

December 23, 2022

VIA ELECTRONIC MAIL

Honorable Carmen D. Diaz, Acting Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, Suite 314
P.O. Box 350
Trenton, NJ 08625-0350
carmen.diaz@bpu.nj.gov
board.secretary@bpu.nj.gov

Re: In the Matter of the Petition of Aqua New Jersey Inc. for Approval
to Defer the Costs Related to the Replacement of Lead Service Lines
and Other Related Approvals
BPU Docket No.

Dear Acting Secretary Diaz:

On behalf of Petitioner, Aqua Water New Jersey Inc., attached for filing please find an electronic copy of a Petition, together with supporting Exhibits, initiating the above-referenced matter.

If you have any questions concerning this filing, please do not hesitate to contact me.

Thank you for your attention to this matter.

Respectfully submitted,



Colleen A. Foley

CAF/jg

Enclosures

cc: Attached Service List (w/encls., via email only)

SERVICE LIST

In the Matter of the Petition of Aqua New Jersey Inc.
for Approval to Defer the Costs Related to the Replacement of
Lead Service Lines and Other Related Approvals
BPU Docket No. _____

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**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

**IN THE MATTER OF 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. _____

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

Petitioner, Aqua New Jersey Inc. (“Petitioner” or “Aqua”), a public utility corporation of the State of New Jersey, with principal offices at 10 Black Forest Road, Hamilton, New Jersey 08691, hereby petitions the Board of Public Utilities (“Board”) pursuant to N.J.S.A. 48:2-21, 48:2-21.1, 48:2-23, and N.J.A.C. 14:1 *et seq.*, as follows:

I. DESCRIPTION OF THE PETITIONER

1. Petitioner is engaged in the business of treating and distributing water for retail service to approximately 55,000 customers.¹ The Company’s customers are located in several municipalities in Warren, Hunterdon, Mercer, Morris, Burlington, Monmouth, Camden, Atlantic, Ocean, Sussex and Gloucester Counties, New Jersey. Water service is provided to customers by a total of 25 separate public water systems. The Company has generally 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).

2. Aqua is a wholly-owned subsidiary of Essential Utilities, Inc., a publicly traded company.

¹ Petitioner is also engaged in the wastewater collection, treatment and transmission business and currently serves approximately 6,500 wastewater customers. Wastewater investments are not the subject of this Petition.

3. The purpose of this filing is to seek approval from the Board of Public Utilities (the “BPU” or “Board”) to defer certain costs related to the replacement of lead service lines (“LSLs”) and to treat them as a regulatory asset pending the Board’s decision regarding the Company’s next base rate case filing. In addition, Aqua will identify those costs it intends to recover through its Distribution System Improvement Charge (“DSIC”) Foundational Filing, which matter was approved by the Board at its December 21, 2022 public agenda meeting. As explained herein, Aqua’s request is consistent with law, will promote public health and safety, and is in the public interest.

II. CHALLENGES POSED BY LSLs

4. The provision of utility service typically involves a combination of facilities—some of which are owned by the utility providing service and some of which are owned by the customer. Water service requires the transmission of water through water mains (located in streets or public rights-of-way) to service lines that run from the water main to a home or building. Service lines typically consist of two portions: the section of the service line from the water main to the curb stop which is owned by Aqua (“company-owned”), and the section from the curb stop to the home/building which is owned by the customer and is the responsibility of the property owner (“customer-owned”).² Water infrastructure tends to be long lived, with many service lines installed at a time when the use of lead in service lines and connections was a standard practice, and lead was a common installation material. Service lines that contain lead are referred to as LSLs.

² Aqua acknowledges that the owner of a property with a lead service line and the customer receiving water service via the lead service line may not be the same individuals or entities. For the purposes of this Petitioner, however, the term “customer-owned” is intended to encompass situations in which 1.) the property owner is also the customer of record, and 2.) situations in which the customer of record is not the owner of the premises but receives service via a lead service line.

5. As will be explained in greater detail in this Petition and supporting Exhibits, Aqua is in the process of determining the composition of the service lines in each of the 25 individual systems that make up its service territories. These individual water systems reflect a range of ages, with older systems like Phillipsburg more likely to have service lines that meet the LSL definition, while newer systems like Woolwich have no service lines that meet the LSL definition. The Company is progressing through the inventory of LSLs in its systems using skilled underground contractors familiar with this type of work. Generally, the majority of Aqua's LSL issue is galvanized lines. Aqua intends to replace all of these services—both customer and Company-owned—within the mandated ten year period.

6. Aqua believes it is appropriate to replace the LSLs in its service territory but its ability to undertake LSL replacement has been hindered by questions of both law and regulation. While the Company could, and did, periodically replace portions of LSLs that it owned, the Company's ability to replace customer-owned LSLs and obtain cost-recovery for these investments was unclear. As a result, customer-owned LSL replacement has lagged. Legislation enacted in 2021, however, has now clarified this issue, directed that LSLs be replaced, and provided guidelines for utility cost recovery. This Petition is filed in direct response to that legislation.

7. Since the LSL legislation was enacted, Aqua has compiled service line inventories for all of its 25 water systems and implemented a program to address known LSLs and unknown inventories. As noted above, the Company has awarded two contractors the work and has begun replacing LSLs in its systems.

