.89%
Average of Mean and Median	11.61% - 12.25%	11.36% - 12.01%

The ranges of average of the mean and median of these models are 11.61% to 12.25% (based on the Water Utility Proxy Group) and 11.36% to 12.01% (based on the Water and Gas Utility Proxy Group), which I used as the indicated common equity cost rates for the Non-Price Regulated Proxy Groups.

VIII. CONCLUSION OF COMMON EQUITY COST RATE BEFORE ADJUSTMENT

Q. What is the indicated range of common equity cost rates before adjustment?

A. Based on the results of the application of multiple cost of common equity models to the Utility Proxy Groups, the indicated range of common equity cost rates is between 10.05% and 12.25% before Company-specific adjustments. I used multiple cost of common equity models as primary tools in arriving at my recommended common equity cost rate, because each of these models is theoretically sound and available to investors, and because no single

[54] As shown on page 1 of Exhibit DWD-8.

model is so inherently precise that it can be relied on to the exclusion of other theoretically sound models. Using multiple models adds reliability to the estimated common equity cost rate, with the prudence of using multiple cost of common equity models supported in both the financial literature and regulatory precedent.

Based on these common equity cost rate results, I conclude that a range of common equity cost rates between 10.05% and 12.25% is reasonable and appropriate before any adjustments for relative risk differences between the Company and the Utility Proxy Groups are made.

IX. ADJUSTMENTS TO THE COMMON EQUITY COST RATE

A. BUSINESS RISK ADJUSTMENT

Q. Does a company's size compared with the Utility Proxy Group impact its business risk?

A. Yes. A smaller size relative to the Utility Proxy Group companies indicates greater relative business risk for the Company because, all else being equal, size has a material bearing on risk.

Size affects business risk because smaller companies generally are less able to cope with significant events that affect sales, revenues and earnings. For example, smaller companies face more risk exposure to business cycles and economic conditions, both nationally and locally. Additionally, the loss of revenues from a few larger customers would have a greater effect on a small company than on a bigger company with a larger, more diverse, customer base. This is true for utilities, as well as for non-regulated companies.

As further evidence that smaller firms are riskier, investors generally demand greater returns from smaller firms to compensate for less marketability and liquidity of their securities. Kroll's Cost of Capital Navigator: U.S. Cost of Capital Module ("Kroll")

discusses the nature of the small-size phenomenon, providing an indication of the magnitude of the size premium based on several measures of size. In discussing "Size as a Predictor of Equity Returns," Kroll states:

> The size effect is based on the empirical observation that companies of smaller size are associated with greater risk and, therefore, have greater cost of capital [sic]. The "size" of a company is one of the most important risk elements to consider when developing cost of equity capital estimates for use in valuing a business simply because size has been shown to be a *predictor* of equity returns. In other words, there is a significant (negative) relationship between size and historical equity returns - as size *decreases*, returns tend to *increase*, and vice versa. (footnote omitted) (emphasis in original)[55]

Furthermore, in "The Capital Asset Pricing Model: Theory and Evidence," Fama and French note size is indeed a risk factor which must be reflected when estimating the cost of common equity. On page 14, they note:

> . . . the higher average returns on small stocks and high book-to-market stocks reflect unidentified state variables that produce undiversifiable risks (covariances) in returns not captured in the market return and are priced separately from market betas.[56]

Based on this evidence, Fama and French proposed their three-factor model which includes a size variable in recognition of the effect size has on the cost of common equity.

Also, it is a basic financial principle that the use of funds invested, and not the source of those funds, is what gives rise to the risk of any investment.[57] Eugene Brigham, a well-known authority, states:

> A number of researchers have observed that portfolios of small-firms (sic) have earned consistently higher average returns than those of large-firm stocks; this is called the "small-firm effect." On the surface, it would seem to be advantageous to the small firms to provide average returns in a stock market that are higher than those of larger firms. In reality, it is bad news for the small firm; **what the small-firm effect means is that the capital market demands higher returns on stocks**

---

55 Kroll, Cost of Capital Navigator: U.S. Cost of Capital Module, Size as a Predictor of Equity Returns, at 1.

56 Fama & French, at 25-43.

57 Richard A. Brealey and Stewart C. Myers, Principles of Corporate Finance (McGraw-Hill Book Company, 1996), at 204-205, 229.

of small firms than on otherwise similar stocks of the large firms. (emphasis added)[58]

Consistent with the financial principle of risk and return discussed above, increased relative risk due to small size must be considered in the allowed rate of return on common equity.

Q. Is there a way to quantify a relative risk adjustment due to Aqua New Jersey's greater business risk relative to the Utility Proxy Groups?

A. Yes. In the absence of other empirical methods, I compared Aqua NJ's and the Utility Proxy Groups' relative size, as measured by an estimated market capitalization of common equity for Aqua NJ.

Table 11: Size as Measured by Market Capitalization for the Company and the Utility Proxy Group[59]

	Market Capitalization* ($ Millions)	Times Greater Than the Company
Aqua NJ	$416.753	
Water Utility Proxy Group – Median	$1,649.511	4.0x
Aqua NJ	$407.757	
Water and Gas Utility Proxy Group – Median	$2,868.728	7.0x
*From page 1 of Exhibit DWD-9.		

The Company's estimated market capitalizations were $416.753 million (based on the Water Utility Proxy Group) and $407.757 million (based on the Water and Gas Utility Proxy Group) as of December 12, 2025, compared with the median market capitalization of the Water Utility Proxy Group of $1.650 billion and the median market capitalization of the Water and Gas Utility Proxy Group of $2.869 billion as of December 12, 2025. The Water Utility Proxy Group and Water and Gas Utility Proxy Groups' market capitalizations are 4.0 and 7.0 times the size of Aqua NJ's estimated market capitalization, respectively.

[58] Eugene F. Brigham, Fundamentals of Financial Management, Fifth Edition (The Dryden Press, 1989), at 623.
[59] From page 1 of Exhibit DWD-9.

As a result, it is necessary to upwardly adjust the indicated range of common equity cost rates to reflect Aqua NJ's greater risk due to its smaller relative size. The determination is based on the size premiums for portfolios of NYSE, American Stock Exchange, and NASDAQ listed companies ranked by deciles for the 1926 to 2024 period. The average size premium for the Water Utility Proxy Group with a market capitalization of $1.65 billion falls in the 7th decile, while Aqua NJ's market capitalization of $416.753 million places the Company in the 9th decile. The size premium spread between the 7th decile and the 9th decile is 0.54%. The average size premium for the Water and Gas Utility Proxy Group with a market capitalization of $2.869 billion falls in the 6th decile, while Aqua NJ's market capitalization of $407.757 million places the Company in the 9th decile. The size premium spread between the 6th decile and the 9th decile is 0.73%. Even though upward size adjustments of 0.54% and 0.73% are indicated based on the Water Utility Proxy Group and Water and Gas Utility Proxy Group, respectively, I conservatively applied size premiums of 0.15% and 0.20% to Aqua NJ's indicated range of common equity cost rates.

B. FLOTATION COST ADJUSTMENT

Q. What are flotation costs?

A. Flotation costs are those costs associated with the sale of new issuances of common stock. They include market pressure and the essential costs of issuance, (*e.g.,* underwriting fees and out-of-pocket costs for printing, legal, registration, etc.).

Q. Why is it important to recognize flotation costs in the allowed common equity cost rate?

A. It is important because there is no other mechanism in the ratemaking paradigm with which such costs can be recovered. Because these costs are real and legitimate, recovery of these costs should be permitted. As noted by Morin:

> The costs of issuing these securities are just as real as operating and maintenance expenses or costs incurred to build utility plants, and fair regulatory treatment must permit recovery of these costs….
>
> The simple fact of the matter is that common equity capital is not free….[Flotation costs] must be recovered through a rate of return adjustment[60]

Q. Should flotation costs be recognized only when there was an issuance during the test year or there is an imminent post-test year issuance of additional common stock?

A. No. As noted above, there is no mechanism to recapture such costs in the ratemaking paradigm other than an adjustment to the allowed common equity cost rate. Flotation costs are charged to capital accounts and are not expensed on a utility's income statement. As such, flotation costs are analogous to capital investments reflected on the balance sheet. Recovery of capital investments relates to the expected useful lives of the investment. Since common equity has a very long and indefinite life (assumed to be infinity in the standard regulatory DCF model), flotation costs should be recovered through an adjustment to common equity cost rates even when there has not been an issuance during the test year or in the absence of an expected imminent issuance of additional shares of common stock.

Historical flotation costs are a permanent loss of investment to the utility and should be accounted for. When any company, including a utility, issues common stock, flotation costs are incurred for legal, accounting, printing fees and the like. For each dollar of issuing market price, a small percentage is expensed and is permanently unavailable for investment in utility rate base. Since these expenses are charged to capital accounts and not expensed on the income statement, the only way to restore the full value of that dollar of issuing price with an assumed investor required return of 10% is for the net investment, $0.95, to earn more than 10% to net back to the investor a fair return on that dollar. In other words, if a company issues stock at $1.00 with 5% in flotation costs, it will net $0.95 in investment.

[60] Morin 329.

Assuming the investor in that stock requires a 10% return on his or her invested $1.00 (*i.e.*, a return of $0.10), the company needs to earn approximately 10.50% on its invested $0.95 to receive a $0.10 return.

Q. Does the recovery of flotation costs allow the company to receive revenues that should have been recovered in past cases (i.e., retroactive ratemaking)?

A. No, it does not. As discussed above, equity is outstanding in perpetuity, so the associated costs of issuing that capital is ongoing. The authorization of flotation costs in this proceeding would not over-recover costs from prior periods but recover those costs on going forward.

Q. Do the common equity cost rate models you have used already reflect investors' anticipation of flotation costs?

A. No. All of these models assume no transaction costs. The literature is quite clear that these costs are not reflected in market prices paid for common stocks. For example, Brigham and Daves confirm this and provide the methodology utilized to calculate the flotation adjustment.[61] In addition, Morin confirms the need for such an adjustment even when no new equity issuance is imminent.[62] Consequently, it is proper to include a flotation cost adjustment when using cost of common equity models to estimate the common equity cost rate.

Q. How did you calculate the flotation cost allowance?

A. I modified the DCF calculation to provide a dividend yield that would reimburse investors for issuance costs in accordance with the method cited in literature by Brigham and Daves as well as Morin. The flotation cost adjustment recognizes the costs of issuing equity that

[61] Eugene F. Brigham and Phillip R. Daves, Intermediate Financial Management, 9th Edition, Thomson/Southwestern, at 342.

[62] Morin 329-330.

were incurred by Essential since January 2019. Based upon the issuance costs shown on page 1 of Exhibit DWD-10, an adjustment of 0.07% is required to reflect the flotation costs applicable to the Company.

X. CONCLUSION

Q. Given the above, what is your recommended ROE for the Company?

A. Given the discussion above and the results of my analytical models, I recommend an ROE of 10.50% to be used in setting rates for the Company in this rate case.

Q. In your opinion, is your proposed ROE of 10.50% fair and reasonable to Aqua NJ and its customers?

A. Yes, it is.

Q. Are the Company's requested capital structure and long-term debt cost rate appropriate?

A. Yes, they are.

Q. Does this conclude your Direct Testimony?

A. Yes, it does. However, I reserve the right to supplement my Direct Testimony as needed during this proceeding.

scottmadden
MANAGEMENT CONSULTANTS

Resume and Testimony Listing of:
Dylan W. D'Ascendis, CRRA, CVA
Partner

Summary

Dylan is an experienced consultant and a Certified Rate of Return Analyst (CRRA) and Certified Valuation Analyst (CVA). Dylan joined ScottMadden in 2016 and is a leading expert witness with respect to cost of capital, capital structure, and valuation. He has served as a consultant for investor-owned and municipal utilities and authorities for 17 years. Dylan has testified as an expert witness on over 200 occasions regarding rate of return, cost of service, rate design, and valuation before more than 40 regulatory jurisdictions in the United States and Canada, an American Arbitration Association panel, and the Superior Court of Rhode Island. He also maintains the benchmark index against which the Hennessy Gas Utility Mutual Fund performance is measured. Dylan holds a B.A. in economic history from the University of Pennsylvania and an M.B.A. with concentrations in finance and international business from Rutgers University.

Areas of Specialization

- Expert Witness Testimony
- Rates and Regulation
- Return on Equity
- Valuation
- Utility Regulations
- Rate Case Planning, Management, and Support
- Utility Benchmarking

Recent Articles and Speeches

- "Decoupling, Risk Impacts, and the Cost of Capital." Co-authored with Richard A. Michelfelder, Ph.D., Rutgers University and Pauline M. Ahern. The Electricity Journal. March 2020
- "Decoupling Impact and Public Utility Conservation Investment." Co-authored with Richard A. Michelfelder, Ph.D., Rutgers University and Pauline M. Ahern. Energy Policy Journal. 130 (2019), 311-319
- "Establishing Alternative Proxy Groups." Presentation before the Society of Utility and Regulatory Financial Analysts: 51st Financial Forum. April 4, 2019. New Orleans, LA
- "Past Is Prologue: Future Test Year." Presentation before the National Association of Water Companies 2017 Southeast Water Infrastructure Summit. May 2, 2017. Savannah, GA
- "Comparative Evaluation of the Predictive Risk Premium Model™, the Discounted Cash Flow Model and the Capital Asset Pricing Model." Co-authored with Richard A. Michelfelder, Ph.D., Rutgers University, Pauline M. Ahern, and Frank J. Hanley. The Electricity Journal. May 2013
- "Decoupling: Impact on the Risk and Cost of Common Equity of Public Utility Stocks." Presentation before the Society of Utility and Regulatory Financial Analysts: 45th Financial Forum. April 17-18, 2013. Indianapolis, IN

Recent Assignments

- Provided expert testimony on the cost of capital for ratemaking purposes before numerous state utility regulatory agencies
- Maintains the benchmark index against which the Hennessy Gas Utility Mutual Fund performance is measured
- Sponsored valuation testimony for a large municipal water company in front of an American Arbitration Association Board to justify the reasonability of their lease payments to the city
- Co-authored a valuation report on behalf of a large investor-owned utility in response to a new state regulation which allowed the appraised value of acquired assets into rate base

scottmadden
MANAGEMENT CONSULTANTS

Resume and Testimony Listing of:
Dylan W. D'Ascendis, CRRA, CVA
Partner

Sponsor	Date	Case/Applicant	Docket No.	Subject
Regulatory Commission of Alaska				
Goat Lake Hydro, Inc.	*12/24*	*Goat Lake Hydro, Inc.*	*Docket No. TA7-521*	*Rate of Return*
Alaska Power Company	*08/23*	*Alaska Power Company*	*Docket No. TA 909-2 / U-23-054*	*Capital Structure*
ENSTAR Natural Gas Company	*08/22*	*ENSTAR Natural Gas Company*	*Docket No. TA334-4*	*Rate of Return*
Cook Inlet Natural Gas Storage Alaska, LLC	*07/21*	*Cook Inlet Natural Gas Storage Alaska, LLC*	*Docket No. TA45-733*	*Capital Structure*
Alaska Power Company	*09/20*	*Alaska Power Company; Goat Lake Hydro, Inc.; BBL Hydro, Inc.*	*Tariff Nos. TA886-2; TA6-521; TA4-573*	*Capital Structure*
Alaska Power Company	*07/16*	*Alaska Power Company*	*Docket No. TA857-2*	*Rate of Return*
Alberta Utilities Commission				
AltaLink, L.P., and EPCOR Distribution & Transmission, Inc.	*02/23*	*AltaLink, L.P., and EPCOR Distribution & Transmission, Inc.*	*Proceeding ID. 27084*	*Determination of Cost-of-Capital Parameters*
AltaLink, L.P., and EPCOR Distribution & Transmission, Inc.	*01/20*	*AltaLink, L.P., and EPCOR Distribution & Transmission, Inc.*	*2021 Generic Cost of Capital, Proceeding ID. 24110*	*Rate of Return*
Arizona Corporation Commission				
EPCOR Water Arizona, Inc.	*09/25*	*EPCOR Water Arizona, Inc.*	*Docket No.WS-01303A-24-0130*	*Annual Formula Rate Adjustment Mechanism*
EPCOR Water Arizona, Inc.	*06/24*	*EPCOR Water Arizona, Inc.*	*Docket No. WS-01303A-24-0130*	*Rate of Return*
Arizona Water Company	*05/24*	*Arizona Water Company – Northern Group*	*Docket No. W-01445A-24-0117*	*Rate of Return*
Foothills Water & Sewer, LLC	*10/23*	*Foothills Water & Sewer, LLC*	*Docket No. WS-21182A-23-0292*	*Rate of Return and Fair Value Rate Base*
Arizona Water Company	*12/22*	*Arizona Water Company – Eastern Group*	*Docket No. W-01445A-22-0286*	*Rate of Return*
EPCOR Water Arizona, Inc.	*08/22*	*EPCOR Water Arizona, Inc.*	*Docket No. WS-01303A-22-0236*	*Rate of Return*
EPCOR Water Arizona, Inc.	*06/20*	*EPCOR Water Arizona, Inc.*	*Docket No. WS-01303A-20-0177*	*Rate of Return*
Arizona Water Company	*12/19*	*Arizona Water Company – Western Group*	*Docket No. W-01445A-19-0278*	*Rate of Return*
Arizona Water Company	*08/18*	*Arizona Water Company – Northern Group*	*Docket No. W-01445A-18-0164*	*Rate of Return*
Arkansas Public Service Commission				
Summit Utilities Arkansas, Inc.	*01/24*	*Summit Utilities Arkansas, Inc.*	*Docket No. 23-079-U*	*Rate of Return*
Southwestern Electric Power Co.	*07/21*	*Southwestern Electric Power Co.*	*Docket No. 21-070-U*	*Return on Equity*
CenterPoint Energy Resources Corp.	*05/21*	*CenterPoint Arkansas Gas*	*Docket No. 21-004-U*	*Return on Equity*
California Public Utilities Commission				
Union Pacific Railroad Co – dba Keene Water System	*03/25*	*Union Pacific Railroad Co – dba Keene Water System*	*Docket No. A25-03-016*	*Rate of Return*
Southwest Gas Corporation	*07/24*	*Southwest Gas Corporation*	*Docket No. A24-09-001*	*Return on Equity*
San Gabriel Valley Water Company	*05/23*	*San Gabriel Valley Water Company*	*Docket No. A23-05-001*	*Return on Equity*
City of Edmonton, Canada				
EPCOR Water Services, Inc.	*05/24*	*EPCOR Water Services, Inc.*	*Performance Based Regulation Application*	*Cost of Capital*

scottmadden
MANAGEMENT CONSULTANTS

Resume and Testimony Listing of:
Dylan W. D'Ascendis, CRRA, CVA
Partner

Sponsor	Date	Case/Applicant	Docket No.	Subject
Colorado Public Utilities Commission				
Atmos Energy Corporation	*08/22*	*Atmos Energy Corporation*	*Docket No. 22AL-0348G*	*Rate of Return*
Summit Utilities, Inc.	*04/18*	*Colorado Natural Gas Company*	*Docket No. 18AL-0305G*	*Rate of Return*
Atmos Energy Corporation	*06/17*	*Atmos Energy Corporation*	*Docket No. 17AL-0429G*	*Rate of Return*
Commission of the Canada Energy Regulator				
Trans-Northern Pipelines Inc.	*11/22*	*Trans-Northern Pipelines Inc.*	*Docket No. C-22197*	*Cost of Capital*
Delaware Public Service Commission				
Artesian Water Company, Inc.	*04/25*	*Artesian Water Company, Inc.*	*Docket No. 25-0436*	*Rate of Return*
Delmarva Power & Light Co.	*09/24*	*Delmarva Power & Light Co.*	*Docket No. 24-1044 (Gas)*	*Return on Equity*
Tidewater Utilities, Inc.	*08/24*	*Tidewater Utilities, Inc.*	*Docket No. 24-0991*	*Rate of Return*
Delmarva Power & Light Co.	*07/24*	*Delmarva Power & Light Co.*	*Docket No. 24-0868*	*Alternative Forms of Rate Regulation*
Artesian Water Company, Inc.	*04/23*	*Artesian Water Company, Inc.*	*Docket No. 23-0601*	*Rate of Return*
Delmarva Power & Light Co.	*12/22*	*Delmarva Power & Light Co.*	*Docket No. 22-0897 (Electric)*	*Return on Equity*
Delmarva Power & Light Co.	*01/22*	*Delmarva Power & Light Co.*	*Docket No. 22-002 (Gas)*	*Return on Equity*
Delmarva Power & Light Co.	*11/20*	*Delmarva Power & Light Co.*	*Docket No. 20-0149 (Electric)*	*Return on Equity*
Delmarva Power & Light Co.	*10/20*	*Delmarva Power & Light Co.*	*Docket No. 20-0150 (Gas)*	*Return on Equity*
Tidewater Utilities, Inc.	*11/13*	*Tidewater Utilities, Inc.*	*Docket No. 13-466*	*Capital Structure*
Public Service Commission of the District of Columbia				
Washington Gas Light Company	*08/24*	*Washington Gas Light Company*	*Formal Case No. 1180*	*Rate of Return*
Washington Gas Light Company	*04/22*	*Washington Gas Light Company*	*Formal Case No. 1169*	*Rate of Return*
Washington Gas Light Company	*09/20*	*Washington Gas Light Company*	*Formal Case No. 1162*	*Rate of Return*
Federal Energy Regulatory Commission				
LS Power Grid California, LLC	*10/20*	*LS Power Grid California, LLC*	*Docket No. ER21-195-000*	*Rate of Return*
Florida Public Service Commission				
Peoples Gas System, Inc.	*03/25*	*Peoples Gas System, Inc.*	*Docket No. 20250029-GU*	*Return on Equity*
Tampa Electric Company	*04/24*	*Tampa Electric Company*	*Docket No. 20240025-EI*	*Return on Equity*
Peoples Gas System, Inc.	*04/23*	*Peoples Gas System, Inc.*	*Docket No. 20230023-GU*	*Rate of Return*
Tampa Electric Company	*04/21*	*Tampa Electric Company*	*Docket No. 20210034-EI*	*Return on Equity*
Peoples Gas System, Inc.	*09/20*	*Peoples Gas System, Inc.*	*Docket No. 20200051-GU*	*Rate of Return*
Utilities, Inc. of Florida	*06/20*	*Utilities, Inc. of Florida*	*Docket No. 20200139-WS*	*Rate of Return*
Hawaii Public Utilities Commission				
Kaupulehu Waste Water Company	*02/25*	*Kaupulehu Waste Water Company*	*Docket No. 2023-0456*	*Rate of Return*
Launiupoko Irrigation Company, Inc.	*12/20*	*Launiupoko Irrigation Company, Inc.*	*Docket No. 2020-0217 / Transferred to 2020-0089*	*Capital Structure*
Lanai Water Company, Inc.	*12/19*	*Lanai Water Company, Inc.*	*Docket No. 2019-0386*	*Cost of Service / Rate Design*
Manele Water Resources, LLC	*08/19*	*Manele Water Resources, LLC*	*Docket No. 2019-0311*	*Cost of Service / Rate Design*
Kaupulehu Water Company	*02/18*	*Kaupulehu Water Company*	*Docket No. 2016-0363*	*Rate of Return*
Aqua Engineers, LLC	*05/17*	*Puhi Sewer & Water Company*	*Docket No. 2017-0118*	*Cost of Service / Rate Design*
Hawaii Resources, Inc.	*09/16*	*Laie Water Company*	*Docket No. 2016-0229*	*Cost of Service / Rate Design*
Illinois Commerce Commission				
Ameren Illinois Company d/b/a Ameren Illinois	*01/25*	*Ameren Illinois Company d/b/a Ameren Illinois*	*Docket No. 25-0084 (Gas)*	*Return on Equity*
Aqua Illinois, Inc.	*01/24*	*Aqua Illinois, Inc.*	*Docket No. 24-0044*	*Rate of Return*

scottmadden
MANAGEMENT CONSULTANTS

Resume and Testimony Listing of:
Dylan W. D'Ascendis, CRRA, CVA
Partner

Sponsor	Date	Case/Applicant	Docket No.	Subject
Ameren Illinois Company d/b/a Ameren Illinois	*01/23*	*Ameren Illinois Company d/b/a Ameren Illinois*	*Docket No. 23-0082 (Electric)*	*Return on Equity*
Ameren Illinois Company d/b/a Ameren Illinois	*01/23*	*Ameren Illinois Company d/b/a Ameren Illinois*	*Docket No. 23-0067 (Gas)*	*Return on Equity*
Utility Services of Illinois, Inc.	*02/21*	*Utility Services of Illinois, Inc.*	*Docket No. 21-0198*	*Rate of Return*
Ameren Illinois Company d/b/a Ameren Illinois	*07/20*	*Ameren Illinois Company d/b/a Ameren Illinois*	*Docket No. 20-0308*	*Return on Equity*
Utility Services of Illinois, Inc.	*11/17*	*Utility Services of Illinois, Inc.*	*Docket No. 17-1106*	*Cost of Service / Rate Design*
Aqua Illinois, Inc.	*04/17*	*Aqua Illinois, Inc.*	*Docket No. 17-0259*	*Rate of Return*
Utility Services of Illinois, Inc.	*04/15*	*Utility Services of Illinois, Inc.*	*Docket No. 14-0741*	*Rate of Return*
Indiana Utility Regulatory Commission				
Aqua Indiana, Inc.	*03/16*	*Aqua Indiana, Inc. Aboite Wastewater Division*	*Docket No. 44752*	*Rate of Return*
Twin Lakes, Utilities, Inc.	*08/13*	*Twin Lakes, Utilities, Inc.*	*Docket No. 44388*	*Rate of Return*
Kansas Corporation Commission				
Atmos Energy Corporation	*07/25*	*Atmos Energy Corporation*	*26-ATMG-026-RTS*	*Rate of Return*
Atmos Energy Corporation	*07/19*	*Atmos Energy Corporation*	*19-ATMG-525-RTS*	*Rate of Return*
Kentucky Public Service Commission				
PPL Corporation	*05/25*	*Kentucky Utilities Company / Louisville Gas & Electric Company*	*2025-00113 / 00114*	*Rate of Return*
Atmos Energy Corporation	*09/24*	*Atmos Energy Corporation*	*2024-00276*	*Rate of Return*
Bluegrass Water Utility Operating Company	*02/23*	*Bluegrass Water Utility Operating Company*	*2022-00432*	*Return on Equity*
Atmos Energy Corporation	*07/22*	*Atmos Energy Corporation*	*2022-00222*	*PRP Rider Rate*
Water Service Corporation of KY	*06/22*	*Water Service Corporation of KY*	*2022-00147*	*Rate of Return*
Atmos Energy Corporation	*07/21*	*Atmos Energy Corporation*	*2021-00304*	*PRP Rider Rate*
Atmos Energy Corporation	*06/21*	*Atmos Energy Corporation*	*2021-00214*	*Rate of Return*
Duke Energy Kentucky, Inc.	*06/21*	*Duke Energy Kentucky, Inc.*	*2021-00190*	*Return on Equity*
Bluegrass Water Utility Operating Company	*10/20*	*Bluegrass Water Utility Operating Company*	*2020-00290*	*Return on Equity*
Louisiana Public Service Commission				
Utilities, Inc. of Louisiana	*05/21*	*Utilities, Inc. of Louisiana*	*Docket No. U-36003*	*Rate of Return*
Southwestern Electric Power Company	*12/20*	*Southwestern Electric Power Company*	*Docket No. U-35441*	*Return on Equity*
Atmos Energy Corporation	*04/20*	*Atmos Energy Corporation*	*Docket No. U-35535*	*Rate of Return*
Louisiana Water Service, Inc.	*06/13*	*Louisiana Water Service, Inc.*	*Docket No. U-32848*	*Rate of Return*
Maine Public Utilities Commission				
Northern Utilities, Inc. d/b/a Unitil	*05/23*	*Northern Utilities, Inc. d/b/a Unitil*	*Docket No. 2023-00051*	*Return on Equity*
Summit Natural Gas of Maine, Inc.	*03/22*	*Summit Natural Gas of Maine, Inc.*	*Docket No. 2022-00025*	*Rate of Return*
The Maine Water Company	*09/21*	*The Maine Water Company*	*Docket No. 2021-00053*	*Rate of Return*
Maryland Public Service Commission				
Washington Gas Light Company	*05/23*	*Washington Gas Light Company*	*Case No. 9704*	*Rate of Return*
FirstEnergy Service Company	*03/23*	*Potomac Edison Company*	*Case No. 9695*	*Rate of Return*
Washington Gas Light Company	*08/20*	*Washington Gas Light Company*	*Case No. 9651*	*Rate of Return*
FirstEnergy Corporation	*08/18*	*Potomac Edison Company*	*Case No. 9490*	*Rate of Return*
Massachusetts Department of Public Utilities				
Unitil Corporation	*09/23*	*Fitchburg Gas & Electric Co. (Elec.)*	*D.P.U. 23-80*	*Rate of Return*

scottmadden
MANAGEMENT CONSULTANTS

Resume and Testimony Listing of:
Dylan W. D'Ascendis, CRRA, CVA
Partner

Sponsor	Date	Case/Applicant	Docket No.	Subject
Unitil Corporation	*09/23*	*Fitchburg Gas & Electric Co. (Gas)*	*D.P.U. 23-81*	*Rate of Return*
Unitil Corporation	*12/19*	*Fitchburg Gas & Electric Co. (Elec.)*	*D.P.U. 19-130*	*Rate of Return*
Unitil Corporation	*12/19*	*Fitchburg Gas & Electric Co. (Gas)*	*D.P.U. 19-131*	*Rate of Return*
Liberty Utilities	*07/15*	*Liberty Utilities d/b/a New England Natural Gas Company*	*D.P.U. 15-75*	*Rate of Return*
Minnesota Public Utilities Commission				
Northern States Power Company	*11/01*	*Northern States Power Company*	*Docket No. G002/GR-21-678*	*Return on Equity*
Northern States Power Company	*10/21*	*Northern States Power Company*	*Docket No. E002/GR-21-630*	*Return on Equity*
Northern States Power Company	*11/20*	*Northern States Power Company*	*Docket No. E002/GR-20-723*	*Return on Equity*
Mississippi Public Service Commission				
Atmos Energy Corporation	*06/25*	*Atmos Energy Corporation*	*Docket No. 2025-UN-59*	*Rate of Return*
Great River Utility Operating Co.	*07/22*	*Great River Utility Operating Co.*	*Docket No. 2022-UN-86*	*Rate of Return*
Atmos Energy Corporation	*03/19*	*Atmos Energy Corporation*	*Docket No. 2015-UN-049*	*Capital Structure*
Atmos Energy Corporation	*07/18*	*Atmos Energy Corporation*	*Docket No. 2015-UN-049*	*Capital Structure*
Missouri Public Service Commission				
Confluence Rivers Utility Operating Company, Inc.	*01/23*	*Confluence Rivers Utility Operating Company, Inc.*	*Case No. WR-2023-0006/SR-2023-0007*	*Rate of Return*
Spire Missouri, Inc.	*12/20*	*Spire Missouri, Inc.*	*Case No. GR-2021-0108*	*Return on Equity*
Indian Hills Utility Operating Company, Inc.	*10/17*	*Indian Hills Utility Operating Company, Inc.*	*Case No. SR-2017-0259*	*Rate of Return*
Raccoon Creek Utility Operating Company, Inc.	*09/16*	*Raccoon Creek Utility Operating Company, Inc.*	*Case No. SR-2016-0202*	*Rate of Return*
Public Utilities Commission of Nevada				
Southwest Gas Corporation	*09/23*	*Southwest Gas Corporation*	*Docket No. 23-09012*	*Return on Equity*
Southwest Gas Corporation	*09/21*	*Southwest Gas Corporation*	*Docket No. 21-09001*	*Return on Equity*
Southwest Gas Corporation	*08/20*	*Southwest Gas Corporation*	*Docket No. 20-02023*	*Return on Equity*
New Hampshire Public Utilities Commission				
Unitil Energy Systems, Inc.	*5/25*	*Unitil Corporation*	*Docket No. DE 25-025*	*Return on Equity*
Aquarion Water Company of New Hampshire, Inc.	*12/20*	*Aquarion Water Company of New Hampshire, Inc.*	*Docket No. DW 20-184*	*Rate of Return*
New Jersey Board of Public Utilities				
Middlesex Water Company	*06/25*	*Middlesex Water Company*	*Docket No. WR25060372*	*Rate of Return*
Atlantic City Electric Company	*11/24*	*Atlantic City Electric Company*	*Docket No. ER24110854*	*Rate of Return*
New Jersey Natural Gas Company	*01/24*	*New Jersey Natural Gas Company*	*Docket No. GR24010071*	*Rate of Return*
Middlesex Water Company	*05/23*	*Middlesex Water Company*	*Docket No. WR23050292*	*Rate of Return*
FirstEnergy Service Company	*03/23*	*Jersey Central Power & Light Co.*	*Docket No. ER23030144*	*Rate of Return*
Atlantic City Electric Company	*02/23*	*Atlantic City Electric Company*	*Docket No. ER23020091*	*Return on Equity*
Middlesex Water Company	*05/21*	*Middlesex Water Company*	*Docket No. WR21050813*	*Rate of Return*
Atlantic City Electric Company	*12/20*	*Atlantic City Electric Company*	*Docket No. ER20120746*	*Return on Equity*
FirstEnergy Service Company	*02/20*	*Jersey Central Power & Light Co.*	*Docket No. ER20020146*	*Rate of Return*
Aqua New Jersey, Inc.	*12/18*	*Aqua New Jersey, Inc.*	*Docket No. WR18121351*	*Rate of Return*
Middlesex Water Company	*10/17*	*Middlesex Water Company*	*Docket No. WR17101049*	*Rate of Return*
Middlesex Water Company	*03/15*	*Middlesex Water Company*	*Docket No. WR15030391*	*Rate of Return*
The Atlantic City Sewerage Company	*10/14*	*The Atlantic City Sewerage Company*	*Docket No. WR14101263*	*Cost of Service / Rate Design*
Middlesex Water Company	*11/13*	*Middlesex Water Company*	*Docket No. WR1311059*	*Capital Structure*
New Mexico Public Regulation Commission				

scottmadden
MANAGEMENT CONSULTANTS

Resume and Testimony Listing of:
Dylan W. D'Ascendis, CRRA, CVA
Partner

Sponsor	Date	Case/Applicant	Docket No.	Subject
New Mexico Gas Company	*09/23*	*New Mexico Gas Company*	*Case No. 23-00255-UT*	*Return on Equity*
Southwestern Public Service Co.	*11/22*	*Southwestern Public Service Co.*	*Case No. 22-00286-UT*	*Return on Equity*
Southwestern Public Service Co.	*01/21*	*Southwestern Public Service Co.*	*Case No. 20-00238-UT*	*Return on Equity*
North Carolina Utilities Commission				
Carolina Water Service, Inc.	*07/25*	*Carolina Water Service, Inc.*	*Docket No. W-354, SUB 450*	*Rate of Return*
Aqua North Carolina Inc.	*04/25*	*Aqua North Carolina Inc.*	*Docket No. W-218, Sub 629*	*Rate of Return*
Pluris Hampstead, LLC	*09/24*	*Pluris Hampstead, LLC*	*Docket No. W-1305, Sub 38*	*Rate of Return*
Old North State Water Co., Inc.	*06/24*	*Old North State Water Co., Inc.*	*Docket No. W-1300, Sub 100*	*Rate of Return*
Carolina Water Service, Inc.	*07/22*	*Carolina Water Service, Inc.*	*Docket No. W-354 Sub 400*	*Rate of Return*
Aqua North Carolina, Inc.	*06/22*	*Aqua North Carolina, Inc.*	*Docket No. W-218 Sub 573*	*Rate of Return*
Carolina Water Service, Inc.	*07/21*	*Carolina Water Service, Inc.*	*Docket No. W-354 Sub 384*	*Rate of Return*
Piedmont Natural Gas Co., Inc.	*03/21*	*Piedmont Natural Gas Co., Inc.*	*Docket No. G-9, Sub 781*	*Return on Equity*
Duke Energy Carolinas, LLC	*07/20*	*Duke Energy Carolinas, LLC*	*Docket No. E-7, Sub 1214*	*Return on Equity*
Duke Energy Progress, LLC	*07/20*	*Duke Energy Progress, LLC*	*Docket No. E-2, Sub 1219*	*Return on Equity*
Aqua North Carolina, Inc.	*12/19*	*Aqua North Carolina, Inc.*	*Docket No. W-218 Sub 526*	*Rate of Return*
Carolina Water Service, Inc.	*06/19*	*Carolina Water Service, Inc.*	*Docket No. W-354 Sub 364*	*Rate of Return*
Carolina Water Service, Inc.	*09/18*	*Carolina Water Service, Inc.*	*Docket No. W-354 Sub 360*	*Rate of Return*
Aqua North Carolina, Inc.	*07/18*	*Aqua North Carolina, Inc.*	*Docket No. W-218 Sub 497*	*Rate of Return*
North Dakota Public Service Commission				
Northern States Power Company	*09/21*	*Northern States Power Company*	*Case No. PU-21-381*	*Rate of Return*
Northern States Power Company	*11/20*	*Northern States Power Company*	*Case No. PU-20-441*	*Rate of Return*
Public Utilities Commission of Ohio				
Aqua Ohio, Inc.	*07/25*	*Aqua Ohio, Inc.*	*Case No. 25-0594-WW-AIR*	*Rate of Return*
FirstEnergy	*06/24*	*Ohio Edison Co., Cleveland Electric Illuminating Co., Toledo Edison Co.*	*Case No. 24-0468-EL-AIR*	*Rate of Return*
Aqua Ohio, Inc.	*11/22*	*Aqua Ohio, Inc.*	*Case No. 22-1094-WW-AIR*	*Rate of Return*
Duke Energy Ohio, Inc.	*10/21*	*Duke Energy Ohio, Inc.*	*Case No. 21-887-EL-AIR*	*Return on Equity*
Aqua Ohio, Inc.	*07/21*	*Aqua Ohio, Inc.*	*Case No. 21-0595-WW-AIR*	*Rate of Return*
Aqua Ohio, Inc.	*05/16*	*Aqua Ohio, Inc.*	*Case No. 16-0907-WW-AIR*	*Rate of Return*
Oklahoma Corporation Commission				
Summit Utilities Oklahoma, Inc.	*6/25*	*Summit Utilities Oklahoma, Inc.*	*Docket No. PUD25-000028*	*Return on Equity*
Pennsylvania Public Utility Commission				
The York Water Company	*05/25*	*The York Water Company*	*Docket Nos. R-2025-3053442 & R-2025-3053573*	*Rate of Return*
Valley Energy, Inc.	*04/25*	*C&T Enterprises*	*Docket No. R-2025-3054393*	*Rate of Return*
Wellsboro Electric Company	*04/25*	*C&T Enterprises*	*Docket No. R-2025-3054392*	*Rate of Return*
Citizens' Electric Company of Lewisburg	*04/25*	*C&T Enterprises*	*Docket No. R-2025-3054394*	*Rate of Return*
FirstEnergy	*04/24*	*Pennsylvania Electric Company*	*Docket No. R-2024-3047068*	*Rate of Return*
Columbia Water Company	*05/23*	*Columbia Water Company*	*Docket No. R-2023-3040258*	*Rate of Return*
Borough of Ambler	*06/22*	*Borough of Ambler – Bureau of Water*	*Docket No. R-2022-3031704*	*Rate of Return*
Citizens' Electric Company of Lewisburg	*05/22*	*C&T Enterprises*	*Docket No. R-2022-3032369*	*Rate of Return*
Valley Energy Company	*05/22*	*C&T Enterprises*	*Docket No. R-2022-3032300*	*Rate of Return*
Community Utilities of Pennsylvania, Inc.	*04/21*	*Community Utilities of Pennsylvania, Inc.*	*Docket No. R-2021-3025207*	*Rate of Return*

