

NEW JERSEY WATER SUPPLY AUTHORITY

HEARING OFFICER'S REPORT

Fiscal Year 2016 Proposed Amendments to the Schedule of
Rates, Charges and Debt Service Assessments
for the Sale of Water from the
Manasquan Reservoir Water Supply System
N.J.A.C. 7:11-4.1 et seq.

ADJUSTMENT OF OPERATIONS AND MAINTENANCE EXPENSE COMPONENT TO
REFLECT CHANGE IN SALES BASE AND OPERATING EXPENSE
FOR FISCAL YEAR 2016

ADJUSTMENT OF SOURCE WATER PROTECTION FUND COMPONENT TO
REFLECT REDUCTION IN COMPONENT RATE
FOR FISCAL YEAR 2016

ADJUSTMENT OF DEBT SERVICE COST COMPONENT TO
REFLECT BOND YEAR PAYMENTS DUE AND REQUIRED
FOR FISCAL YEAR 2016 AND CHANGE IN SALES BASE

ADJUSTMENT OF NJEIFP DEBT COMPONENT TO
REFLECT BOND YEAR PAYMENTS DUE AND REQUIRED
FOR FISCAL YEAR 2016

Effective Date: July 1, 2015

Hearing Officer: Robert Iacullo

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I. INTRODUCTION

Summary:

Staff has proposed amendments to the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir Water Supply System N.J.A.C. 7:11-4.1 et seq., (the "Rules") for Fiscal Year (FY) 2016 (Final Proposal). As set forth more fully below, I recommend approval of staff's Final Proposal.

Background:

The New Jersey Water Supply Authority (Authority) has proposed amendments to its Rules to ensure it maintains an adequate revenue structure for the Authority's FY2016 operations and to adjust the Debt Service Assessment on the Manasquan Reservoir Water Supply System loans to reflect the bond year payments due.

The Authority operates and maintains the Manasquan Reservoir Water Supply System including the intake facilities located in Wall Township on Hospital Road, the Manasquan Reservoir located in Howell Township and 5¼ miles of 66-inch diameter pipeline, which connects the Intake Facilities to the Manasquan Reservoir. Thirteen publicly owned and investor owned water utilities purchase 20.560 million gallons per day (mgd) of untreated water in FY2015 from the Manasquan Reservoir Water Supply System.

On July 1, 1990 the Authority placed the Manasquan Reservoir Water Supply System in operation to provide an untreated water supply for use throughout Monmouth County. In addition to this major new system and the existing Raritan Basin System, the Authority also commenced operating a water treatment plant and transmission system for the Monmouth County Improvement Authority (MCIA) on July 1, 1990. Brielle, Spring Lake, Spring Lake Heights, Sea Girt and Wall Township entered into agreements with the MCIA for this treatment/transmission system, which treats and conveys their portion of the supply from the Manasquan Reservoir System. On September 2, 2009, the Southeast Monmouth Municipal Utilities Authority (SMMUA) purchased the system from the MCIA on behalf of the member municipalities. The Authority continues to operate the treatment/transmission system for SMMUA and as a result, operates, maintains and manages three distinct systems each with its own budget, cost accountability and revenue stream.

The Authority's headquarters staff located in Clinton provides general and administrative support services for all three Systems. These services include, but are not limited to, financial management, payroll, human resources, procurement, contract administration, risk management and overall management.

In order to equitably assess each of the three Systems, the Authority retained the services of a recognized public accounting firm to develop a methodology for the allocation of the headquarters general and administrative costs to all three operating Systems. After the close of each fiscal year, the Auditor provides the Authority with its findings as to the adjustment of the allocation factors, if any, and the actual audited expenditures for the fiscal year.

The audit report is available during September (for the previous fiscal year ending on the preceding June 30). Each September the Authority formulates the proposed budgets for the upcoming fiscal year starting on the following July 1. The adjusted allocation factors, if any and the audited expenditures for the previous fiscal year are used to establish a debit or credit for each of the three operating Systems. This debit or credit is applied to the budget being prepared each September for the upcoming fiscal year starting on July 1.

The Authority's FY2014 audit was performed by an independent auditor and included a review of allocation factors and actual expenditures. The appropriate adjustments have been made to the FY2016 budget based on the FY2014 audit.

A copy of the Auditor's report on the allocation of the headquarters general and administrative costs is included in the rate proposal package for each System.

Insurance costs are also allocated to each System based upon the recommendations of the Authority's risk management consultant. Each rate proposal package includes a summary table showing the proposed insurance budget amounts and the portions allocated to each of the three Systems.

Detailed budgets have been prepared for the Manasquan Reservoir Water Supply System and the Water Treatment Plant/Transmission System. Each System's budget has three main categories of annual operational expenses in addition to the allocation of headquarters overhead. The three categories include salaries and fringe benefits, direct operations and maintenance (O&M) expenses, and general and administrative expenses. The Basis

and Background document supplied to contractual water customers and other interested parties provides detailed information including a summary of the projected line item budget figures for general and administrative expenses and O&M expenses for FY2016.

The total charge for the water supply consists of an O&M rate, a Debt Service Cost Component, a Source Water Protection Component, and the New Jersey Environmental Infrastructure Financing Program (NJEIFP) Component. The O&M Rate is the amount of revenue necessary to fund the net budget requirement (operating expenses, headquarters, general and administrative expenses, capital equipment, reserve contributions, and salary & fringe adjustments) less miscellaneous and unanticipated revenues, and the previous fiscal year's final quarterly O&M payment received during the budgeted fiscal year. The NJEIFP Component will be used to retire loans to the State and the New Jersey Environmental Infrastructure Trust for funds borrowed to construct a building over the Intake Pump Station.

The General Rate Schedule for O&M was last adjusted effective July 1, 2014 to cover the operating expenses of the System for FY2015. The FY2015 sales base was 20.560 mgd, and it was projected to decrease to 20.158 mgd in FY2016 in the January 2015 Basis and Background Statement.

The Debt Service Cost Component of the total rate is calculated each year to cover the payments due on the outstanding debt for the System. The Debt Service Cost Component was established effective July 1, 1990 to cover the Bond year payments on the initial loan of \$63,600,000 at a set interest rate of 7.15 percent and the payment for the interim completion loan of \$7,416,000 at an interest rate of 7.16 percent.

During FY1992 the State of New Jersey issued bonds for the \$7,416,000 completion loan at an interest rate of 6.24 percent and the Debt Service Cost Component was adjusted to reflect the lower interest rate on the completion loan bonds.

During FY1997, the Authority negotiated an agreement with the State of New Jersey, which reduced the interest rate on the \$63,600,000 in original State loan notes from 7.15 percent to 5.93 percent effective for the payments due on or after August, 1998.

In August 2005, the Authority refunded the current portion of the State Loan Notes and the Completion Notes at an average coupon of 4.83 percent and net present value savings of \$6.187 million. The term of the bonds is 25 years. The bond proceeds also fully

funded the Debt Service Reserve Account and the debt service coverage must remain at 120 percent through the life of the bonds.

In July of 2006, the Authority issued \$90,147.57 and \$9,505.40 Current State Loan Notes and Completion Loan Notes respectively for a delayed water purchase contract for .028 million gallons per day. The debt service for the notes associated with this water purchase contract is paid in part, through the Debt Service Cost Component of the initial rate, and funds held in escrow by the Authority, contributed by the water purchase customer for this purpose.

The Authority is required by bond covenants to raise sufficient funds so that cash available for debt service is 120% of the net debt service expense.

The Debt Service Cost Component of the rate for the Initial Water Purchase Contracts will be \$636.61/mg in FY2016 and \$770.07/mg for Delayed Water Purchase (DWP) Contracts. This reflects no change relative to staff's January 2015 proposal.

The rate component for FY2016 of \$24.79/mg for repayment of debt to the NJEIFP will also not change relative to staff's January 2015 proposal.

Rate Setting Procedure:

The formal rate adjustment proposal was authorized at the Authority's January 5, 2015 monthly meeting (Initial Proposal). The Resolution is set forth in Exhibit A.

As a component of the formal rate adjustment procedure, the Authority provides official notice and an explanation outlining the need for the proposed rate adjustment to all contractual water customers, the Secretary of State, the Division of the Ratepayer Advocate, the Board of Public Utilities and other interested parties at least six (6) months prior to the proposal's effective date (N.J.A.C. 7:11-4.13(a)1). Staff's January 2015 proposal (included in Exhibit B) was available for review on the Authority's web site commencing on January 2, 2015.

Official notice of the Initial Proposal was made through advertisement in the Times (Trenton), The Star Ledger, and the Asbury Park Press. A Certification of Publication is set forth in Exhibit C.

Notice of the Proposal also appeared in the January 20, 2015 edition of the New Jersey Register (Exhibit D).

The mailing to the contractual water customers, the Secretary of State, the Division of the Ratepayer Advocate, the Board of Public Utilities and interested parties was made on December 19, 2014 and included an invitation to a pre-public hearing meeting, pursuant to N.J.A.C. 7:11-4.13(a)(4), that was conducted by the Executive Director on January 8, 2015. No members of the public attended. Minutes of the pre-public hearing meeting are set forth in Exhibit E.

A public hearing was conducted on February 5, 2015 at 11:00 a.m., at the Authority's Manasquan Reservoir System Administration Building Meeting Room, Hospital Road, Wall, New Jersey. No members of the public were in attendance. New Jersey American Water submitted a written statement in advance of the hearing for inclusion in the record. A stenographic record of the proceedings was made and is attached in Exhibit F.

Two items of correspondence were received during the rate process and prior to the close of the Public Comment Period. These items are attached in Exhibit G.

The final Staff memorandum to me was dated April 1, 2015 and is set forth in Exhibit H.

A draft resolution by the Authority's Board approving the Rule proposal is set forth in Exhibit I for consideration at its June 1, 2015 meeting.

A draft resolution for the approval of the FY2016 Budget by the Authority's Board is set forth in Exhibit J.

II. DISCUSSION

Staff proposes various adjustments to the Rules, which are generally discussed herein and more particularly set forth in the attachments hereto.

A. Initial Water Purchase Rate.

In staff's Final Proposal, staff recommends a total rate of \$1,057.40/mg effective July 1, 2015. This reflects an increase of \$41.50/mg relative to FY2015 and no change relative to staff's Initial Proposal. The sales base for the Initial Water Purchase Contracts decreases from 16.125 mgd in FY2015 to 15.723 mgd in FY2016, and is no change from the Initial Proposal.

The O&M Component for FY2016, \$386.00/mg, is an increase over the FY2015 rate of \$356.61/mg and there is no change from the Initial Proposal. In FY2016, Headquarters General and Administrative charges to the Manasquan System are decreasing and so is the use of Unanticipated Revenue to offset the Operations and Maintenance Component of the rate. The FY2016 Operations and Maintenance Component will continue to be subsidized to the extent of 20 percent excess debt service raised as a requirement of the Authority's bond resolutions, in the prior fiscal year. The amount used to subsidize the rate, \$600,000 in FY2016, is in line with the actual amount of excess debt service raised; therefore it is prudent to use this level of funding as long as debt is outstanding.

The proposed operating expense budget for FY2016 is \$100,460 more than FY2015 due to higher salary, and benefits and higher insurance expense. The proposed Capital Equipment Budget is \$48,000 higher than FY2015. There is a \$10,000 contribution to the Sediment Reserve, a \$15,000 contribution to the High Voltage Testing Reserve, a \$5,000 contribution to the Formal Dam Inspection Reserve and a \$120,000 contribution to the Renewal and Replacement Fund. Miscellaneous revenue is expected to decrease by \$32,855 and interest income is expected to remain the same in FY2016 relative to FY2015. Staff anticipates an overall increase of \$128,757 in the net budget requirement for the O&M Component during FY2016, no change from the Initial Proposal.

With the allocation of appropriate Headquarters General and Administrative costs to the System, the projected operating costs for FY2016 indicate that an O&M rate component of \$386.00/mg is required commencing July 1, 2015. This reflects an increase of 8.24 percent relative to FY2015 and no increase relative to the Initial Proposal.

The proposed FY2016 Debt Service Assessment of \$636.61/mg commencing July 1, 2015, reflects an increase of \$16.74/mg in the rate over FY2015, and no change relative to the Initial Proposal. The debt service schedule changed nominally, but the sales base applied to the Debt Service Assessment for Initial customers is decreasing from 16.125 million gallons per day to 15.723 million gallons per day.

The Source Water Protection Assessment was established at \$15.00/mg on July 1, 2003, to protect the quality and quantity of water in the Manasquan Water Supply System. The fund is used for three purposes in cooperation with State, local and nonprofit partners: (1) administrative assistance in the preservation of

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The Source Water Protection Assessment was established at \$15.00/mg on July 1, 2003, to protect the quality and quantity of water in the Manasquan Water Supply System. The fund is used for three purposes in cooperation with State, local and nonprofit partners: (1) administrative assistance in the preservation of

those properties in the Manasquan River Basin that are critical to the long-term protection of water quality and quantity in the Manasquan Reservoir Water Supply System as they may affect Authority customers; (2) improved management of land development by municipal, county and State government to protect both water quality and flows to and within Authority facilities; and (3) remedial projects to improve water quality from existing conditions. This rate component will decrease to \$10.00/mg in FY2016 from \$15.00/mg in FY2015.

The New Jersey Environmental Infrastructure Trust Financing Program (NJEIFP) Debt Component was established in FY2012 at a level of \$35.42/mg to repay debt to the NJEIFP for a loan issued to construct a building structure over the intake pump station at the Manasquan Reservoir Water Supply System to protect the pumps and water travel screens from deterioration due to exposure to the elements and extend the useful life of the equipment. The Bonds were sold in May of 2012 at terms more favorable than originally anticipated. Staff is recommending an increase from \$24.42/mg in FY2015 to \$24.79/mg in FY2016, no change from the Initial Proposal.

Staff recommends amending the Rules to reflect a total rate including the O&M Component, Debt Service Cost Component, NJEIFP Debt Component and Source Water Protection Assessment of \$386.00/mg, \$636.61/mg, \$24.79/mg and \$10.00/mg respectively equaling a total rate of \$1,057.40/mg, a 4.09 percent increase relative to FY2015 and no change from the Initial Proposal.

B. Delayed Water Purchase Rate.

Pursuant to the Authority's Bond Resolution, contracts executed subsequent to 1993 (Delayed Water Purchase Contracts) are subject to a rate equal to the O&M Component plus a Source Water Protection Fund Component, a Debt Service Cost Component associated with the accreted bond interest for the period of 1990 through 1993, and any other debt service requirements such as the NJEIFP Debt Component. New Jersey American Water executed delayed water purchase contracts for the purchase of 1.000 mgd, effective July 1, 2001, 1.935 mgd, effective October 1, 2002, and 1.500 mgd effective January 1, 2005.

Staff's Final Proposal makes no change to the sales base for Delayed Water Purchase Contract effective July 1, 2001, October 1, 2002, and January 1, 2005. Staff recommends an increase in the FY2016 combined rate from \$1,168.49/mg to \$1,190.86/mg relative to FY2015, and no change from the Initial Proposal.

The proposed FY2016 Debt Service Assessment of \$770.07/mg commencing July 1, 2015, reflects a minor decrease from the rate in FY2015 of \$772.46/mg, and no change relative to the Initial Proposal.

Staff recommends amending the Rules to reflect a total rate including the O&M Component, Debt Service Cost Component, NJEIFP Debt Component and Source Water Protection Assessment of \$386.00/mg, \$770.07/mg, \$24.79/mg and \$10.00/mg respectively for a total rate of \$1,190.86/mg, which represents no change from the Initial Proposal.

C. Other Amendments.

There are no other amendments to the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System, no change from the Initial Proposal.

D. Comment by Interested Parties / Members of the Public.

The Authority Staff conducted a pre-public hearing meeting on January 8, 2015. No members of the public attended.

The Authority held a public hearing on February 5, 2015. No members of the public were in attendance. New Jersey American Water Company submitted a written statement in advance of the hearing for inclusion in the record.