III. LEGISLATION REQUIRING LSL REPLACEMENT

8. On July 22, 2021, Governor Murphy signed A5343/SS3398 (P.L. 2021, ch. 183) into law. The statute contains a number of requirements and “declares that public water systems should fully inventory all service lines and gradually replace all lead service lines, portions of which may exist on private property; and that, given the risk to public health and the resulting social costs that lead exposure imposes upon society as a whole, it is in the public interest that each public water system be obligated to replace lead service lines, including those that exist on private property, and be authorized to recoup the costs of lead service line replacements from all subscribers of the public water system”³. In short, the law now directs utilities to inventory and gradually replace LSLs, and authorizes utilities to seek recovery of those replacement costs from all utility customers.

9. The law requires the inventorying of all service lines to determine their composition to the best of the utility’s ability and includes substantial reporting requirements to the New Jersey Department of Environmental Protection (“NJDEP”). The law also requires Aqua to replace service lines regardless of ownership that are lead (or are of a galvanized material)⁴ over the next 10 years. In order to effectuate the replacement process, the law includes extensive data gathering, reporting and planning obligations, including:⁵

Preliminary Report: On or before September 9, 2021, utilities were required to submit a report to the NJDEP detailing: the number of lead service lines; the number of service lines of unknown composition; and the number of lead services lines that will be replaced each year. On September 15, 2021, Aqua provided the required reporting to the NJDEP. Aqua’s initial LSL inventory report showed the Company had 1,506 known “Lead” services, 26,867 services of unknown material and a total of 54,007 services. Exhibit A contains the Preliminary Reports submitted to NJDEP. Exhibit A materials include customer information and will be provided under separate cover upon the execution on a Non-Disclosure Agreement.

³ N.J.S.A. 58:12A-40 Findings relative to the presence of lead in drinking water.

⁴ As defined in the referenced law, service lines of galvanized material are considered to be LSLs.

⁵ The statute also requires the posting of information on the Company’s website and notice to customers of the composition of service lines if such lines are known to be lead. A sample copy of the notice provided to customers is attached as Exhibit D.

Initial Service Line Inventory: On or before January 22, 2022, utilities were required to submit to the NJDEP an initial service line inventory indicating the location of all identified lead service lines. The initial service line inventory was to include the following:

- (1) the locations of all identified lead service lines;
- (2) an indication as to whether each identified lead service line is completely composed of lead or otherwise meets the definition of a lead service line;
- (3) the location of each service line that is suspected to be lead;
- (4) whether the lines are owned by the utility, property owner or both;
- (5) the location and composition of all non-lead service lines; and
- (6) a separate list identifying all service lines of unknown composition.

Aqua submitted its Initial Service Line Inventory on January 22, 2022. To identify the composition of LSLs, Aqua used the following methods: review of customer records, interviews with system operators, review of construction records, and determined home ages.

Updated Service Line Inventory: By July 2022, utilities were required to submit to the NJDEP an updated inventory that builds upon prior inventories and includes:

- (1) why the suspected lead lines are believed to contain lead; and
- (2) for lines of unknown composition, a description of efforts taken by the utility to determine whether those lines contain lead.

Aqua provided NJDEP with its Updated Service Line Inventory on July 22, 2022, which showed the Company had 1,682 “Lead” services and unknowns totaling 21,673 services. Exhibit B is a compilation of the data included in the service line inventories submitted to NJDEP. Exhibit B materials include customer information and will be provided under separate cover upon the execution on a Non-Disclosure Agreement.

Initial LSL Replacement Plan: By July 2022, utilities were required to submit to the NJDEP an initial plan to replace all lead service lines within their service areas and provide an annual update consistent with the service line inventory, until all lead service lines have been identified and replaced. This plan must provide for the average annual replacement of at least 10 percent of all lead service lines that were known and identified on the date the utility submitted its initial service line replacement plan. The plan must also provide for the replacement of all lead service lines within the system’s service area no later than 10 years after the effective date of the act, regardless of whether the lines were known or unknown at the date submitted in its initial plan to the department. Although utilities are encouraged to complete replacement within 10 years, each system shall be authorized to

continue replacement plan activities for a maximum of 15 years. Aqua provided NJDEP with its Replacement Plans on July 22, 2022. Aqua's Replacement Plans are included in Exhibit C. Exhibit C materials include customer information and will be provided under separate cover upon the execution on a Non-Disclosure Agreement.

As the statute requires LSL replacements within a specified timeframe, Aqua has begun the replacement process now—prior to the approval and implementation of its DSIC foundational filing and prior to the filing of a base rate case in which a cost recovery mechanism can be approved. It is for this reason that the Company is filing this deferred accounting Petition. It is critical that replacement costs be tracked so that appropriate BPU action to address all elements of LSL cost recovery can occur either through the Company's DSIC, or during the Company's next filed base rate case. Aqua anticipates that its next base rate case will be filed in late 2023, and its first DSIC cost-recovery filing will be made in mid-2023.

10. Since the LSL statute was enacted, Aqua has complied with NJDEP requirements and compiled service line inventories for all 25 of the Company's public water systems, and setup a program to address both known LSLs and unknown LSL inventories. The Company has awarded contracts for LSL remediation work to two contractors, and work commenced in Aqua's various water systems as of September 20, 2022. As of December 5, 2022, Aqua surpassed 1,000 services replaced, and is working with urgency to ensure the Company complies with both the ten year and the ten percent per year requirements in the LSL statute. To assist the Board in its review of this request, Aqua has also prepared Exhibit E which contains the Company's responses to anticipated data requests that may be propounded during the course of this proceeding.