scottmadden
MANAGEMENT CONSULTANTS

Resume and Testimony Listing of:
Dylan W. D'Ascendis, CRRA, CVA
Partner

Sponsor	Date	Case/Applicant	Docket No.	Subject
Vicinity Energy Philadelphia, Inc.	*04/21*	*Vicinity Energy Philadelphia, Inc.*	*Docket No. R-2021-3024060*	*Rate of Return*
Delaware County Regional Water Control Authority	*02/20*	*Delaware County Regional Water Control Authority*	*Docket No. A-2019-3015173*	*Valuation*
Valley Energy, Inc.	*07/19*	*C&T Enterprises*	*Docket No. R-2019-3008209*	*Rate of Return*
Wellsboro Electric Company	*07/19*	*C&T Enterprises*	*Docket No. R-2019-3008208*	*Rate of Return*
Citizens' Electric Company of Lewisburg	*07/19*	*C&T Enterprises*	*Docket No. R-2019-3008212*	*Rate of Return*
Steelton Borough Authority	*01/19*	*Steelton Borough Authority*	*Docket No. A-2019-3006880*	*Valuation*
Mahoning Township, PA	*08/18*	*Mahoning Township, PA*	*Docket No. A-2018-3003519*	*Valuation*
SUEZ Water Pennsylvania Inc.	*04/18*	*SUEZ Water Pennsylvania Inc.*	*Docket No. R-2018-000834*	*Rate of Return*
Columbia Water Company	*09/17*	*Columbia Water Company*	*Docket No. R-2017-2598203*	*Rate of Return*
Veolia Energy Philadelphia, Inc.	*06/17*	*Veolia Energy Philadelphia, Inc.*	*Docket No. R-2017-2593142*	*Rate of Return*
Emporium Water Company	*07/14*	*Emporium Water Company*	*Docket No. R-2014-2402324*	*Rate of Return*
Columbia Water Company	*07/13*	*Columbia Water Company*	*Docket No. R-2013-2360798*	*Rate of Return*
Penn Estates Utilities, Inc.	*12/11*	*Penn Estates, Utilities, Inc.*	*Docket No. R-2011-2255159*	*Capital Structure / Long-Term Debt Cost Rate*
South Carolina Public Service Commission				
Blue Granite Water Co.	*12/19*	*Blue Granite Water Company*	*Docket No. 2019-292-WS*	*Rate of Return*
Carolina Water Service, Inc.	*02/18*	*Carolina Water Service, Inc.*	*Docket No. 2017-292-WS*	*Rate of Return*
Carolina Water Service, Inc.	*06/15*	*Carolina Water Service, Inc.*	*Docket No. 2015-199-WS*	*Rate of Return*
Carolina Water Service, Inc.	*11/13*	*Carolina Water Service, Inc.*	*Docket No. 2013-275-WS*	*Rate of Return*
United Utility Companies, Inc.	*09/13*	*United Utility Companies, Inc.*	*Docket No. 2013-199-WS*	*Rate of Return*
Utility Services of South Carolina, Inc.	*09/13*	*Utility Services of South Carolina, Inc.*	*Docket No. 2013-201-WS*	*Rate of Return*
Tega Cay Water Services, Inc.	*11/12*	*Tega Cay Water Services, Inc.*	*Docket No. 2012-177-WS*	*Capital Structure*
South Dakota Public Service Commission				
Northern States Power Company	*06/22*	*Northern States Power Company*	*Docket No. EL22-017*	*Rate of Return*
Tennessee Public Utility Commission				
CSWR – Limestone Water Utility Operating Company	*07/24*	*CSWR – Limestone Water Utility Operating Company*	*Docket No. 24-00044*	*Capital Structure, Cost of Debt, Return on Equity*
Piedmont Natural Gas Company	*07/20*	*Piedmont Natural Gas Company*	*Docket No. 20-00086*	*Return on Equity*
Public Utility Commission of Texas				
Oncor Electric Delivery Co. LLC	*06/25*	*Oncor Electric Delivery Co. LLC*	*Docket No. 58306*	*Return on Equity*
Aqua Texas, Inc.	*06/25*	*Aqua Texas, Inc.*	*Docket No. 58124*	*Rate of Return*
CSWR TX Utility Operating Co, LLC	*12/24*	*CSWR TX Utility Operating Co, LLC*	*Docket No. 57386*	*Rate of Return*
BVRT Utility Holding Co., LLC	*07/24*	*Texas Water Utilities, LP*	*Docket No. 56664*	*Rate of Return*
Texas Water Utilities, LP	*06/24*	*Texas Water Utilities, LP*	*Docket No. 56665*	*Rate of Return*
Southwestern Public Service Co.	*02/23*	*Southwestern Public Service Co.*	*Docket No. 54634*	*Return on Equity*
CSWR – Texas Utility Operating Company, LLC	*02/23*	*CSWR – Texas Utility Operating Company, LLC*	*Docket No. 54565*	*Rate of Return*
Oncor Electric Delivery Co. LLC	*05/22*	*Oncor Electric Delivery Co. LLC*	*Docket No. 53601*	*Return on Equity*
Southwestern Public Service Co.	*02/21*	*Southwestern Public Service Co.*	*Docket No. 51802*	*Return on Equity*
Southwestern Electric Power Co.	*10/20*	*Southwestern Electric Power Co.*	*Docket No. 51415*	*Rate of Return*
Texas Railroad Commission				
Atmos Energy Corporation – Mid-Texas Division	*11/24*	*Atmos Energy Corporation – Mid-Texas Division*	*Docket No. OS-24-00019196*	*Return on Equity*

scottmadden
MANAGEMENT CONSULTANTS

Resume and Testimony Listing of:
Dylan W. D'Ascendis, CRRA, CVA
Partner

Sponsor	Date	Case/Applicant	Docket No.	Subject
Atmos Energy Corporation – West Texas Division	*10/24*	*Atmos Energy Corporation – West Texas Division*	*Docket No. OS-24-00018879*	*Return on Equity*
Atmos Pipeline – Texas, a Division of Atmos Energy Corporation	*05/23*	*Atmos Pipeline – Texas, a Division of Atmos Energy Corporation*	*Docket No. OS-23-00013758*	*Return on Equity*
Virginia State Corporation Commission				
Washington Gas Light Company	*07/25*	*Washington Gas Light Company*	*PUR-2025-00091*	*Return on Equity*
Aqua Virginia, Inc.	*07/25*	*Aqua Virginia, Inc.*	*PUR-2025-00071*	*Rate of Return*
Aqua Virginia, Inc.	*07/23*	*Aqua Virginia, Inc.*	*PUR-2023-00073*	*Rate of Return*
Washington Gas Light Company	*06/22*	*Washington Gas Light Company*	*PUR-2022-00054*	*Return on Equity*
Virginia Natural Gas, Inc.	*04/21*	*Virginia Natural Gas, Inc.*	*PUR-2020-00095*	*Return on Equity*
Massanutten Public Service Corporation	*12/20*	*Massanutten Public Service Corporation*	*PUE-2020-00039*	*Return on Equity*
Aqua Virginia, Inc.	*07/20*	*Aqua Virginia, Inc.*	*PUR-2020-00106*	*Rate of Return*
WGL Holdings, Inc.	*07/18*	*Washington Gas Light Company*	*PUR-2018-00080*	*Rate of Return*
Atmos Energy Corporation	*05/18*	*Atmos Energy Corporation*	*PUR-2018-00014*	*Rate of Return*
Aqua Virginia, Inc.	*07/17*	*Aqua Virginia, Inc.*	*PUR-2017-00082*	*Rate of Return*
Massanutten Public Service Corp.	*08/14*	*Massanutten Public Service Corp.*	*PUE-2014-00035*	*Rate of Return / Rate Design*
Public Service Commission of West Virginia				
FirstEnergy Service Company	*05/23*	*Monongahela Power Company and The Potomac Edison Company*	*Case No. 23-0460-E-42T*	*Return on Equity*
FirstEnergy Service Company	*12/21*	*Monongahela Power Company and The Potomac Edison Company*	*Case No. 21-0857-E-CN (ELG)*	*Return on Equity*
FirstEnergy Service Company	*11/21*	*Monongahela Power Company and The Potomac Edison Company*	*Case No. 21-0813-E-P (Solar)*	*Return on Equity*

Aqua New Jersey, Inc.
Table of Contents
Exhibits to the Direct Testimony of Dylan W. D'Ascendis

	Exhibits
Summary of Cost of Capital and Overall Rate of Return	DWD-1
Financial Profile of the Utility Proxy Groups	DWD-2
Indicated Common Equity Cost Rate Using the Discounted Cash Flow Model	DWD-3
Indicated Common Equity Cost Rate Using the Risk Premium Model	DWD-4
Market Correlations	DWD-5
Indicated Common Equity Cost Rate Using the Capital Asset Pricing Model	DWD-6
Basis of Selection for the Non-Price Regulated Companies Comparable in Total Risk to the Utility Proxy Groups	DWD-7
Cost of Common Equity Models Applied to the Non-Price Regulated Proxy Groups	DWD-8
Business Risk Adjustment	DWD-9
Flotation Cost Adjustment	DWD-10

Aqua New Jersey, Inc.
Recommended Capital Structure and Cost Rates
for Ratemaking Purposes

Type Of Capital	Ratios (1)	Cost Rate		Weighted Cost Rate
Long-Term Debt	47.05%	4.37%	(1)	2.05%
Common Equity	52.95%	10.50%	(2)	5.56%
Total	100.00%			7.61%

Notes:

(1) From page 1 of Mr. Ted M. Holod's Exhibit 14.1.
(2) From page 2 of this Exhibit.

Aqua New Jersey, Inc.
Brief Summary of Common Equity Cost Rate

Line No.	Principal Methods	Proxy Group of Five Water Companies	Proxy Group of Twelve Water & Natural Gas Companies
1.	Discounted Cash Flow Model (DCF) (1)	10.48%	10.62%
2.	Risk Premium Model (RPM) (2)	10.30% - 11.05%	10.41% - 11.08%
3.	Capital Asset Pricing Model (CAPM) (3)	10.05% - 11.48%	10.05% - 11.35%
4.	Market Models Applied to Comparable Risk, Non-Price Regulated Companies (4)	11.61% - 12.25%	11.36% - 12.01%
5.	Indicated Common Equity Cost Rate before Adjustment for Unique Risk	10.05% - 12.25%	10.05% - 12.01%
6.	Business Risk Adjustment (5)	0.15%	0.20%
7.	Flotation Cost Adjustment (6)	0.07%	0.07%
8.	Indicated Common Equity Cost Rate after Adjustment	10.27% - 12.47%	10.32% - 12.28%
9.	Recommended Common Equity Cost Rate	10.50%	

Notes:
(1) From page 1 of Exhibit DWD-3.
(2) From page 1 of Exhibit DWD-4.
(3) From pages 1 and 2 of Exhibit DWD-6.
(4) From page 1 of Exhibit DWD-8.
(5) Business risk adjustment to reflect Aqua New Jersey's unique risk compared to the Utility Proxy Groups as detailed in the accompanying Direct Testimony.
(6) From page 1 of Exhibit DWD-10.

Proxy Group of Five Water Companies
CAPITALIZATION AND FINANCIAL STATISTICS (1)
2020 - 2024, Inclusive

	2024	2023	2022	2021	2020	5 YEAR AVERAGE
			(MILLIONS OF DOLLARS)			
Capitalization Statistics						
Amount of Capital Employed						
Total Permanent Capital	$1,686.220	$1,517.930	$1,401.041	$1,347.005	$1,169.321	
Short-Term Debt	$127.225	$145.550	$112.516	$57.099	$136.259	
Total Capital Employed	$1,813.445	$1,663.480	$1,513.557	$1,404.104	$1,305.580	
Indicated Average Capital Cost Rates (2)						
Total Debt	4.60 %	4.31 %	3.61 %	3.70 %	3.87 %	
Preferred Stock	5.86 %	5.76 %	5.76 %	5.76 %	5.76 %	
Capital Structure Ratios						
Based on Total Permanent Capital:						
Long-Term Debt	51.02 %	51.15 %	50.96 %	53.88 %	53.85 %	52.17 %
Preferred Stock	0.04	0.05	0.06	0.06	0.07	0.06
Common Equity	48.94	48.80	48.98	46.06	46.08	47.77
Total	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Based on Total Capital:						
Total Debt, Including Short-Term Debt	54.29 %	55.26 %	54.96 %	56.15 %	57.69 %	55.67 %
Preferred Stock	0.04	0.05	0.05	0.06	0.07	0.05
Common Equity	45.67	44.69	44.99	43.79	42.24	44.28
Total	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Financial Statistics						
Financial Ratios - Market Based						
Earnings / Price Ratio	4.38 %	2.87 %	2.60 %	2.45 %	2.86 %	3.03 %
Market / Average Book Ratio	309.21	362.54	451.91	544.97	449.52	423.63
Dividend Yield	2.45	2.02	1.79	1.60	1.88	1.95
Dividend Payout Ratio	53.77	76.06	72.33	80.87	159.26	88.46
Rate of Return on Average Book Common Equity	11.19 %	10.53 %	10.32 %	10.36 %	9.48 %	10.38 %
Total Debt / EBITDA (3)	4.44 x	5.12 x	5.06 x	5.10 x	5.34 x	5.01 x
Funds from Operations / Total Debt (4)	14.92 %	12.31 %	17.22 %	13.49 %	13.30 %	14.25 %
Total Debt / Total Capital	54.29 %	55.26 %	54.96 %	56.15 %	57.69 %	55.67 %

Notes:

(1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group, and are based upon financial statements as originally reported in each year.

(2) Computed by relating actual total debt interest or preferred stock dividends booked to average of beginning and ending total debt or preferred stock reported to be outstanding.

(3) Total debt relative to EBITDA (Earnings before Interest, Income Taxes, Depreciation and Amortization).

(4) Funds from operations (sum of net income, depreciation, amortization, net deferred income tax and investment tax credits, less total AFUDC) plus interest charges as a percentage of total debt.

Source of Information: Company Annual Forms 10-K

Capital Structure Based upon Total Permanent Capital for the
Proxy Group of Five Water Companies
2020 - 2024, Inclusive

	2024	2023	2022	2021	2020	5 YEAR AVERAGE
American States Water Company						
Long-Term Debt	41.05 %	42.60 %	38.65 %	37.56 %	40.72 %	40.12 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	58.95	57.40	61.35	62.44	59.28	59.88
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
California Water Service Group						
Long-Term Debt	41.81 %	42.41 %	44.39 %	47.28 %	46.04 %	44.39 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	58.19	57.59	55.61	52.72	53.96	55.61
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Global Water Resources, Inc.						
Long-Term Debt	72.01 %	68.40 %	71.02 %	78.99 %	78.09 %	73.70 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	27.99	31.60	28.98	21.01	21.91	26.30
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
H2O America, Inc.						
Long-Term Debt	55.58 %	56.09 %	57.39 %	59.69 %	59.79 %	57.71 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	44.42	43.91	42.61	40.31	40.21	42.29
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Middlesex Water Company						
Long-Term Debt	44.65 %	46.26 %	43.34 %	45.86 %	44.61 %	44.94 %
Preferred Stock	0.20	0.26	0.29	0.31	0.33	0.28
Common Equity	55.15	53.48	56.37	53.83	55.06	54.78
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Proxy Group of Five Water Companies						
Long-Term Debt	51.02 %	51.15 %	50.96 %	53.88 %	53.85 %	52.17 %
Preferred Stock	0.04	0.05	0.06	0.06	0.07	0.06
Common Equity	48.94	48.80	48.98	46.06	46.08	47.77
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %

Source of Information
Annual Forms 10-K

Proxy Group of Twelve Water & Natural Gas Companies
CAPITALIZATION AND FINANCIAL STATISTICS (1)
2020 - 2024, Inclusive

	2024	2023	2022	2021	2020	
			(MILLIONS OF DOLLARS)			
Capitalization Statistics						
Amount of Capital Employed						
Total Permanent Capital	$6,214.552	$5,621.435	$5,150.692	$4,543.504	$4,053.499	
Short-Term Debt	$291.145	$438.085	$457.380	$353.078	$192.920	
Total Capital Employed	$6,505.697	$6,059.520	$5,608.072	$4,896.582	$4,246.419	
Indicated Average Capital Cost Rates (2)						
Total Debt	4.49 %	4.12 %	3.33 %	3.20 %	3.55 %	
Preferred Stock	4.62 %	5.04 %	4.66 %	5.15 %	6.01 %	
Capital Structure Ratios						5 YEAR AVERAGE
Based on Total Permanent Capital:						
Long-Term Debt	51.05 %	51.38 %	50.94 %	51.64 %	51.13 %	51.23 %
Preferred Stock	0.02	0.23	0.78	0.82	0.52	0.47
Common Equity	48.94	48.39	48.28	47.54	48.35	48.30
Total	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Based on Total Capital:						
Total Debt, Including Short-Term Debt	54.20 %	54.55 %	55.38 %	55.58 %	54.67 %	54.88 %
Preferred Stock	0.02	0.20	0.72	0.79	0.50	0.45
Common Equity	45.78	45.25	43.92	43.62	44.83	44.67
Total	100.00 %	100.00 %	100.02 %	100.00 %	100.00 %	100.00 %
Financial Statistics						
Financial Ratios - Market Based						
Earnings / Price Ratio	4.84 %	4.22 %	3.39 %	3.80 %	3.65 %	3.98 %
Market / Average Book Ratio	225.35	250.19	304.94	338.58	302.59	284.33
Dividend Yield	3.03	2.85	2.49	2.50	2.48	2.67
Dividend Payout Ratio	61.35	70.71	62.33	68.39	102.91	73.14
Rate of Return on Average Book Common Equity	9.69 %	9.53 %	9.28 %	9.89 %	8.78 %	9.44 %
Total Debt / EBITDA (3)	4.70 x	5.08 x	5.10 x	5.26 x	5.25 x	5.08 x
Funds from Operations / Total Debt (4)	15.64 %	21.68 %	15.80 %	11.32 %	14.42 %	15.77 %
Total Debt / Total Capital	54.20 %	54.55 %	55.38 %	55.58 %	54.67 %	54.88 %

Notes:

(1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group, and are based upon financial statements as originally reported in each year.

(2) Computed by relating actual total debt interest or preferred stock dividends booked to average of beginning and ending total debt or preferred stock reported to be outstanding.

(3) Total debt relative to EBITDA (Earnings before Interest, Income Taxes, Depreciation and Amortization).

(4) Funds from operations (sum of net income, depreciation, amortization, net deferred income tax and investment tax credits, less total AFUDC) plus interest charges as a percentage of total debt.

Source of Information: Company Annual Forms 10-K

Capital Structure Based upon Total Permanent Capital for the
Proxy Group of Twelve Water & Natural Gas Companies
2020 - 2024, Inclusive

	2024	2023	2022	2021	2020	5 YEAR AVERAGE
American States Water Company						
Long-Term Debt	41.05 %	42.60 %	38.65 %	37.56 %	40.72 %	40.12 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	58.95	57.40	61.35	62.44	59.28	59.88
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
California Water Service Group						
Long-Term Debt	41.81 %	42.41 %	44.39 %	47.28 %	46.04 %	44.39 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	58.19	57.59	55.61	52.72	53.96	55.61
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Global Water Resources, Inc.						
Long-Term Debt	72.01 %	68.40 %	71.02 %	78.99 %	78.09 %	73.70 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	27.99	31.60	28.98	21.01	21.91	26.30
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
H2O America, Inc.						
Long-Term Debt	55.58 %	56.09 %	57.39 %	59.69 %	59.79 %	57.71 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	44.42	43.91	42.61	40.31	40.21	42.29
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Middlesex Water Company						
Long-Term Debt	44.65 %	46.26 %	43.34 %	45.86 %	44.61 %	44.94 %
Preferred Stock	0.20	0.26	0.29	0.31	0.33	0.28
Common Equity	55.15	53.48	56.37	53.83	55.06	54.78
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Atmos Energy Corporation						
Long-Term Debt	39.04 %	37.62 %	45.81 %	39.35 %	40.02 %	40.37 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	60.96	62.38	54.19	60.65	59.98	59.63
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Chesapeake Utilities Corporation						
Long-Term Debt	48.08 %	49.17 %	41.87 %	42.31 %	42.82 %	44.85 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	51.92	50.83	58.13	57.69	57.18	55.15
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
New Jersey Resources Corporation						
Long-Term Debt	58.24 %	59.16 %	58.49 %	57.81 %	55.35 %	57.81 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	41.76	40.84	41.51	42.19	44.65	42.19
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %

Capital Structure Based upon Total Permanent Capital for the
Proxy Group of Twelve Water & Natural Gas Companies
2020 - 2024, Inclusive

	2024	2023	2022	2021	2020	5 YEAR AVERAGE
NiSource Inc.						
Long-Term Debt	60.60 %	57.26 %	55.77 %	57.09 %	61.64 %	58.47 %
Preferred Stock	0.00	2.51	9.03	9.55	5.87	5.39
Common Equity	39.40	40.23	35.20	33.36	32.49	36.14
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Northwest Natural Holding Company						
Long-Term Debt	55.25 %	55.11 %	53.21 %	52.12 %	51.81 %	53.50 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	44.75	44.89	46.79	47.88	48.19	46.50
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
ONE Gas, Inc.						
Long-Term Debt	40.71 %	44.05 %	42.10 %	41.74 %	41.76 %	42.07 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	59.29	55.95	57.90	58.26	58.24	57.93
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Southwest Gas Holdings, Inc.						
Long-Term Debt	55.54 %	58.43 %	59.25 %	59.90 %	50.90 %	56.80 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	44.46	41.57	40.75	40.10	49.10	43.20
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Proxy Group of Twelve Water & Natural Gas Companies						
Long-Term Debt	51.05 %	51.38 %	50.94 %	51.64 %	51.13 %	51.23 %
Preferred Stock	0.02	0.23	0.78	0.82	0.52	0.47
Common Equity	48.94	48.39	48.28	47.54	48.35	48.30
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %

Source of Information
Annual Forms 10-K

Aqua New Jersey, Inc.
Indicated Common Equity Cost Rate Using the Discounted Cash Flow Model for the
Proxy Groups

Proxy Group of Five Water Companies	[1] Average Dividend Yield (1)	[2] Value Line Projected Five Year Growth in EPS (2)	[3] Zack's Five Year Projected Growth Rate in EPS	[4] S&P Capital IQ Projected Five Year Growth in EPS	[5] Average Projected Five Year Growth in EPS (3)	[6] Adjusted Dividend Yield (4)	[7] Indicated Common Equity Cost Rate (5)
American States Water Company	2.75 %	7.00 %	5.70 %	5.65 %	6.12 %	2.83 %	8.95 %
California Water Service Group	2.61	9.50	8.80	8.78	9.03	2.73	11.76
Global Water Resources, Inc.	3.14	NA	NA	11.30	11.30	3.32	14.62
H2O America, Inc.	3.52	6.00	6.50	6.04	6.18	3.63	9.81
Middlesex Water Company	2.66	7.50	5.90	8.14	7.18	2.76	9.94
						Average	11.01 %
						Median	9.94 %
					Average of Mean and Median		10.48 %

Proxy Group of Twelve Water & Natural Gas Companies	[1] Average Dividend Yield (1)	[2] Value Line Projected Five Year Growth in EPS (2)	[3] Zack's Five Year Projected Growth Rate in EPS	[4] S&P Capital IQ Projected Five Year Growth in EPS	[5] Average Projected Five Year Growth in EPS (3)	[6] Adjusted Dividend Yield (4)	[7] Indicated Common Equity Cost Rate (5)
American States Water Company	2.75 %	7.00 %	5.70 %	5.65 %	6.12 %	2.83 %	8.95 %
California Water Service Group	2.61	9.50	8.80	8.78	9.03	2.73	11.76
Global Water Resources, Inc.	3.14	NA	NA	11.30	11.30	3.32	14.62
H2O America, Inc.	3.52	6.00	6.50	6.04	6.18	3.63	9.81
Middlesex Water Company	2.66	7.50	5.90	8.14	7.18	2.76	9.94
Atmos Energy Corporation	2.31	8.50	8.00	7.49	8.00	2.40	10.40
Chesapeake Utilities Corporation	2.06	8.00	NA	9.15	8.58	2.15	10.73
New Jersey Resources Corporation	4.10	6.50	NA	7.90	7.20	4.25	11.45
NiSource Inc.	2.61	8.00	7.90	8.18	8.03	2.71	10.74
Northwest Natural Holding Company	4.26	6.50	NA	5.67	6.08	4.39	10.47
ONE Gas, Inc.	3.32	4.50	6.70	7.10	6.10	3.42	9.52
Southwest Gas Holdings, Inc.	3.11	NA	13.30	12.31	12.81	3.31	16.12 (6)
						Average	10.76 %
						Median	10.47 %
					Average of Mean and Median		10.62 %

NA= Not Available

Notes:

(1) Indicated dividend at 12/12/2025 divided by the average closing price of the last 60 trading days ending 12/12/2025 for each company.
(2) From pages 2 through 13 of this Exhibit.
(3) Average of columns 2 through 4 excluding negative growth rates.
(4) This reflects a growth rate component equal to one-half the conclusion of growth rate (from column 5) x column 1 to reflect the periodic payment of dividends (Gordon Model) as opposed to the continuous payment. Thus, for American States Water Company, 2.75% x (1+(1/2 x 6.12%)) = 2.83%.
(5) Column 5 + Column 6.

Source of Information:
Value Line Investment Survey
www.zacks.com Downloaded on 12/12/2025
S&P Capital IQ

AMER. STATES WATER NYSE-AWR

RECENT PRICE 72.16 | P/E RATIO 21.7 (Trailing: 22.1 Median: 30.0) | RELATIVE P/E RATIO 1.16 | DIV'D YLD 2.9% | VALUE LINE

TIMELINESS 3 Lowered 5/23/25
SAFETY 1 Raised 4/5/24
TECHNICAL 3 Lowered 8/15/25
BETA .70 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$61-$99	$80 (10%)

2028-30 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	130	(+80%)	*18%*
Low	105	(+45%)	*12%*

Institutional Decisions

	4Q2024	1Q2025	2Q2025
to Buy	158	158	179
to Sell	153	156	148
Hld's(000)	36704	29772	30191

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	© VALUE LINE PUB. LLC	28-30
High:	38.7	44.1	47.2	58.4	69.6	96.0	96.6	103.8	103.4	99.2	87.5	82.9								
Low:	27.0	35.8	37.3	41.1	50.1	63.3	65.1	70.1	71.2	75.2	66.0	70.3								
Revenues per sh	9.74	10.71	11.12	12.12	12.19	12.17	12.56	11.92	12.01	11.88	12.86	13.24	13.51	13.30	16.11	15.61	*16.65*	*17.30*	Revenues per sh	*19.65*
"Cash Flow" per sh	1.70	2.11	2.13	2.48	2.65	2.67	2.81	2.70	2.96	2.84	3.26	3.34	3.64	3.25	4.55	4.29	*4.50*	*4.75*	"Cash Flow" per sh	*5.90*
Earnings per sh A	.81	1.11	1.12	1.41	1.61	1.57	1.61	1.62	1.88	1.72	2.28	2.33	2.55	2.11	3.36	3.17	*3.30*	*3.45*	Earnings per sh A	*4.35*
Div'd Decl'd per sh B■	.51	.52	.55	.64	.76	.83	.87	.91	.99	1.06	1.16	1.28	1.40	1.53	1.66	1.79	*1.94*	*2.10*	Div'd Decl'd per sh B■	*2.65*
Cap'l Spending per sh	2.09	2.12	2.13	1.77	2.52	1.89	2.39	3.55	3.08	3.44	4.12	3.54	3.91	4.50	5.10	6.08	*6.10*	*5.90*	Cap'l Spending per sh	*5.50*
Book Value per sh D	9.70	10.13	10.84	11.80	12.72	13.24	12.77	13.52	14.45	15.19	16.33	17.39	18.57	19.20	20.99	24.12	*27.50*	*29.25*	Book Value per sh D	*33.25*
Common Shs Outst'g C	37.06	37.26	37.70	38.53	38.72	38.29	36.50	36.57	36.68	36.76	36.85	36.89	36.94	36.96	36.98	38.15	*38.70*	*39.00*	Common Shs Outst'g C	*40.00*
Avg Ann'l P/E Ratio	21.2	15.7	15.4	14.3	17.2	20.1	24.6	25.6	25.7	34.0	34.4	34.3	33.2	41.0	25.7	24.5	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*27.0*
Relative P/E Ratio	1.41	1.00	.97	.91	.97	1.06	1.24	1.34	1.29	1.84	1.83	1.76	1.79	2.37	1.43	1.30			Relative P/E Ratio	*1.50*
Avg Ann'l Div'd Yield	2.9%	3.0%	3.2%	3.1%	2.7%	2.6%	2.2%	2.2%	2.0%	1.8%	1.5%	1.6%	1.7%	1.8%	1.9%	2.3%			Avg Ann'l Div'd Yield	*2.4%*
Revenues ($mill)							458.6	436.1	440.6	436.8	473.9	488.2	498.9	491.5	595.7	595.5	*645*	*675*	Revenues ($mill)	*785*
Net Profit ($mill)							60.5	59.7	69.4	63.9	84.3	86.4	94.3	78.4	124.9	119.3	*128*	*135*	Net Profit ($mill)	*175*
Income Tax Rate							38.4%	36.8%	36.0%	22.0%	22.6%	24.6%	24.4%	23.2%	25.0%	20.2%	*24.0%*	*24.0%*	Income Tax Rate	*24.0%*
AFUDC % to Net Profit							--	--	--	--	--	--	--	--	2.5%	--	*Nil*	*Nil*	AFUDC % to Net Profit	*Nil*
Long-Term Debt Ratio							41.1%	39.4%	38.0%	40.5%	44.4%	47.2%	46.1%	39.9%	52.8%	46.7%	*48.5%*	*49.5%*	Long-Term Debt Ratio	*49.0%*
Common Equity Ratio							58.9%	60.6%	62.0%	59.5%	55.6%	52.8%	53.9%	60.1%	47.2%	53.3%	*51.5%*	*50.5%*	Common Equity Ratio	*51.0%*
Total Capital ($mill)							791.5	815.3	854.9	938.4	1082.5	1216.2	1272.6	1181.5	1643.2	1725.4	*2065*	*2230*	Total Capital ($mill)	*2600*
Net Plant ($mill)							1060.8	1150.9	1205.0	1296.3	1415.7	1512.0	1626.0	1753.8	1892.3	2099.6	*2200*	*2330*	Net Plant ($mill)	*3100*
Return on Total Cap'l							9.0%	8.6%	9.3%	7.9%	8.9%	8.0%	8.3%	7.6%	8.8%	8.3%	*7.5%*	*7.5%*	Return on Total Cap'l	*8.0%*
Return on Shr. Equity							13.0%	12.1%	13.1%	11.4%	14.0%	13.5%	13.8%	11.0%	16.1%	13.0%	*12.0%*	*12.0%*	Return on Shr. Equity	*13.0%*
Return on Com Equity							13.0%	12.1%	13.1%	11.4%	14.0%	13.5%	13.8%	11.0%	16.1%	13.0%	*12.0%*	*12.0%*	Return on Com Equity	*13.0%*
Retained to Com Eq							6.0%	5.3%	6.2%	4.5%	6.9%	6.1%	6.2%	3.1%	8.2%	5.7%	*5.0%*	*4.5%*	Retained to Com Eq	*5.0%*
All Div'ds to Net Prof							54%	56%	52%	61%	51%	55%	55%	72%	49%	56%	*59%*	*61%*	All Div'ds to Net Prof	*61%*

LEGENDS
18.0 x "Cash Flow" p sh
Relative Price Strength
2-for-1 split 9/13
Options: Yes
Shaded area indicates recession

Target Price Range 2028 2029 2030

% TOT. RETURN 9/22/25

	THIS STOCK	VL ARITH.* INDEX
1 yr.	-12.4	14.7
3 yr.	-8.8	44.9
5 yr.	8.3	90.9

CAPITAL STRUCTURE as of 6/30/25
Total Debt $942.8 mill. **Due in 5 Yrs** $478.0 mill.
LT Debt $942.4 mill. **LT Interest** $48.0 mill. (49% of Cap'l)

Leases, Uncapitalized: Annual rentals $2.4 mill.
Pension Assets-12/24 $195.0 mill. **Oblig.** $217.0 mill.
Pfd Stock None

Common Stock 38,509,038 shs. **as of 8/5/25**

MARKET CAP: $2.8 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2023	2024	6/30/25
Cash Assets	14.1	26.7	20.2
Accts Receivable	34.3	37.7	42.2
Other	157.6	168.9	189.9
Current Assets	206.0	233.3	252.3
Accts Payable	68.7	88.6	76.1
Debt Due	42.4	124.4	.4
Other	55.5	72.5	85.6
Current Liab.	166.6	285.5	162.1

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '22-'24 to '28-'30
Revenues	2.0%	4.0%	*4.5%*
"Cash Flow"	4.5%	6.0%	*6.5%*
Earnings	6.5%	8.0%	*7.0%*
Dividends	8.5%	9.0%	*8.0%*
Book Value	5.5%	7.0%	*7.5%*

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2022	108.6	122.5	135.0	125.4	491.5
2023	161.4	157.4	151.7	125.2	595.7
2024	135.3	155.3	161.8	143.1	595.5
2025	148.3	163.1	*178.6*	*155*	*645*
2026	*155*	*175*	*185*	*160*	*675*

Calendar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2022	.38	.54	.69	.50	2.11
2023	.93	1.03	.85	.55	3.36
2024	.62	.85	.95	.75	3.17
2025	.70	.87	*1.01*	*.72*	*3.30*
2026	*.72*	*.93*	*1.06*	*.74*	*3.45*

Calendar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.335	.335	.365	.365	1.40
2022	.365	.365	.3975	.3975	1.53
2023	.3975	.3975	.43	.43	1.66
2024	.43	.43	.4655	.4655	1.79
2025	.4655	.4655	.504		

BUSINESS: American States Water Co. operates as a holding company. Through its principal subsidiary, Golden State Water Co., it supplies water to 264,557 customers in 10 California counties. Service areas include the metropolitan areas of Los Angeles and Orange Counties. The company also provides electricity to 24,857 customers in Big Bear Lake and San Bernardino Cnty. Provides water & wastewater services to U.S. military bases through its ASUS subsidiary. Sold Chaparral City Wtr. of AZ. (6/11). Employs 846. BlackRock, Inc. owns 17.6% of out. shares; Vanguard, 12.0%; off. & dir., 0.8% (4/25 Proxy). Chair.: Anne M. Holloway. Pres. & CEO: Robert Sprowls. Inc: CA. Address: 630 East Foothill Blvd., San Dimas, CA 91773. Tel.: 909-394-3600. Int.: www.aswater.com.

American States Water's annual dividend growth has been about the best in the Water Industry. In the third quarter, the water utility company increased its quarterly share distribution from $0.4655 to $0.5040, an 8.3% rise. What's more, we expect the annual growth rate to continue to be in the 8%-9% range out to late in the decade.

The earnings outlook remains positive. We estimate that the water company will post share earnings of $3.30 and $3.45 in 2025 and 2026, respectively. Comparisons would seem more favorable, but due to a regulatory delay, the company's Golden States Water subsidiary recorded an unusual gain in 2024.

The nonutility sector could provide a major boost to the bottom line. The company's ASUS subsidiary performs water services to American military bases. ASUS has been successful winning business via an open bidding process and we expect this to continue. In the first half of this year, income from this segment declined 19%, to $0.26 a share. Nevertheless, we expect profit growth in the sector to be higher than in the utility operations. This is important because returns here are not regulated, as they are for its water utility.

Shares of American States Water have not performed well since our last report three months ago. Indeed, over that timespan, the equity has lost about 10% of its value. By comparison, the S&P 500 Index has surged by double digits.

The stock is ranked to mirror the market in the year ahead. Investors with a longer-term horizon, may want to take a second look here, though. Over this period, AWR offers above-average total return potential. On a risk-adjusted basis, this makes the shares especially attractive. In addition to a 1 (Highest) Safety rank, AWR also scores very high for Price Stability. Earnings are also well defined. The main risk associated with American States Water is that it operates in California. Thus far, the regulatory treatment by the state has been fair. However, should the state face financial pressures, the California authorities could become less likely to allow utilities to raise rates to recover higher future operating costs.