Two items of communication or correspondence were received and are summarized as follows:

January 13, 2015 correspondence from New Jersey American Water - New Jersey American Water asked a series of five questions with regard to the proposed rate. A response was provided on January 28, 2015. The response included a calculation of actual calendar year 2014 expenses by cost center, an explanation of the proposed decrease in the sale base, a discussion of the potential shortfall in the renewal and replacement program, a reiteration of the Debt Service Cost Component calculation and an explanation of the use of Source Water Protection Funds as revenue. This letter and the response are contained in the FY2016 Hearing Officer's Report in Exhibit G.

February 2, 2015 e-mail from Jean Public of Flemington, New Jersey - Jean Public submitted an e-mail indicating opposition to any increase in rates for water from the Manasquan Reservoir, and that governing agencies should be decreasing costs and cutting

travel budgets. Jean Public stated that government salaries are higher than private sector salaries and that since the recession hit in 2008, government salaries have not been reduced. Jean Public indicated a date for the public hearing of January 9, and objected, because it was before the New Jersey Register publication date of January 20 and questioned how the public could be aware of the date (the public hearing date was published correctly in the Register for February 5). Finally, Jean Public indicates that the Authority just had a rate increase. This e-mail is contained in the FY2016 Hearing Officer's Report in Exhibit G.

I address the comments below.

III. FINDINGS AND CONCLUSIONS

1. The public record does not contain any specific adverse comments concerning Staff's justification for the sales base and proposed Operations and Maintenance Expense Component of the Rate but rather a broad reference from a member of the public, Jean Public, to government cutting costs and salaries. The Manasquan Reservoir System rate was last increased on July 1, 2011. Each year, as a requirement of Executive Order 37 (2006) and as a matter of sound business practice, the Authority performs an analysis of the budget to identify and implement cost savings measures. The Authority continues to phase in pension and health benefit cost sharing. Managers have not received a cost-of-living increment since July of 2008 and union employees were subject to an initial 2-year wage freeze in the current contract. Since 2011, the Authority has increased its use of one time revenue to support the operating budget in order to keep the Operations and Maintenance Expense Component of the rate stable. Continuing reliance on a non-recurring source of revenue is no longer prudent. The Operations and Maintenance Expense Component of the rate is also impacted in FY2016 by a decrease in the sales base. Twelve of the Authority's 13 water purchase contracts are expiring on June 30, 2015 and it is projected that the renewal contracts will be based on a smaller sales base because the customers are currently oversubscribed. The reduction in sales base has the effect of increasing the rate. I find that the FY2016 Operations and Maintenance Expense Component of the rate and appropriate sales base to be appropriate.
2. The public record does not contain any adverse comments concerning Staff's justification for the sales base and

proposed rate adjustment to the Debt Service Cost Component of the Rate Assessment. The Authority is required by its bond resolutions to adopt rates that fully cover its Debt Service payments including an additional 20 percent coverage. I find the FY2016 Debt Service Assessment and associated sales base to be appropriate.

3. The public record does not contain any adverse comments concerning Staff's justification for the Source Water Protection Fund Component of the Rate. I find the proposed FY2016 Source Water Protection Fund Component to be appropriate.
4. The public record does not contain any adverse comments concerning Staff's justification for the NJEIFP Debt Component of the Rate for FY2016 for repayment of debt to the NJEIFP. I find the FY2016 NJEIFP Debt Component to be appropriate.
5. The Authority's proposed rate adjustments in Section IV below reflect the assessment of reasonable total rates for the preservation of the reliability of this vital supply of water for a vital portion of the State's population and to assure that the System is adequately maintained.

IV. RECOMMENDATIONS

1. Resolution No. 2179 dated 1/5/15 authorized \$640,000 in unanticipated revenues to be appropriated into the Rate Stabilization Fund, all of which would be used in the FY2016 MRS budget.¹ The resolution adopting the final rates will authorize \$640,000 in unanticipated revenues to be appropriated into the Rate Stabilization Fund for use in FY2016.
2. The Authority must adopt rates that fully cover its annual Operations and Maintenance expenses and Debt Service payments as required by the Bond Resolution.
3. The Authority should adopt a FY2016 total Original Water Purchase rate of \$1,057.40/mg and total Delayed Water Purchase Rate of \$1,190.86/mg. This is consistent with the originally proposed rate and as such no further Rule change is necessary.

¹ It should be noted that this credit has the effect of obscuring the full O&M Component increase otherwise needed, and the Authority's customers are cautioned that a greater increase in the O&M Component may likely result at a future date.

4. The Authority should adopt a FY2016 O&M rate component of \$386.00/mg for Initial Water Purchase Contracts, Delayed Water Purchase Contracts dated July 1, 2001, October 1, 2002, January 1, 2005 and July 1, 2006. This is consistent with the Initial Proposal and as such no further Rule change is necessary.
5. The Authority should adopt a FY2016 Debt Service Assessment Rate of \$636.61/mg for the Initial Water Purchase Contracts and the Shorelands Water Company Delayed Water Purchase Contract dated July 1, 2006. This is consistent with the Initial Proposal and as such no further Rule change is necessary.
6. The Authority should adopt a FY2016 Debt Service Assessment Rate for the Delayed Water Purchase Contracts dated July 1, 2001, October 1, 2002, and January 1, 2005 of \$770.79/mg. This is consistent with the Initial Proposal and as such no further Rule change is necessary.
7. The Authority should adopt a FY2016 NJEIFP Debt Component Rate of \$24.79/mg. This is consistent with the Initial Proposal and as such no further Rule change is necessary.
8. The Authority should adopt a FY2016 rate of \$10.00/mg for the Source Water Protection Fund Component, which is unchanged from the Initial Proposal. As such no further Rule change is necessary.
9. There is no change from the Initial Proposal to the FY2016 total O&M Component Sales Base of 20.158 mgd, the Initial Water Purchase Contract Sales Base of 15.723 mgd and the Delayed Water Purchase Contract Sales Base of 4.435 mgd.
10. The Authority's proposed rate adjustments reflect the assessment of reasonable total rates for the preservation of the reliability of this vital source of water for the region served by this facility.

SUMMARY OF RECOMMENDED RATE ADJUSTMENTS

Initial Water Purchase Contracts
 Dated July 1, 1990 and Delayed Water Purchase Contract Dated July 1, 2006


Component	Current Rates Per MG 7/1/14-6/30/15	Initial Proposed Rates Per MG 7/1/15-6/30/16	Recommended Rates Per MG 7/1/15-6/30/16
Operations & Maintenance Expense Component	\$356.61	\$386.00	\$386.00
Source Water Protection Fund Component	\$ 15.00	\$ 10.00	\$ 10.00
Debt Service Cost Component	\$619.87	\$636.61	\$636.61
NJEIFP Debt Component	\$ 24.42	\$ 24.42	\$ 24.42
Total Rate	\$1,015.90/mg	\$1,057.40/mg	\$1,057.40/mg

Delayed Water Purchase Contracts
 Dated July 1, 2001, October 1, 2002, and January 1, 2005

Component	Current Rates Per MG 7/1/14-6/30/15	Initial Proposed Rates Per MG 7/1/15-6/30/16	Recommended Rates Per MG 7/1/15-6/30/16
Operations & Maintenance Expense Component	\$ 356.61	\$ 386.00	\$ 386.00
Source Water Protection Fund Component	\$ 15.00	\$ 10.00	\$ 10.00
Debt Service Cost Component	\$ 772.46	\$ 770.07	\$ 770.07
NJEIFP Debt Component	\$ 24.42	\$ 24.79	\$ 24.79
Total Rate	\$1,168.49/mg	\$1,190.86/mg	\$1,190.86/mg

The proposed Adjustments to the "Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir Water Supply System", with an effective date of July 1, 2015 are hereby recommended for adoption by the Authority.

Respectfully submitted,


 Robert Iacullo
 Hearing Officer
 April 6, 2015

Resolution Proposing Rate Adjustments

Exhibit A

RESOLUTION OF THE NEW JERSEY WATER SUPPLY AUTHORITY

NO.: 2179

DATE OF ADOPTION: 01/05/15

TITLE: Resolution Authorizing Publication of Proposed Change in the Authority's Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System

WHEREAS, N.J.S.A. 58:1B-7g and 58:1B-19 provide for the New Jersey Water Supply Authority (Authority) to fix and revise from time to time its rates, fees and charges; and

WHEREAS, the Authority has estimated its revenue requirements for the fiscal year beginning on July 1, 2015; and

WHEREAS, the sales base for the Operations and Maintenance Expense Component and Source Water Protection Fund Component has decreased to 20.158 million gallons per day since these components were last determined; and

WHEREAS, the sales base for the Debt Service Cost Component for the initial water purchasers has decreased to 15.723 million gallons per day since this component was last determined; and

WHEREAS, the sales base for the Debt Service Cost Component for the delayed water purchasers has remained at 4.435 million gallons per day since this component was last determined; and

WHEREAS, the sales base for the proposed NJEIFP Debt Component is 20.158 million gallons per day; and

WHEREAS, the Authority must provide for sufficient revenue and rate structure to cover its costs.

NOW THEREFORE, be it resolved that the Authority proposes to amend its Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System in the existing regulations found at N.J.A.C. 7:11-4.1 et seq. dealing with primarily the following proposed changes:

1. Amend N.J.A.C. 7:11-4.3(c) of the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System to reduce the sales base to 20.158 million gallons per day and increase the Operations and Maintenance Expense Component Rate to \$386.00 per million gallons consistent with the Initial Proposal, for the period of July 1, 2015 through June 30, 2016; and
2. Amend N.J.A.C. 7:11-4.4(b) and (c) of the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System to reduce the sales base to 15.723 million gallons per day, and increase the Debt Service Assessment Rate for water purchasers who entered into water purchase contracts effective July 1, 1990 (Initial Water Purchase Contract) to \$636.61 per million gallons, and decrease the Debt Service Assessment Rate for water purchasers who entered into water purchase contracts effective July 1, 2001, October 1, 2002, and January 1, 2005 (Delayed Water Purchase Contract) to \$770.07 per million gallons consistent with the Initial Proposal for the period of July 1, 2015 to June 30, 2016; and

3. Amend N.J.A.C. 7:11-4.5(b) of the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System to reduce the Source Water Protection Fund Component to \$10.00 per million gallons consistent with the Initial Proposal for the period July 1, 2015 to June 30, 2016; and

4. Amend N.J.A.C. 7:11-4.6 of the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System to increase the New Jersey Environmental Infrastructure Financing Program (NJEIFP) debt component of the rate to \$24.79 per million gallons consistent with the Initial Proposal for the period July 1, 2015 to June 30, 2016;

BE IT FURTHER RESOLVED, that the following actions are authorized:

1. Appropriate \$600,000 in undesignated fund balance from the Fiscal Year ending June 30, 2014 into the General Fund (Rate Stabilization).
2. Transfer \$40,000 from the Source Water Protection Fund into the General Fund (Rate Stabilization).
3. Apply \$640,000 appropriated into the General Fund (Rate Stabilization) to the Operating Fund for Fiscal Year 2016.

Basis and Background Document in
Support of Rate Adjustment Proposal

Exhibit B

5-1

NEW JERSEY WATER SUPPLY AUTHORITY

BASIS AND BACKGROUND STATEMENT

PROPOSED AMENDMENTS TO N.J.A.C. 7:11-4.1, et seq. IN THE
SCHEDULE OF RATES, CHARGES AND DEBT SERVICE ASSESSMENTS
FOR THE SALE OF WATER FROM THE
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

ADJUSTMENT OF OPERATIONS AND MAINTENANCE EXPENSE COMPONENT TO
REFLECT CHANGE IN SALES BASE AND OPERATING EXPENSE
FOR FISCAL YEAR 2016

ADJUSTMENT OF SOURCE WATER PROTECTION FUND COMPONENT TO
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REFLECT BOND YEAR PAYMENTS DUE AND REQUIRED
FOR FISCAL YEAR 2016 AND CHANGE IN SALES BASE

ADJUSTMENT OF NJEIFP DEBT COMPONENT TO
REFLECT BOND YEAR PAYMENTS DUE AND REQUIRED
FOR FISCAL YEAR 2016

Proposed Effective Date: July 1, 2015

Adopted by the Board: 1/5/2015

NEW JERSEY WATER SUPPLY AUTHORITY
PROPOSED RATE ADJUSTMENTS FOR FISCAL YEAR 2016
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

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PART I - EXPLANATION OF PROPOSED REVISED RATE STRUCTURE

Overview of Rate Proposal for Fiscal Year 2016
(July 1, 2015 - June 30, 2016)

The New Jersey Water Supply Authority (Authority) is proposing to adjust its Schedule of Rates, Charges and Debt Service Assessments for the sale of water from the Manasquan Reservoir Water Supply System (System), to cover expenses for the Fiscal Year (FY) starting on July 1, 2015.

The Authority operates and maintains the System including the Intake Facilities located in Wall Township adjacent to Hospital Road, the Manasquan Reservoir located in Howell Township and 5 1/4 miles of 66-inch diameter pipeline which connects the Intake Facilities to the Reservoir. The Authority also operates and maintains a water treatment plant located on the same site as the Reservoir Intake Facilities and approximately 39,000 feet of transmission piping. This treatment plant/transmission system was constructed and is being operated by the Authority for the Southeast Monmouth Municipal Utilities Authority (SMMUA) on behalf of the Boroughs of Brielle, Spring Lake, Spring Lake Heights, Sea Girt and Wall Township, which have entered into agreements with SMMUA for the treatment/transmission of their portion of the supply from the System.

Summary of Proposed Adjustments

Initial Water Purchase Contracts Effective as of July 1, 1990 (15.695mgd) and Shorelands (.028mgd) delayed water contract effective July 1, 2006:

Component	Current (FY2015) Rates Per MG 7/1/2014 - 6/30/2015	Proposed (FY2016) Rates Per MG 7/1/2015 - 6/30/2016
Operations & Maintenance Component	\$356.61	\$386.00
Source Water Protection Fund Component	15.00	10.00
Debt Service Cost Component	619.87	636.61
NJEIFP Debt Component	24.42	24.79
TOTAL RATE	\$1,015.90/mg	\$1,057.40/mg

New Jersey American Water Delayed Water Purchase Contracts Effective July 1, 2001, October 1, 2002 and January 1, 2005 (4.435mgd):

Component	Current (FY2015) Rates Per MG 7/1/2014 - 6/30/2015	Proposed (FY2016) Rates Per MG 7/1/2015 - 6/30/2016
Operations & Maintenance Component	\$356.61	\$386.00
Source Water Protection Fund Component	15.00	10.00
Debt Service Cost Component	772.46	770.07
NJEIFP Debt Component	24.42	24.79
TOTAL RATE	\$1,168.49/mg	\$1,190.86/mg

* * *

The General Rate Schedule for Operations and Maintenance (O&M) was last adjusted effective July 1, 2014 to cover the operating expenses of the System for FY2015. The FY2014 sales base was 20.560 million gallons per day (mgd). The Authority anticipates that the applicable raw water O&M sales base for FY2016 will decrease to approximately 20.158mgd, a reduction of 402,000 gallons per day. The Authority estimates the initial sales base will decrease from 16.125mgd to 15.723mgd. The delayed sales base will remain at 4.435mgd.

After the allocation of appropriate Headquarters General and Administrative costs to the System, the Authority anticipates \$2,803,068 in O&M component revenue required during FY2016 with an O&M rate component of \$386.00 per million gallons, an increase of \$29.39 per million gallons from FY2015, starting on July 1, 2015 (Schedule 20, page 39). The proposed operating expense budget for FY2016 is \$100,460 more than FY2015 and the proposed Capital Equipment Budget, net of depreciation reserve, is \$48,000 more than FY2015. In FY2016 there will be a \$10,000 contribution to the Sediment Reserve Fund, a \$120,000 contribution to the Renewal and Replacement Fund, a \$5,000 contribution to the Formal Dam Inspection Reserve, and a \$15,000 contribution to the High Voltage Testing Reserve Fund, a \$2,000 increase over FY2015. See Budget Summary on page 17.

