



Lead Service Line Replacement Program & Inventory

Mark McDonough, President February 2023

Background

In July 2021, the State of New Jersey passed legislation around lead service line identification, notification and replacement of all lead service lines within ten years.

Key elements of this legislation are as follows:

- ✓ Galvanized lines are now considered lead service lines under the legislation
- ✓ Publish Inventory publicly online by Jan 22, 2022. Utilities must make publicly available their inventories of service lines across their service areas, no later than Jan. 22, 2022. Inventories must show lead, non-lead and unknown service lines down to the parcel level.
- ✓ Mail letter to customers with lead and/or galvanized service lines by certified mail, postmarked by 30 days later.
- ✓ Utilities must plan to replace all utility-owned and customer-owned lead service lines in ten years.

If the customer's service lines are identified as lead or galvanized, it does not mean they cannot use water as they normally do. Their water continues to meet water quality standards. It does mean that New Jersey American Water will be replacing these service lines at some point to comply with the new legislation.

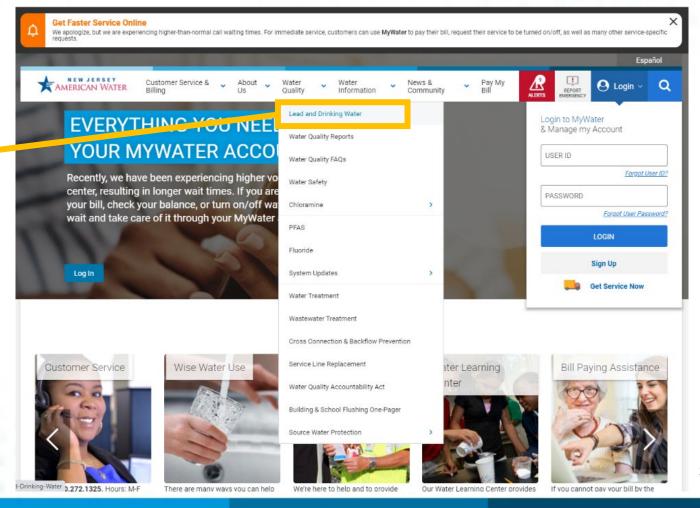


Online Inventory & More Information

New Jersey American Water has created a robust, interactive map on our website that will allow customers to view the service line material of their property or any property in our service areas in the state.

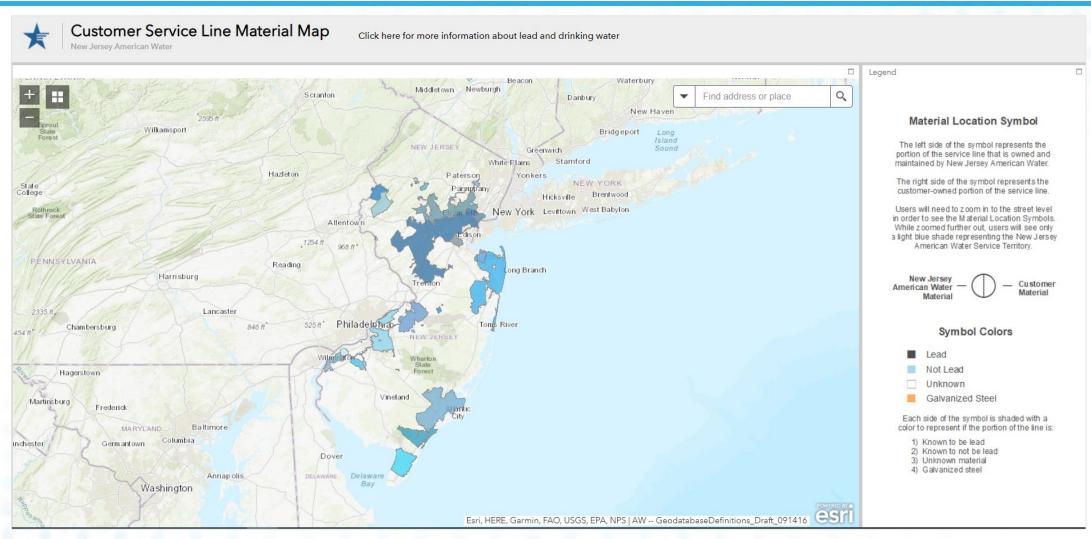
Map can be found at:

- www.newjerseyamwater.com/leadfacts
- Customers can also access by visiting <u>www.newjerseyamwater.com</u>, under Water Quality, Select Lead and Drinking Water
- Website can be translated into Spanish by pressing the Español button in the top right corner.