James A. Flood *October 3, 2025*

(A) Primary earnings. Excludes nonrecurring gains/(losses):; '10, (23¢); '11, 10¢. Next earnings report due early November.
(B) Dividends historically paid in early March, June, September, and December. ■ Div'd reinvestment plan available.
(C) In millions, adjusted for split.
(D) Includes intangibles. As of 12/31/24; $8.0 million/$0.21 a share.

Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	60
Earnings Predictability	80

© 2025 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

CALIFORNIA WATER NYSE-CWT

RECENT PRICE **45.40** | P/E RATIO **18.7** (Trailing: 19.8 Median: 29.0) | RELATIVE P/E RATIO **1.00** | DIV'D YLD **2.6%** | **VALUE LINE**

TIMELINESS 4 Lowered 5/30/25
SAFETY 2 Raised 4/5/24
TECHNICAL 3 Raised 10/3/25
BETA .80 (1.00 = Market)

18-Month Target Price Range

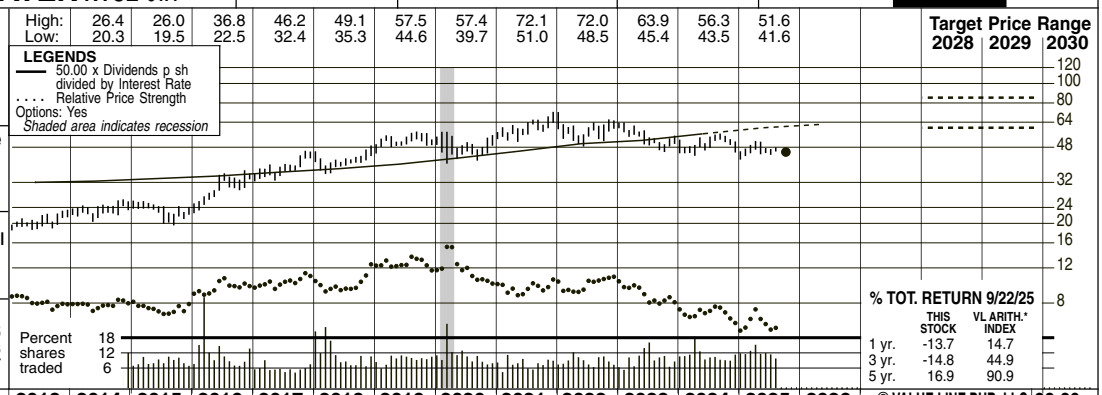
Low-High	Midpoint (% to Mid)
$38-$65	$52 (15%)

2028-30 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	85	(+85%)	*19%*
Low	60	(+30%)	*10%*

Institutional Decisions

	4Q2024	1Q2025	2Q2025
to Buy	167	168	166
to Sell	141	139	147
Hld's(000)	59582	50169	50100



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
High:	26.4	26.0	36.8	46.2	49.1	57.5	57.4	72.1	72.0	63.9	56.3	51.6						
Low:	20.3	19.5	22.5	32.4	35.3	44.6	39.7	51.0	48.5	45.4	43.5	41.6						
Revenues per sh	10.82	11.05	12.00	13.34	12.23	12.50	12.29	12.70	13.89	14.53	14.72	15.78	14.72	15.22	13.77	17.43	*18.25*	*20.75*
"Cash Flow" per sh	1.93	1.93	2.07	2.32	2.21	2.47	2.22	2.34	3.00	3.11	3.14	3.88	3.91	3.79	3.03	5.46	*4.30*	*4.70*
Earnings per sh A	.98	.91	.86	1.02	1.02	1.19	.94	1.01	1.40	1.36	1.31	1.97	1.96	1.77	.91	3.26	*2.40*	*2.60*
Div'd Decl'd per sh B ■	.59	.60	.62	.63	.64	.65	.67	.69	.72	.75	.79	.85	.92	1.00	1.04	1.12	*1.20*	*1.25*
Cap'l Spending per sh	2.66	2.97	2.83	3.04	2.58	2.76	3.69	4.77	5.40	5.65	5.64	5.93	5.46	5.90	6.65	7.91	*6.75*	*6.50*
Book Value per sh C	10.13	10.45	10.76	11.28	12.54	13.11	13.41	13.75	14.44	15.19	16.07	18.30	21.92	23.70	24.72	27.49	*29.10*	*31.60*
Common Shs Outst'g D	41.53	41.67	41.82	41.98	47.74	47.81	47.88	47.97	48.01	48.07	48.53	50.33	53.72	55.60	57.72	59.48	*55.00*	*53.00*
Avg Ann'l P/E Ratio	19.7	20.3	21.3	17.9	20.1	19.7	24.8	29.6	26.9	30.3	39.3	24.9	30.5	33.0	NMF	15.3	*Bold figures are Value Line estimates*	
Relative P/E Ratio	1.31	1.29	1.34	1.14	1.13	1.04	1.25	1.55	1.35	1.64	2.09	1.28	1.65	1.91	NMF	.81		
Avg Ann'l Div'd Yield	3.1%	3.2%	3.4%	3.5%	3.1%	2.8%	2.9%	2.3%	1.9%	1.8%	1.5%	1.7%	1.5%	1.7%	1.9%	2.3%		
Revenues ($mill) E	588.4	609.4	666.9	698.2	714.6	794.3	790.9	846.4	794.6	1036.8	*1005*	*1100*						
Net Profit ($mill)	45.0	48.7	67.2	65.6	63.1	96.8	101.1	96.0	51.9	190.8	*130*	*140*						
Income Tax Rate	36.0%	35.5%	30.1%	24.5%	19.1%	11.1%	20.1%	3.3%	3.3%	18.3%	*21.0%*	*21.0%*						
AFUDC % to Net Profit	4.3%	6.1%	3.5%	3.1%	5.8%	3.3%	1.7%	--	1.7%	1.7%	*2.0%*	*3.0%*						
Long-Term Debt Ratio	44.4%	44.6%	42.7%	49.3%	50.2%	45.9%	47.3%	44.4%	42.5%	40.3%	*37.5%*	*35.0%*						
Common Equity Ratio	55.6%	55.4%	57.3%	50.7%	49.8%	54.1%	52.7%	55.6%	57.5%	59.7%	*62.5%*	*65.0%*						
Total Capital ($mill)	1154.4	1191.2	1209.3	1440.2	1566.7	1702.4	2233.4	2370.1	2479.5	2739.8	*2550*	*2575*						
Net Plant ($mill)	1701.8	1859.3	2048.0	2232.7	2406.4	2650.6	2846.9	3058.9	3773.3	4134.6	*4200*	*4350*						
Return on Total Cap'l	5.2%	5.5%	7.1%	5.9%	5.5%	7.0%	5.5%	5.0%	3.1%	7.9%	*6.5%*	*7.0%*						
Return on Shr. Equity	7.0%	7.4%	9.7%	9.0%	8.1%	10.5%	8.6%	7.3%	3.6%	11.7%	*10.0%*	*10.0%*						
Return on Com Equity	7.0%	7.4%	9.7%	9.0%	8.1%	10.5%	8.6%	7.3%	3.6%	11.7%	*10.0%*	*10.0%*						
Retained to Com Eq	2.0%	2.4%	4.7%	4.0%	3.2%	6.0%	4.6%	3.2%	NMF	7.7%	*5.5%*	*6.0%*						
All Div'ds to Net Prof	71%	68%	51%	55%	60%	43%	47%	56%	114%	34%	*42%*	*39%*						

© VALUE LINE PUB. LLC 28-30

CAPITAL STRUCTURE as of 6/30/25
Total Debt $1176.5 mill. **Due in 5 Yrs** $357.0 mill.
LT Debt $1104.0 mill. **LT Interest** $40.0 mill.
(Total interest coverage: 1.5x) (40% of Cap'l)

Pension Assets-12/24 $750.0 mill.
Oblig. $524.0 mill.

Pfd Stock None

Common Stock 59,581,155 shs.

MARKET CAP: $2.7 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2023	2024	6/30/25
Cash Assets	39.6	50.1	50.5
Other	256.7	274.0	311.1
Current Assets	296.3	324.1	361.6
Accts Payable	157.3	167.5	167.0
Debt Due	180.7	72.4	72.5
Other	92.3	298.5	446.6
Current Liab.	430.3	538.4	686.1

BUSINESS: California Water Service Group provides regulated and nonregulated water service to 499,400 customers in 100 communities in the state of California. Accounts for about 90% of total customers. Also operates in Washington, New Mexico, and Hawaii. Main service areas: San Francisco Bay area, Sacramento Valley, Salinas Valley, San Joaquin Valley & parts of Los Angeles. Acquired Rio Grande Corp; West Hawaii Utilities (9/08). Revenue breakdown, '24: residential, 67%; business, 20%; industrial, 3%; public authorities, 5%; other 5%. Off. and dir. own 1% of common stock (4/25 proxy). Has 1,184 employees. Pres. and CEO: Martin A. Kropelnicki. Inc.: DE. Addr.: 1720 North First St., San Jose, CA 95112-4598. Tel.: 408-367-8200. Internet: www.calwatergroup.com.

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '22-'24 to '28-'30
Revenues	2.0%	1.5%	*8.5%*
"Cash Flow"	6.0%	6.0%	*3.5%*
Earnings	6.5%	8.0%	*9.5%*
Dividends	5.0%	7.0%	*5.5%*
Book Value	7.5%	10.5%	*5.5%*

Calendar	QUARTERLY REVENUES ($ mill.) E Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	173.0	206.2	266.3	200.9	846.4
2023	131.1	194.0	255.0	214.5	794.6
2024	270.7	244.3	299.6	222.2	1036.8
2025	204.0	265.0	*320*	*216*	*1005*
2026	*245*	*265*	*325*	*265*	*1100*

Calendar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	.02	.36	1.03	.35	1.77
2023	d.40	.17	.60	.52	.91
2024	1.21	.70	1.03	.33	3.26
2025	.22	.71	*1.15*	*.32*	*2.40*
2026	*.25*	*.75*	*1.25*	*.35*	*2.60*

Calendar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.230	.230	.230	.230	.92
2022	.250	.250	.250	.250	1.00
2023	.260	.260	.260	.260	1.04
2024	.280	.280	.280	.280	1.12
2025	.300	.300	.300		

California Water Service posted a strong second-quarter performance, with revenues of $265 million up 8.5% year over year and ahead of expectations by $21 million. Earnings were $0.71 per share, topping our and consensus estimates by a wide margin, and represented a slight increase from the prior-year tally of $0.70 a share. Management noted that profits rose 15% despite this being the third year of its current California rate case, underscoring disciplined cost control and stable demand. With year-to-date revenues of $469 million, underlying results are tracking ahead of plan.

We now look for revenues of $1.01 billion and earnings of $2.40 per share this year, with 2026 estimates rising to $1.1 billion and $2.60 per share, respectively. The updated outlook reflects steadier water consumption, modest rate relief, and contributions from recent tuck-in acquisitions, balanced against some regulatory and cost headwinds, as well as lower margins. Overall, we continue to view CWT's secular growth prospects favorably, supported by a stable operating model and constructive regulatory framework.

Management is pressing forward with a $1.6 billion infrastructure plan tied to the pending 2026-2028 California rate case, which is expected to deliver nearly 12% compounded rate base growth through 2028. The company is also advancing a $222 million PFAS compliance program and pursuing strategic growth opportunities, including the Silverwood development in Southern California, which will eventually add over 15,000 customer connections. Recent acquisitions of Casa Loma and Palm Mutual Water Companies add incremental customers and demonstrate the ongoing role of bolt-on deals in the growth strategy. We look for more of these deals moving forward.

These shares are best suited for conservative, long-term investors. Our 3- to 5-year Target Price Range indicates capital appreciation potential out to late decade that is attractive. California Water is also ranked 2 (Above Average) for Safety. However, for the coming year, the stock is ranked to underperform the broader market averages.

Zachary J. Hodgkinson *October 3, 2025*

(A) Basic EPS. Excl. nonrecurring gain (loss): '11, 4¢. Next earnings report due late Nov.
(B) Dividends historically paid in late Feb., May, Aug., and Nov. ■ Div'd reinvestment plan available.
(C) Incl. intangible assets. In '24 : $61.2 mill., $1.03/sh.
(D) In millions.
(E) Excludes non-regulated revenues.

Company's Financial Strength	B++
Stock's Price Stability	85
Price Growth Persistence	60
Earnings Predictability	45

© 2025 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

ATMOS ENERGY CORP. NYSE-ATO

RECENT PRICE 177.76 | P/E RATIO 22.1 (Trailing: 24.4 Median: 20.0) | RELATIVE P/E RATIO 1.24 | DIV'D YLD 2.3% | VALUE LINE

TIMELINESS 3 Raised 1/17/25
SAFETY 1 Raised 6/6/14
TECHNICAL 3 Raised 11/21/25
BETA .75 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$155-$218	$187 (5%)

2028-30 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	205	(+15%)	*6%*
Low	165	(-5%)	*1%*

Institutional Decisions

	4Q2024	1Q2025	2Q2025
to Buy	421	458	462
to Sell	294	320	335
Hld's(000)	171243	157845	161659

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
High:	58.2	64.8	82.0	93.6	100.8	115.2	121.1	105.3	123.0	125.3	152.6	180.6						
Low:	44.2	50.8	60.0	72.5	76.5	89.2	77.9	84.6	97.7	101.0	110.5	136.2						

LEGENDS
36.00 x Dividends p sh
Relative Price Strength
Options: Yes
Shaded area indicates recession

Target Price Range 2028 | 2029 | 2030

% TOT. RETURN 11/10/25

	THIS STOCK	VL ARITH.* INDEX
1 yr.	26.1	13.7
3 yr.	71.4	45.6
5 yr.	96.9	96.0

© VALUE LINE PUB. LLC	28-30
Revenues per sh [A]	*34.05*
"Cash Flow" per sh	*15.15*
Earnings per sh [AB]	*10.00*
Div'ds Decl'd per sh [C■]	*4.80*
Cap'l Spending per sh	*21.60*
Book Value per sh	*97.30*
Common Shs Outst'g [D]	*185.00*
Avg Ann'l P/E Ratio	*18.5*
Relative P/E Ratio	*1.05*
Avg Ann'l Div'd Yield	*2.6%*
Revenues ($mill) [A]	*6300*
Net Profit ($mill)	*1850*
Income Tax Rate	*25.0%*
Net Profit Margin	*29.4%*
Long-Term Debt Ratio	*40.0%*
Common Equity Ratio	*60.0%*
Total Capital ($mill)	*30000*
Net Plant ($mill)	*32000*
Return on Total Cap'l	*7.5%*
Return on Shr. Equity	*10.5%*
Return on Com Equity	*10.5%*
Retained to Com Eq	*5.5%*
All Div'ds to Net Prof	*48%*

CAPITAL STRUCTURE as of 6/30/25
Total Debt $9000.8 mill. **Due in 5 Yrs** $1185.0 mill.
LT Debt $8980.6 mill. **LT Interest** $190.0 mill.
(LT interest earned: 7.5x; total interest coverage: 7.5x)
Leases, Uncapitalized Annual rentals $43.2 mill.

Pfd Stock None

Pension Assets-9/24 $595.2 mill.
Oblig. $470.9 mill.
Common Stock 160,523,571 shs.
as of 8/1/25

MARKET CAP: $28.5 billion (Large Cap)

CURRENT POSITION ($MILL.)	2023	2024	6/30/25
Cash Assets	15.4	307.3	709.4
Other	870.4	825.0	842.6
Current Assets	885.8	1132.3	1552.0
Accts Payable	336.1	445.4	397.6
Debt Due	253.4	9.9	20.2
Other	763.1	750.6	712.7
Current Liab.	1352.6	1205.9	1130.5
Fix. Chg. Cov.	1059%	914%	940%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '22-'24 to '28-'30
Revenues	-4.0%	2.0%	*3.0%*
"Cash Flow"	7.0%	7.0%	*7.0%*
Earnings	9.5%	9.0%	*8.5%*
Dividends	7.5%	9.0%	*8.5%*
Book Value	10.0%	11.5%	*5.0%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) [A] Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2022	1012.8	1649.8	816.4	722.7	4201.7
2023	1484.0	1541.0	662.7	587.7	4275.4
2024	1158.5	1647.2	701.5	658.0	4165.2
2025	1176.0	1950.5	838.8	*724.7*	*4690*
2026	*1210*	*2030*	*825*	*785*	*4850*

Fiscal Year Ends	EARNINGS PER SHARE [A B E] Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2022	1.86	2.37	.92	.51	5.60
2023	1.91	2.48	.94	.80	6.10
2024	2.08	2.85	1.08	.86	6.83
2025	2.23	3.03	1.16	1.07	7.46
2026	*2.45*	*3.26*	*1.28*	*1.16*	*8.15*

Calendar	QUARTERLY DIVIDENDS PAID [C■] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.625	.625	.625	.68	2.56
2022	.68	.68	.68	.74	2.78
2023	.74	.74	.74	.805	3.03
2024	.805	.805	.805	.87	3.29
2025	.87	.87	.87	1.00	

BUSINESS: Atmos Energy Corporation is engaged primarily in the distribution and sale of natural gas to over 3.3 million customers through six regulated natural gas utility operations: Louisiana Division, West Texas Division, Mid-Tex Division, Mississippi Division, Colorado-Kansas Division, and Kentucky/Mid-States Division. Gas sales breakdown for fiscal 2024: 68.8%, residential; 27.1%, commercial; 2.7%, industrial; and 1.4% other. The company sold Atmos Energy Marketing, 1/17. Officers and directors own approximately .5% of common stock (12/24 Proxy). President and Chief Executive Officer: Kevin Akers. Incorporated: Texas. Address: Three Lincoln Centre, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75240. Telephone: 972-934-9227. Internet: www.atmosenergy.com.

Atmos Energy Corporation stands to deliver a healthy earnings increase, once again, in fiscal 2026 (began October 1st). We expect that to be brought about partially by the distribution unit, supported by benefits of higher rates plus an expanded customer base. The pipeline & storage division ought to have a better showing, too. So, if there are no major setbacks, it seems that per-share profits will advance close to 10%, to $8.15, versus fiscal 2025's solid figure of $7.46. Concerning fiscal 2027, the bottom line may rise another 7%, to $8.70 a share, as operating margins widen further.

***Value Line* is optimistic about the company's performance over the 3- to 5-year span.** It continues to rank as one of the nation's biggest natural gas-only distributors, boasting more than three million customers across several states, which include Texas, Louisiana, and Mississippi. Furthermore, we believe that the pipeline & storage segment has promising overall expansion opportunities, given that it operates in one of the most-active drilling regions in the world. The sound corporate finances are another plus partly because they make acquisitions possible. (Future purchases are excluded from our figures, however, due to many uncertainties.) So, in Atmos' current configuration, annual earnings-per-share growth might be between 6% and 8% out to the beginning of the next decade.

The quarterly common stock dividend was boosted by about 15%, to $1.00 per share. That was made possible, of course, by the company's solid capital position. What's more, we anticipate additional steady hikes in the distribution out to 2028-2030. The payout ratio during that period ought to be manageable, in the neighborhood of 50%.

These top-quality shares have climbed to an all-time high since our last full-page review in August. We believe that price action stems, to some extent, from market optimism surrounding the energy firm's near-term prospects. But 3- to 5-year capital appreciation potential is negligible, even after raising our Target Price Range. Too, the dividend yield is not spectacular compared to our Natural Gas Utility Industry average.

Frederick L. Harris, III November 21, 2025

(A) Fiscal year ends Sept. 30th. **(B)** Diluted shrs. Excl. nonrec. gains (loss): '10, 5¢; '11, (1¢); '18, $1.43; '20, 17¢. Excludes discontinued operations: '11, 10¢; '12, 27¢; '13, 14¢; '17, 13¢. Next earnings report due early Feb. **(C)** Dividends historically paid in early March, June, Sept., and Dec. ■ Div. reinvestment plan. Direct stock purchase plan avail. **(D)** In millions. **(E)** Qtrs may not add due to change in shrs outstanding.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	65
Earnings Predictability	100

© 2025 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

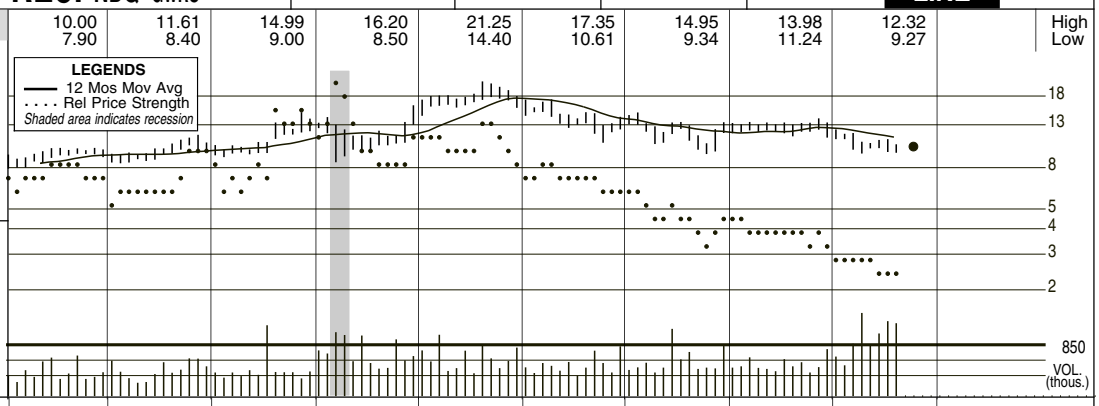
GLOBAL WATER RES. NDQ--GWRS

RECENT PRICE 10.16 | TRAILING P/E RATIO 46.2 | RELATIVE P/E RATIO 2.45 | DIV'D YLD 3.0% | VALUE LINE

RANKS

PERFORMANCE	4	Below Average
Technical	5	Lowest
SAFETY	3	Average
BETA .95		(1.00 = Market)

Financial Strength	B
Price Stability	75
Price Growth Persistence	45
Earnings Predictability	45



© VALUE LINE PUBLISHING LLC	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026/2027
REVENUES PER SH	1.59	1.65	1.65	1.71	1.85	1.87	2.17	2.18	--	
"CASH FLOW" PER SH	.58	.49	.49	.45	.58	.65	.79	.76	--	
EARNINGS PER SH	.23	.15	.10	.05	.16	.24	.33	.24	*NA*	*NA/NA*
DIV'DS DECL'D PER SH	.28	.28	.29	.29	.29	.30	.30	.30	--	
CAP'L SPENDING PER SH	1.06	.22	.52	.40	.81	1.42	.91	1.33	--	
BOOK VALUE PER SH	.76	1.30	1.15	1.43	1.33	1.86	1.99	1.97	--	
COMMON SHS OUTST'G (MILL)	19.63	21.47	21.54	22.59	22.65	23.87	24.49	24.23	--	
AVG ANN'L P/E RATIO	40.1	63.9	NMF	NMF	NMF	58.9	36.7	52.2	*NA*	*NA/NA*
RELATIVE P/E RATIO	2.01	3.61	NMF	NMF	NMF	3.90	2.26	2.96	--	
AVG ANN'L DIV'D YIELD	3.0%	3.0%	2.6%	2.5%	1.7%	2.1%	2.5%	2.4%	--	
REVENUES ($MILL)	31.2	35.5	35.5	38.6	41.9	44.7	53.0	52.7	--	*Bold figures are consensus earnings estimates and, using the recent prices, P/E ratios.*
OPERATING MARGIN	45.7%	47.1%	43.2%	42.4%	39.3%	40.0%	44.7%	41.9%	--	
DEPRECIATION ($MILL)	6.9	7.5	8.4	9.0	9.5	10.1	11.4	12.7	--	
NET PROFIT ($MILL)	4.6	3.1	2.2	1.1	3.6	5.5	8.0	5.8	--	
INCOME TAX RATE	--	36.5%	34.3%	41.1%	24.2%	14.5%	26.5%	26.4%	--	
NET PROFIT MARGIN	14.6%	8.7%	6.3%	2.9%	8.6%	12.3%	15.1%	11.0%	--	
WORKING CAP'L ($MILL)	.7	7.7	2.2	11.1	2.1	d2.1	d2.5	d2.8	--	
LONG-TERM DEBT ($MILL)	114.4	114.5	114.7	112.7	108.9	104.9	103.7	118.5	--	
SHR. EQUITY ($MILL)	14.9	27.9	24.7	32.2	30.0	44.4	48.6	47.6	--	
RETURN ON TOTAL CAP'L	5.5%	4.0%	3.5%	2.6%	4.5%	5.0%	6.8%	5.3%	--	
RETURN ON SHR. EQUITY	30.6%	11.1%	9.0%	3.4%	12.0%	12.4%	16.4%	12.2%	--	
RETAINED TO COM EQ	NMF	11.1%	NMF	NMF	12.0%	12.4%	1.6%	NMF	--	
ALL DIV'DS TO NET PROF	119%	--	NMF	NMF	--	--	90%	NMF	--	

Note: No analyst estimates available.

ANNUAL RATES

of change (per share)	5 Yrs.	1 Yr.
Sales	5.0%	0.5%
"Cash Flow"	7.0%	-3.5%
Earnings	11.0%	-27.5%
Dividends	1.0%	--
Book Value	12.5%	-1.0%

QUARTERLY SALES ($mill.)

Fiscal Year	1Q	2Q	3Q	4Q	Full Year
12/31/23	13.1	13.0	14.5	12.4	53.0
12/31/24	11.6	13.5	14.3	13.3	52.7
12/31/25	12.5	14.2			
12/31/26					

EARNINGS PER SHARE

Fiscal Year	1Q	2Q	3Q	4Q	Full Year
12/31/22	.04	.09	.07	.04	.24
12/31/23	.10	.07	.11	.05	.33
12/31/24	.03	.07	.12	.02	.24
12/31/25	.02	.06			
12/31/26					

QUARTERLY DIVIDENDS PAID

Cal-endar	1Q	2Q	3Q	4Q	Full Year
2022	.074	.074	.074	.074	.30
2023	.074	.074	.074	.074	.30
2024	.075	.075	.075	.075	.30
2025	.075	.075	.075		

INSTITUTIONAL DECISIONS

	4Q'24	1Q'25	2Q'25
to Buy	35	43	51
to Sell	28	33	27
Hld's(000)	7316	7609	7991

ASSETS ($mill.)	2023	2024	6/30/25
Cash Assets	3.1	9.0	10.2
Receivables	2.8	3.2	10.6
Inventory	.0	.0	.0
Other	5.8	7.3	1.0
Current Assets	11.7	19.5	21.8
Property, Plant & Equip, at cost	465.7	513.0	- -
Accum Depreciation	142.4	153.6	- -
Net Property	323.3	359.4	403.5
Other	26.1	26.2	24.1
Total Assets	361.1	405.1	449.4
LIABILITIES ($mill.)			
Accts Payable	1.0	2.1	1.0
Debt Due	3.9	3.9	4.8
Other	9.3	16.3	14.2
Current Liab	14.2	22.3	20.0

LONG-TERM DEBT AND EQUITY as of 6/30/25

Total Debt $123.2 mill. **Due in 5 Yrs.** NA
LT Debt $118.4 mill.
Including Cap. Leases NA (61% of Cap'l)

Leases, Uncapitalized Annual rentals NA

Pension Liability None in '24 vs. None in '23

Pfd Stock None **Pfd Div'd Paid** None

Common Stock 27,473,000 shares (39% of Cap'l)

INDUSTRY: Water Utility

BUSINESS: Global Water Resources, Inc. is a water resource management company that owns and operates 32 water, wastewater, and recycled water systems in strategically located communities, principally in metropolitan Phoenix and Tucson, Arizona. It seeks to deploy an integrated approach, referred to as "Total Water Management." Total Water Management is a comprehensive approach to water utility management that reduces demand on scarce non-renewable water sources and costly renewable water supplies, in a manner that ensures sustainability and greatly benefits communities both environmentally and economically. The company treats water to potable standards and also treats, cleans, and recycles wastewater for a variety of non-potable uses. Recycled water is created by taking wastewater and applying advanced tertiary treatment to create a high quality, non-potable water source. Recently, Global Water completed $32.2 million public offering of common stock. Has 122 employees. Chairman, C.E.O. & President: Ron L. Fleming Address: 21410 N. 19th Avenue #220, Phoenix, AZ 85027. Tel.: (480) 360-7775. Internet: www.gwresources.com. *J.V.*

October 3, 2025

TOTAL SHAREHOLDER RETURN

Dividends plus appreciation as of 9/22/2025

3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.
-0.99%	-7.33%	-18.02%	-11.06%	3.75%

© 2025 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

H2O AMERICA NYSE-HTO

RECENT PRICE **48.51** | P/E RATIO **14.9** (Trailing: 15.9 Median: 26.0) | RELATIVE P/E RATIO **0.80** | DIV'D YLD **3.5%** | **VALUE LINE**

TIMELINESS 4 Lowered 7/11/25
SAFETY 2 Raised 10/4/24
TECHNICAL 3 Lowered 6/20/25
BETA .75 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$40-$68	$54 (10%)

2028-30 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	100	(+105%)	*22%*
Low	75	(+55%)	*14%*

Institutional Decisions

	4Q2024	1Q2025	2Q2025
to Buy	124	148	151
to Sell	132	100	116
Hld's(000)	32049	27504	27902

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
High:	33.7	35.7	56.9	69.3	68.4	74.5	75.0	73.7	83.9	83.7	66.2	57.2						
Low:	25.5	27.5	28.6	45.4	51.3	53.9	45.6	58.0	55.7	57.0	48.8	44.9						

LEGENDS
42.00 x Dividends p sh divided by Interest Rate
Relative Price Strength
Options: Yes
Shaded area indicates recession

Target Price Range 2028 | 2029 | 2030

% TOT. RETURN 9/22/25

	THIS STOCK	VL ARITH.* INDEX
1 yr.	-14.2	14.7
3 yr.	-15.6	44.9
5 yr.	-9.8	90.9

	11.68	11.62	12.85	14.01	13.73	15.76	14.97	16.61	18.97	14.00	14.78	19.77	19.01	20.15	20.93	22.26	***23.80***	***26.10***
Revenues per sh																		***28.50***
	2.21	2.38	2.80	2.97	2.90	4.42	3.86	4.76	5.24	3.29	3.13	5.28	5.13	5.79	6.03	6.22	***4.65***	***4.95***
"Cash Flow" per sh																		***5.40***
	.81	.84	1.11	1.18	1.12	2.54	1.85	2.57	2.86	1.82	.82	2.14	2.03	2.43	2.68	2.87	***3.20***	***3.40***
Earnings per sh [A]																		***3.75***
	.66	.68	.69	.71	.73	.75	.78	.81	1.04	1.12	1.20	1.28	1.36	1.44	1.52	1.60	***1.68***	***1.75***
Div'd Decl'd per sh [BD■]																		***1.95***
	3.17	5.65	3.75	5.67	4.68	5.02	5.24	6.95	7.26	5.08	6.25	7.44	8.32	7.85	9.01	11.22	***8.50***	***8.75***
Cap'l Spending per sh																		***8.75***
	13.66	13.75	14.20	14.71	15.92	17.75	18.83	20.61	22.57	31.31	31.27	32.12	34.28	36.06	38.52	40.65	***41.90***	***46.10***
Book Value per sh																		***51.65***
	18.50	18.55	18.59	18.67	20.17	20.29	20.38	20.46	20.52	28.40	28.46	28.56	30.18	30.80	32.02	33.63	***34.00***	***32.00***
Common Shs Outst'g [C]																		***30.00***
	28.7	29.1	21.2	20.4	24.3	11.2	16.6	15.7	18.8	32.7	78.8	30.0	32.9	27.3	26.4	19.9	***Bold figures are Value Line estimates***	
Avg Ann'l P/E Ratio																		***23.0***
	1.91	1.85	1.33	1.30	1.37	.59	.84	.82	.95	1.77	4.20	1.54	1.78	1.58	1.47	1.05		
Relative P/E Ratio																		***1.30***
	2.8%	2.8%	2.9%	3.0%	2.7%	2.6%	2.5%	2.0%	1.9%	1.9%	1.9%	2.0%	2.0%	2.2%	2.1%	2.8%		
Avg Ann'l Div'd Yield																		***2.2%***
							305.1	339.7	389.2	397.7	420.5	564.5	573.7	620.7	670.4	748.4	***810***	***835***
Revenues ($mill)																		***855***
							37.9	52.8	59.2	38.8	23.4	61.5	60.5	73.8	85.0	94.0	***109***	***109***
Net Profit ($mill)																		***113***
							38.1%	38.8%	36.7%	20.6%	26.4%	12.0%	12.2%	10.3%	6.5%	8.7%	***21.0%***	***21.0%***
Income Tax Rate																		***21.0%***
							--	--	--	--	--	--	--	6.4%	6.4%	1.5%	***1.5%***	***1.5%***
AFUDC % to Net Profit																		***1.5%***
							49.8%	50.7%	48.2%	32.7%	59.1%	58.4%	59.1%	57.3%	55.3%	55.5%	***51.5%***	***47.0%***
Long-Term Debt Ratio																		***39.0%***
							50.2%	49.3%	51.8%	67.3%	40.9%	41.6%	40.9%	42.7%	44.7%	44.5%	***48.5%***	***53.0%***
Common Equity Ratio																		***61.0%***
							764.6	855.0	894.3	1320.7	2173.6	2204.7	2527.5	2602.8	2760.1	3073.9	***2925***	***2775***
Total Capital ($mill)																		***2550***
							1036.8	1146.4	1239.3	1328.8	2206.5	2334.9	2497.5	2630.3	3155.6	4473.5	***3550***	***3685***
Net Plant ($mill)																		***3880***
							6.3%	7.4%	7.9%	3.9%	1.8%	4.0%	3.5%	4.0%	4.3%	4.2%	***4.0%***	***4.5%***
Return on Total Cap'l																		***5.0%***
							9.9%	12.5%	12.8%	4.4%	2.6%	6.7%	5.8%	6.6%	6.9%	6.9%	***7.5%***	***7.5%***
Return on Shr. Equity																		***7.5%***
							9.9%	12.5%	12.8%	4.4%	2.6%	6.7%	5.8%	6.6%	6.9%	6.9%	***7.5%***	***7.5%***
Return on Com Equity																		***7.5%***
							5.7%	8.6%	8.2%	1.8%	NMF	2.7%	2.0%	2.7%	3.0%	3.1%	***3.5%***	***3.5%***
Retained to Com Eq																		***3.5%***
							42%	31%	36%	60%	NMF	59%	66%	59%	56%	55%	***53%***	***51%***
All Div'ds to Net Prof																		***52%***

© VALUE LINE PUB. LLC **28-30**

CAPITAL STRUCTURE as of 6/30/25
Total Debt $1711.1 mill. **Due in 5 Yrs** $44.3 mill.
LT Debt $1692.2 mill. **LT Interest** $50.0 mill.
(LT Interest Coverage: 6.5x)
(55% of Cap'l)

Pension Assets-12/24 $285.5 mill.
Oblig. $297.8 mill.
Pfd Stock None.
Common Stock 35,287,000 shs.
as of 7/22/25
MARKET CAP: $1.7 billion (Small Cap)

CURRENT POSITION ($MILL.)	2023	2024	6/30/25
Cash Assets	9.7	11.1	19.8
Accts Receivable	67.9	68.7	76.8
Other	120.8	110.9	103.9
Current Assets	198.4	190.7	200.5
Accts Payable	46.1	56.3	48.2
Debt Due	49.0	3.6	18.9
Other	247.9	201.3	247.1
Current Liab.	343.0	261.2	314.2

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '22-'24 to '28-'30
Revenues	4.0%	6.0%	*5.0%*
"Cash Flow"	6.0%	9.0%	*-2.0%*
Earnings	5.0%	7.5%	*6.0%*
Dividends	7.5%	6.5%	*4.0%*
Book Value	9.0%	6.0%	*5.0%*

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2022	124.3	149.0	176.0	171.4	620.7
2023	137.3	156.9	204.8	171.4	670.4
2024	149.4	176.2	225.1	197.7	748.4
2025	167.6	198.3	***235***	***209.1***	***810***
2026	***175***	***205***	***240***	***215***	***835***

Calendar	EARNINGS PER SHARE [A] Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2022	.12	.38	.82	1.09	2.43
2023	.37	.58	1.13	.59	2.68
2024	.36	.64	1.17	.68	2.87
2025	.50	.71	***1.25***	***.74***	***3.20***
2026	***.55***	***.75***	***1.30***	***.80***	***3.40***

Calendar	QUARTERLY DIVIDENDS PAID [BD■] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.34	.34	.34	.34	1.36
2022	.36	.36	.36	.36	1.44
2023	.38	.38	.38	.38	1.52
2024	.40	.40	.40	.40	1.60
2025	.42	.42	.42		

BUSINESS: H2O America engages in the production, purchase, storage, purification, distribution, and retail sale of water. It provides water service to approximately 232,000 connections with a total population of roughly one million people in the San Jose area and 16,000 connections that reach about 88,000 residents in the region between San Antonio and Austin, Texas. The company merged with Connecticut Water (10/19) and services approx. 140,000 connections. H2O America changed its name from SJW Group in early 2025. Has 808 employees. Officers and directors own less than 1.0% of outstanding shares (3/25 proxy). C.E.O.: Andrew F. Walters. Inc.: California. Addr.: 110 West Taylor Street, San Jose, CA 95110. Tele.: (408) 279-7800. Internet: www.h2o-america.com.

H2O America posted solid financial results for the June period. The regulated water utility reported better-than-anticipated revenues of $198 million for the second quarter of 2025, thanks largely to cumulative customer rate increases across California, Maine, and Connecticut, as well as higher water usage. Meanwhile, earnings of $0.71 per share improved 11% year over year, besting our call by a penny. The bottom line showing was impressive, given the modest increases to water production costs and administrative expenses in recent periods. Overall, we are lifting our current-year revenue estimate by $15 million, to $810 million, while leaving intact our earnings forecast, at $3.20 per share.

Two acquisitions were recently announced. First, the company's Texas subsidiary inked a deal to acquire assets from Quadvest, a water and wastewater operator in the Greater Houston area. The transaction, which is slated to close pending approval from regulators, ought to boost connections in the central Texas region. In the same breath, H2O's presence in Texas is being bolstered further by the acquisition of certain wastewater assets from South Central Water Company. Indeed, we think tuck-in purchases are poised to be a staple in the company's long-term growth strategy.