A credit of \$51,292 is owed from the SMMUA Water Treatment Plant and Transmission System budget to the Reservoir System for actual FY2014 salaries and fringe expenses and will be applied to the CY2015 SMMUA budget (Schedule 15, pages 32-34).

Miscellaneous revenue and interest income in FY2016 is projected to decrease by \$32,855 relative to FY2015 reflecting stable interest earnings (Schedule 16, page 35) and a decrease in

the use of year end surplus available from FY2014. (Schedule 17, page 36).

The System was financed with loans from the State of New Jersey and a Debt Service Assessment for contracts, effective as of July 1, 1990, was established to cover debt service payments on the initial loan of \$63,600,000 at a set interest rate of 7.15 percent and payment of the interim completion loan of \$7,416,000 at an interest rate of 7.16 percent. During FY1992 the State of New Jersey reduced the interest rate on the completion loan to 6.24 percent. During FY1997, the Authority negotiated an agreement with the State of New Jersey, which reduced the interest rate on the \$63,600,000 original State Loan Notes from 7.15 percent to 5.93 percent effective for the payments due on or after August 1998. The Debt Service component of the rate has been adjusted in the past to reflect the revised debt service schedules.

In August of 2005, the Authority refunded the current portion of the State Loan Notes and the Completion Notes at an average coupon of 4.83 percent and net present value savings of \$6.187 million. The terms of the bonds are 15 and 25 years respectively. The bond proceeds also fully funded the Debt Service Reserve Account and debt service coverage must remain at 120 percent through the life of the bonds.

The Debt Service component of the rate for the Initial Water Purchase Contracts will be \$636.61 (an increase of \$16.74) and \$770.07 (a decrease of \$2.39) for the Delayed Water Purchase (DWP) Contracts in FY2016. These changes reflect 120 percent real debt service coverage.

The Authority established a Source Water Protection Fund Component in FY2004 dedicating \$15.00 per million gallons to protect the quality and quantity of water in the Manasquan Water Supply System. The Authority proposes decreasing the rate component by \$5.00 per million gallons from \$15.00 to \$10.00 for this fund in FY2016.

The Authority closed on a loan to the New Jersey Environmental Infrastructure Financing Program (NJEIFP) on May 3, 2012 to finance the construction of a building structure over the Intake Pump Station and traveling water screens to protect the infrastructure from degradation by the elements. The final interest on the loan is based on 75 percent at zero interest and 25 percent market rate with coupons up to 5 percent for an effective interest rate of .8 percent over the twenty year life of the loans. The rate component of \$24.79 per million gallons in FY2016 (an increase of \$.37) is required to cover debt service payments in accordance with the schedule.

The base contract O&M Rate (\$386.00), Source Water Protection Program Rate (\$10.00), Debt Service Rate (\$636.61) and NJEIFP Debt Rate (\$24.79) comprise the total base contract rate for raw water of \$1,057.40 per million gallons, and represents an increase of \$41.50 per million gallons relative to FY2015. This base contract rate is charged to all uninterruptible service contracts executed prior to July 1, 1990, the commencement date of Manasquan Reservoir System operations, and one Delayed Water Purchase contract with Shorelands Water Company executed on July 1, 2006. In order for its customers to be assessed the base contract rate on the .028mgd delayed contract, Shorelands Water Company prepaid the net present value of the difference between the initial water purchase contracts debt service schedule and the delayed water purchase contracts debt service schedule.

The total rate for delayed water purchase contracts in FY2016 is \$1,190.86 per million gallons representing an increase of \$22.37 per million gallons relative to the FY2015 delayed water purchase rate. The O&M Component (\$386.00), the Source Water Protection Fund Component (\$10.00), the Debt Service Rate Component (\$770.07) and NJEIFP Debt Rate (\$24.79) comprise the total rate.

Table 1 (page 13) contains a summary of the proposed base contract rate and delayed water purchase contract rate components. The proposed rates shown in Table 1 are effective July 1, 2015 through June 30, 2016. These rates are based upon the projected operating costs and reflect an estimated contracted sales base of 20.158mgd.

Table 2 (page 14) is a twenty-year history of the total initial water purchase contract annual water rate.

Table 3 (page 15) is a fifteen-year history of the combined delayed water purchase contract annual water rates.

Water use payments are to be made quarterly with due dates of October 10, 2014, January 10, 2015, April 10, 2015 and July 10, 2015.

The balance of this document contains a further discussion of the individual rate components, a Schedule of Events and detailed supporting information for the proposed rate adjustment.

Schedule of Events

A pre-public hearing on the proposed rate adjustment is scheduled at 11:00 a.m. on Thursday, January 8, 2015, at the Authority's Manasquan Administration Building, Hospital Road, Wall, New Jersey.

A public hearing on the proposed rate adjustment is scheduled at 11:00 a.m. on Thursday, February 5, 2015, also at the Authority's Manasquan Administration Building in Wall, New Jersey. The public hearing record is scheduled to close on March 16, 2015.

The Authority will take final action on the proposed rate adjustment at its June 1, 2015 meeting at the Authority's Administration Building in Clinton, New Jersey.

**Distribution of Headquarters General and Administrative
Costs and Insurance Costs to all Operating Systems**

On July 1, 1990 the Authority placed the Manasquan Reservoir Water Supply System in operation to provide an untreated water supply for use throughout Monmouth County. In addition to this major System, the Authority also began operation of the Water Treatment Plant and Transmission System for the Monmouth County Improvement Authority (MCIA) on July 1, 1990. The Boroughs of Brielle, Spring Lake, Spring Lake Heights, Sea Girt and Wall Township entered into agreements with the MCIA for this treatment/transmission system, which treats and conveys their portion of the supply from the Manasquan Reservoir Water Supply System. In December 2008, the five member communities created the Southeast Monmouth Municipal Utilities Authority and in September 2009 purchased the Water Treatment Plant from the MCIA and the Authority continues to operate the Water Treatment Plant. The Authority also operates the Spruce Run/Round Valley Reservoirs Complex and the Delaware and Raritan Canal Water Supply Transmission Complex comprising the Raritan Basin System, headquartered in Clinton, New Jersey. As a result, the Authority is operating, maintaining and managing three distinct Systems each with its own budget, cost accountability and revenue stream.

The Authority's headquarters staff located in Clinton provides general and administrative support services for all three Systems. These services include, but are not limited to, Financial Management, Payroll, Human Resources, Purchasing, Contract Administration, Risk Management, and overall management.

In order to equitably assess the customers of each of the three Systems, the Authority previously retained the services of an auditing firm to develop a methodology for the allocation of the Headquarters General and Administrative costs to all three operating Systems. After the close of each fiscal year, the Authority's current Auditors provide the Authority with their findings as to the adjustment, if any, of the allocation factors and the actual audited expenditures for the fiscal year.

The audit report for the immediately preceding fiscal year ending June 30 is available during November. Each September the Authority formulates the proposed budgets for the upcoming fiscal year starting on the following July 1. The adjusted allocation factors, if any and the audited expenditures for the previous fiscal year are used to establish a debit or credit for each of the three operating Systems. This debit or credit is applied to the budgets being prepared each September for the upcoming fiscal year starting on July 1.

An independent auditor performed the Authority's fiscal year 2014 audit. The audit included a review of the allocation factors, as well as the actual audited expenditures. The appropriate adjustments have been made to the FY2016 budget based on the FY2014 audit. A copy of the Auditor's report on the allocation of the Headquarters General and Administrative costs is included in the Appendices to the rate proposal package for each System.

Insurance costs are also allocated to each System based upon the recommendations of the Authority's Risk Management Consultant. See the rate proposal package for additional information.

Distribution of Costs Between the Manasquan Reservoir System and the Treatment Plant/Transmission System

A common staff operates the System and the Treatment Plant/Transmission System. Salaries are allocated between the two Systems based upon time records that were kept during the fiscal year ending on June 30, 2014. The percentages used to provide the basis for the salary allocation for FY2016, were established from the time records from FY2011 through FY2014. A listing of all positions and the percentage of each position's time assigned to each of the two Systems appear on Schedule 2 (page 19).

Detailed budgets have been prepared for the Manasquan Reservoir System and the Treatment Plant/Transmission System. Each System's budget has three main categories of annual operational expenses in addition to the allocation of headquarters overhead. The three categories include (a) salaries and fringes (b) direct operation and maintenance expenses and (c) general and administrative expenses. Part 2 of this document provides more information on both Systems including detailed summaries of the projected line item budget figures for General and Administrative expenses and Operations and Maintenance expenses for FY2016.

**Analysis of Significant Changes in Operations and Maintenance
Expenses and Sales Base - Manasquan Reservoir System**

Overview of Sales Base

On July 1, 1990 the Authority placed the Manasquan Reservoir Water Supply System in operation to provide an untreated water supply for use throughout Monmouth County. Twelve of the 13 original water purchase contracts are expiring after a 25-year term, on June 30, 2015. Five are two-party contracts with the New Jersey Water Supply Authority. These are the five treated water customers (Wall Township and the Boroughs of Brielle, Sea Girt, Spring Lake and Spring Lake Heights) of the Southeast Monmouth Municipal Utilities Authority's water treatment plant operated by the New Jersey Water Supply Authority. One is a three party contract (Keyport Borough) among the Authority, the customer and Shorelands Water Company for the delivery of water through Shorelands' distribution system. Six contracts (the Boroughs of Avon, Belmar, Matawan, Red Bank and Lake Como, and Shorelands Water Company) are three party contracts among the Authority, the customers and New Jersey American for the provision of treated water from New Jersey American. The final customer contract, New Jersey American, consolidated the initial water purchase and delayed water purchases for a total of 12.5mgd and has an expiration date of June 30, 2031. The total sales base through FY2015 is 20.560mgd.

The formal contract renewal process will begin in January of 2015. Preliminary discussions with the 12 affected customers indicate a drop in sales base of 402,000 gallons per day. The FY2016 rate proposal is based on an estimated sales base of \$20.158mgd incorporating the estimated reduction. Should the contract renewal process result in a sales base somewhat lower than estimated, it will be necessary for the Authority to compensate for the reduction in revenue during FY2016 by drawing from reserves until the sales base can be corrected during the FY2017 rate process.

Overview of Projected Operational Expenses

The Authority's proposed FY2016 Manasquan Reservoir Operating Expense budget is \$100,460 more than the current FY2015 budget. The allocation of Authority Headquarters General and Administrative Expenses in FY2016 is \$36,000 less than FY2015 and the Capital Equipment budget for FY2016 is \$48,000 more than FY2015. There will be no FY2016 contribution to the Depreciation Reserve account, Insurance Reserve, or Pumping Reserve. There will be a \$10,000 contribution to the Sediment Reserve, a \$5,000 contribution to the Formal Dam Inspection Reserve, and a \$120,000 contribution to the Renewal and Replacement Fund and a \$15,000 contribution to the Reserve for High Voltage Testing. Formal Dam Inspections and High

Voltage Testing are performed every three years and rather than raising the entire amount every third year, budget stability is created by raising one third of the cost every year. Miscellaneous revenue and interest income decreases by \$32,855. These factors contribute to a \$128,757 increase in the total FY2016 O&M Component requirement relative to FY2015 (\$2,674,311 vs. \$2,803,068). (Budget Summary on page 17)

Total O&M Direct Expenses are increasing by \$108,600 from FY2015. The largest contributors to the increase are the addition of a new water quality gaging station upstream at Squankum (\$48,900 increase in Special and Professional Services). This station will be operated by the USGS and will be useful to the Authority in attempting to determine the root cause of changes to water quality and color in the Manasquan River Basin over the past several years. The Authority will transfer \$40,000 per year from the Source Water Protection Fund to cover the cost of this gaging station. Insurance costs continue to rise. The Authority's Risk Manager recommended a 10.2 percent increase in FY2016. General and Administrative Expenses allocated to the Reservoir System are increasing by \$3,860 from FY2015.

Salaries, Overtime and Benefits

Authority employees and State employees are members of the same bargaining units. The International Federation of Professional and Technical Engineers (IFPTE), AFL-CIO, represents the Authority's Maintenance, Craft and Security Units and the Communications Workers of America (CWA) represents the Authority's Administrative and Clerical, Primary Level and Higher Level Supervisors Units. The contract is effective July 1, 2011 and will span four years. The following table reflects cost of living adjustments during the life of the expired collective bargaining agreements.

	July 2011	July 2012	July 2013	July 2014
IFPTE/CWA	0.0%	0.0%	1.0%	1.75%

The Authority did not include any cost of living adjustments in the FY2016 budget for management. The Authority is budgeting a one percent cost of living adjustment payable to Union employees on July 1, 2015. Salary and fringe is increasing by a total of \$108,200 for FY2016, however the portion allocated to the Reservoir System is decreasing by \$12,000 reflecting that the four-year averaging of allocation between the Reservoir System and the Treatment Plant projects the movement of more salary dollars to the Treatment Plant from the Reservoir System. The number of budgeted positions in FY2016 is 27, which is the same as FY2015. (Schedule 2, page 19) The Authority is budgeting 54.9 percent of the salary budget for fringe benefits in FY2016.

In FY2016, 47 percent of total salary and fringe is allocated to the Reservoir System which is a slight decrease from FY2015 (49 percent). This gradual shift in salary time (manager, facilities mechanics, and equipment operators) allocable from the Reservoir System to the Treatment Plant is due to construction of major water treatment plant upgrades including the ground level finished water storage, the caustic system and the lagoons during 2014 and 2015.

Retiree Health Benefits

Employees who retired with a minimum of 25 years of service prior to July 1, 1997 are entitled to paid health benefits. For those who retire after July 1, 1997, a co-payment is required. The Authority is leaving the retiree health benefits expense item flat in FY2016 at \$201,500. The original retirement estimates for FY2015 were not realized and unless there is an unusually high number of retirements in FY2016, the line item should be adequate. Because there are only four retirees at present in the Manasquan System, each additional retiree will drive a large increase on a percentage basis. The FY2016 budget plans for three additional retirees, the same number that was budgeted for FY2015 but not realized.

Insurance Program

The Authority is recommending a \$26,400 increase in insurance expenses for FY2016 reflecting general market conditions based on the advice of the Authority's insurance broker and consultant. The increase is not as large as FY2015. As always, the Authority will review the rate projection for FY2016 in February 2015 to determine if adjustments are necessary.

Allocation of the Primary, Umbrella and Public Officials Liability insurance costs between the three Systems is based upon proportionate water sales. The Automobile Liability cost is allocated based upon the assignment of vehicular equipment to each System. The cost of the Business Property coverage is allocated on the basis of insured values for each System and the Workers Compensation premiums are allocated on the basis of salaries for each System.

Fees and Permits

Staff proposes a FY2016 budgetary line item of \$33,600 for fees and permits reflecting no increase over FY2015.

Headquarters General and Administrative Expenses

Budgeted Headquarters General and Administrative Expenses in FY2016 total \$794,353 of which, \$689,400 is charged to the Manasquan Reservoir System and \$104,953 is charged to the Manasquan Water Treatment Plant (Schedule 13, page 30). Because actual audited Headquarters Expenses were lower than the budget for FY2014 by \$57,158, that difference must be credited in FY2016 resulting in an adjusted charge to the Reservoir System of \$737,000. Headquarters charges are driven primarily by salary and fringe.

Interest Income and Miscellaneous Revenue

The projected interest earnings on reserve funds for FY2016 are \$11,200. This reflects no change relative to FY2015 and is based upon an interest rate of .25 percent for short-term investments and a rate of 1.30 percent on long-term investments (See Schedule 16, page 35).

Reserve Contributions

Consistent with FY2015, there will be no FY2016 contribution to the Depreciation Reserve account, the Insurance Reserve or the Pumping Reserve. There will be a \$10,000 contribution to the Sediment Reserve. There will be a \$120,000 contribution to the Renewal and Replacement Fund, a \$5,000 contribution to the Reserve for Formal Dam Inspections and a \$15,000 contribution to the Reserve for High Voltage Testing. Formal Dam Inspections and High Voltage Testing are performed every three years and rather than raising the entire amount every third year, budget stability is created by raising one third of the cost every year.