IV. KEY COST RECOVERY CONCEPTS

11. The law requires replacement of LSLs within Aqua's system and requires such replacement regardless of ownership. Consistent with the law, the cost of the replacement of the company-owned portion of an LSL and the cost of the replacement of the customer-owned portion

of an LSL are to be recovered in utility rates as the Board may direct⁶. As authorized in the new statute, the costs associated with the replacement of the *Company-owned* portion of LSLs are to be included in the DSIC and, through the DSIC process, will be ultimately included in rate base.⁷ The costs associated with the replacement of the portion of an LSL that is customer-owned are to be treated as an operation and maintenance cost and recovered from the Company's customer base pursuant to law through the regular rate case process.⁸ In order to recoup the costs of LSL replacements from its customers, Aqua is required to submit to the Board, for approval at its next base rate case proceeding, a petition that includes a proposal for cost recoupment. As the next Aqua rate case will not occur until late 2023, and the statutory LSL replacement deadline continues, the Company is filing this Petition to facilitate its prompt replacement of LSLs pursuant to law.

12. The law also provides for the inclusion of interest costs on the proportionate share of project costs for the replacement of the customer-side of a lead service line. Such interest cost is the embedded cost of debt, as authorized in a utility's most recent base rate case filing (with no cost of equity additive). It is the intention of Aqua, in its next base rate case filing, to include a plan for recovery of such costs as detailed in the law, and to request appropriate recovery of both

⁶ N.J.S.A. 58:12A-45.

⁷ Aqua currently does not have an approved DSIC program. By way of a Petition filed on May 31, 2022, the Company requested approval of a DSIC mechanism (Docket No. WR22050360). On November 22, 2022, the Company filed a fully executed Stipulation of Settlement resolving all issues in the proceeding, and the Board approved the Stipulation of Settlement at its December 21, 2022 public agenda meeting. As set out in the Stipulation of Settlement, the DSIC cost recovery mechanism would become effective on January 1, 2023. Paragraph 14 of the Stipulation provides that

“spending for any DSIC-eligible projects included in this filing that (i) were underway as of the date of this filing, or (ii) commenced during the pendency of this filing, will be used to either meet Aqua's base spending requirement or will be recoverable in Aqua's DSIC mechanism consistent with the Board's DSIC regulations.”

⁸ N.J.S.A. 58:12A-45.

the costs of the customer-side of the service line in addition to the Company-owned side of the LSLs.

13. In the interim, Aqua has begun, and is required to continue, replacing both Company- and customer-owned LSLs. The law provides that, except for emergency incidents such as a main or service line break, or during a water main replacement, a utility is not permitted to conduct a partial replacement of a lead service line and the utility shall make a good faith effort to replace the entire LSL and only conduct a partial replacement as a last resort. As a result, Aqua has begun replacing non-Company side lead service lines in order to meet the requirements of the law and the required timelines.

14. Consistent with the LSL statute, Aqua's plan for LSL replacement cost recovery is twofold as set out in the LSL statute. For customer-owned LSLs, Aqua will complete the required replacement work and defer the associated costs (with interest as noted above) and seek their recovery in the Company's next base rate case. Deferred accounting is appropriate for these costs as regular ratemaking practice deals with test year and future costs. If deferred accounting is not permitted, the Company would be dis-incentivized to replace LSLs until it was assured of full and timely cost recovery. Therefore, Aqua is requesting that the Board authorize it to defer the costs of replacing the portion of an LSL owned by the customer/property owner, and to seek recovery of these deferred costs in its next base rate case proceeding in conjunction with its then to be filed overall proposal for cost recovery.

15. For Company-owned LSLs, Aqua intends to seek their recovery through its DSIC Foundational Filing and cost recovery mechanism approved in BPU Docket No. WR22050360 at the Board's December 21, 2022 public agenda meeting. In addition, Aqua intends to include in its DSIC the costs of Company-owned LSL replacements that occurred during the time the DSIC

proceeding was pending at the Board (i.e. beginning May 31, 2022). Further, Aqua intends to seek recovery in the DSIC of other “company-side” costs incurred by the Company in compliance with the LSL statute, including the costs it has incurred to complete the LSL inventory and implement the replacement planning process, some of which costs were incurred prior to filing the DISC Foundational Filing.

V. REQUEST FOR AUTHORIZATION TO DEFER COSTS

16. The Company hereby requests that the Board authorize it to defer the costs to replace customer-side LSLs as a regulatory asset pending the Board’s decision regarding the Company’s next base rate case filing. This will enable the Company to meet its mandated 10% (or 7% if an extension is granted) replacement schedule and to replace customer-side LSLs more quickly. It will also ensure compliance with the legal requirements for cost recovery regarding the replacement of customer-side LSLs. Specifically, Aqua is requesting to defer the total cost of: (a) the replacement of customer/property owner-side LSLs (N.J.S.A. 58:12A-45), and (b) including interest (N.J.S.A. 58:12A-45(2)). Aqua intends to recover the following in its DSIC: (a) the costs of Company-owned LSLs replacements since the inception of the LSL statute, (b) the total costs of customer notifications (N.J.S.A. 58.12A-43), (c) the costs of inventorying premises which require excavation (N.J.S.A. 58:12A-42 f.(2)) in the event all normal methods of determining the composition of a service line have been exhausted, and (d) other incremental costs required to comply with the law. While Aqua believes this DSIC cost recovery treatment was contemplated in the LSL statute, the Company seeks Board approval to the extent the Board determines such approval is expressly required.

17. The Company is presently working with various New Jersey State Agencies in an effort to qualify for grants, low interest loans or other types of funding to help defray the cost of

LSL replacement. At the time of the filing of this Petition, applications for such funding have been submitted and are undergoing review. Specifically, Aqua has submitted four applications to the New Jersey Environmental Infrastructure Trust (“NJEIT”) and is scheduled to meet with representatives of NJEIT in early January 2023. In addition, Aqua is also working with urgency across its 25 public water systems to comply with the ten percent annual replacement requirement. The Company will advise the Board as to the status of its efforts as this proceeding progresses.