Periodic rate increases appear probable out to late decade, in line with management's aggressive capital spending plans. Year to date, H2O has invested more than $200 million on infrastructure-related projects, and is on track to splash nearly $475 million for the full year. We suspect that additional rate case filings will be made going forward to recoup a portion of these infrastructure upgrades, which include water treatment facility improvements, water delivery systems, and technology advancements.

Shares of H2O America ought to appeal to investors with an eye to late decade. At the recent quotation, total return potential out to 2028-2030 is attractive. On the other hand, the stock has slipped one notch on our Timeliness Ranking Scale, to 4 (Below Average), and thus, probably won't appeal to subscribers with a holding period of less than one year.

Nicholas Patrikis *October 3, 2025*

(A) Diluted earnings. Excludes nonrecurring losses: '10, $0.46. GAAP accounting as of 2013. Next earnings report due early Nov. Quarterly egs. may not add due to rounding.
(B) Dividends historically paid in early March, June, September, and December. ■ Div'd reinvestment plan available.
(C) In millions.
(D) Paid special dividend of $0.17 per share on 11/17.

Company's Financial Strength	B++
Stock's Price Stability	90
Price Growth Persistence	55
Earnings Predictability	50

© 2025 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

MIDDLESEX WATER NDQ-MSEX

RECENT PRICE **53.48** | P/E RATIO **19.8** (Trailing: 22.1 Median: 28.0) | RELATIVE P/E RATIO **1.06** | DIV'D YLD **2.6%** | **VALUE LINE**

TIMELINESS 4 Lowered 5/30/25
SAFETY 3 Lowered 7/4/25
TECHNICAL 3 Lowered 8/15/25
BETA .75 (1.00 = Market)

18-Month Target Price Range

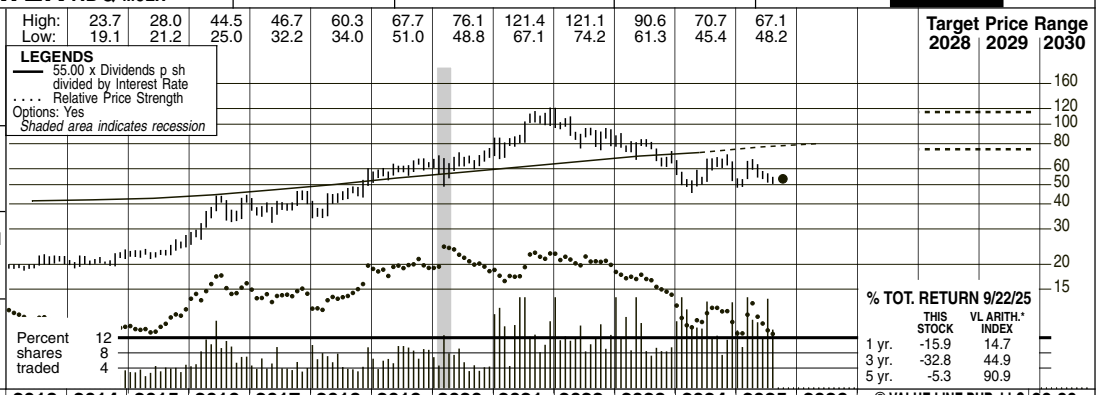
Low-High	Midpoint (% to Mid)
$41-$80	$61 (15%)

2028-30 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	115	(+115%)	*23%*
Low	75	(+40%)	*11%*

Institutional Decisions

	4Q2024	1Q2025	2Q2025
to Buy	100	92	119
to Sell	74	104	77
Hld's(000)	16718	13861	13523



2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	© VALUE LINE PUB. LLC	28-30
6.75	6.60	6.50	6.98	7.19	7.26	7.77	8.16	8.00	8.42	7.72	8.10	8.17	9.21	9.33	10.73	*11.10*	*12.05*	Revenues per sh	*12.70*
1.40	1.55	1.46	1.56	1.72	1.84	1.97	2.17	2.24	2.89	2.90	3.25	3.28	3.70	3.41	4.04	*3.65*	*4.05*	"Cash Flow" per sh	*4.55*
.72	.96	.84	.90	1.03	1.13	1.22	1.38	1.38	1.96	2.01	2.18	2.07	2.39	1.76	2.47	*2.55*	*2.95*	Earnings per sh [A]	*3.45*
.71	.72	.73	.74	.75	.76	.78	.81	.86	.91	.98	1.04	1.11	1.18	1.26	1.32	*1.40*	*1.46*	Div'd Decl'd per sh [B]■	*1.65*
1.49	1.90	1.50	1.36	1.26	1.40	1.59	2.91	3.08	4.40	5.11	6.04	4.53	5.18	5.06	4.17	*5.45*	*5.65*	Cap'l Spending per sh	*6.00*
10.33	11.13	11.27	11.48	11.82	12.24	12.74	13.40	14.02	15.17	18.57	19.81	20.99	22.65	23.74	24.89	*25.00*	*25.50*	Book Value per sh	*25.60*
13.52	15.57	15.70	15.82	15.96	16.12	16.23	16.30	16.35	16.40	17.43	17.47	17.52	17.64	17.82	17.89	*18.00*	*18.25*	Common Shs Outst'g [C]	*18.50*
21.0	17.8	21.7	20.8	19.7	18.5	19.1	25.6	28.4	22.2	29.7	30.1	44.3	38.6	42.8	23.6	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*28.0*
1.40	1.13	1.36	1.32	1.11	.97	.96	1.34	1.43	1.20	1.58	1.55	2.39	2.23	2.38	1.25			Relative P/E Ratio	*1.55*
4.7%	4.2%	4.0%	4.0%	3.7%	3.7%	3.3%	2.3%	2.2%	2.1%	1.6%	1.6%	1.2%	1.3%	1.7%	2.3%			Avg Ann'l Div'd Yield	*1.7%*
						126.0	132.9	130.8	138.1	134.6	141.6	143.1	162.4	166.3	191.9	*200*	*220*	Revenues ($mill)	*235*
						20.0	22.7	22.8	32.5	33.9	38.4	36.5	42.4	31.5	44.4	*46.0*	*53.0*	Net Profit ($mill)	*64.0*
						34.5%	34.0%	32.7%	2.8%	- -	- -	- -	7.1%	3.2%	13.5%	*21.0%*	*21.0%*	Income Tax Rate	*21.0%*
						1.9%	2.7%	3.1%	1.4%	3.4%	3.9%	- -	- -	3.9%	3.9%	*2.5%*	*2.5%*	AFUDC % to Net Profit	*2.5%*
						39.4%	37.9%	37.5%	37.8%	41.5%	44.0%	45.3%	41.9%	45.7%	44.1%	*40.0%*	*39.5%*	Long-Term Debt Ratio	*38.0%*
						59.8%	61.5%	61.8%	61.6%	58.2%	55.7%	54.4%	57.7%	54.0%	55.7%	*60.0%*	*60.5%*	Common Equity Ratio	*62.0%*
						345.4	355.4	370.7	404.1	556.7	621.5	676.3	692.7	783.2	799.7	*750*	*765*	Total Capital ($mill)	*770*
						481.9	517.8	557.2	618.5	705.7	796.6	865.4	920.6	998.3	1067.1	*1075*	*1095*	Net Plant ($mill)	*1150*
						6.6%	7.1%	6.9%	8.9%	6.7%	6.8%	6.0%	6.8%	4.8%	6.3%	*6.5%*	*7.5%*	Return on Total Cap'l	*8.5%*
						9.6%	10.3%	9.8%	12.9%	10.4%	11.0%	9.9%	10.5%	7.4%	9.9%	*10.0%*	*11.5%*	Return on Shr. Equity	*13.5%*
						9.6%	10.3%	9.9%	13.0%	10.4%	11.1%	9.9%	10.6%	7.4%	9.9%	*10.0%*	*11.5%*	Return on Com Equity	*13.5%*
						3.5%	4.3%	3.8%	7.0%	5.4%	5.8%	4.6%	5.4%	2.1%	4.7%	*4.5%*	*6.0%*	Retained to Com Eq	*7.0%*
						63%	58%	62%	46%	48%	48%	53%	49%	72%	53%	*55%*	*49%*	All Div'ds to Net Prof	*48%*

CAPITAL STRUCTURE as of 6/30/25
Total Debt $358.7 mill. **Due in 5 Yrs** $43.7 mill.
LT Debt $351.1 mill. **LT Interest** $7.5 mill.
(Total interest coverage: 8.8x)
(44% of Cap'l)

Pension Assets-12/24 $98.6 mill.
Oblig. $87.5 mill.
Pfd Stock $2.4 mill. **Pfd Div'd:** $.1 mill.

Common Stock 18,016,000 shs.

MARKET CAP: $975 million (Small Cap)

CURRENT POSITION ($MILL.)	2023	2024	6/30/25
Cash Assets	2.4	4.2	2.6
Other	106.1	38.8	46.9
Current Assets	108.5	43.0	49.5
Accts Payable	27.6	28.1	30.8
Debt Due	7.7	7.7	7.6
Other	68.5	47.1	83.1
Current Liab.	103.8	82.9	121.5

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '22-'24 to '28-'30
Revenues	3.0%	4.0%	*4.5%*
"Cash Flow"	8.0%	7.0%	*3.5%*
Earnings	8.0%	4.5%	*7.5%*
Dividends	5.0%	6.5%	*4.5%*
Book Value	7.0%	8.5%	*1.5%*

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2022	36.2	39.7	47.7	38.8	162.4
2023	38.2	42.8	46.7	38.6	166.3
2024	40.5	49.1	55.1	47.2	191.9
2025	44.3	49.3	***56.0***	***50.4***	***200***
2026	***52.0***	***55.0***	***60.0***	***53.0***	***220***

Calendar	EARNINGS PER SHARE [A] Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2022	.68	.50	.80	.40	2.39
2023	.33	.55	.56	.32	1.76
2024	.59	.59	.80	.49	2.47
2025	.53	.60	***.83***	***.59***	***2.55***
2026	***.68***	***.72***	***.88***	***.67***	***2.95***

Calendar	QUARTERLY DIVIDENDS PAID [B]■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.2725	.2725	.2725	.29	1.11
2022	.29	.29	.29	.3125	1.18
2023	.3125	.3125	.3125	.325	1.26
2024	.325	.325	.325	.34	1.32
2025	.34	.34	.34		

BUSINESS: Middlesex Water Company engages in the ownership and operation of regulated water utility systems in New Jersey, Delaware, and Pennsylvania. It also operates water and wastewater systems under contract on behalf of municipal and private clients in NJ and DE. Its Middlesex System provides water services to 61,000 retail customers, primarily in Middlesex County, New Jersey. In 2024, the Middlesex System accounted for 67% of operating revenues. At 12/31/24, the company had 360 employees. Incorporated: NJ. President, CEO, and Chairman: Dennis W. Doll. Officers & directors own 1.3% of the com. stock; BlackRock Inst. Trust Co., 19.5% (4/25 proxy). Add.: 485 C Route 1 South, Suite 400, Iselin, NJ 08830. Tele.: 732-634-1500. Int.: www.middlesexwater.com.

Middlesex Water stock is down about 8% in price since we last reported on the equity. Over the past three months, the stock dipped in value, not far from its 52-week low, and has traded relatively sideways since then, struggling to take part in the broader market rally. Second-quarter financial results improved sequentially, but were roughly flat on a year-over-year basis. At this time, Middlesex shares are unfavorably ranked for relative year-ahead price action (Timeliness: 4) and, thus, probably won't pique the interest of investors with a short-term horizon.

Modest top- and bottom-line growth is likely on tap for this year. For the June period, Middlesex reported revenues of $49.3 million and earnings of $0.60 per share, in line with our expectations. Rate increases and customer growth were somewhat offset by higher operating expenses, namely production costs, and slightly lower consumption. For the full year, we look for low-single-digit revenue and earnings expansion.

A favorable rate case approval in Delaware was recently announced. In July, the regulatory body settled an agreement with Tidewater Utilities to implement higher customer water rates effective that month. The increase is expected to add nearly $6 million to annual revenues. Going forward, in conjunction with the company's infrastructure spending plans, we think additional rate filings are probably in the cards.

Management is on track with the current-year investment budget. Having spent just over $50 million over the first six months of 2025, MSEX will likely mirror that amount for the back half of this year. Upgrades include wastewater treatment facilities, pipes and service line replacements, as well as various technology improvements. For 2026, the annual capital spending budget is slated to remain in the realm of $100 million.

Buy-and-hold accounts can find something to like here. Supported partly by an above-average dividend yield (2.6%), total return potential out to 2028-2030 is attractive at the recent quotation. A stable business model and low Beta are also a plus for subscribers with a conservative lean.

Nicholas Patrikis *October 3, 2025*

(A) Diluted earnings. Quarterly figures may not sum due to rounding. Next earnings report due early November.

(B) Dividends historically paid in mid-Feb., May, Aug., and November.■ Div'd reinvestment plan available.

(C) In millions.

Company's Financial Strength	A
Stock's Price Stability	65
Price Growth Persistence	70
Earnings Predictability	85

© 2025 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

CHESAPEAKE UTIL. NYSE-CPK

RECENT PRICE **133.50** | P/E RATIO **22.4** (Trailing: 23.6 Median: 23.0) | RELATIVE P/E RATIO **1.26** | DIV'D YLD **2.1%** | **VALUE LINE**

TIMELINESS 4 Lowered 6/20/25
SAFETY 2 New 6/5/15
TECHNICAL 2 Raised 11/21/25
BETA .70 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$116-$184	$150 (10%)

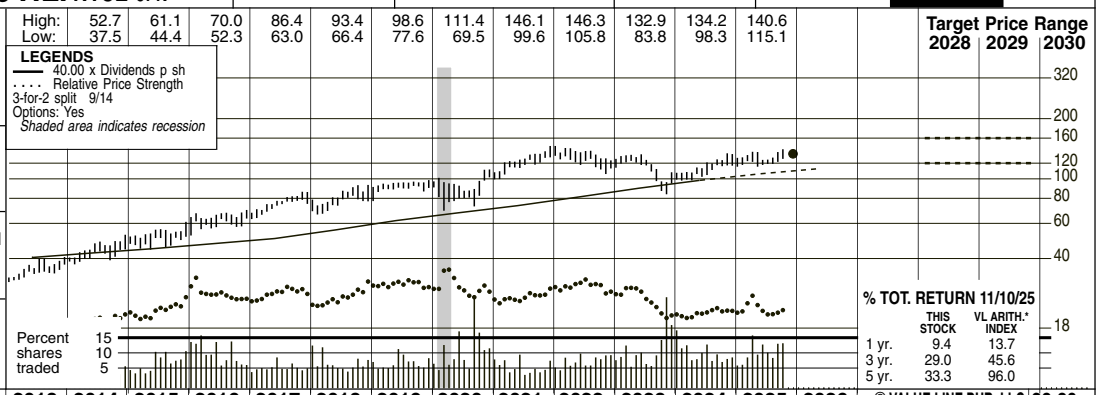
2028-30 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	160	(+20%)	*7%*
Low	120	(-10%)	*Nil*

Institutional Decisions

	4Q2024	1Q2025	2Q2025
to Buy	151	164	165
to Sell	127	124	141
Hld's(000)	23287	20423	20679

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
High:	52.7	61.1	70.0	86.4	93.4	98.6	111.4	146.1	146.3	132.9	134.2	140.6						
Low:	37.5	44.4	52.3	63.0	66.4	77.6	69.5	99.6	105.8	83.8	98.3	115.1						



% TOT. RETURN 11/10/25

	THIS STOCK	VL ARITH.* INDEX
1 yr.	9.4	13.7
3 yr.	29.0	45.6
5 yr.	33.3	96.0

© VALUE LINE PUB. LLC	28-30
Revenues per sh	*65.40*
"Cash Flow" per sh	*14.05*
Earnings per sh A	*8.00*
Div'ds Decl'd per sh B■	*3.40*
Cap'l Spending per sh	*15.55*
Book Value per sh	*86.00*
Common Shs Outst'g C	*26.00*
Avg Ann'l P/E Ratio	*17.5*
Relative P/E Ratio	*.95*
Avg Ann'l Div'd Yield	*2.4%*
Revenues ($mill)	*1700*
Net Profit ($mill)	*215*
Income Tax Rate	*29.0%*
Net Profit Margin	*12.6%*
Long-Term Debt Ratio	*48.0%*
Common Equity Ratio	*52.0%*
Total Capital ($mill)	*4300*
Net Plant ($mill)	*4400*
Return on Total Cap'l	*6.5%*
Return on Shr. Equity	*9.5%*
Return on Com Equity	*9.5%*
Retained to Com Eq	*5.5%*
All Div'ds to Net Prof	*41%*

Bold figures are Value Line estimates

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	19.07	29.93	29.13	27.26	30.73	34.19	30.07	30.60	37.79	43.81	29.24	27.96	32.28	38.37	30.16	34.38	*38.15*	*42.90*
	2.15	3.50	3.69	3.95	4.35	4.73	5.05	5.16	5.42	6.47	6.50	7.37	8.28	8.87	6.87	8.05	*9.45*	*10.90*
	1.43	1.82	1.91	1.99	2.26	2.47	2.68	2.86	2.68	3.45	3.72	4.21	4.73	4.97	4.73	5.26	*5.80*	*6.30*
	.83	.87	.91	.96	1.01	1.07	1.12	1.19	1.26	1.39	1.55	1.69	1.84	2.03	2.25	2.46	*2.65*	*2.82*
	1.89	3.18	3.28	5.00	6.72	6.66	9.47	10.42	10.73	16.47	11.26	9.48	10.59	7.23	8.48	15.52	*17.90*	*18.75*
	14.89	15.84	16.78	17.82	19.28	20.59	23.45	27.36	29.75	31.65	34.23	39.92	43.85	46.94	56.04	60.71	*64.40*	*70.30*
	14.09	14.29	14.35	14.40	14.46	14.59	15.27	16.30	16.34	16.38	16.40	17.46	17.66	17.74	22.24	22.90	*24.00*	*24.00*
	14.2	12.2	14.2	14.8	15.6	17.7	19.1	21.8	27.8	22.9	24.7	21.6	25.6	25.8	24.3	21.5		
	.95	.78	.89	.94	.88	.93	.96	1.14	1.40	1.24	1.32	1.11	1.38	1.49	1.36	1.13		
	4.1%	3.9%	3.4%	3.3%	2.9%	2.4%	2.2%	1.9%	1.7%	1.8%	1.7%	1.9%	1.5%	1.6%	2.0%	2.2%		
							459.2	498.9	617.6	717.5	479.6	488.2	570.0	680.7	670.6	787.2	*915*	*1030*
							40.2	44.7	43.8	56.6	61.1	70.6	83.5	88.4	87.2	118.6	*136*	*150*
							39.5%	38.8%	39.5%	27.1%	25.6%	25.0%	25.9%	27.4%	24.4%	26.7%	*27.0%*	*27.0%*
							8.8%	9.0%	7.1%	7.9%	12.7%	14.5%	14.6%	13.0%	13.0%	15.1%	*14.9%*	*14.6%*
							29.4%	23.5%	28.9%	37.9%	43.9%	42.2%	41.5%	41.0%	48.8%	47.6%	*48.5%*	*48.5%*
							70.6%	76.5%	71.1%	62.1%	56.1%	57.8%	58.5%	59.0%	51.2%	52.4%	*51.5%*	*51.5%*
							507.5	583.0	683.7	834.5	1001.7	1205.6	1324.0	1411.2	2433.2	2651.9	*3000*	*3275*
							855.0	986.7	1126.0	1384.0	1463.8	1601.2	1744.9	1810.5	2456.4	2735.9	*3100*	*3400*
							8.9%	8.6%	7.3%	7.8%	7.2%	6.8%	7.1%	7.1%	4.3%	5.8%	*6.0%*	*6.0%*
							11.2%	10.0%	9.0%	10.9%	10.9%	10.1%	10.8%	10.6%	7.0%	8.5%	*9.0%*	*9.0%*
							11.2%	10.0%	9.0%	10.9%	10.9%	10.1%	10.8%	10.6%	7.0%	8.5%	*9.0%*	*9.0%*
							6.8%	6.1%	4.9%	6.7%	6.5%	6.2%	6.7%	6.4%	3.8%	4.6%	*4.5%*	*5.0%*
							40%	39%	45%	39%	40%	38%	38%	40%	46%	46%	*47%*	*45%*

CAPITAL STRUCTURE as of 9/30/25
Total Debt $1568.2 mill. **Due in 5 Yrs** $780.0 mill.
LT Debt $1437.9 mill. **LT Interest** $68.0 mill.
(LT interest earned: 3.4x; total interest coverage: 3.4x) (48% of Cap'l)
Leases, Uncapitalized Annual rentals $2.6 mill.
Pfd Stock None
Pension Assets-12/24 $49.1 mill.
Oblig. $47.0 mill.
Common Stock 23,650,684 shs.
as of 11/3/25

MARKET CAP: $3.2 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2023	2024	9/30/25
Cash Assets	4.9	7.9	1.8
Other	180.8	196.4	217.0
Current Assets	185.7	204.3	218.8
Accts Payable	77.5	78.3	89.2
Debt Due	198.4	222.0	130.3
Other	110.5	119.1	131.7
Current Liab.	386.4	419.4	351.2
Fix. Chg. Cov.	514%	393%	410%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '22-'24 to '28-'30
Revenues	1.0%	-1.5%	*11.5%*
"Cash Flow"	6.0%	5.5%	*10.0%*
Earnings	8.5%	8.5%	*8.0%*
Dividends	8.5%	10.0%	*7.0%*
Book Value	11.0%	11.5%	*8.0%*

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	222.9	139.5	131.1	187.2	680.7
2023	218.1	135.6	131.5	185.4	670.6
2024	245.7	166.3	160.1	215.1	787.2
2025	298.7	192.8	179.6	*243.9*	*915*
2026	*330*	*220*	*215*	*265*	*1030*

Calendar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	2.08	.88	.54	1.47	4.97
2023	2.04	.90	.53	1.26	4.73
2024	2.07	.82	.78	1.60	5.26
2025	2.21	1.02	.82	*1.75*	*5.80*
2026	*2.35*	*1.04*	*.98*	*1.93*	*6.30*

Calendar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.44	.44	.48	.48	1.84
2022	.48	.48	.535	.535	2.03
2023	.535	.535	.59	.59	2.25
2024	.59	.59	.64	.64	2.46
2025	.64	.64	.685	.685	

BUSINESS: Chesapeake Utilities Corporation consists of two main units. The Regulated Energy segment distributes natural gas in Delaware, Maryland, and Florida; distributes electricity in Florida; and transmits natural gas on the Delmarva Peninsula and in Florida. The Unregulated Energy operation wholesales and distributes propane; markets natural gas; and provides other unregulated energy services, including midstream services in Ohio. Revenue breakdown for 2024: Regulated Energy, 74.1%; Unregulated Energy, 29.0%; Other, d3.1%. Officers and directors own 1.5% of common stock; BlackRock, 16.1% (3/25 Proxy). Chairman and CEO: Jeffry Householder. Inc.: DE. Address: 500 Energy Lane, Dover, DE 19901. Tel.: (302) 734-6799. Internet: www.chpk.com.

Chesapeake Utilities stands to register good results in 2025. Indeed, during the first nine months, the bottom line advanced 10.4%, to $4.05 per share, compared to the $3.67 figure posted for the same period last year. One contributing factor was higher customer consumption resulting from colder temperatures in the Mid-Atlantic and Ohio service territories. Also, there were benefits from pipeline expansion projects. Other positives included contributions from regulated infrastructure programs and rate changes associated with recent rate-case activities. Since we see more of the same in the fourth quarter, full-year earnings per share might be around $5.80. That would show a 10% rise from 2024's $5.26 tally. Concerning 2026, per-share profits may grow another 8% or so, to $6.30, assuming additional expansion of operating margins.

The Financial Strength rating is solid, at B++. When the September interim ended, cash and equivalents resided at $1.8 million. Although long-term borrowings climbed some from the second-quarter level, they remained manageable (roughly 48% of total capital). Too, short-term debt did not appear to be a major stumbling block. Meanwhile, $349.9 million was available, out of $450.0 million, under a revolving credit facility.

This year's capital expenditures are now anticipated to be between $425 million and $450 million. (They were increased from the previous $375 million-$425 million estimate, given progress on a number of projects.) The bulk of the funds are being deployed to the Regulated Energy division, with an emphasis on the natural gas distribution and transmission segments. Furthermore, Chesapeake continues to expect total capital spending to lie in the range of $1.5 billion and $1.8 billion for the five-year period between 2024 and 2028. All told, we believe that these objectives can be achieved, assuming that the balance sheet stays in sound condition.

The untimely stock holds uninspiring total return potential over the 2028-2030 span. Its dividend yield is not enticing relative to *Value Line's* Natural Gas Utility average. Moreover, long-term capital gains potential looks minuscule at the recent quotation.

Frederick L. Harris, III November 21, 2025

(A) Diluted shrs. Excludes nonrecurring gains: '15, 6¢; '17, 87¢; '22, 8¢. Excludes discontinued operations: '19, 24¢; '20, 5¢. Next earnings report due early Feb. Quarters for '24 don't add up to total due to rounding.
(B) Dividends historically paid in early January, April, July, and October. ■ Dividend reinvestment plan. Direct stock purchase plan available.
(C) In millions, adjusted for split.

Company's Financial Strength	B++
Stock's Price Stability	90
Price Growth Persistence	70
Earnings Predictability	100

© 2025 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

NEW JERSEY RES. NYSE-NJR

RECENT PRICE **45.66** | P/E RATIO **15.3** (Trailing: 11.2 Median: 17.0) | RELATIVE P/E RATIO **0.86** | DIV'D YLD **4.2%** | **VALUE LINE**

TIMELINESS 4 Lowered 7/18/25
SAFETY 2 Lowered 4/17/20
TECHNICAL 2 Raised 11/21/25
BETA .75 (1.00 = Market)

18-Month Target Price Range

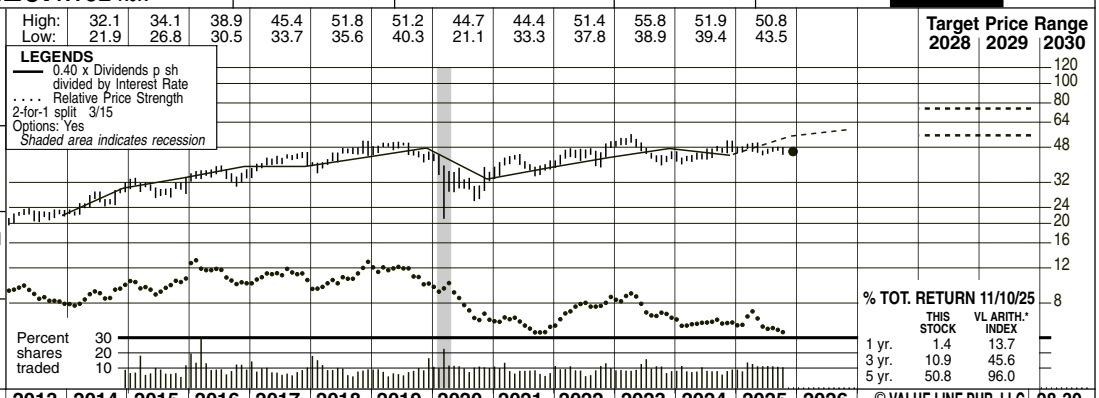
Low-High	Midpoint (% to Mid)
$40-$64	$52 (15%)

2028-30 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	75	(+65%)	*16%*
Low	55	(+20%)	*9%*

Institutional Decisions

	4Q2024	1Q2025	2Q2025
to Buy	215	218	216
to Sell	135	165	168
Hld's(000)	91465	74916	77155



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	© VALUE LINE PUB. LLC	28-30
High:	32.1	34.1	38.9	45.4	51.8	51.2	44.7	44.4	51.4	55.8	51.9	50.8								
Low:	21.9	26.8	30.5	33.7	35.6	40.3	21.1	33.3	37.8	38.9	39.4	43.5								
	31.17	32.05	36.30	27.08	38.38	44.40	32.09	21.90	26.28	33.24	29.01	20.39	22.71	30.19	20.12	18.06	***19.80***	***19.60***	Revenues per sh [A]	***21.45***
	1.58	1.63	1.70	1.86	1.93	2.73	2.52	2.46	2.68	3.72	2.99	3.30	3.36	3.84	4.28	4.59	***5.10***	***5.10***	"Cash Flow" per sh	***6.25***
	1.20	1.23	1.29	1.36	1.37	2.08	1.78	1.61	1.73	2.72	1.96	2.07	2.16	2.50	2.71	2.95	***3.25***	***3.15***	Earnings per sh [B]	***3.90***
	.62	.68	.72	.77	.81	.86	.93	.98	1.04	1.11	1.19	1.27	1.36	1.45	1.56	1.71	1.80	***1.90***	Div'ds Decl'd per sh [C] ■	***2.20***
	.90	1.05	1.13	1.26	1.33	1.52	3.76	4.15	3.80	4.39	5.83	4.65	5.42	5.81	5.13	5.26	***6.50***	***5.75***	Cap'l Spending per sh	***6.50***
	8.29	8.81	9.36	9.80	10.65	11.48	12.99	13.58	14.33	16.18	17.37	19.26	17.18	18.88	20.40	22.12	***24.75***	***25.35***	Book Value per sh [D]	***27.65***
	83.17	82.35	82.89	83.05	83.32	84.20	85.19	85.88	86.32	87.69	89.34	95.80	94.95	96.25	97.58	99.46	***101.00***	***102.00***	Common Shs Outst'g [E]	***105.00***
	14.9	15.0	16.8	16.8	16.0	11.7	16.6	21.3	22.4	15.6	24.3	17.7	17.5	17.0	17.6	14.9	***14.5***		Avg Ann'l P/E Ratio	***17.0***
	.99	.95	1.05	1.07	.90	.62	.84	1.12	1.13	.84	1.29	.91	.95	.98	.98	.77	***.75***		Relative P/E Ratio	***.95***
	3.5%	3.7%	3.3%	3.4%	3.7%	3.5%	3.1%	2.9%	2.7%	2.6%	2.5%	3.5%	3.6%	3.4%	3.3%	3.9%	3.8%		Avg Ann'l Div'd Yield	***3.3%***
							2734.0	1880.9	2268.6	2915.1	2592.0	1953.7	2156.6	2906.0	1963.0	1796.5	***2000***	***2000***	Revenues ($mill) [A]	***2250***
							153.7	138.1	149.4	240.5	175.0	196.2	207.7	240.3	264.7	290.8	***330***	***320***	Net Profit ($mill)	***410***
							26.3%	15.5%	17.2%	--	--	--	10.3%	22.0%	15.9%	23.0%	***21.5%***	***22.0%***	Income Tax Rate	***22.0%***
							5.6%	7.3%	6.6%	8.2%	6.7%	10.0%	9.6%	8.3%	13.5%	16.2%	***16.4%***	***16.1%***	Net Profit Margin	***18.2%***
							43.2%	47.7%	44.6%	45.4%	49.8%	55.1%	57.0%	57.8%	58.2%	56.7%	***55.0%***	***55.0%***	Long-Term Debt Ratio	***55.0%***
							56.8%	52.3%	55.4%	54.6%	50.2%	44.9%	43.0%	42.2%	41.8%	43.3%	***45.0%***	***45.0%***	Common Equity Ratio	***45.0%***
							1950.6	2230.1	2233.7	2599.6	3088.9	4104.2	3793.0	4302.6	4758.8	5079.9	***5550***	***5750***	Total Capital ($mill)	***6450***
							2128.3	2407.7	2609.7	2651.0	3041.2	3983.0	4213.5	4649.9	5022.1	5403.2	***5700***	***5900***	Net Plant ($mill)	***6800***
							8.6%	6.9%	7.7%	10.1%	6.4%	5.6%	6.5%	6.8%	5.5%	5.7%	***6.0%***	***5.5%***	Return on Total Cap'l	***6.5%***
							13.9%	11.8%	12.1%	16.9%	11.3%	10.6%	12.7%	13.2%	13.3%	13.2%	***13.0%***	***12.5%***	Return on Shr. Equity	***14.0%***
							13.9%	11.8%	12.1%	16.9%	11.3%	10.6%	12.7%	13.2%	13.3%	13.2%	***13.0%***	***12.5%***	Return on Com Equity	***14.0%***
							7.0%	4.8%	5.0%	10.2%	4.6%	4.3%	5.6%	6.2%	5.7%	5.7%	***6.0%***	***4.5%***	Retained to Com Eq	***6.0%***
							50%	60%	59%	40%	59%	60%	56%	53%	58%	58%	***55%***	***60%***	All Div'ds to Net Prof	***56%***

CAPITAL STRUCTURE as of 6/30/25
Total Debt $3383.4 mill. **Due in 5 Yrs** $660 mill.
LT Debt $3020.6 mill. **LT Interest** $135 mill.
Incl. $8.4 mill. capitalized leases.

Pension Assets-9/24 $641 mill.
Oblig. $624 mill.

Pfd Stock None

Common Stock 100,451,372 shs.
as of 8/1/25

MARKET CAP: $4.6 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2023	2024	6/30/25
Cash Assets	1.0	1.0	.9
Other	531.1	553.6	561.4
Current Assets	532.1	554.6	562.3
Accts Payable	203.1	169.2	138.7
Debt Due	368.3	480.8	362.8
Other	235.2	237.8	237.6
Current Liab.	806.6	887.8	739.1
Fix. Chg. Cov.	331%	480%	620%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '22-'24 to '28-'30
Revenues	-4.5%	-5.0%	*-1.0%*
"Cash Flow"	7.0%	6.5%	*6.5%*
Earnings	5.5%	5.0%	*6.5%*
Dividends	7.0%	7.0%	*5.5%*
Book Value	7.0%	5.0%	*5.0%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) [A] Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2022	675.9	912.3	552.3	765.5	2906.0
2023	723.6	644.0	264.1	331.3	1963.0
2024	467.2	657.9	275.6	395.8	1796.5
2025	488.4	913.0	298.9	***299.7***	***2000***
2026	***490***	***915***	***300***	***295***	***2000***

Fiscal Year Ends	EARNINGS PER SHARE [A B] Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2022	.69	1.36	d.04	.49	2.50
2023	1.14	1.16	.10	.31	2.71
2024	.74	1.41	d.09	.89	2.95
2025	1.28	1.78	.06	***.13***	***3.25***
2026	***1.10***	***1.65***	***.10***	***.30***	***3.15***

Cal-endar	QUARTERLY DIVIDENDS PAID [C] ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.3325	.3325	.3325	.3625	1.36
2022	.3625	.3625	.3625	.3625	1.45
2023	.39	.39	.39	.39	1.56
2024	.42	.42	.42	.45	1.71
2025	.45	.45	.45	.475	

BUSINESS: New Jersey Resources Corp. is a holding company providing retail/wholesale energy svcs. to customers in NJ, and in states from the Gulf Coast to New England, and Canada. New Jersey Natural Gas had 583,000 cust. at 9/30/24. Fiscal 2024 volume: 158 bill. cu. ft. (16% interruptible, 41% residential, commercial & firm transportation, 43% other). N.J. Natural Energy subsidiary provides unregulated retail/wholesale natural gas and related energy svcs. 2024 dep. rate: 3.2%. Has 1,370 empls. Off./dir. own less than 1% of common; BlackRock, 17.3%; Vanguard, 11.9% (12/24 Proxy). CEO, President & Director: Steven D. Westhoven. Incorporated: New Jersey. Address: 1415 Wyckoff Road, Wall, NJ 07719. Telephone: 732-938-1480. Internet: www.njresources.com.

New Jersey Resources likely delivered solid results in fiscal 2025 (year ended September 30th). The company was slated to report full-year figures shortly after our press time, but a number of metrics were trending nicely. Our top-line estimate stands at $2.0 billion, which would represent an 11% increase, year over year. The company's New Jersey Natural Gas (NJNG) unit has benefited from a base rate case settlement earlier in the year and favorable weather conditions last winter. The Energy Services arm also was looking up. This helped offset weakness in the Clean Energy Ventures division. Meanwhile, our earnings target of $3.25 per share would be an impressive 10% gain, with the bulk of the profits coming from the NJNG unit.

Fiscal 2026 numbers are likely to be muted. The circumstances that drove the NJNG surge, including the weather tailwind, can't be expected to repeat themselves this year. With that in mind, we are calling for flat revenues and lower earnings in fiscal 2026.

The long-term outlook is sound. Through its operating divisions, New Jersey Resources maintains a diverse energy portfolio between clean energy and natural gas. The need for power is likely to continue to increase, especially with the advent of artificial intelligence, as the number of data centers ought to continue to rise. These data centers require substantial amounts of power to operate, so demand ought to remain healthy. What's more, population figures in the region are trending upward. The company's past and future investments in infrastructure modernization should allow it to continue to service its customers efficiently. The end result should be low- to mid-single-digit top- and bottom-line growth out to late decade.

These shares are ranked 4 (Below Average) for Timeliness. The stock has dipped slightly in value since our last full-page review in August and is pegged to lag the broader market averages in the next six to 12 months. The main attraction here is the above-average yield. Too, although capital appreciation potential out to 2028-2030 is just below the *Value Line* median, this issue carries less risk.

Kevin P. O'Sullivan *November 21, 2025*

(A) Fiscal year ends Sept. 30th.
(B) Diluted earnings. Qtly. revenues and egs. may not sum to total due to rounding and change in shares outstanding. Next earnings report due early February.
(C) Dividends historically paid in early Jan., April, July, and October. ■ Dividend reinvestment plan available.
(D) Includes regulatory assets in 2024: $612.6 million, $6.16/share.
(E) In millions, adjusted for 3/15 split.

Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	35
Earnings Predictability	65

© 2025 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

NISOURCE INC. NYSE-NI

RECENT PRICE **43.72** | P/E RATIO **21.9** (Trailing: 23.0 Median: 20.0) | RELATIVE P/E RATIO **1.23** | DIV'D YLD **2.7%** | **VALUE LINE**

TIMELINESS 4 Lowered 5/2/25
SAFETY 2 Raised 2/23/24
TECHNICAL 3 Lowered 8/1/25
BETA .85 (1.00 = Market)

18-Month Target Price Range

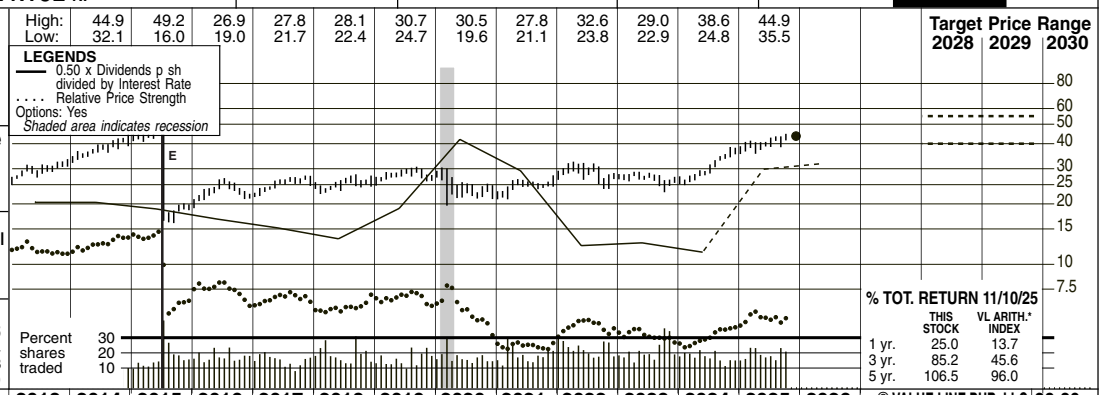
Low-High	Midpoint (% to Mid)
$37-$57	$47 (10%)

2028-30 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	55	(+25%)	*8%*
Low	40	(-10%)	*1%*

Institutional Decisions

	4Q2024	1Q2025	2Q2025
to Buy	383	429	394
to Sell	288	296	333
Hld's(000)	493671	437986	472780



2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	© VALUE LINE PUB. LLC	28-30
24.02	22.99	21.33	16.31	18.04	20.47	14.58	13.90	14.46	13.74	13.63	11.95	12.09	14.20	12.31	11.61	*12.50*	*12.60*	Revenues per sh	*15.60*
2.96	3.19	2.98	3.13	3.41	3.60	2.27	2.71	2.07	2.86	3.17	3.15	3.26	3.56	3.63	3.92	*4.10*	*4.20*	"Cash Flow" per sh	*5.30*
.84	1.06	1.05	1.37	1.57	1.67	.63	1.00	.39	1.30	1.31	1.32	1.37	1.47	1.60	1.75	*1.90*	*2.05*	Earnings per sh [A]	*2.55*
.92	.92	.92	.94	.98	1.02	.83	.64	.70	.78	.80	.84	.88	.94	1.00	1.06	*1.12*	*1.20*	Div'd Decl'd per sh [B] ■	*1.44*
2.81	2.88	3.99	4.83	5.99	6.42	4.26	4.57	5.03	4.88	4.72	4.49	4.53	5.35	5.91	5.92	*5.50*	*6.00*	Cap'l Spending per sh	*7.00*
17.54	17.63	17.71	17.90	18.77	19.54	12.04	12.60	12.82	13.08	13.36	12.44	13.33	14.63	17.40	18.48	*25.70*	*25.75*	Book Value per sh [C]	*29.85*
276.79	279.30	282.18	310.28	313.68	316.04	319.11	323.16	337.02	372.36	382.14	391.76	405.30	412.14	447.38	469.82	*480.00*	*500.00*	Common Shs Outst'g [D]	*525.00*
14.3	15.3	19.4	17.9	18.9	22.7	37.3	23.2	NMF	19.3	21.3	18.7	18.0	19.6	16.8	17.5	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*19.0*
.95	.97	1.22	1.14	1.06	1.19	1.88	1.22	NMF	1.04	1.13	.96	.97	1.13	.93	.91			Relative P/E Ratio	*1.05*
7.6%	5.7%	4.5%	3.8%	3.3%	2.7%	3.5%	2.8%	2.8%	3.1%	2.9%	3.4%	3.6%	3.3%	3.7%	3.5%			Avg Ann'l Div'd Yield	*3.0%*
4651.8	4492.5	4874.6	5114.5	5208.9	4681.7	4899.6	5850.6	5505.4	5455.1	*6100*	*6400*	Revenues ($mill)	*8200*
198.6	328.1	128.6	478.3	549.8	562.6	626.3	703.3	759.1	805.3	*910*	*1000*	Net Profit ($mill)	*1340*
41.6%	35.7%	71.0%	19.7%	17.0%	18.3%	15.7%	16.5%	17.8%	16.3%	*19.0%*	*19.0%*	Income Tax Rate	*19.0%*
--	--	--	--	--	--	--	--	3.0%	5.0%	*3.0%*	*3.0%*	AFUDC % to Net Profit	*3.0%*
60.7%	59.8%	63.5%	55.3%	56.8%	61.6%	56.9%	55.7%	57.2%	58.2%	*54.0%*	*55.0%*	Long-Term Debt Ratio	*55.0%*
39.3%	40.2%	36.5%	37.9%	36.9%	32.5%	33.5%	35.3%	40.3%	41.8%	*46.0%*	*45.0%*	Common Equity Ratio	*45.0%*
9792.0	10129	11832	12856	13843	14972	16131	17099	19325	20759	*26800*	*28600*	Total Capital ($mill)	*35000*
12112	13068	14360	15543	16912	16620	17882	19843	22275	25454	*30000*	*32000*	Net Plant ($mill)	*39000*
4.0%	5.0%	2.6%	5.1%	5.3%	5.0%	4.9%	5.1%	5.0%	5.1%	*3.5%*	*3.5%*	Return on Total Cap'l	*4.0%*
5.2%	8.1%	3.0%	8.3%	9.2%	9.8%	9.0%	9.3%	9.2%	9.3%	*7.5%*	*8.0%*	Return on Shr. Equity	*8.5%*
5.2%	8.1%	3.0%	9.6%	9.7%	10.4%	10.6%	10.8%	9.2%	9.2%	*7.5%*	*8.0%*	Return on Com Equity	*8.5%*
NMF	3.0%	NMF	4.0%	3.8%	3.8%	4.2%	4.4%	3.9%	3.6%	*3.0%*	*3.0%*	Retained to Com Eq	*3.5%*
NMF	63%	NMF	60%	64%	67%	64%	62%	60%	61%	*59%*	*59%*	All Div'ds to Net Prof	*57%*

CAPITAL STRUCTURE as of 9/30/25
Total Debt $15763 mill. **Due in 5 Yrs** $8306 mill.
LT Debt $14472 mill. **LT Interest** $650 mill. (56% of Cap'l)

Leases, Uncapitalized Annual rentals $10.0 mill.
Pension Assets-12/24 $1.3 bill. **Oblig.** $1.3 bill.

Common Stock 477,195,529 shs.
as of 7/30/25

MARKET CAP: $20.9 billion (Large Cap)

CURRENT POSITION ($MILL.)	2023	2024	9/30/25
Cash Assets	2245.4	156.6	95.0
Other	2254.0	1923.6	1753.2
Current Assets	4499.4	2080.2	1848.2
Accts Payable	749.4	863.1	712.0
Debt Due	3072.4	1885.8	1291.3
Other	1443.3	1364.5	1530.1
Current Liab.	5265.1	4113.4	3533.4
Fix. Chg. Cov.	225%	280%	290%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '22-'24 to '28-'30
Revenues	-3.5%	-2.0%	*3.5%*
"Cash Flow"	1.0%	6.5%	*6.0%*
Earnings	.5%	10.0%	*8.0%*
Dividends	--	5.5%	*6.5%*
Book Value	-1.0%	5.0%	*10.0%*

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	1873	1183	1089	1704	5850.6
2023	1966	1090	1027	1422	5505.4
2024	1706	1085	1076	1588	5455.1
2025	2183	1283	1273	*1361*	*6100*
2026	*2300*	*1350*	*1275*	*1475*	*6400*

Calendar	EARNINGS PER SHARE [A] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	.75	.12	.10	.50	1.47
2023	.77	.11	.19	.53	1.60
2024	.85	.21	.20	.49	1.75
2025	.98	.22	.19	*.51*	*1.90*
2026	*1.00*	*.30*	*.20*	*.55*	*2.05*

Calendar	QUARTERLY DIVIDENDS PAID [B] ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.22	.22	.22	.22	.88
2022	.235	.235	.235	.235	.94
2023	.25	.25	.25	.25	1.00
2024	.265	.265	.265	.265	1.06
2025	.28	.28	.28	.28	

BUSINESS: NiSource Inc. is a holding company for Northern Indiana Public Service Company (NIPSCO), which supplies electricity and gas to the northern third of Indiana. Customers: 492,690 electric in Indiana, 3.3 million gas in Indiana, Ohio, Pennsylvania, Kentucky, Virginia, Maryland, through its Columbia subsidiaries. Revenue breakdown, 2024: electrical, 34%; gas, 63%; other, 3%. Generating capacity, fossil feuls 56%; renewables, 44%. 2024 reported depreciation rates: 3.0% electric, 2.6% gas. Has 7,746 employees. Chairman: Richard L. Thompson. President & Chief Executive Officer: Lloyd Yates. Incorporated: Indiana. Address: 801 East 86th Avenue, Merrillville, Indiana 46410. Telephone: 877-647-5990. Internet: www.nisource.com.

NiSource remains on track to post solid results in 2025. September-period figures were in line with expectations. Operating revenues advanced 18%, to $1.27 billion. NiSource saw nice gains in the bulk of its operating segments. Specifically, gas distribution rose at a nice clip, especially in residential and commercial. Meanwhile, earnings of $0.19 per share were shy of our call by a penny. For the full year, we are calling for a 12% top-line advance, to $6.1 billion and for earnings of $1.90 per share, a 9% bump.

We are forecasting decent growth next year. The company maintains a healthy regulated electric and gas rate base. Recent population increases in some of its operating territories augur well also. Too, NiSource has been focusing on operating more efficiently, thanks in part, to technological innovation. The end result should be revenue growth of 5%, to $6.4 billion and a higher earnings increase of 8%, to $2.05 per share.

Recent investments in building infrastructure could pay dividends over the long haul. Recently, NiSource committed to building two combined gas turbine power plants, each with a nominal output of 1,300 megawatts, and 400 megawatts of battery storage capacity in partnership with a data center developer. This is part of a strategy in which the company is establishing commercial partnerships. The increased power should help to keep rates in Indiana more affordable. Working with data centers will likely be vital to the long-term picture. With the advent of artificial intelligence, the number of data centers is likely to grow substantially in the coming years and, subsequently, the need for power will increase. We expect building those relationships will be a continued focus for management.

These shares are ranked to lag the broader market averages in the year ahead. The stock has treaded water since our last full-page review in August and is not a preferred investment choice for most accounts. Besides the subpar near-term outlook, capital appreciation potential out to 2028-2030 is below the *Value Line* median. This issue, as is the case with most utilities, remains best suited for income-seeking accounts.

Kevin P. O'Sullivan *November 21, 2025*

(A) Dil. EPS. Excl. gains (losses) on disc. ops.: '15, (30¢); '18, ($1.48). Next egs. report due mid-February. Qtl'y egs. may not sum to total due to rounding.
(B) Div'ds historically paid in mid-Feb., May, Aug., Nov. ■ Div'd reinv. avail.
(C) Incl. intang in '24: $1485.9 million, $3.16/sh.
(D) In mill.
(E) Spun off Columbia Pipeline Group (7/15)

Company's Financial Strength	B++
Stock's Price Stability	95
Price Growth Persistence	40
Earnings Predictability	90

© 2025 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

N.W. NATURAL NYSE-NWN

RECENT PRICE **47.00** | P/E RATIO **16.2** (Trailing: 18.7 Median: 24.0) | RELATIVE P/E RATIO **0.91** | DIV'D YLD **4.2%** | VALUE LINE

TIMELINESS	4	Lowered 8/15/25
SAFETY	2	Raised 2/23/24
TECHNICAL	3	Lowered 11/21/25

BETA .75 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$33-$55	$44 (-5%)

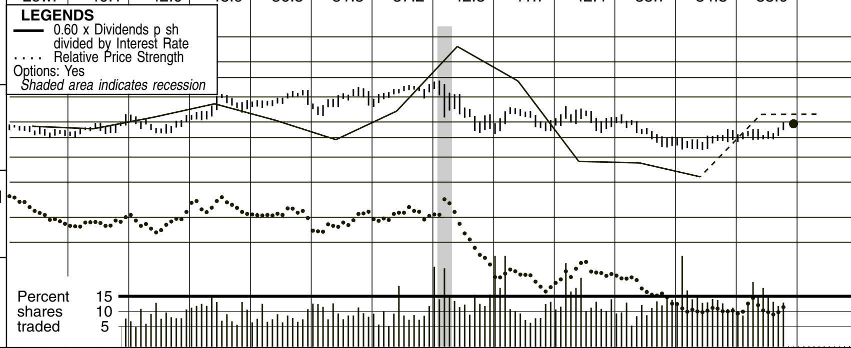
2028-30 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	70	(+50%)	*10%*
Low	50	(+5%)	*2%*

Institutional Decisions

	4Q2024	1Q2025	2Q2025
to Buy	142	149	169
to Sell	96	100	111
Hld's(000)	37493	31667	33159

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
High:	52.6	52.3	66.2	69.5	71.8	74.1	77.3	56.8	57.6	52.4	44.3	47.8
Low:	40.1	42.0	48.9	56.5	51.5	57.2	42.3	41.7	42.4	35.7	34.8	38.0



Target Price Range 2028 | 2029 | 2030

128, 96, 80, 64, 48, 40, 32, 24, 16, 12

% TOT. RETURN 11/10/25

	THIS STOCK	VL ARITH.* INDEX
1 yr.	20.4	13.7
3 yr.	15.0	45.6
5 yr.	13.8	96.0

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	© VALUE LINE PUB. LLC	28-30
38.17	30.56	31.72	27.14	28.02	27.64	26.39	23.61	26.52	24.45	24.49	25.29	27.64	29.20	31.82	28.67	*30.60*	*31.10*	Revenues per sh	*30.00*
5.20	5.18	5.00	4.94	5.04	5.05	4.91	4.93	1.04	5.28	5.15	5.69	6.17	5.71	5.83	5.68	*6.50*	*6.55*	"Cash Flow" per sh	*7.45*
2.83	2.73	2.39	2.22	2.24	2.16	1.96	2.12	d1.94	2.33	2.19	2.30	2.56	2.54	2.59	2.33	*2.90*	*3.00*	Earnings per sh A	*3.25*
1.60	1.68	1.75	1.79	1.83	1.85	1.86	1.87	1.88	1.89	1.90	1.91	1.92	1.93	1.94	1.95	*1.96*	*1.97*	Div'ds Decl'd per sh B■	*2.00*
5.09	9.35	3.76	4.91	5.13	4.40	4.37	4.87	7.43	7.43	7.95	9.18	9.49	9.53	8.70	8.80	*9.20*	*9.80*	Cap'l Spending per sh	*10.30*
24.88	26.08	26.70	27.23	27.77	28.12	28.47	29.71	25.85	26.41	28.42	29.05	30.04	33.09	34.12	34.45	*34.25*	*36.25*	Book Value per sh D	*39.40*
26.53	26.58	26.76	26.92	27.08	27.28	27.43	28.63	28.74	28.88	30.47	30.59	31.13	35.53	37.63	40.22	*42.00*	*45.00*	Common Shs Outst'g C	*50.00*
15.2	17.0	19.0	21.1	19.4	20.7	23.7	26.9	- -	26.6	30.9	25.0	19.5	19.6	16.6	16.6	*Bold figures are*		Avg Ann'l P/E Ratio	*18.5*
1.01	1.08	1.19	1.34	1.09	1.09	1.19	1.41	- -	1.44	1.65	1.28	1.05	1.13	.92	.92	*Value Line*		Relative P/E Ratio	*1.05*
3.7%	3.6%	3.9%	3.8%	4.2%	4.1%	4.0%	3.3%	3.0%	3.0%	2.8%	3.3%	3.8%	3.9%	4.5%	5.1%	*estimates*		Avg Ann'l Div'd Yield	*3.3%*
						723.8	676.0	762.2	706.1	746.4	773.7	860.4	1037.4	1197.5	1153.0	*1285*	*1400*	Revenues ($mill)	*1500*
						53.7	58.9	d55.6	67.3	65.3	70.3	78.7	86.3	93.9	90.6	*120*	*135*	Net Profit ($mill)	*165*
						40.0%	40.9%	- -	26.4%	16.2%	23.1%	25.8%	25.2%	25.6%	25.6%	*25.0%*	*25.0%*	Income Tax Rate	*25.0%*
						7.4%	8.7%	NMF	9.5%	8.8%	9.1%	9.1%	8.3%	7.8%	7.9%	*9.5%*	*9.6%*	Net Profit Margin	*11.0%*
						42.5%	44.4%	47.9%	48.1%	48.2%	49.2%	52.8%	51.5%	52.6%	54.8%	*55.0%*	*55.0%*	Long-Term Debt Ratio	*55.0%*
						57.5%	55.6%	52.1%	51.9%	51.8%	50.8%	47.2%	48.5%	47.4%	45.2%	*45.0%*	*45.0%*	Common Equity Ratio	*45.0%*
						1357.7	1529.8	1426.0	1468.9	1672.0	1748.8	1979.7	2421.6	2709.3	3064.8	*3560*	*3775*	Total Capital ($mill)	*4485*
						2182.7	2260.9	2255.0	2421.4	2438.9	2654.8	2871.4	3114.4	3358.1	3672.3	*3985*	*4300*	Net Plant ($mill)	*4930*
						5.5%	5.1%	NMF	5.8%	5.2%	5.2%	5.1%	4.7%	4.9%	3.0%	*3.5%*	*3.5%*	Return on Total Cap'l	*4.0%*
						6.9%	6.9%	NMF	8.8%	7.5%	7.9%	8.4%	7.3%	7.3%	*6.5%*	*8.0%*	*8.0%*	Return on Shr. Equity	*8.0%*
						6.9%	6.9%	NMF	8.8%	7.5%	7.9%	8.4%	7.3%	7.3%	6.5%	*8.0%*	*8.0%*	Return on Com Equity	*8.0%*
						.6%	.9%	NMF	2.1%	1.4%	1.7%	2.4%	2.0%	2.1%	.9%	*2.5%*	*2.0%*	Retained to Com Eq	*2.5%*
						92%	87%	NMF	76%	82%	79%	71%	73%	72%	84%	*68%*	*66%*	All Div'ds to Net Prof	*62%*

CAPITAL STRUCTURE as of 9/30/25
Total Debt $2439 mill. **Due in 5 Yrs** $1175 mill.
LT Debt $2128 mill. **LT Interest** $120 mill.

Pension Assets-12/24 $284.1 mill. **Oblig.** $405.6 mill.

Pfd Stock None

Common Stock 41,507,429 shares **as of 10/25/25**

MARKET CAP $2.0 billion (Small Cap)

CURRENT POSITION ($MILL.)	2023	2024	9/30/25
Cash Assets	32.9	38.5	32.2
Other	568.5	519.3	403.4
Current Assets	601.4	557.8	435.6
Accts Payable	145.4	133.3	130.5
Debt Due	240.7	200.9	311.2
Other	310.8	314.8	301.1
Current Liab.	696.9	649.0	742.8
Fix. Chg. Cov.	240%	410%	430%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '22-'24 to '28-'30
Revenues	- -	3.5%	*4.5%*
"Cash Flow"	1.5%	9.5%	*5.0%*
Earnings	1.0%	25.0%	*6.5%*
Dividends	1.0%	.5%	*.5%*
Book Value	2.0%	3.5%	*4.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	350.3	195.0	116.8	375.3	1037.4
2023	462.4	237.9	141.5	355.7	1197.5
2024	433.5	211.7	136.9	370.9	1153.0
2025	494.3	236.2	164.7	*389.8*	*1285*
2026	*515*	*245*	*165*	*475*	*1400*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	1.80	.05	d.56	1.36	2.54
2023	2.01	.03	d.65	1.21	2.59
2024	1.69	d.07	d.71	1.41	2.33
2025	2.28	.01	d.73	*1.34*	*2.90*
2026	*2.30*	*.Nil*	*d.65*	*1.35*	*3.00*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.48	.48	.48	.483	1.92
2022	.483	.483	.483	.485	1.93
2023	.485	.485	.485	.488	1.94
2024	.488	.488	.488	.49	1.95
2025	.49	.49	.49	.493	

BUSINESS: Northwest Natural Holding Co. distributes natural gas to more than 800,000 customers in Oregon (88% of customers) and in southwest Washington state. Principal cities served: Portland and Eugene, OR; Vancouver, WA. Company buys gas supply from Canadian and U.S. producers; has transportation rights on Northwest Pipeline system. Owns local underground storage. Gas margin breakdown: residential, 65%; commercial, 25%; industrial, 6%; other, 4%. Also operates water and wastewater services across six states. Employs 1,452. BlackRock Inc. owns 16.1% of shares; Vanguard, 10.8%; Off./Dir., .93% (4/25 proxy). CEO: Justin B. Palfreyman. Inc.: Oregon. Address: 220 NW 2nd Ave., Portland, OR 97209. Tel.: 503-226-4211. Internet: www.nwnatural.com.

Why has N.W. Natural stock fared poorly since 2020? It seems counter-intuitive given that annual revenues have risen, and that earnings have, at the very least, been stable. The reason the stock price has waned is because of gradually rising interest rates due to inflationary pressures. High interest rates decrease the value of utilities like NWN since they are seen as bond-like investments. Rising interest rates make bonds a more attractive alternative to utility stocks. Meanwhile, local environmental activism and awareness post pandemic has been aimed at curbing natural gas use in the Pacific Northwest (NWN's major market). This has created an uncertain future for the company's core business. Too, higher interest rates have increased N.W. Natural's borrowing costs, This is a problem since NWN is very capital intensive. For 2025, capital expenditures are likely to top $500 million.

Now that interest rates are falling, however, the stock price has been perking up. Much will depend on the rate of interest NWN can borrow more money from the fixed income markets. It will also depend on whether or not the utility's dividend yield adequately competes with bonds carrying similar risk profiles. NWN is a king among kings when it comes to its dividend payout, having increased it every year for 69 years!

Greater operating diversity should aid the utility's cause. Northwest Natural is making greater efforts to diversify its operations with more growth coming from acquisitions and customer growth in the water and renewable energy segments. Indeed, greater water utility consolidation in Texas should help shift the earnings mix away from the company's traditional natural gas base in Oregon. This strategy, though, does carry additional regulatory and execution risks.

We have reduced this utility stock's Target Price Range from $60-$80 to $50-$70. As the AI revolution demands more electricity, there will be no shortage of competition in the utility industry, both regulated and non-regulated. Northwest Natural is a small fish in a huge pond that's starting to consolidate. A takeover bid for the company is a good possibility.

Jeremy J. Butler *November 21, 2025*

(A) Diluted earnings per share. Excludes non-recurring items: '09, $0.06; May not sum due to rounding. Next earnings report due in early February.
(B) Dividends historically paid in mid-February, May, August, and November.
■ Dividend reinvestment plan available.
(C) In millions.
(D) Includes intangibles. In 2024: $184 million, $4.60/share.

Company's Financial Strength	A
Stock's Price Stability	90
Price Growth Persistence	10
Earnings Predictability	30

© 2025 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

ONE GAS, INC. NYSE-OGS

RECENT PRICE 81.47 | P/E RATIO 18.4 (Trailing: 19.0 Median: 21.0) | RELATIVE P/E RATIO 1.04 | DIV'D YLD 3.3% | VALUE LINE

TIMELINESS 4 Lowered 8/22/25
SAFETY 2 New 6/2/17
TECHNICAL 3 Lowered 11/21/25
BETA .75 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$59-$94	$77 (-5%)

2028-30 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	110	(+35%)	*11%*
Low	80	(Nil)	*3%*

Institutional Decisions

	4Q2024	1Q2025	2Q2025
to Buy	174	188	206
to Sell	124	148	154
Hld's(000)	63204	54991	57026

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
High:	44.3	51.8	67.4	79.5	87.8	96.7	97.0	81.9	92.3	84.3	78.9	83.4
Low:	31.9	38.9	48.0	61.4	62.2	75.8	63.7	62.5	68.9	55.5	57.7	66.4

Target Price Range 2028 2029 2030

LEGENDS
35.00 x Dividends p sh
Relative Price Strength
Options: Yes
Shaded area indicates recession

Percent shares traded: 21, 14, 7

% TOT. RETURN 11/10/25

	THIS STOCK	VL ARITH.* INDEX
1 yr.	15.1	13.7
3 yr.	10.5	45.6
5 yr.	24.7	96.0

The shares of ONE Gas, Inc. began trading "regular-way" on the New York Stock Exchange on February 3, 2014. That happened as a result of the separation of ONEOK's natural gas distribution operation. Regarding the details of the spinoff, on January 31, 2014, ONEOK distributed one share of OGS common stock for every four shares of ONEOK common stock held by ONEOK shareholders of record as of the close of business on January 21. It should be mentioned that ONEOK did not retain any ownership interest in the new company.

CAPITAL STRUCTURE as of 9/30/25
Total Debt $3400.2 mill. **Due in 5 Yrs** $1500.0 mill.
LT Debt $2355.6 mill. **LT Interest** $145.0 mill.
(LT interest earned: 2.8x; total interest coverage: 2.8x)
Leases, Uncapitalized Annual rentals $5.9 mill.
Pfd Stock None
Pension Assets-12/24 $904.9 mill.
Oblig. $882.1 mill.
Common Stock 59,999,041 shs.
as of 10/24/25
MARKET CAP: $4.9 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2023	2024	9/30/25
Cash Assets	18.8	58.0	9.0
Other	746.4	871.9	670.2
Current Assets	765.2	929.9	679.2
Accts Payable	278.1	261.3	121.1
Debt Due	888.9	943.6	1044.6
Other	310.2	253.4	288.2
Current Liab.	1477.2	1458.3	1453.9
Fix. Chg. Cov.	390%	325%	335%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '22-'24 to '28-'30
Revenues	1.5%	6.0%	*5.0%*
"Cash Flow"	6.5%	6.0%	*4.0%*
Earnings	7.0%	4.5%	*4.5%*
Dividends	12.0%	7.0%	*2.0%*
Book Value	3.5%	5.0%	*2.5%*

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	971.5	428.9	359.4	818.2	2578.0
2023	1032.1	398.1	335.8	606.0	2372.0
2024	758.3	354.1	340.4	630.8	2083.6
2025	935.2	423.7	379.1	*657*	*2395*
2026	*933*	*452*	*415*	*730*	*2530*

Calendar	EARNINGS PER SHARE [A] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	1.83	.59	.44	1.23	4.08
2023	1.84	.58	.45	1.27	4.14
2024	1.75	.48	.34	1.34	3.91
2025	1.98	.53	.44	*1.42*	*4.37*
2026	*1.96*	*.60*	*.51*	*1.48*	*4.55*

Calendar	QUARTERLY DIVIDENDS PAID [B] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.58	.58	.58	.58	2.32
2022	.62	.62	.62	.62	2.48
2023	.65	.65	.65	.65	2.60
2024	.66	.66	.66	.66	2.64
2025	.67	.67	.67	.67	

© VALUE LINE PUB. LLC	28-30
Revenues per sh	*55.00*
"Cash Flow" per sh	*11.00*
Earnings per sh [A]	*5.25*
Div'ds Decl'd per sh [B]■	*2.90*
Cap'l Spending per sh	*11.15*
Book Value per sh	*56.60*
Common Shs Outst'g [C]	*70.00*
Avg Ann'l P/E Ratio	*18.0*
Relative P/E Ratio	*1.00*
Avg Ann'l Div'd Yield	*3.1%*
Revenues ($mill)	*3850*
Net Profit ($mill)	*370*
Income Tax Rate	*20.0%*
Net Profit Margin	*9.6%*
Long-Term Debt Ratio	*45.0%*
Common Equity Ratio	*55.0%*
Total Capital ($mill)	*7200*
Net Plant ($mill)	*8600*
Return on Total Cap'l	*6.5%*
Return on Shr. Equity	*9.5%*
Return on Com Equity	*9.5%*
Retained to Com Eq	*4.0%*
All Div'ds to Net Prof	*55%*

Bold figures are Value Line estimates

BUSINESS: ONE Gas, Inc. provides natural gas distribution services to more than two million customers. There are three divisions: Oklahoma Natural Gas, Kansas Gas Service, and Texas Gas Service. The company purchased 149 Bcf of natural gas supply in 2024, compared to 160 Bcf in 2023. Total volumes delivered by customer (in 2024): transportation, 60.7%; residential, 28.6%; commercial & industrial, 10.1%; other, .6%. ONE Gas has around 3,900 employees. BlackRock owns 14.5% of common stock; The Vanguard Group, 11.6%; American Century Investment, 8.0%; officers and directors, 1.2% (4/25 Proxy). CEO: Robert S. McAnnally. Incorporated: Oklahoma. Address: 15 East Fifth Street, Tulsa, Oklahoma 74103. Tel.: 918-947-7000. Internet: www.onegas.com.

ONE Gas seems to be headed for a big earnings comeback in 2025. During the first nine months, the bottom line advanced almost 15%, to $2.95 per share, versus last year's $2.57 figure. This was attributable, in part, to benefits from new rates. Another contributing factor was higher residential sales, mainly reflecting net customer growth in both Oklahoma and Texas. However, greater depreciation & amortization expense, given additional capital investments, offset the good results somewhat. Moreover, employee-related costs climbed due, to a certain degree, to planned investments in the workforce. Still, since we believe that the fourth quarter will go fairly well for the company, full-year profits stand to end up at about $4.37 a share. This would show a 12% rebound from 2024's $3.91 tally. Turning to 2026, earnings per share might rise at a slower (though still decent) mid-single-digit percentage rate, to $4.55, because of the hard comparison.

Corporate finances are solid. When the September interim concluded, cash on hand resided at $9.0 million (excluding $11.7 million in restricted cash). Furthermore, long-term debt was a manageable 42.5% of total capital and short-term borrowings did not appear to be a major stumbling block. Finally, in October, the revolving credit facility was modified, with its capacity increased from $1.35 billion to $1.50 billion and the expiration date extended from March, 2028 to October, 2030.

This year's capital expenditures, including asset removal costs, are anticipated to be roughly $750 million. (That would be modestly below the 2024 amount of $762.1 million.) The majority of the budget is dedicated to system integrity and pipeline replacement projects. It's worth mentioning that the energy firm projects total spending to be $4.0 billion between 2025 and 2029, with around the same percentage of funds allocated to where they are at present. We think those objectives can be accomplished assuming that the balance sheet stays in sound condition.

Income-focused investors may wish to consider the stock. Indeed, its dividend yield looks respectable versus the average of *Value Line's* Natural Gas Utility group.

Frederick L. Harris, III November 21, 2025

(A) Diluted EPS. Excludes nonrecurring gain: 2017, $0.06. Next earnings report due early Feb. Quarterly EPS figures for 2022 don't equal total due to rounding.
(B) Dividends historically paid in early March, June, Sept., and Dec. ■ Dividend reinvestment plan. Direct stock purchase plan.
(C) In millions.

Company's Financial Strength	A
Stock's Price Stability	85
Price Growth Persistence	25
Earnings Predictability	100

© 2025 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

SOUTHWEST GAS NYSE-SWX

RECENT PRICE 79.22 | P/E RATIO 19.7 (Trailing: 12.3 Median: 21.0) | RELATIVE P/E RATIO 1.11 | DIV'D YLD 3.1% | VALUE LINE

TIMELINESS — E
SAFETY 2 Raised 2/23/24
TECHNICAL — E
BETA .75 (1.00 = Market)

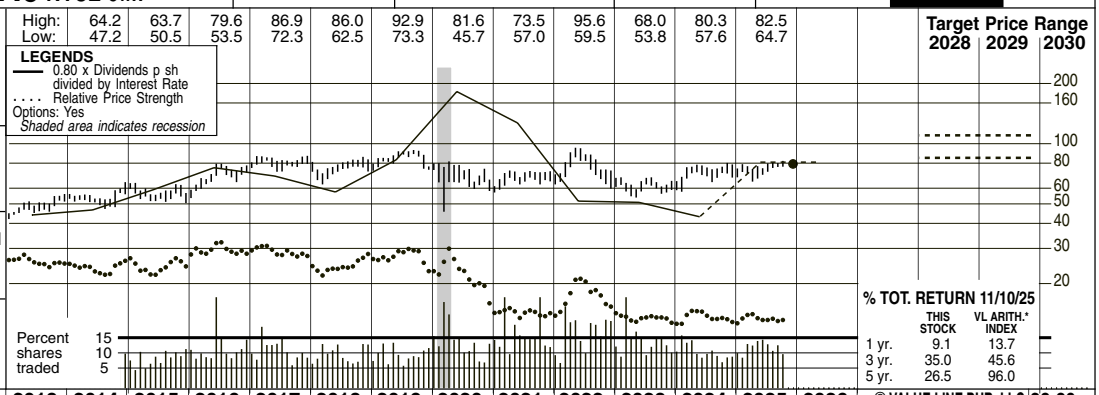
18-Month Target Price Range
Low-High: $68-$112 | Midpoint (% to Mid): $90 (15%)

2028-30 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	110	(+40%)	*11%*
Low	85	(+5%)	*5%*

Institutional Decisions

	4Q2024	1Q2025	2Q2025
to Buy	163	181	184
to Sell	132	132	161
Hld's(000)	74695	64309	66968



% TOT. RETURN 11/10/25

	THIS STOCK	VL ARITH.* INDEX
1 yr.	9.1	13.7
3 yr.	35.0	45.6
5 yr.	26.5	96.0

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	© VALUE LINE PUB. LLC	28-30
High:	64.2	63.7	79.6	86.9	86.0	92.9	81.6	73.5	95.6	68.0	80.3	82.5								
Low:	47.2	50.5	53.5	72.3	62.5	73.3	45.7	57.0	59.5	53.8	57.6	64.7								
	42.00	40.18	41.07	41.77	42.08	45.61	52.00	51.82	53.00	54.31	56.72	57.68	60.91	73.90	75.93	71.22	***50.80***	***45.15***	Revenues per sh	***50.65***
	6.16	6.46	6.81	7.73	8.24	8.47	8.62	9.29	8.83	8.14	9.40	9.87	9.46	3.98	8.27	8.88	***8.15***	***8.80***	"Cash Flow" per sh	***10.25***
	1.94	2.27	2.43	2.86	3.11	3.01	2.92	3.18	3.62	3.68	3.94	4.14	3.39	d3.10	2.13	2.76	***3.65***	***4.10***	Earnings per sh A	***5.40***
	.95	1.00	1.06	1.18	1.32	1.46	1.62	1.80	1.98	2.08	2.18	2.28	2.38	2.46	2.48	2.48	***2.48***	***2.48***	Div'ds Decl'd per sh B■†	***2.92***
	4.81	4.73	8.29	8.57	7.86	8.53	10.30	11.15	12.97	14.44	17.06	14.43	11.84	12.80	12.19	13.18	***10.40***	***10.30***	Cap'l Spending per sh	***9.85***
	24.44	25.62	26.66	28.35	30.47	31.95	33.61	35.03	37.74	42.47	45.56	46.77	48.89	45.57	46.25	48.82	***54.45***	***55.55***	Book Value per sh	***60.75***
	45.09	45.56	45.96	46.15	46.36	46.52	47.38	47.48	48.09	53.03	55.01	57.19	60.42	67.12	71.56	71.78	***73.00***	***73.00***	Common Shs Outst'g C	***77.00***
	12.2	14.0	15.7	15.0	15.8	17.9	19.4	21.6	22.2	20.6	21.3	16.8	19.9	- -	29.0	25.9	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	***18.0***
	.81	.89	.98	.95	.89	.94	.98	1.13	1.12	1.11	1.13	.86	1.08	- -	1.61	1.35			Relative P/E Ratio	***1.00***
	4.0%	3.2%	2.8%	2.8%	2.7%	2.7%	2.9%	2.6%	2.5%	2.7%	2.6%	3.3%	3.5%	3.2%	4.0%	3.5%			Avg Ann'l Div'd Yield	***3.0%***
							2463.6	2460.5	2548.8	2880.0	3119.9	3298.9	3680.5	4960.0	5434.0	5112.4	***3710***	***3340***	Revenues ($mill)	***3900***
							138.3	152.0	173.8	182.3	213.9	232.3	200.8	d203.3	150.9	198.8	***265***	***345***	Net Profit ($mill)	***415***
							36.4%	33.9%	32.8%	25.3%	20.5%	21.6%	16.1%	- -	21.2%	15.1%	***20.0%***	***20.0%***	Income Tax Rate	***20.0%***
							5.6%	6.2%	6.8%	6.3%	6.9%	7.0%	5.5%	NMF	2.8%	3.9%	***7.1%***	***9.1%***	Net Profit Margin	***10.6%***
							49.3%	48.2%	49.8%	48.3%	47.9%	50.5%	58.2%	59.0%	58.2%	55.4%	***55.0%***	***55.0%***	Long-Term Debt Ratio	***56.0%***
							50.7%	51.8%	50.2%	51.7%	52.1%	49.5%	41.8%	41.0%	41.8%	44.6%	***45.0%***	***45.0%***	Common Equity Ratio	***44.0%***
							3143.5	3213.5	3613.3	4359.3	4806.4	5407.2	7069.5	7462.1	7919.9	7852.5	***8600***	***9030***	Total Capital ($mill)	***10045***
							3891.1	4132.0	4523.7	5093.2	5685.2	6176.1	7594.0	7024.5	7518.2	8109.1	***8600***	***9025***	Net Plant ($mill)	***10450***
							5.5%	5.8%	5.8%	5.2%	5.4%	5.3%	3.4%	NMF	3.8%	4.4%	***5.0%***	***5.5%***	Return on Total Cap'l	***6.5%***
							8.7%	9.1%	9.6%	8.1%	8.5%	8.7%	6.8%	NMF	4.6%	5.7%	***6.5%***	***7.5%***	Return on Shr. Equity	***9.0%***
							8.7%	9.1%	9.6%	8.1%	8.5%	8.7%	6.8%	NMF	4.6%	5.7%	***6.5%***	***7.5%***	Return on Com Equity	***9.0%***
							4.0%	4.1%	4.5%	3.6%	3.9%	4.0%	2.1%	NMF	NMF	.6%	***2.0%***	***3.0%***	Retained to Com Eq	***4.0%***
							54%	55%	53%	55%	54%	54%	69%	NMF	116%	89%	***68%***	***60%***	All Div'ds to Net Prof	***54%***

CAPITAL STRUCTURE as of 9/30/25
Total Debt $3507.1 mill. **Due in 5 Yrs** $2623 mill.
LT Debt $3507.1 mill. **LT Interest** $180 mill. (47% of Cap'l)

Leases, Uncapitalized Annual rentals $23.7 mill.
Pension Assets-12/24 $1158.0 mill. **Oblig.** $1237.3 mill.