Review of Reserve Accounts

Depreciation Reserve Account

This reserve is intended to provide for the replacement of Authority machinery and equipment with a value of \$1,000 or more and a useful life in a range from three to ten years and to cushion the impact of replacement equipment purchases in order to provide more stable rates. Depreciation Reserve should equal accumulated depreciation for this class of assets. At June 30, 2014, the balance in Depreciation Reserve of \$433,882 is equal to accumulated depreciation. Therefore, no contribution is required in FY2016.

Self Insurance Reserve

The Self Insurance Fund (\$275,113 balance at June 30, 2014) was established for the System to allow the Authority to make choices between underwritten risk and self-insurance risk in the face of increased prices in the insurance market. No contribution is being made to the fund in FY2016.

Reserve for Operations and Maintenance

A working cash reserve must be maintained at a level, which reflects the amount of the regular annual operating costs plus an allowance for possible extraordinary requirements. The level of this reserve is an amount equal to 25 percent of the Annual O&M Budget. An initial contribution of \$125,000 was budgeted in FY1991. A contribution of \$125,000 was budgeted in FY1992. The contribution for FY1993 was \$50,000 because of the availability of additional revenue from FY1991.

An additional \$100,000 was added during FY1993 from the receipt of delinquent revenue and resulted in full funding of this reserve. The Reserve for Operations and Maintenance Fund is fully funded as of June 30, 2014 at \$1,532,294 and as a result, no contribution will be needed in FY2016.

Renewal & Replacement Reserve

The Renewal & Replacement Reserve is to be used for costs of capital improvements including repairs to facilities not covered by insurance and payment of extraordinary O&M costs. As per the terms of the project financing, this Reserve is to be funded by the excess debt service coverage revenue after the Debt Service Reserve requirement has been accumulated. An initial deposit of \$24,287 had been made into this account from overdue revenue received during FY1993. Excess annual debt service coverage amounts were later transferred into this fund. The balance in the Fund as of June 30, 2014 is \$2,922,248. Excess interest earnings on the Debt Service Reserve and Debt Service Funds and excess debt service coverage revenue as well as a direct deposit of \$120,000 provide the source of funds for this reserve account.

Source Water Protection Fund Rate Component

The Authority established its Watershed Protection Unit in 1999 to implement a watershed management program for the Raritan River Basin pursuant to a Memorandum of Agreement with the New Jersey Department of Environmental Protection. Primary functions of the Unit are planning for watershed protection, development and implementation of projects that improve protection of water supply.

As an extension of that program during the period of FY2004, the Authority began the Manasquan Watershed Protection Initiative, and established the Source Water Protection Fund for the purpose of protecting the quality and quantity of water in the Manasquan Reservoir Water Supply System. The fund is used for three purposes in cooperation with State, local and nonprofit partners: (1) administrative assistance in the preservation of those properties in the Manasquan River Basin that are critical to the long-term protection of water quality and quantity in the Manasquan Reservoir Water Supply System as they may affect Authority customers; (2) improved management of land development by municipal, county, and State government to protect both water quality and flow to and within Authority facilities; and (3) remedial projects to improve water quality from existing conditions.

Whenever possible, the Authority will seek to obtain funding from other sources to augment or match its expenditures from the Source Water Protection Fund. The balance in the Source Water Protection Fund at June 30, 2014 is \$1,477,169. Because of this level of funding the Authority is proposing to reduce temporarily the Source Water Protection Fund Component from \$15.00 per million gallons in FY2015 to \$10.00 per million gallons in FY2016.

Optional Water Use Schedule

The Authority continues allowing the use of an Optional Water Use Schedule when the total of all uninterruptible supply contract diversions is equal to or less than 25mgd, the Purchaser may operate pursuant to an optional water use schedule wherein the Purchaser may divert up to 20 percent in excess of the total contracted amount for any given month.

Overdraft Service

The Authority continues to charge an Overdraft Service Rate by recognizing that daily overdraft service rates apply to all uninterruptible service contract customers, and by recognizing that the daily overdraft service rate is a multiple of the initial water purchase rate.

Other Rule Amendments

There are no other rule amendments for FY2016.

PART II - DETAILED SUPPORTING INFORMATION

TABLE 1

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

SUMMARY OF PROPOSED FISCAL YEAR 2016 ADJUSTMENTS

BASED ON PRESENT USAGE

The rates, charges and debt service assessments listed below shall be paid for raw water allocated by contract from the Manasquan Reservoir System for the **base contracts effective as of July 1, 2015 (15.695mgd), and Shorelands (.028mgd) delayed water contract effective July 1, 2006:**

I. July 1, 2015 to June 30, 2016

RATE COMPONENT	PRESENT	ORIGINAL PROPOSAL 12/01/14	DIFFERENCE	PERCENTAGE INCREASE (DECREASE)
Operations & Maintenance Expense Component	\$356.61	\$386.00	+29.39	8.24%
Source Water Protection Fund Component	\$ 15.00	\$ 10.00	-5.00	(33.33)
Debt Service Cost Component	\$619.87	\$636.61	+16.74	2.70
NJEIFP Debt Component	\$24.42	\$24.79	+.37	1.52
Total Rate	\$1,015.90/mg	\$1,057.40/mg	+41.50	4.09

The rates, charges and debt service assessments listed below shall be paid for raw water allocated by contract from the Manasquan Reservoir System for all **New Jersey American Water delayed water purchase contracts effective: July 1, 2001 (1mgd), October 1, 2002 (1.935mgd), January 1, 2005 (1.500mgd):**

II. July 1, 2015 to June 30, 2016

RATE COMPONENT	PRESENT	ORIGINAL PROPOSAL 12/01/14	DIFFERENCE	PERCENTAGE INCREASE (DECREASE)
Operations & Maintenance Expense Component	\$356.61	\$386.00	+29.39	8.24%
Source Water Protection Fund Component	\$ 15.00	\$ 10.00	-5.00	(33.33)
Debt Service Cost Component	\$772.46	\$770.07	-2.39	(.31)
NJEIFP Debt Component	\$24.42	\$24.79	+.37	1.52
Total Rate	\$1,168.49/mg	\$1,190.86/mg	+22.37	1.91

Table 2

New Jersey Water Supply Authority
Manasquan Reservoir Water Supply System
Rate History of
Water Charges per Million Gallons of Raw Water Daily
FY1997-FY2016
INITIAL WATER PURCHASER 15.695 mgd JULY 1, 2015
SHORELANDS .028mgd JULY 1, 2006

Effective Date	O&M Charge	Source Water Protection	Debt Repayment 2/1/91-8/01/20	NJEIFP Debt Component	Total Charge per MG	Percent Increase (Decrease)
July 1, 1996	316.58		748.57		\$1,065.15	-3.65%
July 1, 1997	284.09		654.83		\$938.92	-11.85%
July 1, 1998	263.56		569.36		\$832.92	-11.29%
July 1, 1999	114.13		581.18		\$695.31	-16.52%
July 1, 2000	145.81		583.00		\$728.81	4.82%
July 1, 2001	212.29		585.63		\$797.92	9.48%
July 1, 2002	212.35		582.62		\$794.97	-0.37%
July 1, 2003	201.14	15.00	578.83		\$794.97	0.00%
July 1, 2004	321.69	15.00	584.95		\$921.64	15.93%
July 1, 2005	295.41	15.00	584.60		\$895.01	-2.89%
July 1, 2006	295.41	15.00	522.86		\$833.27	-6.90%
July 1, 2007	302.52	15.00	528.54		\$846.06	1.53%
July 1, 2008	302.52	15.00	566.59		\$884.11	4.50%
July 1, 2009	396.79	15.00	568.26		\$980.05	10.85%
July 1, 2010	396.79	15.00	568.69		\$980.48	0.04%
July 1, 2011	347.39	15.00	618.09	35.42	\$1,015.90	3.61%
July 1, 2012	345.95	15.00	619.53	35.42	\$1,015.90	0.00%
July 1, 2013	356.61	15.00	619.87	24.42	\$1,015.90	0.00%
July 1, 2014	356.61	15.00	619.87	24.42	\$1,015.90	0.00%
July 1, 2015	386.00	10.00	636.61	24.79	\$1,057.40	4.09%

**New Jersey Water Supply Authority
Manasquan Reservoir Water Supply System
Rate History of
Water Charges per Million Gallons of Raw Water Daily
FY2002-FY2016**

**DELAYED WATER PURCHASER NJ-AMERICAN 1mgd JULY 1, 2001
1.935mgd OCTOBER 1, 2002
1.500mgd JANUARY 1, 2005**

<u>Effective Date</u>	<u>O&M Charge</u>	<u>Source Water Protection</u>	<u>Debt Repayment 2/1/02-8/01/31</u>	<u>NJEIFP Debt Component</u>	<u>Total Charge per MG</u>	<u>Percent Increase (Decrease)</u>
July 1, 2001	199.88		835.62		\$1,035.50	
July 1, 2002	212.35		835.61		\$1,047.96	1.20%
July 1, 2003	201.14	15.00	849.31		\$1,065.45	1.67%
July 1, 2004	321.69	15.00	849.31		\$1,186.00	11.31%
July 1, 2005	295.41	15.00	853.85		\$1,164.26	-1.83%
July 1, 2006	295.41	15.00	763.61		\$1,074.02	-7.75%
July 1, 2007	302.52	15.00	764.44		\$1,081.96	0.74%
July 1, 2008	302.52	15.00	762.28		\$1,079.80	-0.20%
July 1, 2009	396.79	15.00	763.24		\$1,175.03	8.82%
July 1, 2010	396.79	15.00	756.19		\$1,167.98	-0.60%
July 1, 2011	347.39	15.00	770.90	35.42	\$1,168.71	0.06%
July 1, 2012	345.95	15.00	772.12	35.42	\$1,168.49	-0.02%
July 1, 2013	356.61	15.00	772.46	24.42	\$1,168.49	0.00%
July 1, 2014	356.61	15.00	772.46	24.42	\$1,168.49	0.00%
July 1, 2015	386.00	10.00	770.07	24.79	\$1,190.86	1.91%

MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

SCHEDULE OF EVENTS (N.J.A.C. 7:11-4.1 et.seq.)
To become effective July 1, 2015

2014

SEPTEMBER 15 Advise Water Users of informal meeting.
NOVEMBER 13 Informal meeting with Water Users - 11:00 AM.
DECEMBER 19 Mail Official Notice to water customers, Rate Payer Advocate,
interested parties and advertise in newspapers.

2015

JANUARY 5 Board reviews and approves proposed Rates.
8 Pre-Pubic Hearing - 10:00 AM (within 45 days of Official Notice).
Deadline for responses to inquires received prior to pre-public
hearing.
20 Publication in the New Jersey Register.
26 Deadline for receipt of comments to be addressed at Public Hearing
(15 days after pre-public hearing).
FEBRUARY 5 Public Hearing Meeting. (SR Administration Building) - 10:00 AM
Deadline for responses to inquires received between
pre-public and public hearing.
23 Written responses to questions raised at Hearing (within 10
business days of the public hearing).
MARCH 16 Public Hearing record closes (25 business days after
Public Hearing).
21 NJ Register Comment Period Ends.
JUNE 1 Board approval of FY 2016 Rates and Budgets.
JULY 1 Effective date.

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

PROPOSED

FISCAL YEAR 2016 BUDGET SUMMARY
(07/01/15-06/30/16)

	<u>ADOPTED F/Y2015 RESERVOIR BUDGET</u>	<u>PROPOSED F/Y2016 RESERVOIR BUDGET</u>
Proposed Operating Expense Budget (Schedule 1)	\$ 2,519,000	\$ 2,619,460
Allocation of Headquarters General & Administrative Expenses to the Manasquan Reservoir System (Schedule 13)	<u>676,000</u>	<u>640,000</u>
Proposed Total Expense Budget	\$ 3,195,000	\$ 3,259,460
Proposed Capital Equipment Budget (Schedule 14)	48,100	96,100
Contribution to Reserve Funds:		
Sediment Reserve	10,000	10,000
Formal Dam Inspection Reserve	3,000	5,000
Renewal & Replacement Fund	120,000	120,000
High Voltage Testing Reserve	15,000	15,000
Pumping Reserve	0	0
Adjustment for F/Y13 Salary and Fringe Expenses to be paid from WTP/TS Account (Schedule 15)	(32,734)	0
Adjustment for F/Y14 Salary and Fringe Expenses to be paid to WTP/TS Account	<u>0</u>	<u>(51,292)</u>
Total Budget Requirements	\$ <u>3,358,366</u>	\$ <u>3,454,268</u>
Interest Earnings on Funds (except Renewal and Replacement and Depreciation Reserve Fund) (Schedule 16)	\$ (11,200)	\$ (11,200)
Unanticipated Revenue (Schedule 17)	<u>(672,855)</u>	<u>(640,000)</u>
Total Miscellaneous Revenue & Interest Income	\$ <u>(684,055)</u>	\$ <u>(651,200)</u>
 Net Amount to be paid for O&M Component	 \$ <u>2,674,311</u>	 \$ <u>2,803,068</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

TOTAL OPERATIONS & MAINTENANCE BUDGET

FISCAL YEAR 2016

	<u>F/Y2014 RESERVOIR ACTUAL</u>	<u>F/Y2015 RESERVOIR ADOPTED</u>	<u>F/Y2016 RESERVOIR PROPOSED</u>
Salaries & Fringe Benefits (Schedule 2)	\$1,154,171	\$1,444,000	\$1,432,000
O & M Direct Expense (Schedule 3)	830,453	963,900	1,072,500
G & A Expenses (Schedule 5)	<u>79,995</u>	<u>111,102</u>	<u>114,960</u>
Total Operations & Maintenance Budget	<u>\$2,064,619</u>	<u>\$2,519,002</u>	<u>\$2,619,460</u>
ESTIMATE		<u>\$2,519,000</u>	<u>\$2,619,460</u>

SUMMARY OF O & M EXPENSES FOR RESERVOIR AND TREATMENT PLANT/TRANSMISSION SYSTEM

	<u>F/Y2014 ACTUAL</u>		<u>F/Y2015 ADOPTED</u>		<u>F/Y2016 PROPOSED</u>	
	<u>RESERVOIR</u>	<u>WTP/TS</u>	<u>RESERVOIR</u>	<u>WTP/TS</u>	<u>RESERVOIR</u>	<u>WTP/TS</u>
Salaries/Fringe	\$1,154,171	\$1,428,478	\$1,444,000	\$1,484,150	\$1,432,000	\$1,604,350
O & M Direct Expense	830,453	820,901	963,900	1,086,600	1,072,500	1,094,200
G & A Expense	<u>79,995</u>	<u>58,128</u>	<u>111,102</u>	<u>86,298</u>	<u>114,960</u>	<u>85,540</u>
TOTAL	\$2,064,619	\$2,307,507	\$2,519,002	\$2,657,048	\$2,619,460	\$2,784,090

NEW JERSEY WATER SUPPLY AUTHORITY

MANASQUAN WATER SUPPLY SYSTEM

LABOR PROJECTION

FY16 (7/01/15- 6/30/16)