IV. ADDRESSED TO:

18. Communications in this matter should be sent to the following individuals:

Colleen A. Foley, Esq.
SAUL EWING LLP
One Riverfront Plaza, Suite 1530
Newark, NJ 07102
Telephone (973) 286-6711
Colleen.foley@saul.com

With a copy to:

Lawrence R. Carson
President
Aqua New Jersey, Inc
10 Black Forest Road
Hamilton, NJ 08691
LRCarson@aquaamerica.com

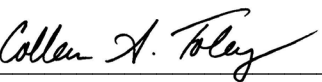
V. CONCLUSION

**WHEREFORE, FOR THE FOREGOING REASONS, THE PETITIONER
RESPECTFULLY REQUESTS THAT THE BOARD:**

- 1) retain the matter at the Board and appoint a Commissioner to oversee this proceeding; and
- 2) approve the Company's request for deferred accounting and DSIC cost recovery as described herein.

Dated: December 23, 2022

Respectfully submitted,

By: 

Colleen A. Foley, Esq.
SAUL EWING LLP
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Newark, NJ 07102
Telephone: (973) 286-6711

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF
AQUA NEW JERSEY INC. FOR APPROVAL
TO DEFER CERTAIN COSTS RELATED TO
THE REPLACEMENT OF LEAD SERVICE
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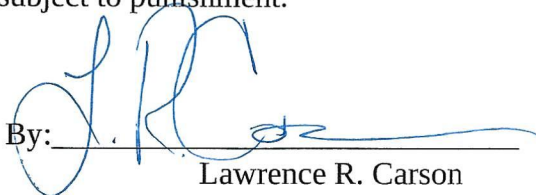
CERTIFICATION

LAWRENCE R. CARSON, of full age, certifies as follows:

1. I am the President, Aqua New Jersey, Inc., and in that capacity I am authorized to make this Certification on behalf of Aqua New Jersey, Inc., the Petitioner in this matter.
2. I hereby certify that I have reviewed the within Petition and Exhibits.
3. I further certify that the information contained therein is true and correct to the best of my knowledge, information and belief. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Dated: December 19, 2022

By: _____



Lawrence R. Carson
President
Aqua New Jersey, Inc.

Exhibit A

Preliminary LSL Report

Contains Confidential Information & Will Be Provided Upon Execution of a Non-Disclosure Agreement

Exhibit B

Compilation of Service Line Inventory Information

Contains Confidential Information & Will Be Provided Upon Execution of a Non-Disclosure Agreement

Exhibit C

LSL Replacement Plans

Contains Confidential Information & Will Be Provided Upon Execution of a Non-Disclosure Agreement

Exhibit D

Sample Customer Notice



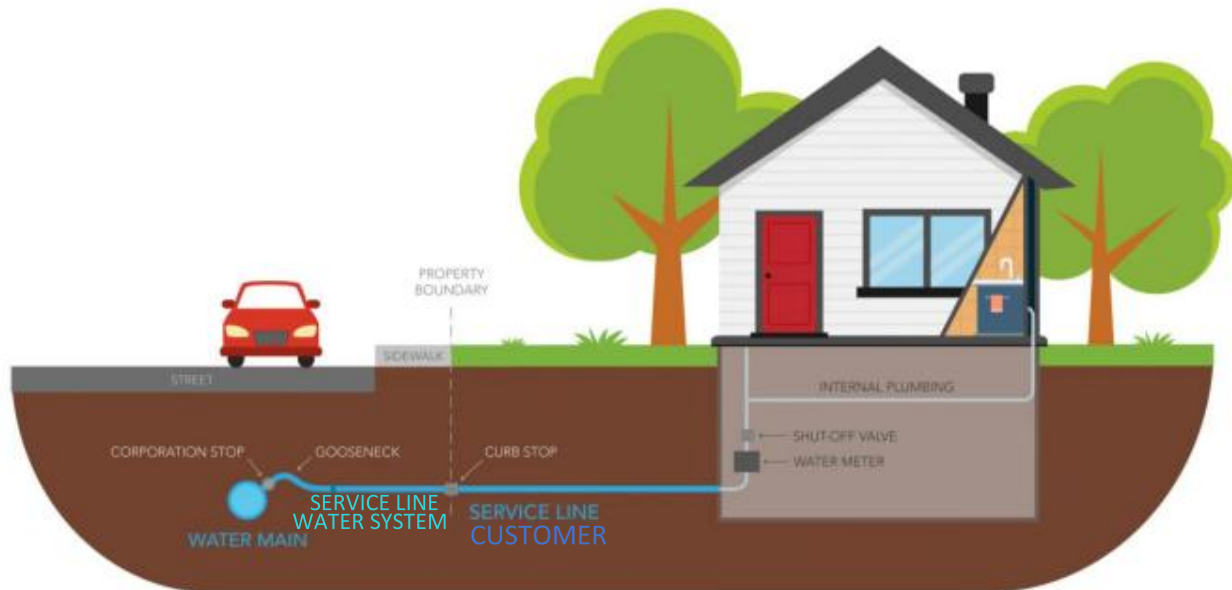
Aqua Customer/Property Owner
Mailing Address

Notice of Lead Service Line Material

To whom it may concern:

In July 2021, P.L.2021, Ch.183 (Law) was enacted, requiring all community water systems to replace lead service lines in their service area within 10 years. Under the law, Aqua NJ is required to notify customers, non-paying consumers, and any off-site owner of a property (e.g., landlord) when it is known they are served by a lead service line*. Our service line material inventory is available at www.aquaamerica.com/our-states/new-jersey.aspx. Our most recent service line inventory indicates that the above address has a galvanized steel service line, which per the above law is considered a lead service line. Per the above law, this line will be required to be replaced within the next ten years.