Pfd Stock None

Common Stock 72,182,840 shs. **as of 10/31/25**

MARKET CAP: $5.7 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2023	2024	9/30/25
Cash Assets	106.5	363.8	778.6
Other	1774.6	1100.7	464.9
Current Assets	1881.1	1464.5	1243.5
Accts Payable	346.9	331.8	118.9
Debt Due	671.1	710.0	- -
Other	666.8	790.3	685.8
Current Liab.	1684.8	1832.1	804.7
Fix. Chg. Cov.	145%	310%	365%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '22-'24 to '28-'30
Revenues	5.5%	6.0%	*-6.0%*
"Cash Flow"	-1.5%	-4.5%	*6.5%*
Earnings	-15.0%	-31.0%	- -
Dividends	6.5%	3.5%	*3.0%*
Book Value	4.5%	2.5%	*4.5%*

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	1267.4	1146.1	1125.6	1420.9	4960.0
2023	1603.3	1293.6	1169.5	1387.6	5434.0
2024	1581.0	1182.2	1079.2	1307.6	5112.4
2025	1296.5	1120.4	316.9	***976.2***	***3710***
2026	***1040***	***750***	***500***	***1050***	***3340***

Calendar	EARNINGS PER SHARE A D Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	1.58	d.10	d.18	d4.18	d3.10
2023	.67	.40	.04	1.02	2.13
2024	1.22	.25	- -	1.28	2.76
2025	1.65	.53	.06	***1.41***	***3.65***
2026	***2.00***	***.55***	***.10***	***1.45***	***4.10***

Calendar	QUARTERLY DIVIDENDS PAID B■† Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.570	.595	.595	.595	2.36
2022	.595	.62	.62	.62	2.46
2023	.62	.62	.62	.62	2.48
2024	.62	.62	.62	.62	2.48
2025	.62	.62	.62		

BUSINESS: Southwest Gas Holdings, Inc. is the parent holding company of Southwest Gas. Centuri Group spun-off in IPO 4/22/24. Southwest Gas is a regulated gas distributor serving 2.3 million customers in Arizona, Nevada, and California. 2024 revenue mix: residential 68%; small commercial, 20%; large commercial and industrial, 5%; transportation, 7%. Southwest has 2,435 employees as of 12/31/24; Centuri has 8,687. Off. & dir. own .5% of common stock; Carl C. Icahn, 13.4%; BlackRock, 12.9%; The Vanguard Group, 10.1%; Corvex Management, 6.6% (3/25 Proxy). Chairman: Michael J. Melarkey. Pres. & CEO: Karen S. Haller. Inc.: DE. Addr.: 8360 S. Durango Drive, P.O. Box 98510 Las Vegas, Nevada 89193. Telephone: 702-876-7237. Internet: www.swgas.com.

A strategic decision has helped Southwest Gas in more ways than one. With the successful execution of four follow-on stock offerings, the company completed the separation of Centuri. The transactions generated an aggregate of $1.30 billion in net proceeds. By utilizing net operating losses and capital loss carryovers, the estimated cash tax was a modest $50 million. A major portion of the capital infusion was used to repay all debt previously outstanding at the parent company, leaving ample funds to support capital investments (including the potentially game changing Great Basin expansion project, see below), dividend payments, and general corporate purposes. As currently comprised, Southwest will focus entirely on the regulated natural gas business.

Recent third-quarter results reflect the full separation from Centuri. Moreover, management has affirmed its full year net income guidance of $265 million to $275 million. Robust capital spending initiatives by the government and private sectors in the company's service areas augur well for operations. Southwest is awaiting a final approval in its California rate case. Concurrently, the company sees the potential for alternative ratemaking in both Nevada and Arizona. Management intends to provide guidance for 2026 at its December-period earnings presentation.

An overall favorable backdrop is leading to strengthening potential at the Northern Nevada interstate pipeline, Great Basin. A recent initiative to gauge firm transportation service demand in the area revealed strong interest from potential shippers in Great Basin's expansion. Specifically, Southwest expects investments of between $800 million and $1.2 billion to result in incremental capacity of 1.25 billion cubic feet. All told, the proceeds from the Centuri separation have presented the company with the liquidity needed to generate sustainable growth.

Southwest shares hold limited long-term appeal. The key draw is the 3.1% dividend yield. Note that the company has not secured approval from the Federal Energy Regulatory Commission to commence the Great Basin expansion project. The approval and completion would enhance our 3- to 5-year projections.

Dominic B. Silva *November 21, 2025*

(A) Diluted earnings. Excl. nonrec. gains (losses): '22, 10¢. Next egs. report due late February. **(B)** Dividends historically paid early March, June, September, and December. ■† Div'd reinvestment and stock purchase plan avail. **(C)** In millions. **(D)** Totals may not sum due to rounding. **(E)** Rank suspended 11/17/2023 for spin-off of the Centuri Group.

Company's Financial Strength	B++
Stock's Price Stability	85
Price Growth Persistence	20
Earnings Predictability	5

© 2025 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

Aqua New Jersey, Inc.
Indicated Common Equity Cost Rate
Through Use of a Risk Premium Model
Using an Adjusted Total Market Approach

Line No.		Proxy Group of Five Water Companies	Proxy Group of Twelve Water & Natural Gas Companies
1.	Prospective Yield on Aaa Rated Corporate Bonds (1)	5.18%	5.18%
2.	Adjustment to Reflect Yield Spread Between Aaa Rated Corporate Bonds and A2 Rated Public Utility Bonds (2)	0.38%	0.38%
3.	Adjusted Prospective Yield on A2 Rated Public Utility Bonds	5.56%	5.56%
4.	Adjustment to Reflect Bond Rating Difference of Proxy Group		0.07% (3)
5.	Adjusted Bond Yield		5.63%
6.	Equity Risk Premium (4)	4.74% - 5.49%	4.78% - 5.45%
7.	Risk Premium Derived Common Equity Cost Rate	10.30% - 11.05%	10.41% - 11.08%

Notes:
(1) Consensus forecast of Moody's Aaa Rated Corporate bonds from Blue Chip Financial Forecasts (see pages 7 and 8 of this Exhibit).
(2) The average yield spread of A2 rated public utility bonds over Aaa rated corporate bonds of 0.38% from page 2 of this Exhibit.
(3) Adjustment to reflect the A3 Moody's LT issuer rating of the Proxy Group of Twelve Water & Natural Gas Companies as shown on page 3 of this Exhibit. The 0.07% upward adjustment is derived by taking 1/3 of the spread between A2 and Baa2 Public Utility Bonds (1/3 * 0.20% = 0.07%) as derived from page 2 of this Exhibit.
(4) From page 5 of this Exhibit.

Aqua New Jersey, Inc.
Interest Rates and Bond Spreads for
Moody's Corporate and Public Utility Bonds

Selected Bond Yields

	[1] Aaa Rated Corporate Bond	[2] A2 Rated Public Utility Bond	[3] Baa2 Rated Public Utility Bond
Nov-2025	5.26 %	5.62 %	5.83 %
Oct-2025	5.13	5.51	5.71
Sep-2025	5.21	5.61	5.81
Average	5.20 %	5.58 %	5.78 %

Selected Bond Spreads

A2 Rated Public Utility Bonds Over Aaa Rated Corporate Bonds:
0.38 % (1)

Baa2 Rated Public Utility Bonds Over A2 Rated Public Utility Bonds:
0.20 % (2)

Notes:
(1) Column [2] - Column [1].
(2) Column [3] - Column [2].

Source of Information:
Bloomberg Professional Services

Aqua New Jersey, Inc.
Comparison of Long-Term Issuer Ratings for the
Proxy Groups

Proxy Group of Five Water Companies	Moody's Long-Term Issuer Rating December 2025		Standard & Poor's Long-Term Issuer Rating December 2025	
	Long-Term Issuer Rating (1)	Numerical Weighting (2)	Long-Term Issuer Rating (1)	Numerical Weighting (2)
American States Water Company	NR	- -	A+	5.0
California Water Service Group	NR	- -	A+	5.0
Global Water Resources, Inc.	NR	- -	NR	- -
H20 America, Inc.	NR	- -	A-	7.0
Middlesex Water Company	NR	- -	A	6.0
Average	NR	NA	A	5.8

Proxy Group of Twelve Water & Natural Gas Companies	Moody's Long-Term Issuer Rating December 2025		Standard & Poor's Long-Term Issuer Rating December 2025	
	Long-Term Issuer Rating (1)	Numerical Weighting (2)	Long-Term Issuer Rating (1)	Numerical Weighting (2)
American States Water Company	NR	- -	A+	5.0
California Water Service Group	NR	- -	A+	5.0
Global Water Resources, Inc.	NR	- -	NR	- -
H20 America, Inc.	NR	- -	A-	7.0
Middlesex Water Company	NR	- -	A	6.0
Atmos Energy Corporation	A2	6.0	A-	7.0
Chesapeake Utilities Corporation	NR	- -	NR	- -
New Jersey Resources Corporation	A1	5.0	NR	- -
NiSource Inc.	Baa1	8.0	BBB+	8.0
Northwest Natural Holding Company	Baa1	8.0	A+	5.0
ONE Gas, Inc.	A3	7.0	A-	7.0
Southwest Gas Holdings, Inc.	Baa1	8.0	BBB+	8.0
Average	A3	7.0	A	6.4

Notes:
(1) Ratings are that of the average of each company's utility operating subsidiaries.
(2) From page 4 of this Exhibit.

Source Information: Moody's Investors Service
Standard & Poor's Global Utilities Rating Service

Numerical Assignment for Moody's and Standard & Poor's Bond Ratings

Moody's Bond Rating	Numerical Bond Weighting	Standard & Poor's Bond Rating
Aaa	1	AAA
Aa1	2	AA+
Aa2	3	AA
Aa3	4	AA-
A1	5	A+
A2	6	A
A3	7	A-
Baa1	8	BBB+
Baa2	9	BBB
Baa3	10	BBB-
Ba1	11	BB+
Ba2	12	BB
Ba3	13	BB-
B1	14	B+
B2	15	B
B3	16	B-

Aqua New Jersey, Inc.
Judgment of Equity Risk Premium for the
Proxy Groups

Line No.		Proxy Group of Five Water Companies	Proxy Group of Twelve Water & Natural Gas Companies
1.	Calculated equity risk premium based on the total market using the beta approach (1)	4.52% - 6.01%	4.60% - 5.93%
2.	Mean equity risk premium based on a study using the holding period returns of public utilities with A2 rated bonds (2)	4.96%	4.96%
3.	Average equity risk premium	4.74% - 5.49%	4.78% - 5.45%

Notes: (1) From page 6 of this Exhibit.
(2) From page 9 of this Exhibit.

Aqua New Jersey, Inc.
Derivation of Equity Risk Premium Based on the Total Market Approach
Using the Beta for the
Proxy Groups

Line No.	Equity Risk Premium Measure	Proxy Group of Five Water Companies	Proxy Group of Twelve Water & Natural Gas Companies
1.	Kroll Equity Risk Premium (1)	6.10%	6.10%
2.	Regression on Kroll Risk Premium Data (2)	7.03%	7.03%
3.	Kroll Equity Risk Premium based on PRPM (3)	7.28%	7.28%
4	Equity Risk Premium Based on Value Line Summary and Index (4)	5.94%	5.94%
5.	Equity Risk Premium Based on Bloomberg, Value Line, and S&P Global Market Intelligence S&P 500 Companies (5)	12.66%	12.66%
6.	Conclusion of Equity Risk Premium	7.80%	7.80%
7.	Adjusted Beta (6)	0.58 - 0.77	0.59 - 0.76
8.	Forecasted Equity Risk Premium	4.52% - 6.01%	4.60% - 5.93%

Notes:

(1) Based on the arithmetic mean historical monthly returns on large company common stocks from Kroll 2023 SBBI® Yearbook and Bloomberg Professional Services minus the arithmetic mean monthly yield of Moody's average Aaa and Aa2 corporate bonds from 1928-2024.

(2) This equity risk premium is based on a regression of the monthly equity risk premiums of large company common stocks relative to Moody's average Aaa and Aa2 rated corporate bond yields from 1928-2024 referenced in Note 1 above. Using the equation generated from the regression, an expected equity risk premium is calculated using the average consensus forecast of Aaa corporate bonds of 5.18% (from page 1 of this Exhibit).

(3) The Predictive Risk Premium Model (PRPM) is discussed in the accompanying direct testimony. The Ibbotson equity risk premium based on the PRPM is derived by applying the PRPM to the monthly risk premiums between Ibbotson large company common stock monthly returns and average Aaa and Aa corporate monthly bond yields, from January 1928 through November 2025.

(4) The equity risk premium based on the Value Line Summary and Index is derived by subtracting the average consensus forecast of Aaa corporate bonds of 5.18% (from page 1 of this Exhibit) from the projected 3-5 year total annual market return of 11.12% (described fully in note 1 on page 3 of Exhibit DWD-6).

(5) Using data from Bloomberg Professional Services, Value Line, and S&P Capital IQ for the S&P 500, an expected total return of 17.84% was derived based upon expected dividend yields as a proxy for income returns and long-term earnings growth estimates as a proxy for capital appreciation. Subtracting the average consensus forecast of Aaa corporate bonds of 5.18% results in an expected equity risk premium of 12.66%.

(6) Average of mean and median beta from pages 1 and 2 of Exhibit DWD-6 for the Proxy Group of Five Water Companies and Twelve Water and Natural Gas Companies, respectively.

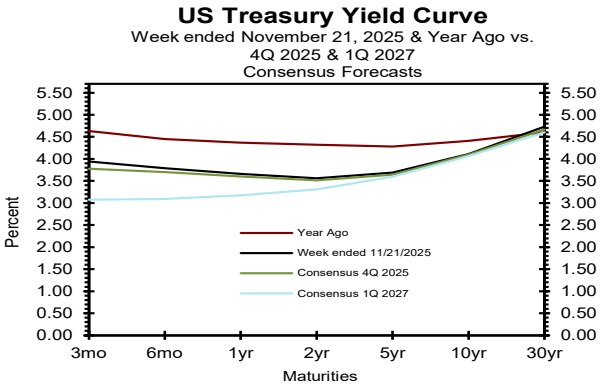
Sources of Information:

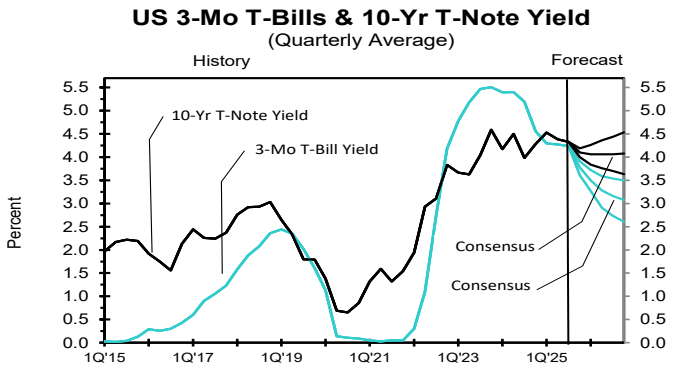
Kroll 2023 SBBI® Yearbook
Industrial Manual and Mergent Bond Record Monthly Update.
Value Line Summary and Index
Blue Chip Financial Forecasts, December 01, 2025
S&P Capital IQ
Bloomberg Professional Services

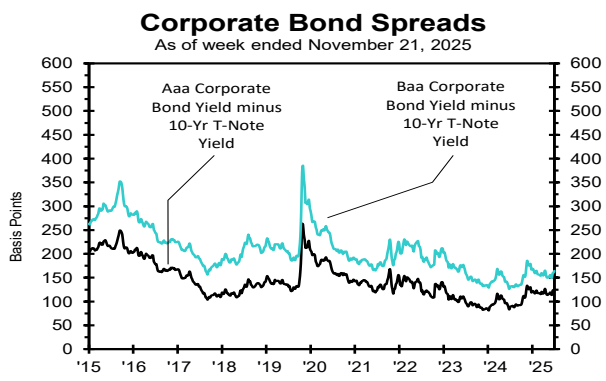
Consensus Forecasts of U.S. Interest Rates and Key Assumptions

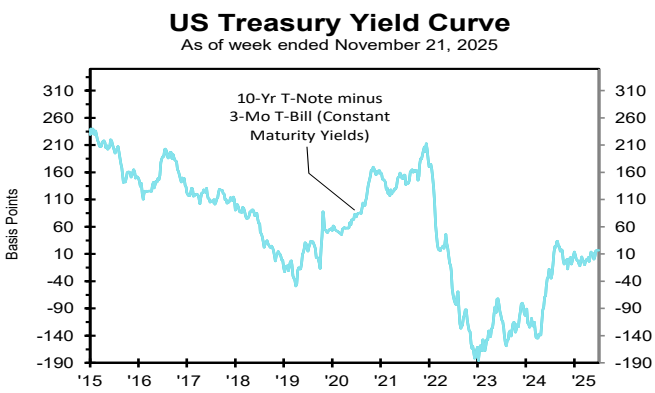
	History								Consensus Forecasts-Quarterly Avg.					
	Average For Week Ending				Average For Month			*Latest Qtr*	4Q	1Q	2Q	3Q	4Q	1Q
Interest Rates	Nov 21	Nov 14	Nov 7	Oct 31	Oct	Sep	Aug	3Q 2025	2025	2026	2026	2026	2026	2027
Federal Funds Rate	3.88	3.87	3.87	4.11	4.09	4.22	4.33	4.29	**3.8**	**3.5**	**3.3**	**3.2**	**3.1**	**3.1**
Prime Rate	7.00	7.00	7.00	7.25	7.23	7.38	7.50	7.46	**7.0**	**6.7**	**6.4**	**6.3**	**6.2**	**6.2**
SOFR	3.94	3.97	3.98	4.22	4.20	4.30	4.34	4.33	**3.9**	**3.6**	**3.3**	**3.2**	**3.1**	**3.1**
Commercial Paper, 1-mo.	3.89	3.88	3.92	3.95	4.01	4.13	4.28	4.24	**3.8**	**3.6**	**3.3**	**3.2**	**3.1**	**3.1**
Treasury bill, 3-mo.	3.94	3.95	3.95	3.90	3.98	4.07	4.30	4.26	**3.8**	**3.5**	**3.3**	**3.2**	**3.1**	**3.1**
Treasury bill, 6-mo.	3.79	3.79	3.78	3.76	3.79	3.84	4.11	4.09	**3.7**	**3.5**	**3.3**	**3.2**	**3.1**	**3.1**
Treasury bill, 1 yr.	3.66	3.67	3.67	3.66	3.61	3.66	3.89	3.88	**3.6**	**3.5**	**3.3**	**3.2**	**3.2**	**3.2**
Treasury note, 2 yr.	3.56	3.59	3.59	3.55	3.52	3.57	3.70	3.72	**3.5**	**3.4**	**3.4**	**3.3**	**3.3**	**3.3**
Treasury note, 5 yr.	3.69	3.71	3.71	3.67	3.65	3.66	3.79	3.80	**3.6**	**3.6**	**3.6**	**3.6**	**3.6**	**3.6**
Treasury note, 10 yr.	4.11	4.12	4.12	4.06	4.06	4.12	4.26	4.26	**4.1**	**4.1**	**4.1**	**4.1**	**4.1**	**4.1**
Treasury note, 30 yr.	4.73	4.71	4.70	4.61	4.64	4.74	4.87	4.84	**4.7**	**4.6**	**4.6**	**4.6**	**4.6**	**4.6**
Corporate Aaa bond	5.37	5.35	5.35	5.20	5.22	5.30	5.45	5.44	**5.1**	**5.1**	**5.1**	**5.1**	**5.2**	**5.2**
Corporate Baa bond	5.75	5.73	5.71	5.56	5.58	5.68	5.84	5.82	**5.8**	**5.8**	**5.9**	**5.9**	**6.0**	**6.0**
State & Local bonds	4.07	4.07	4.07	4.05	4.07	4.13	4.34	4.30	**4.3**	**4.3**	**4.3**	**4.4**	**4.4**	**4.4**
Home mortgage rate	6.26	6.24	6.22	6.17	6.25	6.35	6.59	6.55	**6.2**	**6.2**	**6.2**	**6.2**	**6.1**	**6.1**
	History								Consensus Forecasts-Quarterly					
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q*	4Q	1Q	2Q	3Q	4Q	1Q
Key Assumptions	2023	2024	2024	2024	2024	2025	2025	2025	2025	2026	2026	2026	2026	2027
Fed's AFE $ Index	116.6	115.5	117.3	114.9	117.9	119.8	112.9	111.2	**112.3**	**112.4**	**112.5**	**112.1**	**111.6**	**111.4**
Real GDP	3.4	0.8	3.6	3.3	1.9	-0.6	3.8	1.0	**0.8**	**2.0**	**1.9**	**2.0**	**2.0**	**2.1**
GDP Price Index	1.6	3.1	2.6	1.8	2.4	3.6	2.1	3.1	**2.9**	**2.7**	**2.5**	**2.3**	**2.3**	**2.3**
Consumer Price Index	2.8	3.7	2.8	1.4	3.0	3.8	1.6	3.1	**3.3**	**3.0**	**2.6**	**2.5**	**2.4**	**2.4**
PCE Price Index	1.8	3.6	2.6	1.7	2.5	3.4	2.1	3.3	**3.0**	**2.9**	**2.6**	**2.4**	**2.3**	**2.3**

Forecasts for interest rates and the Federal Reserve's Advanced Foreign Economies Index represent averages for the quarter. Forecasts for Real GDP, GDP Price Index, CPI and PCE Price Index are seasonally adjusted annual rates of change (saar). Individual panel members' forecasts are on pages 4 through 9. Historical data: Treasury rates from the Federal Reserve Board's H.15; AAA-AA and A-BBB corporate bond yields from Bank of America-Merrill Lynch and are 15+ years, yield to maturity; State and local bond yields from Bank of America-Merrill Lynch, A-rated, yield to maturity; Mortgage rates from Freddie Mac, 30-year, fixed; SOFR from the New York Fed. All interest rate data are sourced from Haver Analytics. Historical data for Fed's Major Currency Index are from FRSR H.10. *Figures for 3Q 2025 Real GDP, GDP Chained Price Index and PCE Price Index are consensus forecasts from the September 2025 survey. Consumer Price Index history is from the Department of Labor's Bureau of Labor Statistics (BLS).









Long-Range Survey:

The table below contains results of our semi-annual long-range CONSENSUS survey. There are also Top 10 and Bottom 10 averages for each variable. Shown are estimates for the years 2027 through 2031 and averages for the five-year periods 2027-2031 and 2032-2036. Apply these projections cautiously. Few economic, demographic and political forces can be evaluated accurately over such long time spans.

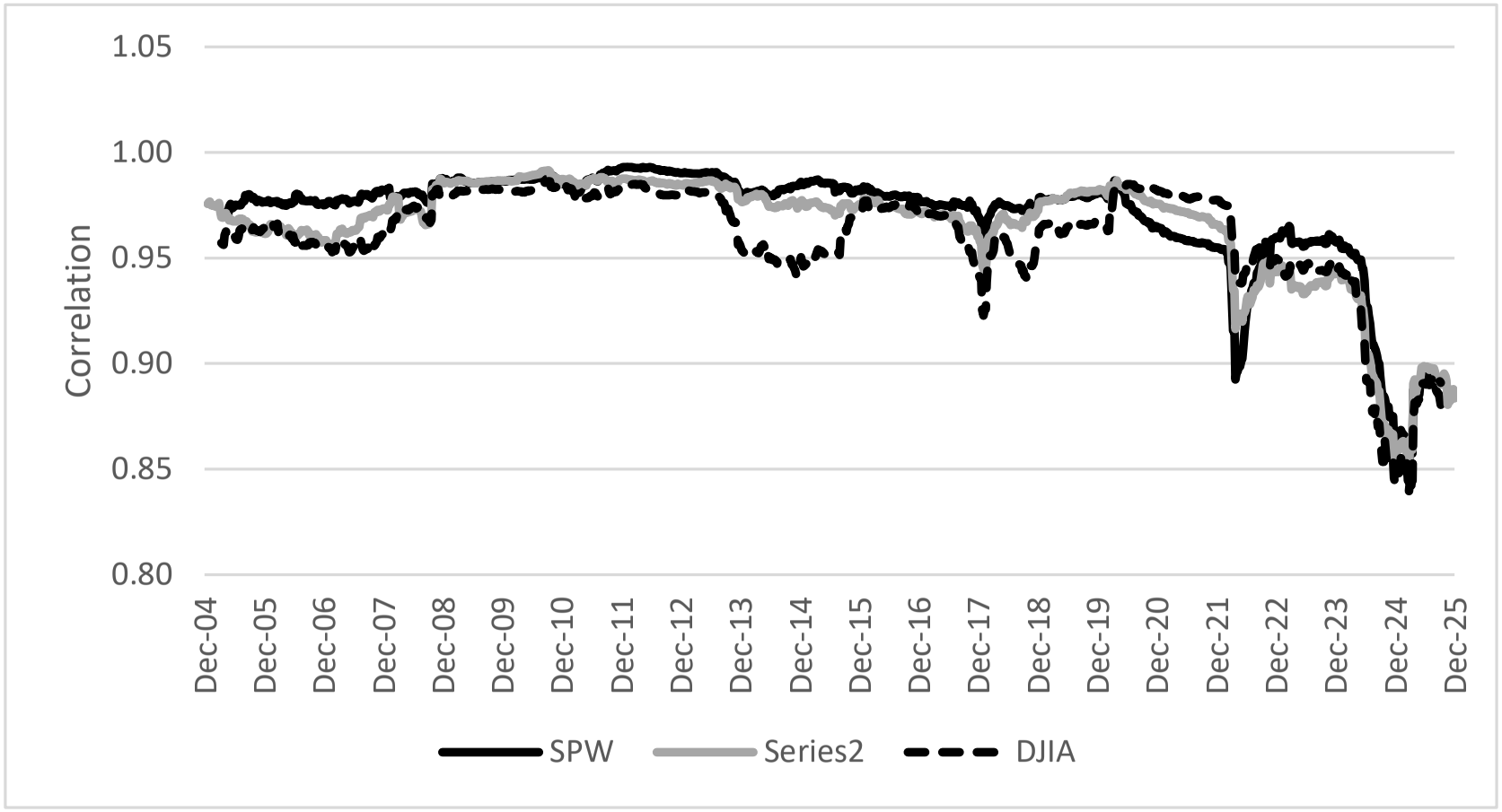
		Average For The Year					Five-Year Averages	
		2027	2028	2029	2030	2031	2027-2031	2032-2036
1. Federal Funds Rate	**CONSENSUS**	**3.2**	**3.3**	**3.3**	**3.1**	**3.1**	**3.2**	**3.1**
	Top 10 Average	3.5	3.6	3.7	3.5	3.5	3.5	3.5
	Bottom 10 Average	2.9	2.9	2.9	2.8	2.8	2.8	2.8
2. Prime Rate	**CONSENSUS**	**6.3**	**6.4**	**6.5**	**6.2**	**6.3**	**6.3**	**6.3**
	Top 10 Average	6.6	6.7	6.8	6.5	6.5	6.6	6.6
	Bottom 10 Average	6.1	6.1	6.1	6.0	6.0	6.0	6.0
3. SOFR	**CONSENSUS**	**3.3**	**3.3**	**3.3**	**3.1**	**3.1**	**3.2**	**3.2**
	Top 10 Average	3.5	3.6	3.6	3.3	3.3	3.5	3.5
	Bottom 10 Average	3.0	3.0	3.0	2.8	2.8	2.9	2.9
4. Commercial Paper, 1-Mo	**CONSENSUS**	**3.3**	**3.4**	**3.4**	**3.4**	**3.4**	**3.4**	**3.2**
	Top 10 Average	3.4	3.5	3.5	3.6	3.6	3.5	3.4
	Bottom 10 Average	3.1	3.1	3.1	2.9	2.9	3.0	3.0
5. Treasury Bill Yield, 3-Mo	**CONSENSUS**	**3.2**	**3.2**	**3.3**	**3.1**	**3.1**	**3.2**	**3.2**
	Top 10 Average	3.5	3.5	3.6	3.3	3.3	3.4	3.5
	Bottom 10 Average	2.9	2.9	2.9	2.8	2.8	2.8	2.9
6. Treasury Bill Yield, 6-Mo	**CONSENSUS**	**3.2**	**3.3**	**3.3**	**3.1**	**3.1**	**3.2**	**3.2**
	Top 10 Average	3.5	3.6	3.6	3.3	3.3	3.5	3.5
	Bottom 10 Average	2.9	3.0	3.0	2.9	2.9	2.9	2.9
7. Treasury Bill Yield, 1-Yr	**CONSENSUS**	**3.3**	**3.4**	**3.4**	**3.2**	**3.2**	**3.3**	**3.3**
	Top 10 Average	3.6	3.7	3.7	3.4	3.4	3.5	3.5
	Bottom 10 Average	3.0	3.1	3.1	3.0	3.0	3.0	3.0
8. Treasury Note Yield, 2-Yr	**CONSENSUS**	**3.5**	**3.6**	**3.6**	**3.4**	**3.3**	**3.5**	**3.4**
	Top 10 Average	3.8	3.9	3.9	3.7	3.6	3.8	3.7
	Bottom 10 Average	3.1	3.2	3.2	3.1	3.1	3.2	3.1
9. Treasury Note Yield, 5-Yr	**CONSENSUS**	**3.8**	**3.9**	**3.9**	**3.7**	**3.7**	**3.8**	**3.8**
	Top 10 Average	4.0	4.2	4.2	4.0	3.9	4.1	4.2
	Bottom 10 Average	3.5	3.5	3.5	3.5	3.4	3.5	3.4
10. Treasury Note Yield, 10-Yr	**CONSENSUS**	**4.2**	**4.3**	**4.2**	**4.1**	**4.1**	**4.2**	**4.2**
	Top 10 Average	4.5	4.7	4.7	4.5	4.4	4.6	4.6
	Bottom 10 Average	3.9	3.8	3.8	3.8	3.8	3.8	3.8
11. Treasury Bond Yield, 30-Yr	**CONSENSUS**	**4.6**	**4.6**	**4.6**	**4.5**	**4.4**	**4.6**	**4.5**
	Top 10 Average	4.9	5.0	5.1	4.9	4.8	4.9	4.9
	Bottom 10 Average	4.3	4.3	4.2	4.2	4.1	4.2	4.1
12. Corporate Aaa Bond Yield	**CONSENSUS**	**5.4**	**5.5**	**5.4**	**5.3**	**5.2**	**5.3**	**5.3**
	Top 10 Average	5.7	5.8	5.8	5.6	5.5	5.7	5.7
	Bottom 10 Average	5.1	5.2	5.1	5.0	5.0	5.1	5.0
13. Corporate Baa Bond Yield	**CONSENSUS**	**6.1**	**6.2**	**6.2**	**6.1**	**6.0**	**6.1**	**6.1**
	Top 10 Average	6.5	6.6	6.6	6.4	6.3	6.5	6.5
	Bottom 10 Average	5.9	5.9	5.8	5.8	5.7	5.8	5.8
14. State & Local Bonds Yield	**CONSENSUS**	**4.4**	**4.5**	**4.5**	**4.3**	**4.2**	**4.4**	**4.3**
	Top 10 Average	4.6	4.7	4.7	4.5	4.4	4.6	4.5
	Bottom 10 Average	4.3	4.3	4.3	4.2	4.1	4.3	4.2
15. Home Mortgage Rate	**CONSENSUS**	**6.2**	**6.2**	**6.2**	**6.1**	**6.0**	**6.1**	**6.1**
	Top 10 Average	6.6	6.6	6.7	6.5	6.4	6.5	6.5
	Bottom 10 Average	5.9	5.8	5.7	5.7	5.7	5.7	5.8
A. Fed's AFE Nominal $ Index	**CONSENSUS**	**110.9**	**110.2**	**109.5**	**110.0**	**110.2**	**110.1**	**108.9**
	Top 10 Average	111.9	111.6	111.4	111.1	111.6	111.5	110.5
	Bottom 10 Average	110.0	109.0	108.3	108.9	109.0	109.0	107.2
		Year-Over-Year, % Change					Five-Year Averages	
		2027	2028	2029	2030	2031	2027-2031	2032-2036
B. Real GDP	**CONSENSUS**	**2.0**	**2.1**	**2.1**	**1.9**	**1.8**	**2.0**	**1.9**
	Top 10 Average	2.3	2.3	2.4	2.2	2.2	2.3	2.1
	Bottom 10 Average	1.8	1.8	1.8	1.6	1.6	1.7	1.7
C. GDP Chained Price Index	**CONSENSUS**	**2.3**	**2.4**	**2.4**	**2.2**	**2.0**	**2.3**	**2.2**
	Top 10 Average	2.6	2.6	2.7	2.5	2.2	2.5	2.4
	Bottom 10 Average	2.1	2.0	1.9	1.9	1.9	2.0	2.0
D. Consumer Price Index	**CONSENSUS**	**2.4**	**2.4**	**2.3**	**2.3**	**2.1**	**2.3**	**2.3**
	Top 10 Average	2.7	2.7	2.7	2.6	2.2	2.6	2.5
	Bottom 10 Average	2.1	2.1	2.0	2.0	2.0	2.0	2.1
E. PCE Price Index	**CONSENSUS**	**2.3**	**2.3**	**2.3**	**2.2**	**2.0**	**2.2**	**2.2**
	Top 10 Average	2.6	2.5	2.6	2.4	2.1	2.4	2.4
	Bottom 10 Average	2.0	2.0	2.0	1.9	1.9	2.0	2.0

Projected Market Appreciation of the S&P Utility Index
Derivation of Mean Equity Risk Premium Based Studies
Using Holding Period Returns and
Projected Market Appreciation of the S&P Utility Index

Line No.		Implied Equity Risk Premium
1.	Historical Equity Risk Premium (1)	4.16%
2.	Regression of Historical Equity Risk Premium (2)	4.94%
3	Forecasted Equity Risk Premium Based on PRPM (3)	4.13%
4.	Forecasted Equity Risk Premium based on Projected Total Return on the S&P Utilities Index (Bloomberg, Value Line, and S&P Capital IQ Data) (4)	6.62%
5.	Average Equity Risk Premium (5)	4.96%

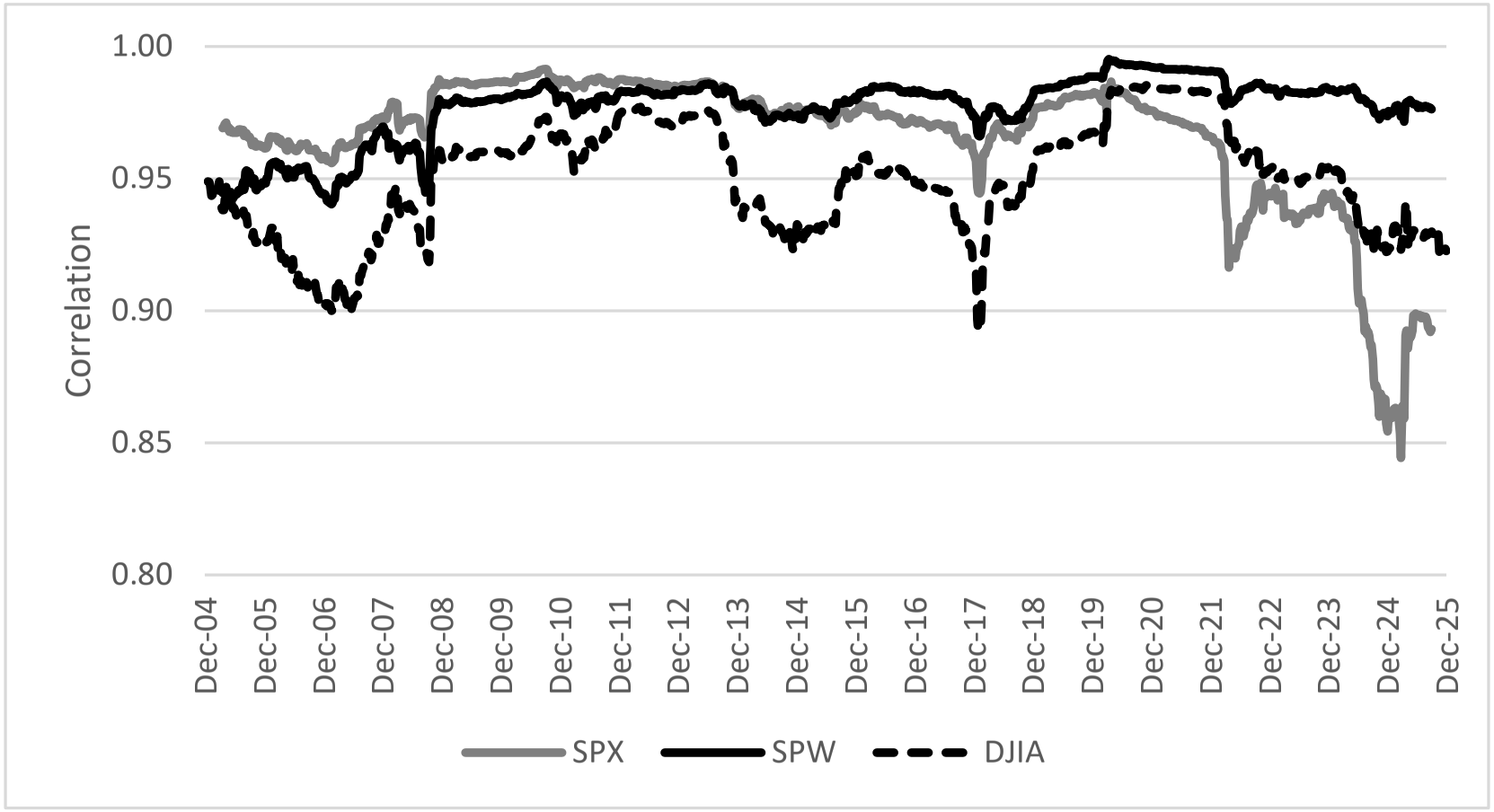
Notes:
(1) Based on S&P Public Utility Index monthly total returns and Moody's Public Utility Bond average monthly yields from 1928-2024. Holding period returns are calculated based upon income received (dividends and interest) plus the relative change in the market value of a security over a one-year holding period.
(2) This equity risk premium is based on a regression of the monthly equity risk premiums of the S&P Utility Index relative to Moody's A2 rated public utility bond yields from 1928 - 2024 referenced in note 1 above. Using the equation generated from the regression, an expected equity risk premium is calculated using the prospective A2 rated public utility bond yield of 5.56% (from line 3, page 1 of this Exhibit).
(3) The Predictive Risk Premium Model (PRPM) is applied to the risk premium of the monthly total returns of the S&P Utility Index and the monthly yields on Moody's A2 rated public utility bonds from January 1928 - November 2025.
(4) Using data from Bloomberg, Value Line, and S&P Capital IQ for the S&P Utilities Index, an expected return of 12.18% was derived based on expected dividend yields as a proxy for income returns and long-term growth estimates as a proxy for market appreciation. Subtracting the expected A2 rated public utility bond yield of 5.56%, calculated on line 3 of page 1 of this Exhibit results in an equity risk premium of 6.62% (12.18% - 5.56% = 6.62%).
(5) Average of lines 1 through 4.