TITLES	RANGE	SALARY	FRINGE BENEFITS	OVERTIME	CLOTHING ALLOWANCE	SHIFT DIFFERENTIAL	TOTAL	ALLOCATION RESERVOIR %	AMOUNT RESERVOIR	ALLOCATION WTP/TS %	AMOUNT WTP/TS
Manager	34	110,000.00	72,828.00	0.00	0.00	0.00	182,828.00	54%	98,700.00	48%	84,128.00
Project Engineer III	23	75,400.00	48,820.00	0.00	0.00	0.00	125,320.00	50%	62,700.00	50%	62,820.00
Water Supply Tech.	14	49,800.00	33,335.00	0.00	650.00	0.00	83,685.00	56%	46,900.00	44%	36,785.00
Administrative Assistant	18	64,200.00	42,505.00	0.00	0.00	0.00	106,705.00	54%	57,700.00	46%	49,005.00
Supervisor Technical Facilities Maint	23	80,800.00	81,986.00	12,244.00	550.00	0.00	155,580.00	37%	57,500.00	63%	98,080.00
Water Supply Tech.	14	43,300.00	29,424.00	593.00	550.00	0.00	73,867.00	56%	41,400.00	44%	32,467.00
Maintenance Worker I	10	42,900.00	28,767.00	0.00	550.00	0.00	72,217.00	88%	63,500.00	12%	8,717.00
Supervisor Operators	28	89,000.00	58,924.00	0.00	0.00	0.00	147,924.00	24%	35,500.00	76%	112,424.00
Equipment Operator	12	48,300.00	32,584.00	366.00	550.00	0.00	81,800.00	83%	67,800.00	17%	14,000.00
Foreman Bldg & Grounds Maint	19	67,200.00	45,820.00	1,155.00	550.00	0.00	114,525.00	76%	87,100.00	24%	27,425.00
Foreman Facilities Maintenance	20	69,200.00	47,450.00	1,820.00	550.00	0.00	119,120.00	43%	51,200.00	57%	67,920.00
Facilities Mechanic (3 Positions)	18	190,500.00	129,127.00	2,885.00	1,850.00	0.00	324,162.00	45%	145,900.00	55%	178,262.00
Supervisor Plant Operator	21	73,700.00	52,055.00	4,304.00	550.00	71.00	130,680.00	34%	44,500.00	66%	86,180.00
Maintenance Worker I Operations	10	44,200.00	29,628.00	0.00	550.00	0.00	74,378.00	90%	67,000.00	10%	7,378.00
Reservoir System Operator (5 Positions)	15	259,400.00	193,666.00	28,523.00	2,750.00	1,829.00	486,158.00	96%	466,700.00	4%	19,458.00
Plant Operator (6 Positions)	18	398,400.00	301,711.00	54,010.00	3,300.00	0.00	757,421.00	5%	37,900.00	95%	719,521.00
TOTAL:		1,708,300.00	1,209,600.00	108,680.00	12,650.00	1,900.00	3,038,350.00		1,432,000.00		1,604,350.00

TOTAL = 27 Positions

NOTE: A. PERCENTAGES ARE FROM THE AVERAGE OF FISCAL YEARS 2011 THROUGH 2014 BASED ON ACTUAL TIME RECORDS.
 B. PLANT OPERATOR TIME STUDY PERCENTAGES WERE ADJUSTED TO ACCOUNT FOR THE VALUE OF THE SHIFT DIFFERENTIAL PROVIDED TO THE RESERVOIR

MANASQUAN WATER SUPPLY SYSTEM
RESERVOIR SYSTEM
O & M DIRECT EXPENSE BUDGET

CODE	ACCOUNT	FY '12 ACTUAL	FY '13 ACTUAL	FY '14 ACTUAL	FY '15 ADOPTED	FY '16 PROPOSED
5110	Regular Salaries & Wages					
5120	Overtime-Salaries & Wages					
5130	New positions-Salaries & Wages					
5140	Seasonal Help-Salaries & Wages					
5150	Fringe Benefits					
5160	Retiree Health Benefits					
	Total Salary, Wages & Fringe					
5200	Residences					
5211	Heating Fuel	810				
5220	Utilities -Electrical Service	59,943	65,558	94,189	60,700	80,500
5230	-Gas Service	2,812	5,032	5,586	6,500	8,000
5240	-Propane					
5250	Electricity for Pumping Station	183,519	267,525	260,176	346,900	346,900
5260	Fuel - Vehicular					
5270	Oil & Grease					
5280	Tires					
5290	Maintenance Supplies	3,422	105	114	2,000	2,000
5300	Maint. Supplies - Vehicular					
5310	Major Vehicle Service & Repair					
5320	Agricultural Supplies					
5330	Maintenance Equipment	36,656	67,724	17,426	45,500	45,500
5340	Serv. & Maintenance Contracts	14,000	6,001	32,021	21,000	33,000
5350	Equipment Rental		664	1,789	6,500	6,500
5360	Household - Safety Supplies	471	460		500	500
5370	Uniforms					
5380	Special & Professional Services	63,458	67,009	56,293	76,000	124,900
5390	Protective Services	207,616	228,063	249,353	258,900	285,300
5400	Telephone	5,141	5,689	6,020	5,000	5,000
5410	Postage & Freight Out					
5420	Data Processing					
5430	Printing & Office Supplies	296	710	882	1,500	1,500
5440	Scientific & Photographic	1,188	5,060	2,171	5,000	5,000
5450	Dues & Subscriptions					
5460	Advertising & Promotional	287	506	321	1,500	1,500
5470	Travel & Subsistence					
5480	Staff Training & Tuition Aid					
5490	Fees & Permits	31,080	31,696	31,255	33,600	33,600
5500	In - Lieu Taxes	36,756	36,756	36,755	36,800	36,800
5510	Sediment Removal	38,585	23,947	36,102	56,000	56,000
5520	Chemicals					
5525	Carbon Filter Replacement					
	Total Other Expenses	\$686,039	\$812,505	\$830,453	\$963,900	\$1,072,500
	Total Operating Expenses	\$686,039	\$812,505	\$830,453	\$963,900	\$1,072,500
	ANNUAL BUDGET	\$952,000	\$946,400	\$934,700		

Cost Center: Treat/Trans Direct
(50)

Schedule 4

MANASQUAN WATER SUPPLY SYSTEM
WATER TREATMENT PLANT/TRANSMISSION SYS*
O & M DIRECT EXPENSE BUDGET

CODE	ACCOUNT	FY '12 ACTUAL	FY '13 ACTUAL	FY '14 ACTUAL	FY '15 ADOPTED	FY '16 PROPOSED
5110	Regular Salaries & Wages					
5120	Overtime-Salaries & Wages					
5130	New positions-Salaries & Wages					
5140	Seasonal Help-Salaries & Wages					
5150	Fringe Benefits					
5160	Retiree Health Benefits					
	Total Salary, Wages & Fringe					
5200	Residences					
5211	Heating Fuel	15,078	26,041	1,298	11,500	11,500
5220	Utilities -Electrical Service	438,782	403,869	383,124	504,500	520,500
5230	-Gas Service	24,850	34,998	42,188	30,000	40,000
5240	-Propane					
5250	Electricity for Pumping Station					
5260	Fuel - Vehicular					
5270	Oil & Grease			204		
5280	Tires					
5290	Maintenance Supplies	3,852	0	819	5,000	5,000
5300	Maint. Supplies - Vehicular					
5310	Major Vehicle Service & Repair			57		
5320	Agricultural Supplies					
5330	Maintenance Equipment	56,307	96,290	56,385	90,500	90,500
5340	Serv. & Maintenance Contracts	24,591	20,028	12,941	28,800	28,800
5350	Equipment Rental	5,276	9,250	4,203	3,000	4,800
5360	Household - Safety Supplies	740	585	209	1,000	1,000
5370	Uniforms					
5380	Special & Professional Services	22,850	27,942	44,950	34,100	34,100
5390	Protective Services	71,775	74,207	79,708	83,800	77,300
5400	Telephone	199	358	403	1,000	1,000
5410	Postage & Freight Out					
5420	Data Processing					
5430	Printing & Office Supplies	1,620	4,235	1,729	6,800	6,800
5440	Scientific & Photographic	16,190	11,087	10,120	14,500	14,500
5450	Dues & Subscriptions					
5460	Advertising & Promotional	777	750	1,531	1,000	1,000
5470	Travel & Subsistence	45				
5480	Staff Training & Tuition Aid				4,000	4,000
5490	Fees & Permits	6,205	6,533	5,726	8,000	8,000
5500	In - Lieu Taxes	140	140	140	400	400
5510	Residual Removal	18,363	23,884	23,226	38,000	41,000
5520	Water Treatment Chemicals	136,285	126,551	120,475	162,700	145,000
5525	GAC Replacement	47,622	49,700	461	58,000	59,000
5528	Reimb of O&M Capital Expenditures	9,729	10,025	31,004		
	Total Other Expenses	\$901,276	\$926,473	\$820,901	\$1,086,600	\$1,094,200
	Total Operating Expenses	\$901,276	\$926,473	\$820,901	\$1,086,600	\$1,094,200
	ANNUAL BUDGET	\$1,128,500	\$1,103,300	\$1,070,800		

MANASQUAN WATER SUPPLY SYSTEM
GENERAL & ADMINISTRATIVE
EXPENSE BUDGET

CODE	ACCOUNT	FY '12 ACTUAL	FY '13 ACTUAL	FY '14 ACTUAL	FY '15 ADOPTED	FY '16 PROPOSED
5110	Regular Salaries & Wages	\$1,560,929	\$1,516,318	\$1,580,123	\$1,678,050	\$1,720,850
5120	Overtime-Salaries & Wages	101,860	104,865	88,137	106,000	106,000
5130	New positions-Salaries & Wages					
5140	Seasonal Help-Salaries & Wages					
5150	Fringe Benefits	704,609	790,546	813,180	937,600	1,003,000
5160	Retiree Health Benefits	75,466	95,307	100,479	201,500	201,500
5168	Workers Comp. (Self-Insured)	3,544	1,544	730	5,000	5,000
	Total Salary, Wages & Fringe	\$2,446,407	\$2,508,580	\$2,582,649	\$2,928,150	\$3,036,350
	Budget - salary and fringe					
5200	Residences					
5211	Heating Fuel					
5220	Utilities -Electrical Service					
5230	-Gas Service					
5240	-Propane					
5250	Electricity for Pumping Station					
5260	Fuel - Vehicular	28,758	35,036	32,447	35,000	35,000
5270	Oil & Grease	6,195	3,971	484	5,900	5,900
5280	Tires	4,067	7,442	2,500	6,000	6,000
5290	Maintenance Supplies	21,977	12,783	14,597	27,300	27,300
5300	Maint. Supplies - Vehicular	2,227	5,045	3,505	7,100	7,100
5310	Major Vehicle Service & Repair	37,291	26,761	28,487	22,000	29,000
5320	Agricultural Supplies	3,993	2,244	4,889	5,200	5,200
5330	Maintenance Equipment	6,167	5,641	2,566	12,000	10,000
5340	Serv. & Maintenance Contracts	8,380	11,871	9,308	16,500	12,500
5350	Equipment Rental	2,060	1,726	2,122	3,400	3,400
5360	Household - Safety Supplies	8,812	9,110	4,423	8,500	8,500
5370	Uniforms					
5380	Special & Professional Services	8,929	1,668	2,035	3,600	3,600
5390	Protective Services					
5400	Telephone	5,487	5,302	5,613	6,500	6,500
5410	Postage & Freight Out	1,007	708	311	1,000	1,000
5420	Data Processing	9,656	8,793	8,639	10,100	9,000
5430	Printing & Office Supplies	11,052	5,681	3,182	7,300	7,300
5440	Scientific & Photographic	28	1,080		300	300
5450	Dues & Subscriptions	570		229	2,500	2,500
5460	Advertising & Promotional	737	163	108	1,500	1,500
5470	Travel & Subsistence	534	345	648	500	500
5480	Staff Training & Tuition Aid	10,964	5,479	3,989	11,400	11,400
5490	Fees & Permits	2,450	2,566	8,041	3,800	7,000
5500	In - Lieu Taxes					
5510	Residual Removal					
5520	Water Treatment Chemicals					
5525	GAC Replacement					
	Total Other Expenses	\$181,339	\$153,415	\$138,123	\$197,400	\$200,500
	Total Operating Expenses	\$2,627,746	\$2,661,995	\$2,720,772	\$3,125,550	\$3,236,850
	Budget- other expenses	\$165,600	\$182,500			
	TOTAL ANNUAL BUDGET	\$2,648,000	\$2,761,900			
	Reservoir System	\$103,461	\$89,732	\$79,995	\$111,102	\$114,960
	Treatment/Transmission System	\$77,878	\$63,683	\$58,128	\$86,298	\$85,540

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

LIST OF CATEGORY 5340 ITEMS
RECOMMENDED SERVICE & MAINTENANCE CONTRACTS
FOR RESERVOIR (40)
FISCAL YEAR 2016

	ADOPTED F/Y15	PROPOSED F/Y16
1. HVAC/Dehumidifier Service.....	\$ 500	\$ 500
2. Instrumentation & Control System Service/Upgrade.....	2,000	2,000
3. Electrical Upgrade & Repair.....	4,000	12,000
4. Overhead Crane Service & Inspection.....	1,000	2,000
5. Fire & Intrusion Alarm Service.....	1,500	1,500
6. Potable Well/Septic Service.....	500	1,500
7. Fertilization-Dam Dike.....	2,000	3,000
8. Roadway Crack Sealing.....	1,500	1,500
9. Wood Debris Removal.....	2,500	2,500
10. Access Roadway Repairs.....	2,500	2,500
11. Roofing System Maintenance & Repair.....	<u>3,000</u>	<u>4,000</u>
Total Service & Maintenance Contracts.	\$ <u>21,000</u>	\$ <u>33,000</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

LIST OF CATEGORY 5340 ITEMS
RECOMMENDED SERVICE & MAINTENANCE CONTRACTS
FOR WTP/TS (50)
FISCAL YEAR 2016

	ADOPTED F/Y15	PROPOSED F/Y16
1. HVAC Service.....	\$ 1,000	\$ 1,000
2. Electrical Service Contract.....	1,000	1,000
3. Instrumentation & Control System Service & Upgrade....	1,000	1,000
4. Electrical Upgrade & Repair.....	2,000	2,000
5. Overhead Crane Service.....	1,000	1,000
6. UST Monitors Service and Upgrade.....	1,000	1,000
7. Fire & Intrusion Alarm System.....	1,200	1,200
8. Air Compressor Service.....	1,200	1,200
9. Boiler Service.....	1,500	1,500
10. Auxiliary Generator Service.....	2,500	2,500
11. Lab Equipment Service.....	2,000	2,000
12. Backflow Preventor Service.....	500	500
13. Gas-Fired Hot Water Heater Service.....	500	500
14. Instrumentation & Control Service/Upgrade (Transmission System).....	5,000	5,000
15. Electrical Upgrade & Repair (Transmission System).....	2,000	2,000
16. Meter Vault Internet Service (Transmission System)....	<u>5,400</u>	<u>5,400</u>
Total Service & Maintenance Contracts.	\$ <u>28,800</u>	\$ <u>28,800</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

LIST OF CATEGORY 5340 ITEMS
RECOMMENDED SERVICE & MAINTENANCE CONTRACTS
FOR G & A (60)
FISCAL YEAR 2016

	ADOPTED F/Y15	PROPOSED F/Y16
1. Refuse & Waste Disposal.....	\$ 2,200	\$ 1,700
2. Office Equipment/Computers.....	2,100	1,600
3. Waste Oil Disposal.....	1,600	1,100
4. Fire Extinguisher Service.....	1,100	1,100
5. UST Monitor Service.....	1,000	750
6. Building Maintenance.....	1,000	750
7. Internet Service.....	3,000	2,000
8. Janitorial Service.....	3,100	2,100
9. Vehicle Lift Inspection.....	400	400
10. Generator Service & Maintenance.....	<u>1,000</u>	<u>1,000</u>
Total Service & Maintenance Contracts	\$ <u>16,500</u>	\$ <u>12,500</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

LIST OF CATEGORY 5380 ITEMS
RECOMMENDED SPECIAL & PROFESSIONAL SERVICES
FOR RESERVOIR (40)
FISCAL YEAR 2016

	ADOPTED F/Y15	PROPOSED F/Y16
1. Laboratory Services-Water Quality Sampling.....	\$ 2,000	\$ 2,000
2. Consultant Services.....	7,000	15,000
3. Services-USGS Cooperative Agreement.....	30,800	31,700
4. Annual Trustee Fund.....	9,500	9,500
5. Dam Management-Surveying.....	2,500	2,500
6. Wetland Monitoring Management.....	1,200	1,200
7. Lake Management Consultants.....	19,500	19,500
8. Engineering Services.....	2,500	2,500
9. Financial Advisory Services.....	1,000	1,000
10. USGS Gaging Station Squankum.....	<u>0</u>	<u>40,000</u>
Total Special & Professional Services	\$ <u>76,000</u>	\$ <u>124,900</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