A service line is a portion of pipe that connects the water main to the building inlet. Ownership of the service line varies by water system, but for Aqua NJ water systems, the service line is owned partially by the water system and partially by the property owner. The service line materials on the water system side are [insert material types] and the service line materials on the property owner side are [insert material types].



If the materials of the customer service line is incorrectly identified or if you are incorrectly identified as a contact for this property, please contact us via email at AquaNJ_Lead@aquaaamerica.com to update our records.

Aqua NJ is developing a lead service line replacement program. If you are planning to replace your service line, please contact us at 1-877-987-2782 or AquaNJ_Lead@aquaaamerica.com prior to replacement so that we can coordinate our efforts.

If you have any questions, please reach out to us at 1-877-987-2782 or AquaNJ_Lead@aquaaamerica.com

Sincerely,
Aqua NJ

* This notice contains regulatorily required or recommended language and nothing herein is, is intended as, nor should be construed as, a promise of or contract for payment or reimbursement of expenses incurred for any action you take on account of this notice.

Este informe contiene información muy importante. Tradúzcalo o hable con alguien que lo entienda bien.

*Note that per C.58:12A-41, section 2, the definition of a lead service line now includes galvanized service lines.

**Image from: *Lead Service Line Replacement Collaborative (2021)*

Please see attached for general information regarding lead that is required to be provided by the July 2021, P.L. 2021, Ch.183 (Law).

Health Effects of Lead

Lead can cause serious health problems if too much enters your body from drinking water or other sources. It can cause damage to the brain and kidneys and can interfere with the production of red blood cells that carry oxygen to all parts of your body. The greatest risk of lead exposure is to infants, young children, and pregnant women. Scientists have linked the effects of lead on the brain with lowered IQ in children. Adults with kidney problems and high blood pressure can be affected by low levels of lead more than healthy adults. Lead is stored in the bones, and it can be released later in life. During pregnancy, the child receives lead from the mother's bones, which may affect brain development. Contact your local health department or healthcare provider to find out how you can get your child tested for lead if you are concerned about lead exposure. You can find out more about how to get your child tested and how to pay for it at <https://www.state.nj.us/health/childhoodlead/testing.shtml>.

Sources of Lead in Drinking Water

Although most lead exposure occurs from inhaling dust or from contaminated soil, or when children eat paint chips, the U.S. Environmental Protection Agency (USEPA) estimates that 10 to 20 percent of human exposure to lead may come from lead in drinking water. Infants who consume mostly mixed formula can receive 40 percent to 60 percent of their exposure to lead from drinking water. Lead is rarely found in the source of your drinking water but enters tap water through corrosion, or wearing away, of materials containing lead in the water distribution system and household plumbing materials. These materials include lead-based solder used to join copper pipes, brass, and chrome-brass faucets, and in some cases, service lines made of or lined with lead.

New brass faucets, fittings, and valves, including those advertised as "lead-free", may still contain a small percentage of lead, and contribute lead to drinking water. The law currently allows end-use brass fixtures, such as faucets, with up to 0.25 percent lead to be labeled as "lead free". However, prior to January 4, 2014, "lead free" allowed up to 8 percent lead content of the wetted surfaces of plumbing products including those labeled National Sanitation Foundation (NSF) certified. Visit the NSF website at www.nsf.org to learn more about lead-containing plumbing fixtures. Consumers should be aware of this when choosing fixtures and take appropriate precautions.

When water stands in lead service lines, lead pipes, or plumbing systems containing lead for several hours or more, the lead may dissolve into your drinking water. This means the first water drawn from the tap in the morning, or later in the afternoon if the water has not been used all day, can contain fairly high levels of lead.

Steps You Can Take to Reduce Exposure to Lead in Drinking Water

For a full list of steps visit: <https://www.state.nj.us/dep/watersupply/dwc-lead-consumer.html>

- 1. Run the cold water to flush out lead.** Let the water run from the tap before using it for drinking or cooking any time the water in the faucet has gone unused for more than six hours. The longer the water resides in plumbing the more lead it may contain. Flushing the tap means running the cold-water faucet. Let the water run from the cold-water tap based on the length of the lead service line and the plumbing configuration in your home. In other words, the larger the home or building and the greater the distance to the water main (in the street), the more water it will take to flush properly. Although toilet flushing or showering flushes water through a portion of the plumbing system, you still need to flush the water in each faucet before using it for drinking or cooking. Flushing tap water is a simple and inexpensive measure you can take to protect your health. It usually uses less than one gallon of water.
- 2. Use cold, flushed water for cooking and preparing baby formula.** Because lead from lead-containing plumbing materials and pipes can dissolve into hot water more easily than cold water, never drink, cook, or prepare beverages including baby formula using hot water from the tap. If you have not had your water sampled or if you know, it is recommended that bottled or filtered water be used for drinking and preparing baby formula. If you need hot water, draw water from the cold tap and then heat it.
- 3. Do not boil water to remove lead.** Boiling water will not reduce lead; however, it is still safe to wash dishes and do laundry. Lead will not soak into dishware or most clothes.
- 4. Use alternative sources or treatment of water.** You may want to consider purchasing bottled water or a water filter. Read the package to be sure the filter is approved to reduce lead or contact NSF International at 800-NSF-8010 or www.nsf.org for information on performance standards for water filters.
- 5. Determine if you have interior lead plumbing or solder.** If your home/building was constructed prior to 1987, it is important to determine if interior lead solder or lead pipes are present. You can check yourself, hire a licensed plumber, or check with your landlord.
- 6. Replace plumbing fixtures and service lines containing lead.** Replace brass faucets, fittings, and valves that do not meet the current definition of "lead free" from 2014 (as explained above). Visit the NSF website at www.nsf.org to learn more about

