

**NJUSA Crossword Puzzle  
Answer Key**

**ACROSS**

- 3. kilowatt
- 5. renewable
- 7. invest
- 12. infrastructure
- 14. rates
- 15. electricity
- 16. regulate
- 17. EMP
- 18. decoupling

**DOWN**

- 1. water
- 2. powerplant
- 4. wastewater
- 6. NJUSA
- 8. deregulation
- 9. gas
- 10. therm
- 11. potable
- 13. treatment

**Did You Know...**

...you can stay up-to-date with the latest NJUSA news and happenings in between newsletters and one-pagers by visiting NJUSA's website at [www.NJUSA.us](http://www.NJUSA.us)? Additionally, NJUSA sponsors also share company news and investor relations information on their individual websites.

- **American Water**
  - Financial Releases—<https://ir.amwater.com/site/News-Events/financial-releases>
  - Press Room—<https://pr.amwater.com/>
- **New Jersey Resources**
  - Financial News—<http://investor.njresources.com/financial-information/financial-news>
  - News Center—<https://www.njresources.com/news/releases/2019/index.aspx>
- **PSEG**
  - Corporate Newsroom—<https://corporate.pseg.com/newsroom>
  - Investor Relations News & Events—<https://investor.pseg.com/investor-news-and-events/events-calendar/default.aspx>

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# NJUSA Insight

## Understanding the Push for “Clean” Energy

“Clean” energy, as the term is often used in public policy parlance, is energy which is produced and/or used with no contribution of carbon dioxide (CO<sub>2</sub>) to the environment. The release of CO<sub>2</sub> into the environment is thought to be the primary contributor to global climate change (also known as global warming or the greenhouse gas effect.) According to the U.S. Department of Energy (<https://www.energy.gov/science-innovation/clean-energy>), clean energy sources include: solar, wind, water (hydroelectric power), geothermal, bioenergy and nuclear. Energy efficiency, that is, the reduction in the consumption of energy is also considered clean energy because, in terms of environmental impact, a unit of energy not used/produced is the

most efficient and least costly form of energy.

New Jersey’s clean energy strategy includes most of the above, with energy efficiency viewed to be the most effective, but not exclusive, approach. The State’s path to clean energy was charted in the Clean Energy Act which became law in 2018. In addition to laying out aggressive goals for solar and wind energy, the Act also requires the BPU to achieve new goals for energy efficiency, including a mandate for gas and electric utilities to implement energy efficiency programs with specific targets.

NJUSA sponsors’ utility subsidiaries New Jersey Natural Gas and PSE&G have both conducted energy

efficiency programs since 2009, and even before, under special terms and conditions approved by the BPU. The stakes are even higher now, however, since the utilities are bound by law to implement programs with specific energy efficiency targets. The concept of helping customers to use less, and thus buy less, of the commodity energy utilities have relied on for revenues for over 100 years seems counterintuitive and potentially risky for utilities and their shareholders. Consequently, it is critically important that BPU allow the utilities to implement energy efficiency programs in a manner that enables them to remain financially strong and grow.

## A MESSAGE FROM THE PRESIDENT

Dear Members,

The end of the year and dawning of the next often prompts reflection, both personal and organizational, on where we've been and where we're going. NJUSA is no exception.

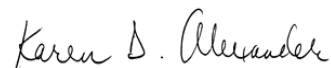
I am pleased to share that the voice of utility shareholders was present in more state public policy issues in 2019 than in any prior year. NJUSA presented testimony or regulatory comments on: the draft New Jersey Energy Master Plan; the need to allow electric and gas utilities to play a leading role in bringing energy efficiency programs to customers; and on PSE&G's Clean Energy Future and Energy Strong programs. NJUSA was also granted participant status and filed legal briefs in New Jersey American Water's and New Jersey Natural Gas' rate cases.

NJUSA's involvement in these matters is important for two reasons: 1) it helps to keep front-of-mind for decisionmakers the role of utility shareholders in ensuring the ongoing provision of safe and reliable service and 2) it protects our members by making the clear and consistent case that shareholders' financial interests must be appropriately considered if utility investment is to continue *and grow* in New Jersey, especially in light of the many activities utilities are expected to engage in beyond their core traditional operational mission.

Not everything we do or will do is advocacy intensive, though. Fun is on the agenda, too, as we bring members together to socialize and learn. Last year's tour of PSEG's Salem and Hope Creek Nuclear Power Plants was the first tour that enabled an up-close look at energy production operations. This year's tour of New Jersey American Water's Delaware River Treatment Plant allowed members to see first-hand the operational and safety processes and procedures involved in delivering safe drinking water. Few ever get to see the behind-the-scenes technological and human efforts involved to deliver the utility services we all take for granted. As this year's tour ended, members shared they "had no idea" of how much is involved to deliver safe drinking water and how impressed they were with the expertise of the Delran's plant's management and staff.