LIST OF CATEGORY 5380 ITEMS
RECOMMENDED SPECIAL & PROFESSIONAL SERVICES
FOR WTP/TS (50)
FISCAL YEAR 2016

	ADOPTED F/Y15	PROPOSED F/Y16
1. Water Quality Sampling.....	\$ 17,200	\$ 17,200
2. Residual Quality Analysis.....	800	800
3. Consultant Services.....	4,000	4,000
4. USGA Allenwood Gage-Parameters.....	10,500	10,500
5. Underground Markout Service (Transmission System).....	<u>1,600</u>	<u>1,600</u>
Total Special & Professional Services	\$ <u>34,100</u>	\$ <u>34,100</u>

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

LIST OF CATEGORY 5380 ITEMS
 RECOMMENDED SPECIAL & PROFESSIONAL SERVICES
 FOR G & A (60)
 FISCAL YEAR 2016

		ADOPTED F/Y15	PROPOSED F/Y16
1.	Pulmonary Testing.....	\$ 1,500	\$ 1,500
2.	CDL Medical Testing.....	500	500
3.	EAS Service.....	1,200	1,200
4.	Pre-Employment Physicals.....	<u>400</u>	<u>400</u>
	Total Special & Professional Services	\$ <u>3,600</u>	\$ <u>3,600</u>

PROJECTED FY 2016 NEW JERSEY WATER SUPPLY AUTHORITY INSURANCE PROGRAM

<u>Type of Coverage</u>	<u>Raritan Basin System</u>	<u>Manasquan Reservoir System</u>	<u>Manasquan Water Treatment Plant and Transmission System</u>	<u>Total Premium</u>
Property Limit \$150 million Deduct: \$100k all perils \$250k, dams, dikes, canal/\$1m flood	\$637,822	\$214,417	\$52,473	\$904,712
General/Products Liability Limit \$1 million Deduct: \$150k	\$100,650	\$9,410	\$1,954	\$112,014
Environmental Impairment Liability Limit \$10 million Deduct: \$100k	\$21,457	\$2,006	\$417	\$23,880
Workers' Compensation Limit \$1 million	\$206,961	\$26,606	\$27,877	\$261,444
Employer Liability Limit \$1 million	Included in Workers' Comp	Included in Workers' Comp	Included in Workers' Comp	Included in Workers' Comp
Umbrella Liability Limit \$23 million	\$275,135	\$25,723	\$5,341	\$306,199
Business Automobile Limit: \$1 million G/L, \$0 pd Deduct: \$50k, G/L	\$11,205	\$1,989	\$455	\$13,649
Public Officials Liability Limit \$5 million/\$1million crime Deduct: \$100k/\$50k c. crime	\$53,716	\$5,022	\$4,691	\$63,429
Travel Accident Limit \$2 million	<u>\$854</u>	<u>\$80</u>	<u>\$17</u>	<u>\$951</u>
TOTAL:	<u>\$1,307,800</u>	<u>\$285,253</u>	<u>\$93,225</u>	<u>\$1,686,278</u>
ESTIMATE	\$1,307,800	\$285,300	\$93,200	\$1,686,300

NEW JERSEY WATER SUPPLY AUTHORITY
 RECAP OF ALLOCATION OF HEADQUARTERS
 GENERAL AND ADMINISTRATIVE EXPENSES CHARGED
 TO THE MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

FISCAL YEAR 2016 (7/1/15-6/30/16)

	<u>TOTAL HEADQUARTERS CHARGE</u>	<u>MANASQUAN RESERVOIR SYSTEM</u>	<u>MANASQUAN WTP/TS</u>
Budgeted-Appendix I, Page 5, amount to be charged to Manasquan System for F/Y16 (7/1/15-6/30/16)	\$ 794,353	\$ 689,400	\$ 104,953
F/Y14 Adjustment as per audited Expenditures:			
Budgeted as per rate schedule for F/Y14 (7/1/13-6/30/14). Amounts paid during F/Y14 to Raritan Basin System.	776,545	673,945	102,600
Actual allocation based upon audited expenditures F/Y14 (7/1/13-6/30/14)- Appendix II, Page 5	<u>719,387</u>	<u>624,339</u>	<u>95,048</u>
Adjustments F/Y14	\$ <u>(57,158)</u>	\$ <u>(49,606)</u>	\$ <u>(7,552)</u>
Net Allocation for F/Y2016 Budget	\$ <u>737,195</u>	\$ <u>639,794</u>	\$ <u>97,401</u>
Estimate	\$ <u>737,000</u>	\$ <u>640,000</u>	\$ <u>97,000</u>

**Manasquan Water Supply System
PROPOSED CAPITAL EQUIPMENT BUDGET
Fiscal Year 2016**

Description	(A)Addition (R)Replacement	Year of Purchase Vehicle/Equipment	Dollar Value	%	Manasquan Reservoir	Manasquan WTP/TS	Reservoir Depreciation Reserve	WTP/TS Depreciation Reserve
(1) NJWA-55 F250 UTILTY TRUCK	(R) TRN438	2006	34,000	45/55	15,300	18,700	12,533	8,355
(1) NJWA-63	(R) TRN394	2003	29,000	75/25	21,750	7,250	11,245	3,748
(1) NJWA-65	(R) TRN445	2006	29,000	60/40	17,400	11,600	8,846	5,897
(1) CRAWLER LOADER	(R) TRN217	1991	115,000	80/20	92,000	23,000	60,759	3,198
(1) SURFACE SCATTER TURBIDIMETER FOR INTAKE								
PUMP STATION SCADA	(A)		6,000	100/0	6,000	0		
(1) TOWABLE WOOD/BRUSH CHIPPER	(A)		37,000	100/0	37,000	0		
TOTAL			250,000					

*Per Resolution #861, dated 7/12/93 Asset Definition minimum is \$1,000.	0	
Less Amount charged to Reservoir Depreciation Reserve	93,383	
Less Amount charged to WTP/TS Depreciation Reserve		21,198

Total 96,067 39,352

Estimate 96,100 \$39,400

MANASQUAN WATER SUPPLY SYSTEM
JULY, 2013 - JUNE, 2014 FISCAL YEAR 2014
G & A EXPENSES SPLIT

EMPLOYEE NAME	TOTAL	BUDGETED %		ACTUAL % (Timesheets)		VARIANCE UNDER (OVER)	
		(40)	(50)	(40)	(50)	(40)	(50)
		RESERVOIR	WTP/TS	RESERVOIR	WTP/TS	RESERVOIR	WTP/TS
4 6738 BENNETT, C.		5%	95%	5%	95%		
PLANT OPERATOR							
REGULAR	64,748.88	3,237.44	61,511.44	3,237.44	61,511.44	0.00	0.00
CLOTH.	550.00	27.50	522.50	27.50	522.50	0.00	0.00
O.T.	4,973.78	248.71	4,725.07	248.69	4,725.09	0.02	(0.02)
FRINGE	38,272.52	1,913.64	36,358.88	1,913.63	36,358.89	0.01	(0.01)
21 7335 BOUSQUET, M.		96%	5%	100%	0%		
RESERVOIR							
REGULAR	51,239.36	48,677.39	2,561.97	51,239.36	0.00	(2,561.97)	2,561.97
SYSTEM OPERATOR							
CLOTH.	550.00	522.50	27.50	550.00	0.00	(27.50)	27.50
O.T.	5,110.19	4,854.68	255.51	5,110.19	0.00	(255.51)	255.51
FRINGE	31,275.93	29,712.14	1,563.79	31,275.93	0.00	(1,563.79)	1,563.79
20 7933 BRANCH, L.		5%	95%	7%	93%		
PLANT OPERATOR							
REGULAR	63,762.08	3,188.10	60,573.98	4,463.35	59,298.73	(1,275.25)	1,275.25
CLOTH.	550.00	27.50	522.50	38.50	511.50	(11.00)	11.00
O.T.	8,082.98	404.16	7,678.82	565.81	7,517.17	(161.65)	161.65
FRINGE	39,665.14	1,983.25	37,681.89	2,776.56	36,888.58	(793.31)	793.31
7 8172 BUTKUS, G.		95%	5%	98%	2%		
RESERVOIR							
REGULAR	54,595.60	51,865.82	2,729.78	53,503.69	1,091.91	(1,637.87)	1,637.87
SYSTEM OPERATOR							
CLOTH.	550.00	522.50	27.50	539.00	11.00	(16.50)	16.50
O.T.	6,940.15	6,593.14	347.01	6,801.35	138.80	(208.21)	208.21
FRINGE	34,113.30	32,407.64	1,705.66	33,431.03	682.27	(1,023.39)	1,023.39
9 12976 COMUNE, L.		45%	55%	45%	55%		
FAC MECHANIC II							
REGULAR	57,979.36	26,090.71	31,888.65	26,090.71	31,888.65	0.00	0.00
CLOTH.	550.00	247.50	302.50	247.50	302.50	0.00	0.00
O.T.	712.06	320.44	391.62	320.43	391.63	0.01	(0.01)
FRINGE	32,574.96	14,658.72	17,916.24	14,658.73	17,916.23	(0.01)	0.01
16 16220 DESIDERIO, R.		67%	33%	85%	15%		
FOREMAN BLDG. & GROUNDS MAINT.							
REGULAR	63,231.12	42,364.85	20,866.27	53,746.45	9,484.67	(11,381.60)	11,381.60
CLOTH.	550.00	368.50	181.50	467.50	82.50	(99.00)	99.00
O.T.	960.76	643.72	317.04	816.65	144.11	(172.93)	172.93
FRINGE	35,695.17	23,915.77	11,779.40	30,340.89	5,354.28	(6,425.12)	6,425.12
12 23959 FLETCHER, D.		45%	55%	45%	55%		
FAC. MECHANIC II							
REGULAR	57,979.36	26,090.71	31,888.65	26,090.71	31,888.65	0.00	0.00
CLOTH.	550.00	247.50	302.50	247.50	302.50	0.00	0.00
O.T.	858.68	386.40	472.28	386.41	472.27	(0.01)	0.01
FRINGE	32,670.27	14,701.61	17,968.66	14,701.62	17,968.65	(0.01)	0.01
8 23970 FLETCHER, I.		95%	5%	94%	6%		
RESERVOIR SYSTEM OPERATOR							
REGULAR	49,685.28	47,201.02	2,484.26	46,704.16	2,981.12	496.86	(496.86)
CLOTH.	550.00	522.50	27.50	517.00	33.00	5.50	(5.50)
O.T.	4,661.02	4,427.97	233.05	4,381.36	279.66	46.61	(46.61)
FRINGE	29,968.92	28,470.48	1,498.44	28,170.78	1,798.14	299.70	(299.70)
14 26529 GIFFORD, C.		43%	57%	44%	56%		
FOREMAN FACILITIES MAINT.							
REGULAR	65,198.56	28,035.40	37,163.16	28,687.37	36,511.19	(651.97)	651.97
CLOTH.	550.00	236.50	313.50	242.00	308.00	(5.50)	5.50
O.T.	1,596.20	686.37	909.83	702.33	893.87	(15.96)	15.96
FRINGE	37,084.75	15,946.44	21,138.31	16,317.29	20,767.48	(370.85)	370.85

MANASQUAN WATER SUPPLY SYSTEM
JULY, 2013 - JUNE, 2014 FISCAL YEAR 2014
G & A EXPENSES SPLIT

EMPLOYEE NAME		BUDGETED %			ACTUAL % (Timesheets)		VARIANCE UNDER (OVER)	
		TOTAL	(40) RESERVOIR	(50) WTP/TS	(40) RESERVOIR	(50) WTP/TS	(40) RESERVOIR	(50) WTP/TS
5 36810 HIRSCH, C.	TIME SPLIT		87%	13%	95%	5%		
MAINT WORKER 1	REGULAR	40,078.50	34,868.28	5,210.22	38,074.58	2,003.92	(3,206.30)	3,206.30
	CLOTH.	550.00	478.50	71.50	522.50	27.50	(44.00)	44.00
	O.T.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	FRINGE	22,345.38	19,440.48	2,904.90	21,228.11	1,117.27	(1,787.63)	1,787.63
17 41950 KARECKY, R.	TIME SPLIT		5%	95%	5%	95%		
PLANT OPERATOR	REGULAR	64,538.64	3,226.93	61,311.71	3,226.93	61,311.71	0.00	0.00
	CLOTH.	550.00	27.50	522.50	27.50	522.50	0.00	0.00
	O.T.	8,491.99	424.61	8,067.38	424.60	8,067.39	0.01	(0.01)
	FRINGE	40,100.13	2,005.02	38,095.11	2,005.01	38,095.12	0.01	(0.01)
18 47397 KRIER, P.	TIME SPLIT		42%	58%	40%	60%		
SUPERVISOR	REGULAR	78,569.98	32,999.40	45,570.58	31,427.99	47,141.99	1,571.41	(1,571.41)
TECHNICAL ASST.	CLOTH.	550.00	231.00	319.00	220.00	330.00	11.00	(11.00)
FACILITIES MAINT.	O.T.	10,180.54	4,275.84	5,904.70	4,072.22	6,108.32	203.62	(203.62)
	FRINGE	49,020.85	20,588.75	28,432.10	19,608.34	29,412.51	980.41	(980.41)
3 50121 LEROY, D.	TIME SPLIT		23%	77%	25%	75%		
SUPERVISOR	REGULAR	85,132.73	19,580.53	65,552.20	21,283.18	63,849.55	(1,702.65)	1,702.65
OPERATIONS, MWSS	CLOTH.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	O.T.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	FRINGE	46,789.36	10,761.56	36,027.80	11,697.34	35,092.02	(935.78)	935.78
1 50461 MCKEON, P.	TIME SPLIT		58%	42%	38%	62%		
MANAGER, MWSS	REGULAR	110,011.84	63,806.86	46,204.98	41,804.50	68,207.34	22,002.36	(22,002.36)
	CLOTH.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	O.T.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	FRINGE	60,742.36	35,230.58	25,511.78	23,082.10	37,660.26	12,148.48	(12,148.48)
2 12165 MEDLYN, R.	TIME SPLIT		58%	42%	38%	62%		
ADMIN ASSISTANT	REGULAR	58,625.28	34,002.65	24,622.63	22,277.61	36,347.67	11,725.04	(11,725.04)
WATER SUPPLY	CLOTH.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TECH.	O.T.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	FRINGE	32,652.48	18,938.44	13,714.04	12,407.94	20,244.54	6,530.50	(6,530.50)
10 51483 OATES, J.	TIME SPLIT		75%	25%	88%	12%		
EQUIPMENT	REGULAR	45,548.96	34,161.72	11,387.24	40,083.08	5,465.88	(5,921.36)	5,921.36
OPERATOR	CLOTH.	550.00	412.50	137.50	484.00	66.00	-7150%	7150%
	O.T.	304.06	228.05	76.01	267.57	36.49	(39.52)	39.52
	FRINGE	25,586.78	19,190.10	6,396.68	22,516.37	3,070.41	(3,326.27)	3,326.27
19 63738 OTREBA, E.	TIME SPLIT		5%	95%	5%	95%		
PLANT OPERATOR	REGULAR	61,126.32	3,056.32	58,070.00	3,056.32	58,070.00	0.00	0.00
	CLOTH.	550.00	27.50	522.50	27.50	522.50	0.00	0.00
	O.T.	5,686.84	284.30	5,401.54	284.29	5,401.55	0.01	(0.01)
	FRINGE	36,514.19	1,825.70	34,688.49	1,825.71	34,688.48	(0.01)	0.01
6 69555 RIVERA, R.	TIME SPLIT		89%	11%	93%	7%		
MAINT. WORKER I	REGULAR	42,732.96	38,032.33	4,700.63	39,741.65	2,991.31	(1,709.32)	1,709.32
OPERATIONS	CLOTH.	550.00	489.50	60.50	511.50	38.50	(22.00)	22.00
	O.T.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	FRINGE	23,816.32	21,196.53	2,619.79	22,149.18	1,667.14	(952.65)	952.65