lead-containing plumbing fixtures. **If you are planning to replace your lead service line, contact us at 1-877-987-2782 or at AquaNJ_Lead@aquaamerica.com.**

- 7. Remove and clean aerators/screens on plumbing fixtures.** Over time, particles and sediment can collect in the aerator screen. Regularly remove and clean aerators screens located at the tip of faucets and remove any particles.
- 8. Test your water for lead.** If concerned, please call us at **1-877-987-2782** to find out how to get your water tested for lead. Testing is essential because you cannot see, taste, or smell lead in drinking water.
- 9. Get your child tested.** Contact your local health department or healthcare provider to find out how you can get your child tested for lead if you are concerned about lead exposure. New Jersey law requires that children be tested for lead in their blood at both 1 and 2 years of age and before they are 6 years old if they have never been tested before or if they have been exposed to a known source of lead.
- 10. Have an electrician check your wiring.** If grounding wires from the electrical system are attached to your pipes, corrosion may be greater. Check with a licensed electrician or your local electrical code to determine if your wiring can be grounded elsewhere. DO NOT attempt to change the wiring yourself because improper grounding can cause electrical shock and fire hazards.
- 11. Water softeners and reverse osmosis units** will remove lead from water but can also make the water more corrosive to lead solder and plumbing by removing certain minerals; therefore, the installation of these treatment units at the point of entry into homes with lead plumbing should only be done under supervision of a qualified water treatment professional.

For more information, please contact Aqua NJ at **1-877-987-2782** or **AquaNJ_Lead@aquaamerica.com**

The owner or operator (e.g., landlord) of a multi-unit dwelling (e.g., apartment building) must distribute this information to every resident. Delivery of a hard copy of the notice must be done by hand, or mail, and by posting the information in a conspicuous location in the common area of each dwelling.

Please share this information with all other people who consume this water at this address provided by Aqua NJ, especially those who may not have received this notice directly (for example, people in nursing homes, schools, and businesses). You can do this by posting this notice in a public place or distributing copies by hand or mail.

This notice is being sent to you by Aqua NJ- **Phillipsburg**. State Water System ID#: **NJ2119001**
Date distributed: 2/20/22

* This notice contains regulatorily required or recommended language and nothing herein is, is intended as, nor should be construed as, a promise of or contract for payment or reimbursement of expenses incurred for any action you take on account of this notice.

Property Owner Refusal Form

Property Owner Name _____

Address Served by Lead Service Line _____

Property Owner Phone Number _____

Property Owner Email _____

Reason for Lead Service Line Replacement Refusal:

- Cost
- Do not want to provide access to property
- Do not want to have disturbance to property
- Need more information (provide explanation below)
- Other

Please provide other explanation or additional information needed:

Pursuant to N.J.S.A. 58:12A-40 et seq., New Jersey water systems are required to replace all lead service lines by July 2031, including portions that may exist on private property. By signing this form, the property owner acknowledges delay of lead service line replacement at the property listed above. Such a delay may contribute to increased lead levels in drinking water. Lead can cause serious health problems, such as damage to the brain and kidneys and interfere with the production of red blood cells that carry oxygen to all parts of your body. For more information, visit the Division of Water Supply and Geoscience's website at: <https://www.state.nj.us/dep/watersupply/dws-sampreg.html>

Signature of Property Owner _____

Date _____

For Water System Use Only

Water System Name _____

PWSID # _____

Form Completed by: Property Owner or Water System

Property Owner Refused to Sign: Yes or No



AQUA LEAD SERVICE LINE REPLACEMENT PROGRAM

Roman E&G Corp is working with Aqua to replace the lead and galvanized water services in your area.

PLEASE KEEP THIS NOTICE FOR IMPORTANT INFORMATION REGARDING THE POTENTIAL REPLACEMENT OF YOUR WATER LINE

The first step of replacement is scheduling an inspection of your water meter and curb side service line. The preliminary inspection takes about 10 minutes. A representative from Roman E&G will need access to the water meter to confirm the material of the water service coming in from the street. They will take some interior photos of the existing conditions and meter and have you sign the paperwork for Aqua. Someone over the age of 18 will need to be present and give access to the inside of the property.

If your line inside is copper: No further action required. Our crews will work block by block and dig test pits outside of your property to confirm the material in the street. If the material in the street to the main is copper, no further construction will take place and your water will remain on. If the line is lead/galvanized, the line will be replaced same day. Normal working hours are from 7am to 5pm. Please be prepared for your water to be turned off while we work on your property during some or all of the above work hours if the line in the street is replaced.

If your line inside is lead/galvanized: Roman E&G will call/text you to schedule an appointment for the replacement. Someone over the age of 18 will need to be present and give access to the workers inside the property. Normal working hours are from 7am to 5pm. Residents are requested to be available for the entire day while work is being completed. Please be prepared for your water to be turned off while we work on your property during some or all of the above work hours.