Members, look forward to an equally interesting 2020 tour, with the date and place to be announced soon. You can also expect us to engage in the critical issues as they arise and to keep you informed. Until then, all of us at NJUSA send best wishes for safe and enjoyable holidays and a very happy New Year!

Warm regards,



Karen D. Alexander  
President



### Thank you to NJUSA Director Mary Ann Martin!

Mary Ann Martin, a retired customer service executive from New Jersey Natural Gas, recently resigned from the NJUSA Board after serving ably since the first board election in 2015. Mary Ann dutifully served as NJUSA's vice chairman for four years, and for that we are truly grateful. Mary Ann will be continuing to devote time to her family, especially her grandchildren, and in that important endeavor we wish her all the best!

*Wishing you & your families  
Happy Holidays!*

### Save the Date for NJUSA's 2020 Events

**Annual Board Meeting &  
Membership Luncheon**  
*Wednesday, June 17, 12 p.m.*  
Holiday Inn & National Conference Center  
East Windsor

**Central Jersey Lunch & Learn**  
*Wednesday, July 15, 12 p.m.*  
Sheraton Eatontown

**North Jersey Lunch & Learn**  
*Wednesday, September 9, 12 p.m.*  
Holiday Inn Hasbrouck Heights

**Tour of PSE&G's Sewaren  
Generating Station**  
TBD

*Stay tuned for more details on these  
exciting events!*

*All luncheon events take place from 12 to  
2 p.m. Registration begins at 11:30 a.m.*

## American Water CEO Susan Story to Retire in 2020

American Water announced in early December that Susan Story will retire April 1, 2020 as president and CEO of American Water. She will be succeeded by Walter Lynch, currently Chief Operating Officer of American Water.

"Being CEO of this great company has been a dream come true for me these past six years," Story said. "We know that what we do, delivering the critical health need of clean and safe water and water services, is truly a noble calling, and not just a job. Most importantly, I get the privilege and honor of working with incredibly talented and dedicated co-workers—my heroes—every day."

"After 38 years of working in the utility business, I can honestly say that I have enjoyed every part of this journey—and completing it at American Water in a few months will be a perfect way to finish. After April 1, I look forward to continuing to participate in business through my board work, spending more time with my family, and becoming more involved in charitable efforts that are very dear to me such as education initiatives for young people in economically distressed communities."

Lynch, who will assume the president and CEO role on April 1 following Story's retirement, has

been a critical part of American Water's success, starting his career with the company in 2001. He has served as COO since 2008 with responsibility for a large part of the company.

Lynch has more than 25 years of experience in both the regulated and market-based water and wastewater industry. In his current role, Lynch is responsible for the successful performance of American Water's 16 regulated states, serving approximately 12 million people in more than 1,600 communities. He also leads operational excellence across the company's footprint, as well as system-wide engineering, health and safety, and the company's Military Services Group.

Lynch previously served as executive vice president of a multistate division; as president of New Jersey American Water and New York American Water; and as a group president of the company's market-based businesses.

He also served as president of the National Association of Water Companies, and has served for several years on the board of directors and on its executive committee. He also serves on the Water Research Foundation's board of trustees.



Susan Story, CEO  
of American Water



Walter Lynch, Chief  
Operating Officer of  
American Water

## NJBPU Approves New Rates for New Jersey Natural Gas

New Jersey Natural Gas (NJNG) received approval from the BPU on the settlement of its rate case authorizing a \$62.2 million increase to its base rates. NJNG requested the increase to recover costs associated with the responsible operation of its business, including operational and maintenance enhancements, infrastructure investments and customer growth. The new, approved rates went into effect on November 15, 2019.

"We are pleased the Board of Public Utilities approved our new base rates," said Steve Westhoven, President and CEO of New Jersey Natural Gas. "We believe this settlement is reasonable, fair and in the best interests of our customers and our company."

After a thorough review by the BPU, the settlement reflects a rate base of \$1.765 billion and an overall rate of return of

6.95 percent. It also includes a return on equity of 9.6 percent, with a 54 percent common equity ratio, and a depreciation rate of 2.78 percent.

As a result of this rate adjustment, the typical residential heating customer using 100 therms a month will see their monthly bills go from \$104.61 to \$114.65, an increase of \$10.04.

Due to the ongoing construction and expected timeline for the Southern Reliability Link project, NJNG withdrew its request for a Phase 2 proceeding. NJNG will seek to recover the associated costs of the project in a future rate proceeding.

NJUSA testified in support of the Company's rate case on September 26, 2019.