MANASQUAN WATER SUPPLY SYSTEM
JULY, 2013 - JUNE, 2014 FISCAL YEAR 2014
G & A EXPENSES SPLIT

EMPLOYEE NAME		BUDGETED %			ACTUAL % (Timesheets)		VARIANCE UNDER (OVER)	
		TOTAL	(40)	(50)	(40)	(50)	(40)	(50)
			RESERVOIR	WTP/TS	RESERVOIR	WTP/TS	RESERVOIR	WTP/TS
22 75370 SIMMONS, T.	TIME SPLIT		45%	55%	44%	56%		
	FAC. MECHANIC-WSA							
	REGULAR	62,198.64	27,989.39	34,209.25	27,367.40	34,831.24	621.99	(621.99)
	CLOTH.	550.00	247.50	302.50	242.00	308.00	5.50	(5.50)
	O.T.	828.19	372.70	455.49	364.40	463.79	8.30	(8.30)
	FRINGE	34,961.67	15,732.77	19,228.90	15,383.13	19,578.54	349.64	(349.64)
26 81185 SZELIGA, T.	TIME SPLIT		95%	5%	98%	2%		
	RESERVOIR SYSTEM							
	OPERATIONS							
	REGULAR	37,237.59	35,375.71	1,861.88	36,492.84	744.75	(1,117.13)	1,117.13
	CLOTH.	550.00	522.50	27.50	539.00	11.00	(16.50)	16.50
	O.T.	1,863.05	1,769.90	93.15	1,825.79	37.26	(55.89)	55.89
	FRINGE	21,192.84	20,133.20	1,059.64	20,768.98	423.86	(635.78)	635.78
23 87000 TESTA, J.	TIME SPLIT		5%	95%	5%	95%		
	PLANT OPERATOR							
	REGULAR	64,748.88	3,237.44	61,511.44	3,237.44	61,511.44	0.00	0.00
	CLOTH.	550.00	27.50	522.50	27.50	522.50	0.00	0.00
	O.T.	8,669.36	433.48	8,235.88	433.47	8,235.89	0.01	(0.01)
	FRINGE	39,848.91	1,992.44	37,856.47	1,992.45	37,856.46	(0.01)	0.01
24 87750 THOMAS, C.	TIME SPLIT		95%	5%	97%	3%		
	RESERVOIR SYSTEM							
	OPERATOR							
	REGULAR	44,666.00	42,432.70	2,233.30	43,326.02	1,339.98	(893.32)	893.32
	CLOTH.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	O.T.	5,141.80	4,884.72	257.08	4,987.55	154.25	(102.83)	102.83
	FRINGE	27,106.18	25,750.89	1,355.29	26,292.99	813.19	(542.10)	542.10
27 88313 UPADHYAY, T.	TIME SPLIT		50%	50%	4%	96%		
	PROJECT							
	ENGINEER III							
	REGULAR	68,205.76	34,102.88	34,102.88	2,728.23	65,477.53	31,374.65	(31,374.65)
	CLOTH.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	O.T.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	FRINGE	37,584.69	18,792.37	18,792.32	1,503.39	36,081.30	17,288.98	(17,288.98)
15 88875 VISINSKI, J.	TIME SPLIT		64%	36%	63%	37%		
	WATER SUPPLY							
	TECH OPERATOR							
	REGULAR	45,150.80	28,896.52	16,254.28	28,445.00	16,705.80	451.52	(451.52)
	CLOTH.	550.00	352.00	198.00	346.50	203.50	5.50	(5.50)
	O.T.	492.96	315.48	177.48	310.56	182.40	4.92	(4.92)
	FRINGE	25,422.26	16,270.24	9,152.02	16,016.02	9,406.24	254.22	(254.22)
11 90000 WORTHINGTON, R.	TIME SPLIT		34%	66%	35%	65%		
	SUPERVISING PLANT							
	OPERATOR							
	REGULAR	69,359.36	23,582.19	45,777.17	24,275.78	45,083.58	(693.59)	693.59
	CLOTH.	550.00	187.00	363.00	192.50	357.50	(5.50)	5.50
	O.T.	3,578.51	1,216.70	2,361.81	1,252.48	2,326.03	(35.78)	35.78
	FRINGE	40,503.87	13,771.33	26,732.54	14,176.35	26,327.52	(405.02)	405.02
25 93000 ZIEGLER, C.	TIME SPLIT		5%	95%	7%	93%		
	PLANT OPERATOR							
	REGULAR	61,671.28	3,083.58	58,587.72	4,316.99	57,354.29	(1,233.43)	1,233.43
	CLOTH.	1,100.00	55.00	1,045.00	77.00	1,023.00	(22.00)	22.00
	O.T.	9,005.08	450.27	8,554.81	630.36	8,374.72	(180.09)	180.09
	FRINGE	38,878.95	1,943.96	36,934.99	2,721.53	36,157.42	(777.57)	777.57
13	VACANT		64%	36%	64%	36%		
	WATER SUPPLY							
	TECH.							
	REGULAR	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	CLOTH.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	O.T.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	FRINGE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		(60)	(40)	(50)	(40)	(50)	(40)	(50)
	REGULAR	1,568,023.12	739,186.85	828,836.27	704,928.78	863,094.34	34,258.07	(34,258.07)
	CLOTH.	12,100.00	5,780.50	6,319.50	6,094.00	6,006.00	(313.50)	313.50
	O.T.	88,137.20	33,221.64	54,915.56	34,186.51	53,950.69	(964.87)	964.87
	FRINGE	914,388.18	427,274.05	487,114.13	408,961.40	505,426.78	18,312.65	(18,312.65)
	GRAND TOTAL	2,582,648.50	1,205,463.04	1,377,185.46	1,154,170.69	1,428,477.81	51,292.35	(51,292.35)

*PLANT OPERATORS ADJUSTED TO ACTUAL %'S OF 5%/95% ORIGINAL %'S AS FOLLOWS:
C. BENNETT 4%/96%
R. KARECKY 3%/97%
G. FISHER/MGAE2014 3%/97%
E. OTREBA

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

ESTIMATE OF INTEREST INCOME

FISCAL YEAR 2016 BUDGET

<u>FUND/RESERVE</u>	<u>TD BANK</u>	<u>LONG-TERM INVESTMENTS</u>
Operating Fund	\$300,000	\$ 0
Reserve for O & M	400,000	400,000
General Reserve (Rate Stabilization)	250,000	0
Pumping Reserve	125,000	35,000
Self-Insurance Reserve	50,000	200,000
Sediment Reserve	<u>60,000</u>	<u>0</u>
Estimated Total	<u>\$1,185,000</u>	<u>\$635,000</u>

$$\$1,185,000 \times .25\% = \$ 2,963$$

$$\$635,000 \times 1.30\% = \$ 8,255$$

Total \$ 11,218

Estimate \$ 11,200

Short-Investments

TD Bank
 Managed Rate of .25%
 95% of the 30 Day Libor After the
 Compensating Balance Has Been Satisfied

Long-Term Investments

J.P. Morgan Securities
 New Jersey State G/O Bonds
 Due 07/15/2016 Yield to Maturity 1.30%
 Expect Similar Returns After Maturity

NEW JERSEY WATER SUPPLY AUTHORITY

Schedule 18

MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

FUND BALANCES AS OF 6/30/14

* * FINAL * *

	REVENUE FUND	OPERATING ACCOUNT	OPERATING FUND	O & M RESERVE	LONG TERM INVESTMENTS O & M RESERVE	TOTAL
BALANCE 6/30/14 (Does not include Debt Service payment)	\$159,379	\$903,095	\$2,858,062	\$1,062,386	\$469,908	\$5,452,830
Add: Adjustment for uncollected water revenues at 6/30/14			0			0
Add: NJ-American, JCP&L expenses for June 2014			45,047			45,047
Deduct: Accrued expenses to be paid as of 6/30/14			(70,160)			(70,160)
Deduct: June 10th billing, received			(159,260)			(159,260)
Adjusted Balances 6/30/14	\$159,379	\$903,095	\$2,673,689	\$1,062,386	\$469,908	\$5,268,457
INCOME						
Operating Transfer	(100,000)		100,000			0
Receipt of WTP/TS G&A expenses for the month of June 2014, 7/31/14 billing			156,093			156,093
EXPENSES						
O & M Expenses - (A/P-6/30/14) includes accrued payroll and pension thru 6/30/14			(176,833)			(176,833)
Capital items to be purchased by 6/30/14			(21,700)			(21,700)
Payment of Headquarters overhead expenses - to be paid 7/01			(160,600)			(160,600)
Contributions to Various Reserves- 7/14			(37,000)			(37,000)
ADJUSTED BALANCE AT 6/30/14	\$59,379	\$903,095	\$2,533,649	\$1,062,386	\$469,908	\$5,028,417

Less: O & M Reserve Balance (Goal is 3 months O & M Expenses as dictated by Bond Resolution) (810,774)

Balance of projected funds available \$4,217,643

Use of Available Funds

Unanticipated revenues (overdrafts in FY14 to be available to the General Fund for FY16)
NJ American Water 0

Appropriate FY14 net fund balance into the General Fund (Rate Stabilization) to be used for rate stabilization (672,855)

Balance of funds to be used for future years **\$3,544,788**

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Operations & Maintenance Expense Component and
Debt Service Cost Component Sales Base

PROJECTED FISCAL YEAR 2016

USER	ALLOCATION (mgd)
Avon, Borough of	0.142
Belmar, Borough of	0.650
Brielle, Borough of	0.450
Keyport, Borough of	0.458
Matawan, Borough of	0.332
New Jersey American Water	12.500
Red Bank, Borough of	0.548
Sea Girt, Borough of	0.040
Shorelands Water Company	1.928
Lake Como, Borough of	0.100
Spring Lake, Borough of	0.310
Spring Lake Heights, Borough of	0.425
Wall Township	2.275
OPERATIONS & MAINTENANCE/DEBT SERVICE SALES BASE	20.158 mgd

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY AUTHORITY
OPERATIONS AND MAINTENANCE RATE COMPONENT (20.158MGD)

FISCAL YEAR 2016

Funds Required for F/Y2016 Budget

Total Budget Requirements		\$ 3,454,268
Miscellaneous Revenues		<u>(651,200)</u>
Net Budget Requirement		\$ 2,803,068
Less - Quarterly O & M payment on July 10, 2015 (cash received in July for water used in April, May and June based on \$356.61/mg)		(667,203)
Additional Revenue required from last three (3) Quarterly payments in F/Y2016 to cover Operations & Maintenance expenses through 6/30/16		<u>\$ 2,135,865</u>

Computation of Operations & Maintenance Rate for FISCAL YEAR 2016

Required Operations & Maintenance Rate F/Y2016	<u>\$2,135,865</u>	
	5,533.37*	= \$386.00/MG

* Four (4) Quarters Sales = 20.158 MGD x 366 = 7,377.83mg/yr.
 Rate Calculation for required revenues due for payment on
 10/10/15, 1/10/16 and 4/10/16:

Sales Base = 7,377.83 x 3/4 = 5,533.37 MG
 The same rate will apply to the payment due 7/10/16 and
 this payment will be reflected in the calculation of the
 F/Y2017 rate.

SECTION II

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

COMPUTATION OF BASE DEBT SERVICE RATES

INITIAL WATER PURCHASERS (15.695MGD) - 7/01/15
 SHORELANDS DELAYED PURCHASE CONTRACT (.028mgd) - 7/01/06

Debt Service for FISCAL YEAR 2016	\$3,202,859	
Debt Service Fund Interest Income and other available resources	\$ (150,000)	
Net Debt Service Obligation	\$3,052,859	
Coverage Requirement = Net Debt Service Obligation x 20%	\$ <u>610,572</u>	
Total to be recovered by rates	\$3,663,431	
Debt Service Rate effective 7/01/15 366 x 15.723/mgd = 5,754.62mg	$\frac{\$3,663,431}{5,754.62\text{mg}}$	= \$636.61/mg

SECTION II

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

COMPUTATION OF DELAYED WATER PURCHASE DEBT SERVICE RATES

NJAW-	1.000MGD CONTRACT - 07/01/01	
	1.935MGD CONTRACT - 10/01/02	
	1.500MGD CONTRACT - 01/01/05	
Debt Service for FISCAL YEAR 2016	\$1,045,570	
Debt Service Fund Interest Income and other available resources	\$ (3,910)	
Net Debt Service Obligation	\$1,041,660	
Coverage Requirement = Net Debt Service Obligation x 20%	\$ <u>208,332</u>	
Total to be covered by rates	\$1,249,992	
Debt Service Rate effective 7/01/15 366 x 4.435/mgd = 1,623.21mg	$\frac{\$1,249,992}{1,623.21\text{mg}} = \$770.06/\text{mg}$	

SECTION II

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

COMPUTATION OF BASE DEBT SERVICE RATES

INTAKE PUMP STATION BUILDING

INITIAL WATER PURCHASERS (15.695MGD) - 7/01/15
 SHORELANDS DELAYED PURCHASE CONTRACT (.028MGD) - 7/01/06
 NJ AMERICAN DELAYED PURCHASE CONTRACT (4.435MGD)*

NJEIFP Debt Service for Fiscal Year 2016 \$ 182,871

Debt Service Rate effective 7/01/15
 366 x 20.158/mgd = 7,377.83/mg $\frac{\$ 182,871}{7,377.83\text{mg}} = \$24.79/\text{mg}$

*Delayed Water Purchase Contracts
 NJ American 1.000mgd 07/01/01
 1.935mgd 10/01/02
 1.500mgd 01/01/05

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR SYSTEM
2005 BOND DEBT SERVICE COVERAGE
 FISCAL YEAR 2016
 (7/1/14-6/30/16)

	<u>Budgeted F/Y 2016</u>
<u>Revenues</u>	
Uninterruptible Water Sales	\$ 8,019,323
Interest Income/Other	<u>11,200</u>
Total Revenues	<u>\$ 8,030,523</u>
Prior Years Surplus	<u>\$ 640,000</u>
<u>Expenses</u>	
O&M Costs	\$ 2,592,860
Overhead Allocation	<u>640,000</u>
Total O&M	<u>\$ 3,232,860</u>
Cash Available for Debt Service - A	\$ 5,437,663
Net Debt Service Expense	\$ 4,094,519
Debt Service Coverage Calculation - A/B	1.33
Cash After Debt Service A-B	\$ 1,343,144

**Manasquan Reservoir System
Rehabilitation Reserve and Capital Improvement Program**

Project Description	Renewal & Repl. Reserve	FY2015	FY2016	FY2017	FY2018	FY2019+
Dam Emergency Contingency	\$400,000					
Pipeline Replacement Under I-195	\$950,000					
Pumping Equipment Replacement	\$650,000					
Portable Generator, Hookup and Transfer Switch for I/O Tower			\$70,000			
Resize Intake - Motor/Pump/VFD					\$250,000	
Fuel System Upgrade			\$90,000			
Rehabilitation Pump and Motors at Reservoir & Intake Pumping Stations		\$38,000	\$40,000	\$60,000		\$20,000
Security System & Fencing Upgrade			\$30,000	\$100,000		\$50,000
Replacement Capacitors				\$20,000	\$20,000	
Equipment Storage Building		\$400,000				
Replace 25% of Administration Building Roof		\$40,000				
Replace Control Panel at Reservoir IO Building		\$80,000				
Resurface Floor in Hall and Bathrooms RPS Building			\$40,000			
Replace Incoming Electrical Power Breakers		\$30,000	\$100,000			
Renovation of Traveling Water Screens						\$100,000
Variable Frequency Drive Control Conversion				\$60,000		
Replace Wall Heater/AC Units Administration Building			\$5,000			
Valve Operator on 36" Intake Pool Return Conversion from Oil to Electric			\$20,000			
Bubbler System for Clearwell Level at RPS Building			\$4,000			
Replace High Voltage Feeder Cable Intake Pumping Station		\$260,000				
Total	\$2,000,000	\$848,000	\$399,000	\$240,000	\$270,000	\$170,000

New Jersey Water Supply Authority

Manasquan Water Supply System

Update

of the

Renewal and Replacement Reserve

and

Capital Improvement Program

prepared by

Paul McKeon, P.E., Manasquan System Manager

**MANASQUAN WATER SUPPLY SYSTEM
RENEWAL/REPLACEMENT RESERVE & CAPITAL IMPROVEMENT PROGRAM
Fiscal Years 2015-2019
Updated July 2014**

Introduction

The New Jersey Water Supply Authority (Authority) operates and maintains the Manasquan Water Supply System including the Intake Facilities located in Wall Township, the Manasquan Reservoir located in Howell Township and 5-1/4 miles of 66-inch diameter pipeline which connects the Intake Facilities to the Reservoir. The Manasquan Water Supply System was constructed between 1987-1990 and commenced operation on July 1, 1990.