THIS PROGRAM IS MANDATED BY THE STATE OF NEW JERSEY

THERE IS NO UPFRONT COST FOR THIS REPLACEMENT

Work will be limited to the vicinity of the valve at the curb and adjacent to the foundation, since the intention is to use a trenchless method. Any lawn areas disturbed will be temporarily filled with stone to allow for a short period of settlement (2-4 weeks) then completed with fresh topsoil and seed. Landscaping is limited to disturbed areas only but any additional material removed (i.e. mulch, bushes, etc), will be replaced in kind. Some work may require the breaking of concrete sidewalk. After any work in the sidewalk, the sidewalk will be filled with a temporary black asphalt patch to allow for a short period of settlement (2-4 weeks). The asphalt will then be removed and replaced in kind with freshly poured concrete, joint to joint. Basements vary. Any work needing to be done in basement will be discussed with the homeowner prior to work being undertaken. It is not the responsibility of the contractor to replace sheetrock, tile, or building materials that enclosed the pipes or meters. Restoration will be to prior existing conditions to the extent this remains in compliance with the Plumbing Code, which requires that all meters must be exposed and accessible, and thus will not be encased/re-encased in any manner.

Please scan the below QR code to schedule your inspection or feel free to call us directly at (551) 222-5700. Our regular business hours are from 8am to 4:30pm. THIS IS ALSO A CELL PHONE. Please feel free to text! If a representative is not readily available, please leave a message and your call will be returned within 24-48 hrs.

For more information about Aqua's program, please call (xxx) xxx-xxxx or visit www.xyz.com



Roman E&G, Corp, 14 Ogden Street, Newark, NJ 07104
Amanda Gentle, Project Manager
LeadReplacement@romaneg.com

¡Favor de no consumir el agua sin antes comunicarse con nuestro Department de Servicio al Cliente al 877.987.2782!


An Important Health Notice From Aqua*



PLEASE READ THIS BEFORE USING YOUR WATER!

As part of Aqua's Customer-Owned Lead Service Line Replacement Program ("Replacement Program"), Aqua, or Aqua's contractor, replaced your customer-owned lead service line. Before using your water please follow the flushing instructions below:

Please review and follow these very important **instructions**¹ to minimize your exposure to metals, such as lead, which might have been stirred up due to the service-line replacement work. Please flush all your faucets using these steps:

-  **1** If possible, remove faucet aerators from all water faucets in the home.
- 2** Beginning in the lowest level of the home, fully open the cold water faucets throughout the home.
- 3** Let the water run for at least 30 minutes at the last faucet you opened (which was on your top floor).
- 4** Turn off each faucet starting with the faucets in the highest level of the home. Be sure to run water in bathtubs and showers as well as faucets.
- 5** Clean and reinstall any aerators you might have removed in Step 1.
- 6** Do not consume tap water, open hot water faucets, or use icemaker or filtered water dispenser until after flushing is complete.

¹Based on the American Water Works Association-recommended safety procedures (awwa.org).

You might also wish to use a NSF-approved home filter for water to be used for drinking and cooking, particularly if you are pregnant or have children under age six. Go to NSF.org for more information.

Please visit Aqua's website for more information concerning Aqua's Replacement program at <https://www.aquaamerica.com/our-states/pennsylvania/leadservicelines.aspx>. Thank you for letting Aqua serve you! For questions or concerns, please contact Aqua customer service at **877.987.2782**.

**This information sheet contains regulatorily required or recommended language and nothing herein is intended as, nor should be construed as, a promise of or contract for payment or reimbursement of expenses incurred for any action you take on account of this information sheet.*

Exhibit E

Additional Information

**IN THE MATTER OF 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**

Exhibit E

- 1) Please provide the number of customer-side LSL replacements that Aqua New Jersey has completed to date along with the completion date for each such replacement.

Providing data from July 20, 2022 to October 31, 2022:

* *Lawrence – 28 customer-side replaced*

* *Phillipsburg – 830 customer-side replaced*

As of the week of December 5, 2022, over 1,000 LSLs have been replaced.

- 2) Please provide a detailed schedule identifying, quantifying, and explaining all customer-side LSL replacement costs incurred since Aqua New Jersey's last base rate case to date.

No customer-side LSL replacements were made prior to September 2022, when the present LSL replacement program commenced.

- 3) When the Company undertakes to replace both a Company-side and a customer-side LSL at the same time and location, please explain whether and how the costs associated with joint and common activities, such as excavation and trenching for example, are allocated between the Company-side and the customer-side.

All costs associated with all test pits are Company-side costs, as are the costs of replacing the Company-owned portion of the service line. The test pits are centered on the curb stop. Any costs inward toward the customer's premises from the curb stop are deemed to be customer-side costs (including trenching or boring, with trenching being billed on a linear foot basis). Aqua notes that most LSLs are replaced by boring. Last, all notifications and inventory costs have been designated to be customer-side.

- 4) Please provide a detailed itemization of all costs that Aqua New Jersey intends to defer if Board authorization is granted.

All Customer side costs - Break down of the bid document customer side items (Exhibit F) + Inventory and notification costs

- 5) Please provide the journal entries and accounts that Aqua New Jersey intends to use for customer-side LSL cost deferrals.

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Exhibit E

Aqua anticipates that costs will be deferred to USOA Account 186.3 Regulatory Assets. In addition, Aqua uses another general ledger field called "Order" to designate charges as customer-side and to separate them by region.

- 6) What areas of the Petitioner's service territory have more concentration of lead service lines?

The highest concentration of galvanized services in our system is in Phillipsburg.