Aqua New Jersey, Inc.
S&P 500 Correlations



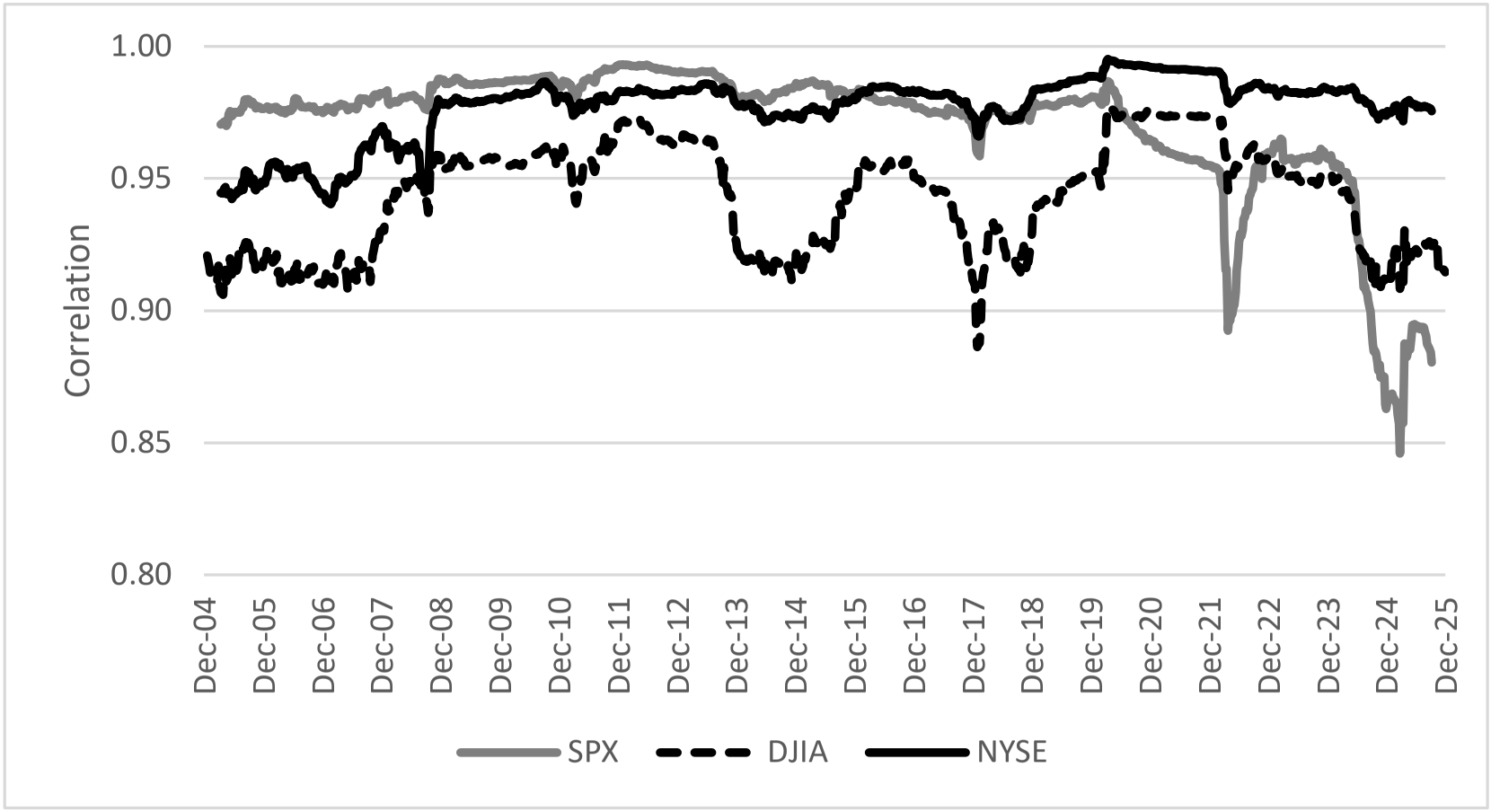
Source: Bloomberg Professional

Aqua New Jersey, Inc.
NYSE Correlations



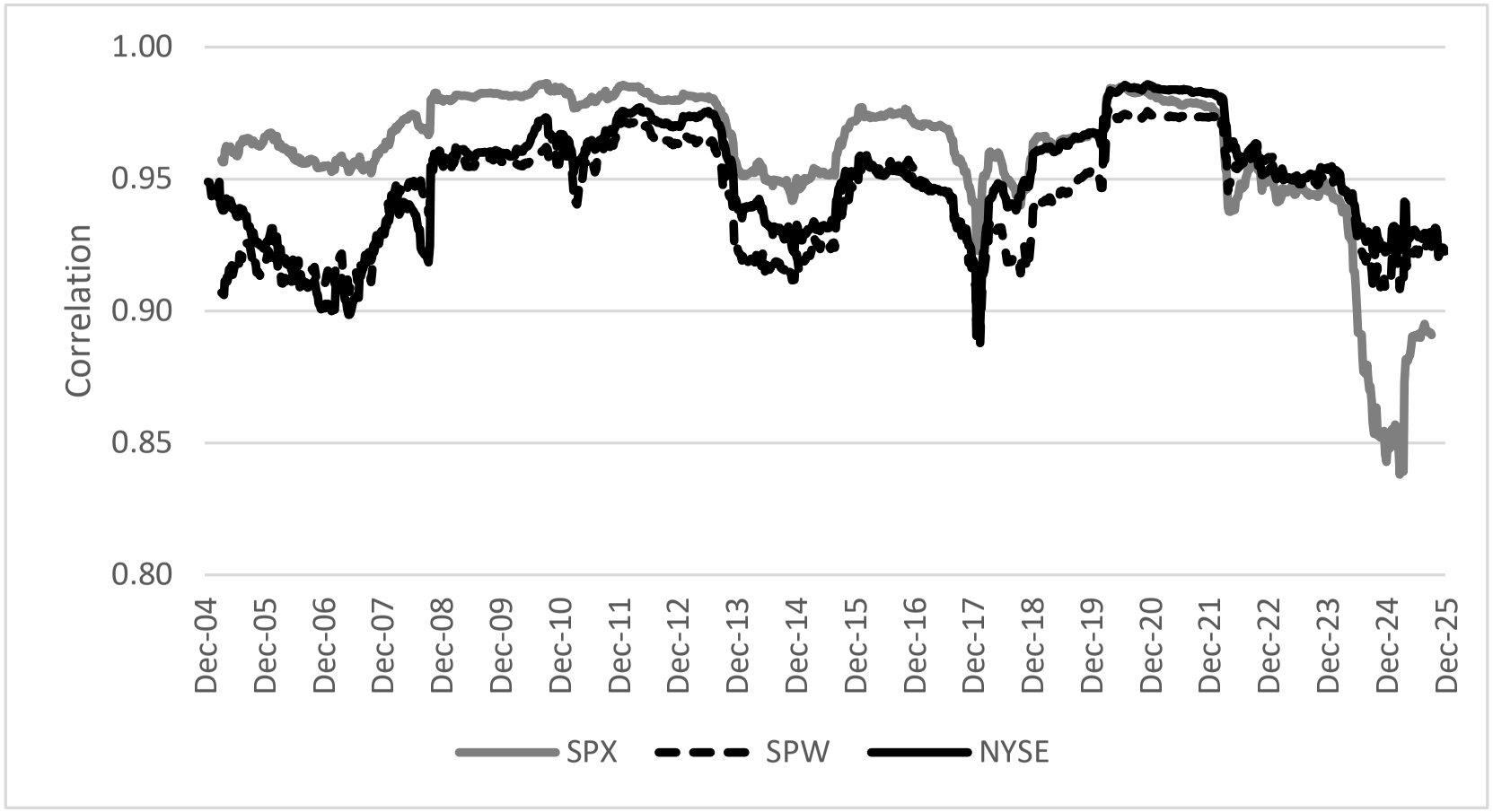
Source: Bloomberg Professional

Aqua New Jersey, Inc.
SPW Correlations



Source: Bloomberg Professional

Aqua New Jersey, Inc.
DJIA Correlations



Source: Bloomberg Professional

Aqua New Jersey, Inc.
Indicated Common Equity Cost Rate Through Use
of the Traditional Capital Asset Pricing Model (CAPM) and Empirical Capital Asset Pricing Model (ECAPM)

Proxy Group of Five Water Companies

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
Proxy Group of Five Water Companies	Value Line Adjusted Beta	Bloomberg Adjusted Beta	Average Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost Rate	ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)
American States Water Company	0.70	0.33	0.51	8.62 %	4.60 %	8.99 %	10.05 %	9.52 %
California Water Service Group	0.80	0.37	0.58	8.62	4.60	9.60	10.50	10.05
Global Water Resources, Inc.	0.95	0.72	0.83	8.62	4.60	11.75	12.12	11.93
H2O America, Inc.	0.75	0.38	0.56	8.62	4.60	9.42	10.37	9.90
Middlesex Water Company	0.75	0.29	0.52	8.62	4.60	9.08	10.11	9.60
Mean			0.60			9.77 %	10.63 %	10.20 %
Median			0.56			9.42 %	10.37 %	9.90 %
Average of Mean and Median			0.58			9.60 %	10.50 %	10.05 %

Proxy Group of Twelve Water & Natural Gas Companies

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	
Proxy Group of Twelve Water & Natural Gas Companies	Value Line Adjusted Beta	Bloomberg Adjusted Beta	Average Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost Rate	ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)	
American States Water Company	0.70	0.33	0.51	8.62 %	4.60 %	8.99 %	10.05 %	9.52 %	
California Water Service Group	0.80	0.37	0.58	8.62	4.60	9.60	10.50	10.05	
Global Water Resources, Inc.	0.95	0.72	0.83	8.62	4.60	11.75	12.12	11.93	(6)
H2O America, Inc.	0.75	0.38	0.56	8.62	4.60	9.42	10.37	9.90	
Middlesex Water Company	0.75	0.29	0.52	8.62	4.60	9.08	10.11	9.60	
Atmos Energy Corporation	0.75	0.41	0.58	8.62	4.60	9.60	10.50	10.05	
Chesapeake Utilities Corporation	0.70	0.35	0.52	8.62	4.60	9.08	10.11	9.60	
New Jersey Resources Corporation	0.75	0.38	0.57	8.62	4.60	9.51	10.44	9.97	
NiSource Inc.	0.85	0.54	0.69	8.62	4.60	10.54	11.21	10.88	
Northwest Natural Holding Company	0.75	0.45	0.60	8.62	4.60	9.77	10.63	10.20	
ONE Gas, Inc.	0.75	0.42	0.58	8.62	4.60	9.60	10.50	10.05	
Southwest Gas Holdings, Inc.	0.75	0.57	0.66	8.62	4.60	10.29	11.02	10.65	
Mean			0.60			9.77 %	10.63 %	10.04 %	
Median			0.58			9.60 %	10.50 %	10.05 %	
Average of Mean and Median			0.59			9.69 %	10.57 %	10.05 %	

Notes on page 3 of this Exhibit.

Aqua New Jersey, Inc.
Indicated Common Equity Cost Rate Through Use
of the Traditional Capital Asset Pricing Model (CAPM) and Empirical Capital Asset Pricing Model (ECAPM)

Proxy Group of Five Water Companies

	[1]	[2]	[3]	[4]	[5]	[6]
Proxy Group of Five Water Companies	Value Line Adjusted Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost Rate	ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)
American States Water Company	0.70	8.62 %	4.60 %	10.63 %	11.28 %	10.95 %
California Water Service Group	0.80	8.62	4.60	11.49	11.92	11.71
Global Water Resources, Inc.	0.95	8.62	4.60	12.78	12.89	12.84
H2O America, Inc.	0.75	8.62	4.60	11.06	11.60	11.33
Middlesex Water Company	0.75	8.62	4.60	11.06	11.60	11.33
Mean	0.79			11.41 %	11.86 %	11.63 %
Median	0.75			11.06 %	11.60 %	11.33 %
Average of Mean and Median	0.77			11.24 %	11.73 %	11.48 %

Proxy Group of Twelve Water & Natural Gas Companies

	[1]	[2]	[3]	[4]	[5]	[6]
Proxy Group of Twelve Water & Natural Gas Companies	Value Line Adjusted Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost Rate	ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)
American States Water Company	0.70	8.62 %	4.60 %	10.63 %	11.28 %	10.95 %
California Water Service Group	0.80	8.62	4.60	11.49	11.92	11.71
Global Water Resources, Inc.	0.95	8.62	4.60	12.78	12.89	12.84 (4)
H2O America, Inc.	0.75	8.62	4.60	11.06	11.60	11.33
Middlesex Water Company	0.75	8.62	4.60	11.06	11.60	11.33
Atmos Energy Corporation	0.75	8.62	4.60	11.06	11.60	11.33
Chesapeake Utilities Corporation	0.70	8.62	4.60	10.63	11.28	10.95
New Jersey Resources Corporation	0.75	8.62	4.60	11.06	11.60	11.33
NiSource Inc.	0.85	8.62	4.60	11.92	12.25	12.08
Northwest Natural Holding Company	0.75	8.62	4.60	11.06	11.60	11.33
ONE Gas, Inc.	0.75	8.62	4.60	11.06	11.60	11.33
Southwest Gas Holdings, Inc.	0.75	8.62	4.60	11.06	11.60	11.33
Mean	0.77			11.24 %	11.73 %	11.36 %
Median	0.75			11.06 %	11.60 %	11.33 %
Average of Mean and Median	0.76			11.15 %	11.67 %	11.35 %

Notes on page 3 of this Exhibit.

Aqua New Jersey, Inc.
Notes to Accompany the Application of the CAPM and ECAPM

Notes:

(1) The market risk premium (MRP) is derived by using five different measures from four sources: Kroll, Value Line, Bloomberg, and S&P Capital IQ as illustrated below:

Measure 1: Kroll Arithmetic Mean MRP (1926-2024)

Arithmetic Mean Monthly Returns for Large Stocks 1926-2024:	12.29 %
Arithmetic Mean Income Returns on Long-Term Government Bonds:	4.99
MRP based on Kroll Historical Data:	7.31 %

Measure 2: Application of a Regression Analysis to Kroll Historical Data

(1926-2024)	7.88 %

Measure 3: Application of the PRPM to Kroll Historical Data

(January 1926 - November 2025)	8.12 %

Measure 4: Value Line Projected MRP (Thirteen weeks ending December 12, 2025)

Total projected return on the market 3-5 years hence*:	11.12 %
Risk-Free Rate (see note 2):	4.60
MRP based on Value Line Summary & Index:	6.52 %

*Forcasted 3-5 year capital appreciation plus expected dividend yield

Measure 5: Bloomberg, Value Line, and S&P Capital IQ Projected Return on the Market based on the S&P 500

Total return on the Market based on the S&P 500:	17.84 %
Risk-Free Rate (see note 2):	4.60
MRP based on Bloomberg, Value Line, and S&P Capital IQ data	13.24 %

Average of all MRP Measures:	8.62 %

(2) For reasons explained in the Direct Testimony, the appropriate risk-free rate for cost of capital purposes is the average forecast of 30 year Treasury Bonds per the consensus of nearly 50 economists reported in Blue Chip Financial Forecasts. (See pages 7 and 8 of Exhibit DWD-4.) The projection of the risk-free rate is illustrated below:

Fourth Quarter 2025	4.70 %
First Quarter 2026	4.60
Second Quarter 2026	4.60
Third Quarter 2026	4.60
Fourth Quarter 2026	4.60
First Quarter 2027	4.60
2027-2031	4.60
2032-2036	4.50
	4.60 %

(3) Average of Column 6 and Column 7.

(4) Results were excluded from the final average and median as they were more than two standard deviations from the proxy group's mean.

Sources of Information:
Value Line Summary and Index
Blue Chip Financial Forecasts, December 01, 2025
Kroll 2023 SBBI® Yearbook
S&P Capital IQ
Bloomberg Professional Services

Aqua New Jersey, Inc.
Basis of Selection of the Group of Non-Price Regulated Companies
Comparable in Total Risk to the Proxy Group of Five Water Companies

The criteria for selection of the Proxy Group of Non-Price Regulated Companies comparable in total risk to the Proxy Group of Five Water Companies was that the non-price regulated companies be domestic and reported in Value Line Investment Survey (Standard Edition).

The proxy group of non-price regulated companies was selected based on the unadjusted beta range of 0.47 - 0.83 and residual standard error of the regression range of 2.9416 - 3.5084 of the Proxy Group of Five Water Companies.

These ranges are based upon plus or minus two standard deviations of the unadjusted beta and standard error of the regression. Plus or minus three standard deviations captures 95.50% of the distribution of unadjusted betas and residual standard errors of the regression.

The standard deviation of the Water Utility Proxy Group's residual standard error of the regression is 0.1417. The standard deviation of the standard error of the regression is calculated as follows:

$$\text{Standard Deviation of the Std. Err. of the Regr.} = \frac{\text{Standard Error of the Regression}}{\sqrt{2N}}$$

where: N = number of observations. Since Value Line betas are derived from weekly price change observations over a period of five years, N = 259

$$\text{Thus,} \quad 0.1417 = \frac{3.225}{\sqrt{518}} = \frac{3.225}{22.7596}$$

Source of Information: Value Line Proprietary Database, September 2025.
Value Line Investment Survey (Standard Edition).

Aqua New Jersey, Inc.
Basis of Selection of Comparable Risk
Domestic Non-Price Regulated Companies

Proxy Group of Five Water Companies	[1] Value Line Adjusted Beta	[2] Unadjusted Beta	[3] Residual Standard Error of the Regression	[4] Standard Deviation of Beta
American States Water Company	0.75	0.54	2.7511	0.0787
California Water Service Group	0.80	0.67	3.0408	0.0870
Global Water Resources, Inc.	0.95	0.86	3.3676	0.0964
H2O America, Inc.	0.75	0.59	2.9893	0.0855
Middlesex Water Company	0.75	0.57	3.9763	0.1138
Average	0.80	0.65	3.2250	0.0923
Beta Range (+/- 2 std. Devs. of Beta)	0.47	0.83		
2 std. Devs. of Beta	0.18			
Residual Std. Err. Range (+/- 2 std. Devs. of the Residual Std. Err.)	2.9416	3.5084		
Std. dev. of the Res. Std. Err.	0.1417			
2 std. devs. of the Res. Std. Err.	0.2834			

Source of Information: Value Line Proprietary Database, September 2025.

Aqua New Jersey, Inc.
Proxy Group of Non-Price Regulated Companies
Comparable in Total Risk to the
Proxy Group of Five Water Companies

Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Five Water Companies	[1] Value Line Adjusted Beta	[2] Unadjusted Beta	[3] Residual Standard Error of the Regression	[4] Standard Deviation of Beta
AbbVie Inc.	0.70	0.49	2.9870	0.0855
AutoZone, Inc.	0.75	0.60	2.9668	0.0849
Bristol-Myers Squibb Company	0.70	0.51	3.0539	0.0874
Brown-Forman Corporation	0.75	0.60	3.2908	0.0942
Cardinal Health, Inc.	0.90	0.80	3.1488	0.0901
Casey's General Stores, Inc.	0.90	0.79	3.1205	0.0893
Chemed Corporation	0.70	0.47	3.0295	0.0867
Constellation Brands, Inc.	0.75	0.62	2.9738	0.0851
CSG Systems International, Inc.	0.90	0.81	3.2555	0.0931
Electronic Arts Inc.	0.75	0.59	3.4136	0.0977
Fox Corporation	0.90	0.82	3.2954	0.0943
Gilead Sciences, Inc.	0.75	0.57	2.9548	0.0845
Heartland Express, Inc.	0.90	0.79	3.2839	0.0940
International Business Machines Corporation	0.80	0.67	3.0115	0.0862
Kenvue Inc.	0.80	0.64	3.3001	0.1529
L3Harris Technologies, Inc.	0.80	0.67	3.0192	0.0864
Leidos Holdings, Inc.	0.90	0.82	3.5083	0.1004
Maximus, Inc.	0.85	0.73	3.2409	0.0927
McCormick & Company, Incorporated	0.70	0.48	2.9988	0.0858
Molson Coors Beverage Company	0.75	0.61	3.2958	0.0943
Pfizer Inc.	0.75	0.61	3.2774	0.0938
Prestige Consumer Healthcare Inc.	0.75	0.61	3.2223	0.0922
PriceSmart, Inc.	0.90	0.80	3.0993	0.0887
The Progressive Corporation	0.75	0.62	2.9673	0.0849
Rollins, Inc.	0.80	0.65	3.1399	0.0898
Royal Gold, Inc.	0.75	0.60	3.4782	0.0995
Henry Schein, Inc.	0.80	0.67	3.0644	0.0877
Schneider National, Inc.	0.85	0.75	3.3830	0.0968
Selective Insurance Group, Inc.	0.90	0.80	3.2122	0.0919
Service Corporation International	0.85	0.73	3.0032	0.0859
Tractor Supply Company	0.85	0.74	3.3890	0.0970
Tyson Foods, Inc.	0.70	0.53	3.1697	0.0907
Universal Corporation	0.85	0.74	3.2871	0.0940
The Wendy's Company	0.80	0.69	3.0367	0.0869
Werner Enterprises, Inc.	0.90	0.78	3.0911	0.0884
Average	0.80	0.67	3.1706	0.0924
Proxy Group of Five Water Companies	0.80	0.65	3.2250	0.0923

Source of Information: Value Line Proprietary Database, September 2025.

Aqua New Jersey, Inc.
Basis of Selection of the Group of Non-Price Regulated Companies
Comparable in Total Risk to the Proxy Group of Twelve Water & Natural Gas Companies

The criteria for selection of the Proxy Group of Non-Price Regulated Companies comparable in total risk to the Proxy Group of Twelve Water & Natural Gas Companies was that the non-price regulated companies be domestic and reported in Value Line Investment Survey (Standard Edition).

The proxy group of non-price regulated companies was selected based on the unadjusted beta range of 0.45 - 0.79 and residual standard error of the regression range of 2.7662 - 3.2990 of the Proxy Group of Twelve Water & Natural Gas Companies.

These ranges are based upon plus or minus two standard deviations of the unadjusted beta and standard error of the regression. Plus or minus three standard deviations captures 95.50% of the distribution of unadjusted betas and residual standard errors of the regression.

The standard deviation of the Water and Gas Utility Proxy Group's residual standard error of the regression is 0.1332. The standard deviation of the standard error of the regression is calculated as follows:

$$\text{Standard Deviation of the Std. Err. of the Regr.} = \frac{\text{Standard Error of the Regression}}{\sqrt{2N}}$$

where: N = number of observations. Since Value Line betas are derived from weekly price change observations over a period of five years, N = 259

$$\text{Thus,} \quad 0.1332 = \frac{3.0326}{\sqrt{518}} = \frac{3.0326}{22.7596}$$

Source of Information: Value Line Proprietary Database, September 2025.
Value Line Investment Survey (Standard Edition).

Aqua New Jersey, Inc.
Basis of Selection of Comparable Risk
Domestic Non-Price Regulated Companies

Proxy Group of Twelve Water & Natural Gas Companies	[1] Value Line Adjusted Beta	[2] Unadjusted Beta	[3] Residual Standard Error of the Regression	[4] Standard Deviation of Beta
American States Water Company	0.75	0.54	2.7511	0.0787
California Water Service Group	0.80	0.67	3.0408	0.0870
Global Water Resources, Inc.	0.95	0.86	3.3676	0.0964
H2O America, Inc.	0.75	0.59	2.9893	0.0855
Middlesex Water Company	0.75	0.57	3.9763	0.1138
Atmos Energy Corporation	0.75	0.57	2.4158	0.0691
Chesapeake Utilities Corporation	0.70	0.52	3.0212	0.0864
New Jersey Resources Corporation	0.80	0.65	2.8619	0.0819
NiSource Inc.	0.80	0.69	2.5116	0.0719
Northwest Natural Holding Company	0.75	0.59	3.0386	0.0869
ONE Gas, Inc.	0.75	0.58	3.1364	0.0897
Southwest Gas Holdings, Inc.	0.75	0.61	3.2803	0.0939
Average	0.78	0.62	3.0326	0.0868
Beta Range (+/- 2 std. Devs. of Beta)	0.45	0.79		
2 std. Devs. of Beta	0.17			
Residual Std. Err. Range (+/- 2 std. Devs. of the Residual Std. Err.)	2.7662	3.2990		
Std. dev. of the Res. Std. Err.	0.1332			
2 std. devs. of the Res. Std. Err.	0.2664			

Source of Information: Value Line Proprietary Database, September 2025.

Aqua New Jersey, Inc.
Proxy Group of Non-Price Regulated Companies
Comparable in Total Risk to the
Proxy Group of Twelve Water & Natural Gas Companies

Proxy Group of Thirty-Six Non-Price Regulated Companies Associated with the Proxy Group of Twelve Water & Natural Gas Companies	[1] Value Line Adjusted Beta	[2] Unadjusted Beta	[3] Residual Standard Error of the Regression	[4] Standard Deviation of Beta
AbbVie Inc.	0.70	0.49	2.9870	0.0855
Amgen Inc.	0.70	0.51	2.8876	0.0826
AutoZone, Inc.	0.75	0.60	2.9668	0.0849
Becton, Dickinson and Company	0.75	0.56	2.8111	0.0804
Bristol-Myers Squibb Company	0.70	0.51	3.0539	0.0874
Brown-Forman Corporation	0.75	0.60	3.2908	0.0942
Casella Waste Systems, Inc.	0.85	0.72	2.8452	0.0814
Casey's General Stores, Inc.	0.90	0.79	3.1205	0.0893
Chemed Corporation	0.70	0.47	3.0295	0.0867
Constellation Brands, Inc.	0.75	0.62	2.9738	0.0851
Costco Wholesale Corporation	0.80	0.65	2.7892	0.0798
Gilead Sciences, Inc.	0.75	0.57	2.9548	0.0845
Heartland Express, Inc.	0.90	0.79	3.2839	0.0940
Henry Schein, Inc.	0.80	0.67	3.0644	0.0877
International Business Machines Corporation	0.80	0.67	3.0115	0.0862
L3Harris Technologies, Inc.	0.80	0.67	3.0192	0.0864
Labcorp Holdings Inc.	0.75	0.62	2.8431	0.0813
Maximus, Inc.	0.85	0.73	3.2409	0.0927
McCormick & Company, Incorporated	0.70	0.48	2.9988	0.0858
McKesson Corporation	0.70	0.50	2.8220	0.0807
Merck & Co., Inc.	0.65	0.45	3.0459	0.0871
Molson Coors Beverage Company	0.75	0.61	3.2958	0.0943
NewMarket Corporation	0.75	0.60	2.8794	0.0824
NVR, Inc.	0.90	0.79	2.9014	0.0830
O'Reilly Automotive, Inc.	0.75	0.61	2.7765	0.0794
Pfizer Inc.	0.75	0.61	3.2774	0.0938
Philip Morris International Inc.	0.75	0.61	2.9157	0.0834
Prestige Consumer Healthcare Inc.	0.75	0.61	3.2223	0.0922
Rollins, Inc.	0.80	0.65	3.1399	0.0898
Service Corporation International	0.85	0.73	3.0032	0.0859
The Allstate Corporation	0.90	0.79	2.8581	0.0818
The Progressive Corporation	0.75	0.62	2.9673	0.0849
The Wendy's Company	0.80	0.69	3.0367	0.0869
Tyson Foods, Inc.	0.70	0.53	3.1697	0.0907
Universal Corporation	0.85	0.74	3.2871	0.0940
Werner Enterprises, Inc.	0.90	0.78	3.0911	0.0884
Average	0.78	0.63	3.0239	0.0865
Proxy Group of Twelve Water & Natural Gas Companies	0.78	0.62	3.0326	0.0868

Source of Information: Value Line Proprietary Database, September 2025.

Aqua New Jersey, Inc.
Summary of Cost of Equity Models Applied to
Proxy Group of Non-Price Regulated Companies
Comparable in Total Risk to the
Proxy Group of Five Water Companies and Proxy Group of Twelve Water & Natural Gas Companies

Principal Methods		Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Five Water Companies		Proxy Group of Thirty-Six Non-Price Regulated Companies Associated with the Proxy Group of Twelve Water & Natural Gas Companies	
Discounted Cash Flow Model (DCF) (1)		13.02%		12.92%	
Risk Premium Model (RPM) (2)		11.40% -	12.18%	11.11% -	11.89%
Capital Asset Pricing Model (CAPM) (3)		11.01% -	11.73%	10.79% -	11.54%
	Mean	11.81% -	12.31%	11.61% -	12.12%
	Median	11.40% -	12.18%	11.11% -	11.89%
	Average of Mean and Median	11.61% -	12.25%	11.36% -	12.01%

Notes:
(1) From pages 2 and 3 of this Exhibit.
(2) From page 4 of this Exhibit.
(3) From pages 8 through 11 of this Exhibit.

Aqua New Jersey, Inc.
DCF Results for the Proxy Group of Non-Price-Regulated Companies Comparable in Total Risk to the
Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Five Water Companies

	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Five Water Companies	Average Dividend Yield	Value Line Projected Five Year Growth in EPS	Zack's Five Year Projected Growth Rate in EPS	S&P Capital IQ Projected Five Year Growth in EPS	Average Projected Five Year Growth Rate in EPS (1)	Adjusted Dividend Yield	Indicated Common Equity Cost Rate (2)
AbbVie Inc.	3.05 %	7.00 %	17.40 %	15.57 %	13.32 %	3.25 %	16.57 %
AutoZone, Inc.	-	7.50	14.10	13.05	11.55	-	NA
Bristol-Myers Squibb Company	5.43	27.50	1.00	74.09 (3)	14.25	5.82	20.07
Brown-Forman Corporation	3.29	7.50	2.20	2.34	4.01	3.36	7.37
Cardinal Health, Inc.	1.13	13.00	13.90	14.90	13.93	1.21	15.14
Casey's General Stores, Inc.	0.42	12.00	NA	14.96	13.48	0.45	13.93
Chemed Corporation	0.55	6.50	8.80	8.76	8.02	0.57	8.59
Constellation Brands, Inc.	2.99	3.50	28.90	(2.49)	16.20	3.23	19.43
CSG Systems International, Inc.	1.78	13.00	10.00	10.00	11.00	1.88	12.88
Electronic Arts Inc.	0.38	11.50	13.00	14.53	13.01	0.40	13.41
Fox Corporation	0.88	6.00	10.10	0.00	5.37	0.90	6.27
Gilead Sciences, Inc.	2.63	16.00	22.10	22.55	20.22	2.90	23.12
Heartland Express, Inc.	0.98	26.00	NA	NA	26.00	1.11	27.11 (4)
International Business Machines Corporation	2.27	3.00	8.80	7.77	6.52	2.34	8.86
Kenvue Inc.	5.11	NA	NA	3.68	3.68	5.20	8.88
L3Harris Technologies, Inc.	1.66	16.00	13.40	12.89	14.10	1.78	15.88
Leidos Holdings, Inc.	0.90	12.50	11.60	11.62	11.91	0.95	12.86
Maximus, Inc.	1.40	10.50	NA	12.50	11.50	1.48	12.98
McCormick & Company, Incorporated	2.92	6.00	4.50	6.32	5.61	3.00	8.61
Molson Coors Beverage Company	4.10	10.00	NA	(2.16)	10.00	4.31	14.31
Pfizer Inc.	6.86	6.00	NA	(0.37)	6.00	7.07	13.07
Prestige Consumer Healthcare Inc.	-	6.50	7.00	7.00	6.83	-	NA
PriceSmart, Inc.	1.04	9.00	NA	11.00	10.00	1.09	11.09
The Progressive Corporation	0.18	16.50	12.60	11.74	13.61	0.19	13.80
Rollins, Inc.	1.25	10.00	NA	14.30	12.15	1.33	13.48
Royal Gold, Inc.	0.99	17.50	32.80	32.75	27.68	1.13	28.81 (4)
Henry Schein, Inc.	-	10.50	6.60	8.46	8.52	-	NA
Schneider National, Inc.	1.68	12.00	36.40 (3)	36.37 (3)	12.00	1.78	13.78
Selective Insurance Group, Inc.	2.17	11.00	NA	NA	11.00	2.29	13.29
Service Corporation International	1.69	7.50	10.80	10.77	9.69	1.77	11.46
Tractor Supply Company	1.68	10.00	9.20	10.48	9.89	1.76	11.65
Tyson Foods, Inc.	3.77	5.50	11.30	11.30	9.37	3.95	13.32
Universal Corporation	6.16	10.50	4.00	4.00	6.17	6.35	12.52
The Wendy's Company	6.39	1.00	6.10	1.75	2.95	6.48	9.43
Werner Enterprises, Inc.	2.09	NA	43.00 (3)	45.77 (3)	NA	NA	NA
	NA= Not Available					Mean	12.97 %
						Median	13.07 %
					Average of Mean and Median		13.02 %

Notes on page 3 of this Exhibit

Aqua New Jersey, Inc.
DCF Results for the Proxy Group of Non-Price-Regulated Companies Comparable in Total Risk to the
Proxy Group of Thirty-Six Non-Price Regulated Companies Associated with the Proxy Group of Twelve Water & Natural Gas Companies

	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Proxy Group of Thirty-Six Non-Price Regulated Companies Associated with the Proxy Group of Twelve Water & Natural Gas Companies	Average Dividend Yield	Value Line Projected Five Year Growth in EPS	Zack's Five Year Projected Growth Rate in EPS	S&P Capital IQ Projected Five Year Growth in EPS	Average Projected Five Year Growth Rate in EPS (1)	Adjusted Dividend Yield	Indicated Common Equity Cost Rate (2)
AbbVie Inc.	3.05 %	7.00 %	17.40 %	15.57 %	13.32 %	3.25 %	16.57 %
Amgen Inc.	3.25	5.50	5.20	5.12	5.27	3.34	8.61
AutoZone, Inc.	-	7.50	14.10	13.05	11.55	-	NA
Becton, Dickinson and Company	2.23	7.50	7.30	5.55	6.78	2.31	9.09
Bristol-Myers Squibb Company	5.43	27.50	1.00	74.09 (3)	14.25	5.82	20.07
Brown-Forman Corporation	3.29	7.50	2.20	2.34	4.01	3.36	7.37
Casella Waste Systems, Inc.	-	13.00	NA	14.77	13.89	-	NA
Casey's General Stores, Inc.	0.42	12.00	NA	14.96	13.48	0.45	13.93
Chemed Corporation	0.55	6.50	8.80	8.76	8.02	0.57	8.59
Constellation Brands, Inc.	2.99	3.50	28.90	(2.49)	16.20	3.23	19.43
Costco Wholesale Corporation	0.57	11.50	7.40	9.06	9.32	0.60	9.92
Gilead Sciences, Inc.	2.63	16.00	22.10	22.55	20.22	2.90	23.12
Heartland Express, Inc.	0.98	26.00	NA	NA	26.00	1.11	27.11 (4)
Henry Schein, Inc.	-	10.50	6.60	8.46	8.52	-	NA
International Business Machines Corporation	2.27	3.00	8.80	7.77	6.52	2.34	8.86
L3Harris Technologies, Inc.	1.66	16.00	13.40	12.89	14.10	1.78	15.88
Labcorp Holdings Inc.	1.07	6.50	9.30	9.18	8.33	1.11	9.44
Maximus, Inc.	1.40	10.50	NA	12.50	11.50	1.48	12.98
McCormick & Company, Incorporated	2.92	6.00	4.50	6.32	5.61	3.00	8.61
McKesson Corporation	0.41	12.00	15.80	14.63	14.14	0.44	14.58
Merck & Co., Inc.	3.77	13.00	12.20	9.82	11.67	3.99	15.66
Molson Coors Beverage Company	4.10	10.00	NA	(2.16)	10.00	4.31	14.31
NewMarket Corporation	1.54	6.00	NA	NA	6.00	1.59	7.59
NVR, Inc.	-	0.50	1.80	1.76	1.35	-	NA
O'Reilly Automotive, Inc.	-	10.50	14.30	13.38	12.73	-	NA
Pfizer Inc.	6.86	6.00	NA	(0.37)	6.00	7.07	13.07
Philip Morris International Inc.	3.79	5.00	11.20	11.13	9.11	3.96	13.07
Prestige Consumer Healthcare Inc.	-	6.50	7.00	7.00	6.83	-	NA
Rollins, Inc.	1.25	10.00	NA	14.30	12.15	1.33	13.48
Service Corporation International	1.69	7.50	10.80	10.77	9.69	1.77	11.46
The Allstate Corporation	1.95	27.50	18.90	18.89	21.76	2.16	23.92 (4)
The Progressive Corporation	0.18	16.50	12.60	11.74	13.61	0.19	13.80
The Wendy's Company	6.39	1.00	6.10	1.75	2.95	6.48	9.43
Tyson Foods, Inc.	3.77	5.50	11.30	11.30	9.37	3.95	13.32
Universal Corporation	6.16	10.50	4.00	4.00	6.17	6.35	12.52
Werner Enterprises, Inc.	2.09	NA	43.00 (3)	45.77 (3)	NA	NA	NA
	NA= Not Available					Mean	12.77 %
						Median	13.07 %
					Average of Mean and Median		12.92 %

Notes:

(1) Average of columns 2 through 4 excluding negative growth rates and extreme values.