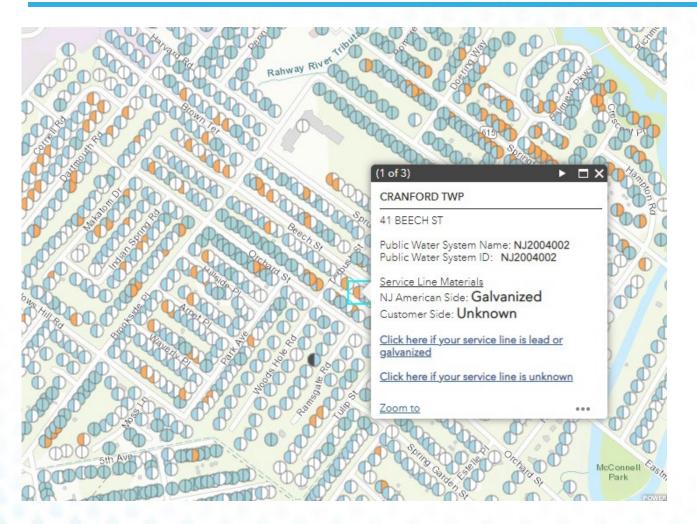


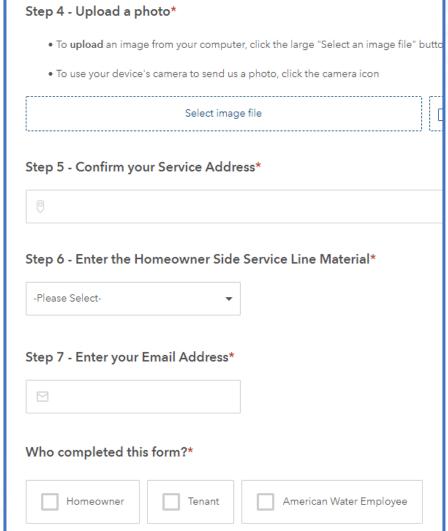
Inventory Map





Inventory Map







LSLR Funding & Cost Recovery

General

- Water utilities authorized to fund lead service line replacements through customer rates
 - Excludes costs funded through grants
- Investor-owned utilities
 - O&M expense plus interest through a semi-annual surcharge
 - Lead service line replacement plan must be approved by the Board of Public Utilities prior to implementing surcharge

New Jersey American Water

- Actively seeks opportunities to secure lowcost or grant funding
 - 2 loans with principal forgiveness component if certain criteria met
- LSLR Plan approved by BPU on 10/12/2022
 - Includes rate structure for surcharge agreed to by parties
- First surcharge filing made on 11/30/2022
 - Costs incurred 7/1/2020 10/31/22
 - GMS = \$0.91/month for average residential customer
 - Non-GMS = \$12.02/month
 - Surcharge effective 2/13/2023



Replacement Prioritization

On or about July 14, 2022, NJDEP determined New Jersey American Water could not prioritize replacements with a statewide approach but instead must advance each PWSID concurrently each with an average 10% replacement per year.

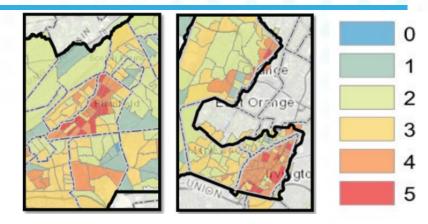
- Utilized census block groups within each PWSID
- Prioritization Parameters:
 - Density of Known Lead
 - Density of Unknowns
 - Density of Children Under 5
 - Overburdened Communities (census defined)
 - Climate and Environmental Justice areas (census defined)
- Final Score based on weighting criteria of parameters above
- This analysis was completed for PWSIDs with >10 block groups (large systems)



Replacement Prioritization

Examples of prioritization maps: 5 = Highest Priority; 0 = Lowest Priority

In the first two years of the program, New Jersey American Water will focus on municipalities with census tracks that have a final score above 4. Customers will be notified prior to work in their neighborhood or block.



Towns, including local police, plumbing code officials, and road departments, will be included in the planning and scheduling. New Jersey American Water will assist with streamlining permit applications and inspections.

A typical water service replacement is trenchless and only involves:

- Digging a hole in the street pavement where the service line connects to the water main
- Digging a hole in the front lawn, sidewalk, or driveway at the water curb stop
- Accessing the basement to disconnect the old water service line and connect the new copper piping

New Jersey American Water will restore the disturbed area to its prior condition. Roadways will be restored to code.



Thank you!