- 7) How many lead service lines have been replaced and have been filed either in base rate or DSIC filings? What is the cost?

As noted in the Petition, Aqua's request to implement a DSIC was approved by the Board on December 21, 2022. Because Aqua does not have a currently effective DSIC, no LSL costs have been included in either a DSIC filing or a base rate case filing.

- 8) Please explain how the lead service lines projects will be identified and given a priority ranking.

Aqua contracted with ARCADIS to determine lines that are of unknown material. Some unknowns were eliminated by interior inspection and finally test pits were used when other methods were inconclusive. We have moved our LSL program to the top priority in our Capital plan. It will remain there until we determine if the New Jersey Environmental Infrastructure Trust ("NJEIT") financing is a viable funding source for this program.

- 9) Does the Company have any grants that been obtained for lead?

As noted in the Petition, Aqua has submitted four applications to the NJEIT, all of which are presently under review. In addition, Aqua has a meeting scheduled for early January 2023 to meet with NJEIT staff to discuss its applications.

- 10) Please provide a schedule showing the number of known Company-owned lead service lines and goosenecks and the number of known Customer-owned lead connecting lines by municipality.

Please refer to Exhibit B.

- 11) How many Company-owned service lines and Customer-owned service lines does Aqua expect to replace in the next 10 years?

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Exhibit E

Aqua plans to replace 100% of all existing service lines system wide, be they galvanized or lead, within the next ten years.

- 12) Please provide a schedule and a detailed breakdown of all the components of the cost by the listed categories of expense.

Please see the answer to Question 4 above. Cost break down by category TBD.

- 13) What is the Company doing to identify the material(s) in the unknown Company-owned service lines?

Aqua has contracted with ARCADIS to determine unknowns that are copper due to installation date. Some unknowns were eliminated by interior inspection and finally test pits were used when other methods were inconclusive.

- 14) Has the Company been able to secure funding for the replacement of lead service lines through state or federal funding, and if so, does this financing include any principal forgiveness?

See the response to Question 9 regarding the pending NJEIT application process.

- 15) To date, how many Company-owned lead service line replacements have been included in the DSIC and at what cost?

Aqua does not presently have a DSIC mechanism; however, the BPU recently granted approval of Aqua's Foundational Filing in BPU Docket No. WR22050360 on December 21, 2022.

- 16) How many municipalities of the Petitioner franchise system that the Company intends to start replacement LSLs have moratorium on road work? Do any moratoriums apply to the areas where the Company intends to commence replacement of LSLs?

All municipalities that Aqua serves have roadway moratoriums. In addition, counties also place restrictions on road opening.

- 17) Has the Company been able to secure funding for customer side lead service lines through the NJEIT and if so does this financing include any principal forgiveness?

Please see the response to Question 9 above.

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Exhibit E

- 18) Have any of the Company's Community Public Water Systems exceeded the action levels for either lead or copper and are any of the Company's systems under a lead service line replacement mandate from NJDEP? Please elaborate.

No, Aqua does not have lead or copper exceedances in any of its 25 public water systems under the LSL program.

- 19) What material did the Company use for replacement of the existing lead service line components? Were samples taken for lead, as well as the new material, before and after the replacement was complete?

Aqua used copper. The Company did not take samples as it is not under mandate.

- 20) How many Customer-owned lead service lines does the Company anticipate it will replace and over what period of time will these replacements occur?

As noted above, Aqua's intention is to replace all LSLs within ten years of commencing LSL replacement (i.e., by September 2032).

- 21) Has the Company been able to secure funding for the replacement of Customer-owned lead service lines through state or federal funding, and if so, does this financing include any principal forgiveness?

As explained in this filing, the Company's funding requests remain pending at this time. Aqua is scheduled to meet with NJEIT representatives in early January and will explore the availability of principal forgiveness.

- 22) To date, how many Company-owned lead service line replacements have been included in base rate and DSIC and at what cost?

Company owned lead service lines were periodically replaced in prior years but historic records are not available to answer this question.

- 23) Have there been any new partial replacements of LSLs (i.e., where the Company replaced its portion of the LSL but did not replace the LSL service line owned by the customer)? If so, please provide the total number of partial LSL replacements to date and how many additional partial replacements there have been.

No. Aqua's company policy does not allow partial replacements.

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Exhibit E

- 24) How many customers have declined the Company's offer to replace the customer-owned connecting line at the Company's cost? Please explain.

Thus far, a total of 24 customers/property owners have declined the Company's offer to replace the LSLs.

Exhibit F

Billing Detail

Aqua New Jersey

Lead Service Line Billings for work from Inception of Legislation through Oct 31, 2022

May 31, 2022 - October 31, 2022			
		Company Side	Customer Side
Customer Notifications		11,011	
Engineering Consulting		17,165	
LSL Replacement	Northern	3,039,825	2,623,120
Road Permitting	Northern	219,250	
Overhead	Northern	52,752	
LSL Replacement	Central	416,963	228,574
Road Permitting	Central	18,355	
Overhead	Central	13,843	
Debt		14,447	10,376
Equity		33,561	
Total		3,837,172	2,862,070
			6,699,241
Prior to May 31, 2022			
		Company Side	Customer Side
Customer Notifications		20,190	
Engineering Consulting		99,559	
LSL Replacement	Northern	0	0
Road Permitting	Northern	0	
Overhead	Northern	28,706	
LSL Replacement	Central	0	0
Road Permitting	Central	0	
Overhead	Central	0	
Debt		331	-
Equity		770	
Total		149,556	-
			149,556