(2) The application of the DCF model to the domestic, non-price regulated comparable risk companies is identical to the application of the DCF to the Utility Proxy Groups. The dividend yield is derived by using the 60 day average price and the spot indicated dividend as of 12/12/2025. The dividend yield is then adjusted by 1/2 the average projected growth rate in EPS, which is calculated by averaging the 5 year projected growth in EPS provided by Value Line, www.zacks.com, and S&P Capital IQ (excluding any negative growth rates) and then adding that growth rate to the adjusted dividend yield.

(3) Growth rate not considered in average as it is 2 standard deviations above the mean.

(4) Results were excluded from the final average and median as they were more than two standard deviations from the proxy group's mean.

Source of Information:

Value Line Investment Survey
www.zacks.com, Downloaded on 12/12/2025
S&P Capital IQ

Aqua New Jersey, Inc.
Indicated Common Equity Cost Rate
Through Use of a Risk Premium Model
Using an Adjusted Total Market Approach

Line No.		Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Five Water Companies	Proxy Group of Thirty-Six Non-Price Regulated Companies Associated with the Proxy Group of Twelve Water & Natural Gas Companies
1.	Prospective Yield on Baa2 Rated Corporate Bonds (1)	5.95%	5.95%
2.	Adjustment to Reflect Bond rating Difference of Non-Price Regulated Companies (2)	-0.09%	-0.14%
3.	Adjusted Bond Yield	5.86%	5.81%
4.	Equity Risk Premium (3)	5.54% - 6.32%	5.30% - 6.08%
5.	Risk Premium Derived Common Equity Cost Rate	11.40% - 12.18%	11.11% - 11.89%

Notes: (1) Average forecast of Baa corporate bonds based upon the consensus of nearly 50 economists reported in Blue Chip Financial Forecasts dated December 01, 2025 (see pages 7 and 8 of Exhibit DWD-4). The estimates are detailed below.

Fourth Quarter 2025	5.80 %
First Quarter 2026	5.80
Second Quarter 2026	5.90
Third Quarter 2026	5.90
Fourth Quarter 2026	6.00
First Quarter 2027	6.00
2027-2031	6.10
2032-2036	6.10
Average	5.95 %

(2) The average yield spread of Baa2 rated corporate bonds over A2 corporate bonds for the three months ending November 2025. To reflect the Baa1 and A3/Baa1 average rating of the Non-Price Regulated Proxy Groups comparable in total risk to the Proxy Groups, the yield on Baa corporate bonds must be adjusted by 1/3 and 1/2, respectively, of the spread between A2 and Baa2 corporate bond yields as shown below:

	A2 Corp. Bond Yield	Baa2 Corp. Bond Yield	Spread
Nov-25	5.58 %	5.86 %	0.28 %
Oct-25	5.45	5.74	0.29
Sep-25	5.55	5.83	0.28
		Average yield spread	0.28
		1/3 of spread	0.09 %
		1/2 of spread	0.14 %

(3) From page 7 of this Exhibit.

Aqua New Jersey, Inc.
Comparison of Long-Term Issuer Ratings for the
Proxy Groups of Non-Price Regulated Companies
Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Five Water Companies

Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Five Water Companies	Moody's Long-Term Issuer Rating December 2025		Standard & Poor's Long-Term Issuer Rating December 2025	
	Long-Term Issuer Rating	Numerical Weighting (1)	Long-Term Issuer Rating	Numerical Weighting (1)
AbbVie Inc.	A3	7.0	A-	7.0
AutoZone, Inc.	Baa1	8.0	BBB	9.0
Bristol-Myers Squibb Company	A2	6.0	A	6.0
Brown-Forman Corporation	A2	6.0	A-	7.0
Cardinal Health, Inc.	Baa2	9.0	BBB	9.0
Casey's General Stores, Inc.	NA	--	NA	--
Chemed Corporation	WR	--	NR	--
Constellation Brands, Inc.	Baa2	9.0	BBB	9.0
CSG Systems International, Inc.	NA	--	BB+	11.0
Electronic Arts Inc.	Baa1	8.0	BBB+	8.0
Fox Corporation	Baa2	9.0	BBB	9.0
Gilead Sciences, Inc.	A3	7.0	A-	7.0
Heartland Express, Inc.	NA	--	NA	--
International Business Machines Corporation	A3	7.0	A-	7.0
Kenvue Inc.	A2	6.0	A	6.0
L3Harris Technologies, Inc.	Baa2	9.0	BBB	9.0
Leidos Holdings, Inc.	Baa2	9.0	BBB	9.0
Maximus, Inc.	NA	--	BB+	11.0
McCormick & Company, Incorporated	Baa2	9.0	BBB	9.0
Molson Coors Beverage Company	Baa1	8.0	BBB	9.0
Pfizer Inc.	A2	6.0	A	6.0
Prestige Consumer Healthcare Inc.	NA	--	BB	12.0
PriceSmart, Inc.	NA	--	NA	--
The Progressive Corporation	A2	6.0	A	6.0
Rollins, Inc.	NA	--	BBB	9.0
Royal Gold, Inc.	NA	--	NA	--
Henry Schein, Inc.	NA	--	NA	--
Schneider National, Inc.	NA	--	NA	--
Selective Insurance Group, Inc.	Baa2	9.0	BBB	9.0
Service Corporation International	Ba3	13.0	BB+	11.0
Tractor Supply Company	Baa1	8.0	BBB	9.0
Tyson Foods, Inc.	Baa2	9.0	BBB	9.0
Universal Corporation	WR	--	BBB-	10.0
The Wendy's Company	NA	--	B+	14.0
Werner Enterprises, Inc.	NA	--	NA	--
Average	Baa1	8.0	BBB	8.8

Notes on page 6 of this Exhibit.

Aqua New Jersey, Inc.
Comparison of Long-Term Issuer Ratings for the
Proxy Groups of Non-Price Regulated Companies
Proxy Group of Thirty-Six Non-Price Regulated Companies Associated with the Proxy Group of Twelve Water & Natural Gas Companies

Proxy Group of Thirty-Six Non-Price Regulated Companies Associated with the Proxy Group of Twelve Water & Natural Gas Companies	Moody's Long-Term Issuer Rating December 2025		Standard & Poor's Long-Term Issuer Rating December 2025	
	Long-Term Issuer Rating	Numerical Weighting (1)	Long-Term Issuer Rating	Numerical Weighting (1)
AbbVie Inc.	A3	7.0	A-	7.0
Amgen Inc.	Baa1	8.0	BBB+	8.0
AutoZone, Inc.	Baa1	8.0	BBB	9.0
Becton, Dickinson and Company	Baa2	9.0	BBB	9.0
Bristol-Myers Squibb Company	A2	6.0	A	6.0
Brown-Forman Corporation	A2	6.0	A-	7.0
Casella Waste Systems, Inc.	NA	--	BB	12.0
Casey's General Stores, Inc.	NA	--	NA	--
Chemed Corporation	WR	--	NR	--
Constellation Brands, Inc.	Baa2	9.0	BBB	9.0
Costco Wholesale Corporation	Aa3	4.0	AA	3.0
Gilead Sciences, Inc.	A3	7.0	A-	7.0
Heartland Express, Inc.	NA	--	NA	--
Henry Schein, Inc.	NA	--	NA	--
International Business Machines Corporation	A3	7.0	A-	7.0
L3Harris Technologies, Inc.	Baa2	9.0	BBB	9.0
Labcorp Holdings Inc.	NA	--	BBB	9.0
Maximus, Inc.	NA	--	BB+	11.0
McCormick & Company, Incorporated	Baa2	9.0	BBB	9.0
McKesson Corporation	A3	7.0	BBB+	8.0
Merck & Co., Inc.	Aa3	4.0	A+	5.0
Molson Coors Beverage Company	Baa1	8.0	BBB	9.0
NewMarket Corporation	Baa2	9.0	BBB+	8.0
NVR, Inc.	A3	7.0	BBB+	8.0
O'Reilly Automotive, Inc.	Baa1	8.0	BBB	9.0
Pfizer Inc.	A2	6.0	A	6.0
Philip Morris International Inc.	A2	6.0	A-	7.0
Prestige Consumer Healthcare Inc.	NA	--	BB	12.0
Rollins, Inc.	NA	--	BBB	9.0
Service Corporation International	Ba3	13.0	BB+	11.0
The Allstate Corporation	A3	7.0	BBB+	8.0
The Progressive Corporation	A2	6.0	A	6.0
The Wendy's Company	NA	--	B+	14.0
Tyson Foods, Inc.	Baa2	9.0	BBB	9.0
Universal Corporation	WR	--	BBB-	10.0
Werner Enterprises, Inc.	NA	--	NA	--
Average	A3/Baa1	7.5	BBB+	8.4

Notes:
(1) From page 4 of Exhibit DWD-4.

Source of Information:
Bloomberg Professional Services

Aqua New Jersey, Inc.
Derivation of Equity Risk Premium Based on the Total Market Approach
Using the Beta for
Two Groups of Non-Price Regulated Companies of Comparable risk to the
Proxy Group of Five Water Companies and Proxy Group of Twelve Water & Natural Gas Companies

Line No.	Equity Risk Premium Measure	Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Five Water Companies	Proxy Group of Thirty-Six Non-Price Regulated Companies Associated with the Proxy Group of Twelve Water & Natural Gas Companies
1.	Kroll Equity Risk Premium (1)	6.10%	6.10%
2.	Regression on Kroll Risk Premium Data (2)	7.03%	7.03%
3.	Kroll Equity Risk Premium based on PRPM (3)	7.28%	7.28%
4.	Equity Risk Premium Based on Value Line Summary and Index (4)	5.94%	5.94%
5.	Equity Risk Premium Based on Bloomberg, Value Line, and S&P Global Market Intelligence S&P 500 Companies (5)	12.66%	12.66%
6.	Conclusion of Equity Risk Premium	7.80%	7.80%
7.	Adjusted Beta (6)	0.71 - 0.81	0.68 - 0.78
8.	Forecasted Equity Risk Premium	5.54% - 6.32%	5.30% - 6.08%

Notes:
(1) From note 1 of page 6 of Exhibit DWD-4.
(2) From note 2 of page 6 of Exhibit DWD-4.
(3) From note 3 of page 6 of Exhibit DWD-4.
(4) From note 4 of page 6 of Exhibit DWD-4.
(5) From note 5 of page 6 of Exhibit DWD-4.
(6) Average of mean and median beta for each Non-Price Regulated Proxy Group from pages 8 through 11 of this Exhibit.

Sources of Information:
Stocks, Bonds, Bills, and Inflation - 2023 SBBI Yearbook, Kroll
Value Line Summary and Index
Blue Chip Financial Forecasts, December 01, 2025
Bloomberg Professional Services

Aqua New Jersey, Inc.
Traditional CAPM and ECAPM Results for the Proxy Groups of Non-Price-Regulated Companies Comparable in Total Risk to the
Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Five Water Companies

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Five Water Companies	Value Line Adjusted Beta	Bloomberg Beta	Average Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost Rate	ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)
AbbVie Inc.	0.70	0.49	0.59	8.62 %	4.60 %	9.68 %	10.57 %	10.12 %
AutoZone, Inc.	0.75	0.52	0.63	8.62	4.60	10.03	10.82	10.43
Bristol-Myers Squibb Company	0.70	0.49	0.59	8.62	4.60	9.68	10.57	10.12
Brown-Forman Corporation	0.75	0.73	0.74	8.62	4.60	10.98	11.54	11.26
Cardinal Health, Inc.	0.85	0.55	0.70	8.62	4.60	10.63	11.28	10.95
Casey's General Stores, Inc.	0.90	0.66	0.78	8.62	4.60	11.32	11.79	11.56
Chemed Corporation	0.70	0.51	0.60	8.62	4.60	9.77	10.63	10.20
Constellation Brands, Inc.	0.75	0.61	0.68	8.62	4.60	10.46	11.15	10.80
CSG Systems International, Inc.	0.90	0.74	0.82	8.62	4.60	11.66	12.05	11.86
Electronic Arts Inc.	0.75	0.55	0.65	8.62	4.60	10.20	10.95	10.58
Fox Corporation	0.90	0.66	0.78	8.62	4.60	11.32	11.79	11.56
Gilead Sciences, Inc.	0.75	0.54	0.65	8.62	4.60	10.20	10.95	10.58
Heartland Express, Inc.	0.90	0.96	0.93	8.62	4.60	12.61	12.76	12.69 (4)
International Business Machines Corporation	0.80	0.78	0.79	8.62	4.60	11.41	11.86	11.63
Kenvue Inc.	0.75	0.36	0.55	8.62	4.60	9.34	10.31	9.82
L3Harris Technologies, Inc.	0.80	0.63	0.72	8.62	4.60	10.80	11.41	11.10
Leidos Holdings, Inc.	0.90	0.81	0.85	8.62	4.60	11.92	12.25	12.08
Maximus, Inc.	0.85	0.58	0.71	8.62	4.60	10.72	11.34	11.03
McCormick & Company, Incorporated	0.70	0.45	0.58	8.62	4.60	9.60	10.50	10.05
Molson Coors Beverage Company	0.75	0.45	0.60	8.62	4.60	9.77	10.63	10.20
Pfizer Inc.	0.75	0.60	0.68	8.62	4.60	10.46	11.15	10.80
Prestige Consumer Healthcare Inc.	0.75	0.55	0.65	8.62	4.60	10.20	10.95	10.58
PriceSmart, Inc.	0.90	0.71	0.80	8.62	4.60	11.49	11.92	11.71
The Progressive Corporation	0.80	0.66	0.73	8.62	4.60	10.89	11.47	11.18
Rollins, Inc.	0.80	0.63	0.71	8.62	4.60	10.72	11.34	11.03
Royal Gold, Inc.	0.75	0.67	0.71	8.62	4.60	10.72	11.34	11.03
Henry Schein, Inc.	0.80	0.55	0.68	8.62	4.60	10.46	11.15	10.80
Schneider National, Inc.	0.90	0.77	0.84	8.62	4.60	11.84	12.18	12.01
Selective Insurance Group, Inc.	0.85	0.56	0.71	8.62	4.60	10.72	11.34	11.03
Service Corporation International	0.85	0.62	0.74	8.62	4.60	10.98	11.54	11.26
Tractor Supply Company	0.90	0.76	0.83	8.62	4.60	11.75	12.12	11.93
Tyson Foods, Inc.	0.70	0.44	0.57	8.62	4.60	9.51	10.44	9.97
Universal Corporation	0.85	0.45	0.65	8.62	4.60	10.20	10.95	10.58
The Wendy's Company	0.85	0.59	0.72	8.62	4.60	10.80	11.41	11.10
Werner Enterprises, Inc.	0.90	0.88	0.89	8.62	4.60	12.27	12.50	12.39
		Mean	0.71			10.72 %	11.34 %	10.98 %
		Median	0.71			10.72 %	11.34 %	11.03 %
		Average of Mean and Median	0.71			10.72 %	11.34 %	11.01 %

Notes on page 9 of this Exhibit.

Aqua New Jersey, Inc.
Traditional CAPM and ECAPM Results for the Proxy Groups of Non-Price-Regulated Companies Comparable in Total Risk to the
Proxy Group of Thirty-Six Non-Price Regulated Companies Associated with the Proxy Group of Twelve Water & Natural Gas Companies

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
Proxy Group of Thirty-Six Non-Price Regulated Companies Associated with the Proxy Group of Twelve Water & Natural Gas Companies	Value Line Adjusted Beta	Bloomberg Beta	Average Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost Rate	ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)
AbbVie Inc.	0.70	0.49	0.59	8.62 %	4.60 %	9.68 %	10.57 %	10.12 %
Amgen Inc.	0.70	0.57	0.64	8.62	4.60	10.11	10.89	10.50
AutoZone, Inc.	0.75	0.52	0.63	8.62	4.60	10.03	10.82	10.43
Becton, Dickinson and Company	0.75	0.58	0.67	8.62	4.60	10.37	11.08	10.73
Bristol-Myers Squibb Company	0.70	0.49	0.59	8.62	4.60	9.68	10.57	10.12
Brown-Forman Corporation	0.75	0.73	0.74	8.62	4.60	10.98	11.54	11.26
Casella Waste Systems, Inc.	0.80	0.52	0.66	8.62	4.60	10.29	11.02	10.65
Casey's General Stores, Inc.	0.90	0.66	0.78	8.62	4.60	11.32	11.79	11.56
Chemed Corporation	0.70	0.51	0.60	8.62	4.60	9.77	10.63	10.20
Constellation Brands, Inc.	0.75	0.61	0.68	8.62	4.60	10.46	11.15	10.80
Costco Wholesale Corporation	0.80	0.71	0.75	8.62	4.60	11.06	11.60	11.33
Gilead Sciences, Inc.	0.75	0.54	0.65	8.62	4.60	10.20	10.95	10.58
Heartland Express, Inc.	0.90	0.96	0.93	8.62	4.60	12.61	12.76	12.69 (4)
Henry Schein, Inc.	0.80	0.55	0.68	8.62	4.60	10.46	11.15	10.80
International Business Machines Corporation	0.80	0.78	0.79	8.62	4.60	11.41	11.86	11.63
L3Harris Technologies, Inc.	0.80	0.63	0.72	8.62	4.60	10.80	11.41	11.10
Labcorp Holdings Inc.	0.80	0.59	0.69	8.62	4.60	10.54	11.21	10.88
Maximus, Inc.	0.85	0.58	0.71	8.62	4.60	10.72	11.34	11.03
McCormick & Company, Incorporated	0.70	0.45	0.58	8.62	4.60	9.60	10.50	10.05
McKesson Corporation	0.65	0.52	0.58	8.62	4.60	9.60	10.50	10.05
Merck & Co., Inc.	0.65	0.68	0.67	8.62	4.60	10.37	11.08	10.73
Molson Coors Beverage Company	0.75	0.45	0.60	8.62	4.60	9.77	10.63	10.20
NewMarket Corporation	0.80	0.76	0.78	8.62	4.60	11.32	11.79	11.56
NVR, Inc.	0.90	0.57	0.73	8.62	4.60	10.89	11.47	11.18
O'Reilly Automotive, Inc.	0.75	0.47	0.61	8.62	4.60	9.86	10.70	10.28
Pfizer Inc.	0.75	0.60	0.68	8.62	4.60	10.46	11.15	10.80
Philip Morris International Inc.	0.75	0.25	0.50	8.62	4.60	8.91	9.98	9.45 (4)
Prestige Consumer Healthcare Inc.	0.75	0.55	0.65	8.62	4.60	10.20	10.95	10.58
Rollins, Inc.	0.80	0.63	0.71	8.62	4.60	10.72	11.34	11.03
Service Corporation International	0.85	0.62	0.74	8.62	4.60	10.98	11.54	11.26
The Allstate Corporation	0.90	0.58	0.74	8.62	4.60	10.98	11.54	11.26
The Progressive Corporation	0.80	0.66	0.73	8.62	4.60	10.89	11.47	11.18
The Wendy's Company	0.85	0.59	0.72	8.62	4.60	10.80	11.41	11.10
Tyson Foods, Inc.	0.70	0.44	0.57	8.62	4.60	9.51	10.44	9.97
Universal Corporation	0.85	0.45	0.65	8.62	4.60	10.20	10.95	10.58
Werner Enterprises, Inc.	0.90	0.88	0.89	8.62	4.60	12.27	12.50	12.39 (4)
		Mean	0.68			10.49 %	11.17 %	10.77 %
		Median	0.68			10.46 %	11.15 %	10.80 %
		Average of Mean and Median	0.68			10.48 %	11.16 %	10.79 %

Notes:
(1) From note 1 of page 3 of Exhibit DWD-6.
(2) From note 2 of page 3 of Exhibit DWD-6.
(3) Average of CAPM and ECAPM cost rates.
(4) Results were excluded from the final average and median as they were more than two standard deviations from the proxy group's mean.

Aqua New Jersey, Inc.
Traditional CAPM and ECAPM Results for the Proxy Groups of Non-Price-Regulated Companies Comparable in Total Risk to the
Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Five Water Companies

	[1]	[2]	[3]	[4]	[5]	[6]
Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Five Water Companies	Value Line Adjusted Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost Rate	ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)
AbbVie Inc.	0.70	8.62 %	4.60 %	10.63 %	11.28 %	10.95 %
AutoZone, Inc.	0.75	8.62	4.60	11.06	11.60	11.33
Bristol-Myers Squibb Company	0.70	8.62	4.60	10.63	11.28	10.95
Brown-Forman Corporation	0.75	8.62	4.60	11.06	11.60	11.33
Cardinal Health, Inc.	0.85	8.62	4.60	11.92	12.25	12.08
Casey's General Stores, Inc.	0.90	8.62	4.60	12.35	12.57	12.46
Chemed Corporation	0.70	8.62	4.60	10.63	11.28	10.95
Constellation Brands, Inc.	0.75	8.62	4.60	11.06	11.60	11.33
CSG Systems International, Inc.	0.90	8.62	4.60	12.35	12.57	12.46
Electronic Arts Inc.	0.75	8.62	4.60	11.06	11.60	11.33
Fox Corporation	0.90	8.62	4.60	12.35	12.57	12.46
Gilead Sciences, Inc.	0.75	8.62	4.60	11.06	11.60	11.33
Heartland Express, Inc.	0.90	8.62	4.60	12.35	12.57	12.46
International Business Machines Corporation	0.80	8.62	4.60	11.49	11.92	11.71
Kenvue Inc.	0.75	8.62	4.60	11.06	11.60	11.33
L3Harris Technologies, Inc.	0.80	8.62	4.60	11.49	11.92	11.71
Leidos Holdings, Inc.	0.90	8.62	4.60	12.35	12.57	12.46
Maximus, Inc.	0.85	8.62	4.60	11.92	12.25	12.08
McCormick & Company, Incorporated	0.70	8.62	4.60	10.63	11.28	10.95
Molson Coors Beverage Company	0.75	8.62	4.60	11.06	11.60	11.33
Pfizer Inc.	0.75	8.62	4.60	11.06	11.60	11.33
Prestige Consumer Healthcare Inc.	0.75	8.62	4.60	11.06	11.60	11.33
PriceSmart, Inc.	0.90	8.62	4.60	12.35	12.57	12.46
The Progressive Corporation	0.80	8.62	4.60	11.49	11.92	11.71
Rollins, Inc.	0.80	8.62	4.60	11.49	11.92	11.71
Royal Gold, Inc.	0.75	8.62	4.60	11.06	11.60	11.33
Henry Schein, Inc.	0.80	8.62	4.60	11.49	11.92	11.71
Schneider National, Inc.	0.90	8.62	4.60	12.35	12.57	12.46
Selective Insurance Group, Inc.	0.85	8.62	4.60	11.92	12.25	12.08
Service Corporation International	0.85	8.62	4.60	11.92	12.25	12.08
Tractor Supply Company	0.90	8.62	4.60	12.35	12.57	12.46
Tyson Foods, Inc.	0.70	8.62	4.60	10.63	11.28	10.95
Universal Corporation	0.85	8.62	4.60	11.92	12.25	12.08
The Wendy's Company	0.85	8.62	4.60	11.92	12.25	12.08
Werner Enterprises, Inc.	0.90	8.62	4.60	12.35	12.57	12.46
Mean	0.81			11.54 %	11.96 %	11.75 %
Median	0.80			11.49 %	11.92 %	11.71 %
Average of Mean and Median	0.81			11.52 %	11.94 %	11.73 %

Notes on page 11 of this Exhibit.

Aqua New Jersey, Inc.
Traditional CAPM and ECAPM Results for the Proxy Groups of Non-Price-Regulated Companies Comparable in Total Risk to the
Proxy Group of Thirty-Six Non-Price Regulated Companies Associated with the Proxy Group of Twelve Water & Natural Gas Companies

	[1]	[2]	[3]	[4]	[5]	[6]
Proxy Group of Thirty-Six Non-Price Regulated Companies Associated with the Proxy Group of Twelve Water & Natural Gas Companies	Value Line Adjusted Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost Rate	ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)
AbbVie Inc.	0.70	8.62 %	4.60 %	10.63 %	11.28 %	10.95 %
Amgen Inc.	0.70	8.62	4.60	10.63	11.28	10.95
AutoZone, Inc.	0.75	8.62	4.60	11.06	11.60	11.33
Becton, Dickinson and Company	0.75	8.62	4.60	11.06	11.60	11.33
Bristol-Myers Squibb Company	0.70	8.62	4.60	10.63	11.28	10.95
Brown-Forman Corporation	0.75	8.62	4.60	11.06	11.60	11.33
Casella Waste Systems, Inc.	0.80	8.62	4.60	11.49	11.92	11.71
Casey's General Stores, Inc.	0.90	8.62	4.60	12.35	12.57	12.46
Chemed Corporation	0.70	8.62	4.60	10.63	11.28	10.95
Constellation Brands, Inc.	0.75	8.62	4.60	11.06	11.60	11.33
Costco Wholesale Corporation	0.80	8.62	4.60	11.49	11.92	11.71
Gilead Sciences, Inc.	0.75	8.62	4.60	11.06	11.60	11.33
Heartland Express, Inc.	0.90	8.62	4.60	12.35	12.57	12.46
Henry Schein, Inc.	0.80	8.62	4.60	11.49	11.92	11.71
International Business Machines Corporation	0.80	8.62	4.60	11.49	11.92	11.71
L3Harris Technologies, Inc.	0.80	8.62	4.60	11.49	11.92	11.71
Labcorp Holdings Inc.	0.80	8.62	4.60	11.49	11.92	11.71
Maximus, Inc.	0.85	8.62	4.60	11.92	12.25	12.08
McCormick & Company, Incorporated	0.70	8.62	4.60	10.63	11.28	10.95
McKesson Corporation	0.65	8.62	4.60	10.20	10.95	10.58
Merck & Co., Inc.	0.65	8.62	4.60	10.20	10.95	10.58
Molson Coors Beverage Company	0.75	8.62	4.60	11.06	11.60	11.33
NewMarket Corporation	0.80	8.62	4.60	11.49	11.92	11.71
NVR, Inc.	0.90	8.62	4.60	12.35	12.57	12.46
O'Reilly Automotive, Inc.	0.75	8.62	4.60	11.06	11.60	11.33
Pfizer Inc.	0.75	8.62	4.60	11.06	11.60	11.33
Philip Morris International Inc.	0.75	8.62	4.60	11.06	11.60	11.33
Prestige Consumer Healthcare Inc.	0.75	8.62	4.60	11.06	11.60	11.33
Rollins, Inc.	0.80	8.62	4.60	11.49	11.92	11.71
Service Corporation International	0.85	8.62	4.60	11.92	12.25	12.08
The Allstate Corporation	0.90	8.62	4.60	12.35	12.57	12.46
The Progressive Corporation	0.80	8.62	4.60	11.49	11.92	11.71
The Wendy's Company	0.85	8.62	4.60	11.92	12.25	12.08
Tyson Foods, Inc.	0.70	8.62	4.60	10.63	11.28	10.95
Universal Corporation	0.85	8.62	4.60	11.92	12.25	12.08
Werner Enterprises, Inc.	0.90	8.62	4.60	12.35	12.57	12.46
Mean	0.78			11.32 %	11.80 %	11.56 %
Median	0.78			11.28 %	11.76 %	11.52 %
Average of Mean and Median	0.78			11.30 %	11.78 %	11.54 %

Notes:
(1) From note 1 of page 3 of Exhibit DWD-6.
(2) From note 2 of page 3 of Exhibit DWD-6.
(3) Average of CAPM and ECAPM cost rates.

Aqua New Jersey, Inc.
Derivation of Investment Risk Adjustment Based upon
Kroll Associates' Size Premia for the Decile Portfolios of the NYSE/AMEX/NASDAQ

	[1] Market Capitalization on December 12, 2025 (1) (millions)		[2] Applicable Decile of the NYSE/AMEX/ NASDAQ (2)	[3] Applicable Size Premium (3)	[4] Spread from Applicable Size Premium (4)
Aqua New Jersey, Inc.	$ 416.753		9	1.73%	
Proxy Group of Five Water Companies	$ 1,649.511	4.0 x	7	1.19%	0.54%
Aqua New Jersey, Inc.	$ 407.757		9	1.73%	
Proxy Group of Twelve Water & Natural Gas Companies	$ 2,868.728	7.0 x	6	1.00%	0.73%
		[A]	[B]	[C]	[D]

	Decile	Market Capitalization of Smallest Company (millions)	Market Capitalization of Largest Company (millions)	Size Premium (Return in Excess of CAPM)*
Largest	1	$ 47,156.530	$ 3,522,211.140	-0.01%
	2	20,191.220	46,949.060	0.33%
	3	9,937.940	20,178.360	0.49%
	4	6,196.710	9,937.350	0.50%
	5	3,948.050	6,181.270	0.74%
	6	2,481.780	3,946.150	1.00%
	7	1,422.890	2,464.500	1.19%
	8	731.190	1,417.450	0.88%
	9	304.620	729.920	1.73%
Smallest	10	1.110	304.480	4.47%

*From 2025 Kroll Cost of Capital Navigator

Notes:

(1) From pages 2 through 3 of this Exhibit.
(2) Gleaned from Columns [B] and [C] on the bottom of this page. The appropriate decile (Column [A]) corresponds to the market capitalization of the proxy group, which is found in Column [1].
(3) Corresponding risk premium to the decile is provided in Column [D] on the bottom of this page.
(4) Line No. 1 Column [3] – Line No. 2 Column [3]. For example, the 0.54% in Column [4], Line No. 2 is derived as follows 0.54% = 1.73% - 1.19%.

Aqua New Jersey, Inc.
Market Capitalization of Aqua New Jersey, Inc. and the
Proxy Group of Five Water Companies and Proxy Group of Twelve Water & Natural Gas Companies

Company	Exchange	[1] Common Stock Shares Outstanding at Fiscal Year End 2024 (millions)	[2] Book Value per Share at Fiscal Year End 2023 (1)	[3] Total Common Equity at Fiscal Year End 2024 (millions)	[4] Closing Stock Market Price on December 12, 2025	[5] Market-to-Book Ratio on December 12, 2025 (2)	[6] Market Capitalization on December 12, 2025 (3) (millions)
Aqua New Jersey, Inc.		NA	NA	195.567 (4)	NA		
Based upon Proxy Group of Five Water Companies						213.1 (5)	$ 416.753 (6)
Proxy Group of Five Water Companies							
American States Water Company	NYSE	38.151	$ 24.12	$ 920.05	$ 73.95	306.6 %	$ 2,821.268
California Water Service Group	NYSE	59.484	27.54	1,638.29	44.17	160.4	2,627.408
Global Water Resources, Inc.	NASDAQ	24.571	1.94	47.60	8.47	437.3	208.116
H2O America, Inc.	NASDAQ	33.629	40.65	1,366.97	49.05	120.7	1,649.511
Middlesex Water Company	NASDAQ	17.887	24.89	445.26	53.05	213.1	948.905
Median		33.629	$ 24.893	$ 920.051	$ 49.05	213.1 %	$ 1,649.511

NA= Not Available

Notes: (1) Column 3 / Column 1.
(2) Column 4 / Column 2.
(3) Column 1 * Column 4.
(4) Common Equity as of Test-Year End; Company Provided.
(5) The market-to-book ratio of Aqua New Jersey, Inc. on December 12, 2025 is assumed to be equal to the market-to-book ratio of the Proxy Group of Five Water Companies on December 12, 2025 as appropriate.
(6) Column [3] multiplied by Column [5].

Source of Information: 2024 Annual Forms 10K
Bloomberg Professional Services

Aqua New Jersey, Inc.
Market Capitalization of Aqua New Jersey, Inc. and the
Proxy Group of Five Water Companies and Proxy Group of Twelve Water & Natural Gas Companies

Company	Exchange	[1] Common Stock Shares Outstanding at Fiscal Year End 2024 (millions)	[2] Book Value per Share at Fiscal Year End 2023 (1)	[3] Total Common Equity at Fiscal Year End 2024 (millions)	[4] Closing Stock Market Price on December 12, 2025	[5] Market-to-Book Ratio on December 12, 2025 (2)	[6] Market Capitalization on December 12, 2025 (3) (millions)
Aqua New Jersey, Inc.		NA	NA	195.567 (4)	NA		
Based upon Proxy Group of Twelve Water & Natural Gas Companies						208.5 (5)	$ 407.757 (6)
Proxy Group of Twelve Water & Natural Gas Companies							
American States Water Company	NYSE	38.151	$ 24.12	$ 920.05	$ 73.95	306.6 %	$ 2,821.268
California Water Service Group	NYSE	59.484	27.54	1,638.29	44.17	160.4	2,627.408
Global Water Resources, Inc.	NASDAQ	24.571	1.94	47.60	8.47	437.3	208.116
H2O America, Inc.	NASDAQ	33.629	40.65	1,366.97	49.05	120.7	1,649.511
Middlesex Water Company	NASDAQ	17.887	24.89	445.26	53.05	213.1	948.905
Atmos Energy Corporation	NYSE	155.259	78.31	12,157.67	168.37	215.0	26,140.932
Chesapeake Utilities Corporation	NYSE	22.899	60.71	1,390.20	127.35	209.8	2,916.188
New Jersey Resources Corporation	NYSE	99.461	22.12	2,200.44	45.81	207.1	4,556.329
NiSource Inc.	NYSE	469.822	18.48	8,684.20	41.41	224.0	19,455.349
Northwest Natural Holding Company	NYSE	40.222	34.44	1,385.37	46.78	135.8	1,881.599
ONE Gas, Inc.	NYSE	59.877	51.85	3,104.55	76.93	148.4	4,606.327
Southwest Gas Holdings, Inc.	NYSE	71.783	48.82	3,504.19	80.08	164.0	5,748.363
Median		49.853	30.99	$ 1,514.243	$ 51.05	208.5 %	$ 2,868.728

NA= Not Available

Notes: (1) Column 3 / Column 1.
(2) Column 4 / Column 2.
(3) Column 1 * Column 4.
(4) Common Equity as of Test-Year End; Company Provided.
(5) The market-to-book ratio of Aqua New Jersey, Inc. on December 12, 2025 is assumed to be equal to the market-to-book ratio of the Proxy Group of Twelve Water & Natural Gas Companies on December 12, 2025 as appropriate.
(6) Column [3] multiplied by Column [5].

Source of Information: 2024 Annual Forms 10K
Bloomberg Professional Services

Aqua New Jersey, Inc.
Derivation of the Flotation Cost Adjustment to the Cost of Common Equity

Equity Issuances and Flotation Costs of the Parent Since 2019

		[Column 1]	[Column 2]	[Column 3]	[Column 4]	[Column 5]
Date	Transaction	Shares Issued	Gross Equity Issue before Costs	Total Flotation Costs	Total Net Proceeds (1)	Flotation Cost Percentage (2)
2024	At-the-Market Offering	925,497	$ 36,500,009 (1)	$ 366,009	$ 36,134,000	1.00%
2023	At-the-Market Offering	8,938,839	$ 326,245,452 (1)	$ 3,262,452	$ 322,983,000	1.00%
2022	At-the-Market Offering	1,321,994	$ 63,676,765 (1)	$ 636,765	$ 63,040,000	1.00%
05/02/22	Equity Offering	7,863,354	$ 690,000,000	$ 16,358,000	$ 673,642,000 (2)	2.37%
08/09/21	Equity Offering	6,700,000	$ 308,200,000	$ 8,461,000	$ 299,739,000	2.75%
03/16/20	Equity Offering	21,661,095	$ 749,907,000	$ 20,606,000	$ 729,301,000 (2)	2.75%
04/23/19	Equity Offering	37,370,017	$ 1,293,750,000	$ 30,651,000	$ 1,263,099,000 (2)	2.37%
			$ 3,468,279,226	$ 80,341,226	$ 3,387,938,000	2.32%

Flotation Cost Adjustment

	[Column 6]	[Column 7]	[Column 8]	[Column 9]	[Column 10]	[Column 11]
	Average Dividend Yield (3)	Average Projected EPS Growth Rate (3)	Adjusted Dividend Yield (4)	Average DCF Cost Rate Unadjusted for Flotation (5)	DCF Cost Rate Adjusted for Flotation (6)	Flotation Cost Adjustment (7)
Proxy Group of Five Water Companies	2.94	7.96	3.05 %	11.01 %	11.08 %	0.07 %
Proxy Group of Twelve Water & Natural Gas Companies	3.04 %	8.05 %	3.16 %	11.21 %	11.29 %	0.07 %

Notes:
(1) Column 2 - Column 3.
(2) (Column 2 - Column 4) / Column 2.
(3) From page 1 of Exhibit DWD-3.
(4) This reflects a growth rate component equal to one-half the conclusion of growth rate (from column 7) x column 6 to reflect the periodic payment of dividends (Gordon Model) as opposed to the continuous payment.
(5) Column 7 + Column 8
(6) Adjustment for flotation costs based on adjusting the average constant growth DCF cost rate in accordance with the following:

$$K = \frac{D(1+0.5g)}{P(1-F)} + g$$

Where g is the growth factor and F is the percentage of flotation costs.
(7) Column 10 - Column 9.

Source of Information: Company SEC filed documents