Construction of this system was financed by the issuance of Bonds under the authorization of Authority Bond Resolution No. 295 dated April 16, 1987. The Bond Resolution provides for rates for water use to include an excess payment of 20% (effective February 1, 1994) of the annual debt service, identified as 120% debt service coverage. During the initial years, this excess payment flowed into the debt service reserve account until an amount equal to 50% of the annual debt service had been accumulated. Thereafter, the 20% excess debt service is to be used to establish a Renewal & Replacement Reserve and to fund a Capital Improvement Program (CIP) for the facilities.

A Capital Improvement Program funded by the Renewal and Replacement Reserve was first recommended in September 1996. This is an update of the CIP.

The Renewal and Replacement Reserve for Extraordinary Operations and Maintenance Costs is fully funded as recommended.

Renewal and Replacement Reserve for Extraordinary Operations and Maintenance Costs

Problems with the Earthen Dam Embankments

The Manasquan Reservoir dam and dikes are inspected by the Authority's operations and engineering staff to provide early detection of situations which, if uncorrected, could lead to serious problems. There are no indications of problems with any of the embankments at the present time. It is unlikely that a major catastrophic dam failure will occur as a result of the weather. A more common occurrence would be surface erosion especially in areas where good turf is not established. The periodic inspection of the embankments shows varying establishment of turf. On-site maintenance staff has implemented various measures to improve the grass cover on the dams. Long-term success of these measures is dependent on weather.

The Reserve includes funds that can be used to repair any surface erosion that cannot be repaired by Authority maintenance forces.

Replacement of Pipe under Interstate Route 195

The Manasquan Reservoir pipeline is a 5-1/4 mile long, 66-inch diameter prestressed concrete cylinder pipeline (PCCP) constructed in the 1980s. A 380-foot long section of 72-inch diameter PCCP was installed beneath Interstate Route 195 during its construction for use in connection with the pipeline between the reservoir pumping station and the reservoir. This section of pipe was manufactured by Interpace in the late 1970's. This vintage PCCP is suspect because of the type of prestressing wire used in its manufacture and the "inadequate" quality control used in the application of the mortar coating.

A rupture of this section of pipe could be catastrophic and result in major disruptions to Route 195. Repair costs could easily amount to several million dollars. Therefore, the section of pipe under Route 195 is dewatered and inspected bi-annually to monitor its condition.

The entire length of the pipeline was inspected in December 2009. The interior concrete lining was sounded with a 57-inch piece of black iron pipe with caps welded to the ends. The lining was continuously sounded for hollow regions that may be indicative of a loss of prestress and therefore exterior pipe distress. The 72-inch pipe under Route 195 was also sounded with ball peen hammers. Sounding was carried out on both sides of the pipe approximately in the 2-4 o'clock range and the 8-10 o'clock range at approximately 6 to 12-inch intervals. Other features such as spalled concrete linings were noted throughout the inspection. The Manasquan Reservoir 66-inch pipeline is in good condition. The items noted during the internal inspection were minor in nature and are not indicative of pipeline distress.

The pipes under Route 195 were power washed and inspected in 2011 and found to be sound. The pipe under Route 195 will be inspected in the fall of 2014. The entire pipeline will be inspected in December of 2015.

\$950,000 is included in the Renewal and Replacement Reserve to insert a 66" diameter steel pipe into the PCCP under Route 195 or to replace other sections of pipe as needed

Replacement of Pumps or Equipment

Five (5) 600 horsepower pumps are used at the Intake Pumping Station to pump water from the Manasquan River to the presedimentation pond at the Reservoir Pumping Station. Five (5) 900 horsepower pumps are used at the Reservoir Pumping Station to pump water from the presedimentation pond to the Reservoir. The estimated replacement cost for each unit, including a variable frequency drive, is \$650,000. Replacement costs for the units would be dependent on the problem but would be limited to the cost of replacement.

All pumps and motors have been physically inspected, vibration tested and pump efficiency tested in 2013. All are within acceptable performance tolerances. Although testing and inspection has determined that no units are needing replacement at this time, it is

appropriate to include funds in a Renewal & Replacement Reserve to rehabilitate or replace a single unit in case of an unforeseen failure or damage from lightning.

Furthermore, these funds could be used to rehabilitate or replace other major equipment such as a large 500kva electrical transformer or cables as well. The combined construction cost for the Intake Pumping Station and the Reservoir Pumping Station was approximately \$30,000,000 (1990 dollars). The recommended reserve of \$650,000 represents 2% of the total construction cost.

Planned Capital Improvements - Fiscal Years 2015 - 2019

Fueling System Upgrade

Current regulations regarding underground storage tanks require leak monitoring in the tank and piping and recording of the data on a prescribed basis. A determination needs to be made if one or both of the 1000 gallon underground storage tanks should be replaced with above ground tanks. An electronic system for recording daily inventory in the tanks is needed.

The original fuel dispensing pumps also need to be replaced with modern units that electronically track usage. These units are utilized at other Authority locations and are tied into vehicle service software.

The Authority is in the process of hiring a consultant to help prepare specifications and plans for the upgrade work that needs to be completed on this fuel system.

Rehabilitation of Pumps and Motors at the Intake Pumping Station and Reservoir Pumping Station

There are five main vertical turbine pumps with 600 horsepower motors at the Intake Pumping Station (IPS). There are five main vertical turbine pumps with 900 horsepower motors at the Reservoir Pumping Station (RPS).

The Authority has undertaken a multi faceted – multi year program to service all ten pumps and motors. The first phase, begun in 2003, includes the servicing of a pump at the RPS and a motor at the IPS each year. All pumps and motors were physically inspected, vibration tested and pump efficiency tested in 2013 and 2014. All are within acceptable performance tolerances. Therefore motor rehabilitation on one unit was completed in FY13 and one motor for FY14. It is anticipated that no pump rehabilitation will be needed until FY2015.

Resize Intake - Motor/Pump/VFD

A recent safe yield review has determined that replacing one of the 600 hp motor and pump at the intake with a 300 hp motor, a pump that can deliver up to 15 MGD and a new

variable frequency drive will improve the reliable safe yield of the system. This project will likely be designed in calendar year 2015 and constructed in 2016. This will allow a closer match between the anticipated average customer sales from the intake pool and the intake pump capacities. The motor and variable frequency drive will be 480V as opposed to the existing 2400 V system. Although this will require the addition of a transformer, it will allow for powering the pump from a portable generator. This will allow for some use of the intake during an extended power outage or if an underground electric cable were to fail.

Portable generator, hookup and transfer switch for I/O tower

A standby power generator is needed at the Reservoir Inlet and Outlet tower to enable staff to operate the reservoir emergency dump valve in case of a dam breach at the time of a power outage. Also other inlet and outlet valves will remain operable under all conditions and the dam instrumentation will be able to send readings on the condition of the drainage system and piezometers during times of prolonged power outages as was experienced after super storm Sandy.

Security System Upgrade

In response to the Public Health Security and Bioterrorism Response Act of 2002 and an Executive Order issued on July 18, 2002 by the State of New Jersey identifying critical facilities that require vulnerability assessments, the Authority has contracted with a consultant to develop a comprehensive security vulnerability assessment (VA) and implement recommendations of the VA. Recommendations were provided for changes in security policies and procedures, minimum and additional upgrades to the physical protection systems (PPS) and processes. Estimates of probable capital costs were developed for the minimum and additional PPS for system facilities.

The schematic design report for implementing the recommendations is being evaluated and improvements are being phased in.

Replacement of Capacitors

Electrical capacitors are component parts in the variable speed electrical drive units at both the Intake Pumping Station and the Reservoir Pumping Station. During a prior visit by the field service technician from ASI Robicon Corporation, several capacitors were identified as failed parts. All fifty-three existing capacitors are reaching the end of their useful life and are recommended for replacement. Seven of the fifty-three were replaced prior to 2011 and the remaining 46 will be replaced during upcoming years. The cost to replace the remaining capacitors is approximately \$40,000. No failures were experienced in 2013 and 2014 and a number of capacitors are on hand so the replacement has been moved back several years.

Equipment Storage Building

There is a need to provide secure under cover storage for equipment at the facility. Preliminary investigations show that a "pole-barn" type structure should be erected near the Reservoir Pumping Station. A 120' by 50' structure, providing 6000 square feet of added storage is the minimum size needed. Engineering services have been contracted for in 2012 for the subgrade design, utilities, building and site design.

A contract in the amount of \$375,750 was awarded to 3R Painting & Contracting in October 2013. Work is getting underway now that permitting and shop drawing issues have been resolved.

Replace 25% of Administration Building Roof

The eastern lower roof has several leaks which staff has not been able to patch. Considering this and the 25 year age of the roof, a new roof with a new 5 year warranty is needed.

A Purchase Order in the amount of \$31,007 was awarded to Pfister roofing. Construction work on the roof started in June of 2014 with completion expected by the end of July.

Replace Control Panel at Reservoir IO Building

The existing control panel is made of discrete instruments and chart recorders for which parts are not readily available. The equipment is 24 years old and beyond the expected life. Upgrading to a SCADA system with an improved operator interface and alarm features is desired. Work began on this project in June of 2014 with an expected completion date of October 2014.

Resurface floor in hall and bathrooms in the RPS Building

The existing epoxy/sand finish on the concrete floor is discolored and not uniform. The surface is breaking free from the concrete in some areas and cannot be repaired. Replacement is desired to improve the appearance of the facility.

Replacing the incoming electrical power breakers

Electrical surges and cable failures in 2012 and 2013 as a result of several storms has identified the need to investigate replacing the 24 year old breakers in the incoming power substation as well as relocating the utility power meters up onto a new pole at the edge of Hospital Road. The breakers and parts for them are now obsolete. Staff is investigating the cost of installing retrofit breakers, moving the meters and possibly replacing the electrical cabinet that houses all this equipment.

Renovation of Traveling Water Screens

The eight traveling water screens at the Intake Pumping Station are in need of service over time. 2013 inspection found all units to be in good condition. Funding is included to install new reducers, drive sprockets, screen sections, chain guard assemblies and adapter bases on all eight units. Another inspection is planned for the fall of 2015.

Variable Frequency Drive Control Conversion

Staff has been working with ASI Robicon Corporation to develop a conversion package for the operation of the variable frequency drives. The conversion package would consist of revising the sequencer operation of both the Intake and Reservoir Pumping Stations from the current card rack computerized system to a programmable logic controller. With the current logic system, the Authority has been experiencing logic card failures with expensive computer board repairs or parts that are no longer available which is the main purpose of changing the control logic operation. The project is under development at this time.

Replace Wall Heater / AC Units Administration Building

The office area of the building is partially heated and cooled with these wall units. A number of them have failed or rusted in recent years. This will complete the change out to all new units.

Valve Operator Replacement on 36" Intake Pool Return Line

The existing system is 25 years old and relies on a oil reserve tank and compressors to drive a piston to operate the valve. Replacement of the operator with an electrically driven operator is preferred in keeping with similar valve operators at the reservoir system.

Bubbler System for Clearwell Level at RPS Building

The existing level control relies on air compressor and various other mechanical devices. Newer technology for monitoring level which is much more reliable will be used in its place.

Replace High Voltage Feeder Cable IPS

In August of 2014 the 15,000 feet of electrical feeder cable shorted to ground. Subsequent testing found many portions of the cable insulation to be below standard after 25 years of use. Because of this and because the reservoir storage volume was at the historical average for August, the Authority decided to have all the cable replaced on an emergency basis while supplying water to customers solely from the reservoir source during the replacement. Cable with improved insulation value was installed and should be good for at least another 30 years. Including ground wire, just over 20,000 feet of cable and wire was replaced.

PART III - PROPOSED RULE AMENDMENTS

NEW JERSEY WATER SUPPLY AUTHORITY

AMENDMENTS TO THE SCHEDULE OF RATES, CHARGES AND
DEBT SERVICE ASSESSMENTS FOR THE SALE OF WATER FROM THE
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

To Become Effective July 1, 2015

The following rules and regulations can be found in the New Jersey Administrative Code under N.J.A.C. 7:11-4.1, et seq. Full text of the proposal follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

7:11-4.3 Operations and Maintenance Expense Component

(a) - (b) (No change.)

(c) Operations and Maintenance Expense Component:

<u>Effective Date</u>	<u>Rate/Million Gallons</u> (based upon a [20.560] 20.158 per day sales base)
July 1, [2013] 2015	[\$356.61] \$386.00

7:11-4.4 Debt Service Cost Component

(a) (No change.)

(b) The following Debt Service rates based on a sales base of [16.125]**15.723** million gallons per day, apply to all initial water purchase contract customers, and all delayed water purchase contract customers, who fully satisfied their contractual delayed water purchase surcharge obligations at the commencement of their contract terms:

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/[2013] 2015 to 6/30/[2015] 2016	(Coverage 120%) [\$619.87] \$636.61

(c) Delayed Water Purchase Surcharge will be assessed to all water purchasers who entered into a Water Purchase Contract for an

uninterruptible service commencing subsequent to the System Operation Date (Delayed Water Purchase Contract). This includes a purchaser under an Initial Water Purchase Contract, which provides for an increase in the amount of uninterrupted service effective subsequent to the System Operation Date.

1. The following Debt Service rate based on a sales base of 4.435 million gallons per day, applies to the Delayed Water Purchase Contracts commencing July 1, 2001, October 1, 2002, and January 1, 2005 in lieu of the Debt Service rate set forth in (b) above.

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/[2013] 2015 to	(Coverage 120%)
6/30/[2015] 2016	[\$772.46] \$770.07

(d) (No change.)

7:11-4.5 Source water protection fund component

(a) (No change.)

(b) The source water protection fund component is as follows:

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/[2013] 2015 to	
6/30/[2015] 2016	[\$15.00] \$10.00

7:11-4.6 NJEIFP debt component

(a) (No change.)

(b) The NJEIFP debt component is as follows:

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/[2013] 2015 to	
6/30/[2015] 2016	[\$24.42] \$24.79

NEW JERSEY WATER SUPPLY AUTHORITY
(A Component Unit of the State of New Jersey)

FORECASTED COST ALLOCATION SCHEDULES

Year Ending June 30, 2016

INDEPENDENT ACCOUNTANT'S REPORT

To the Commissioners of
New Jersey Water Supply Authority

At your request, we have performed certain agreed-upon procedures, as enumerated below, with respect to the accompanying forecasted cost allocation schedules of the New Jersey Water Supply Authority (the "Authority"), a component unit of the State of New Jersey for the fiscal year ending June 30, 2016. These procedures, which were agreed to by the Commissioners and Authority management, were performed solely to assist you in evaluating the forecasted cost allocation schedules in connection with the setting of water rates for each of the three operating systems (Raritan, Manasquan Reservoir and Manasquan Treatment Plant/Transmission). The Authority's management is responsible for the schedules. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Authority's management. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures that we performed are as follows:

1. We were provided with the fiscal year 2016 budgeted expenses for each of the three operating systems by the Authority's director of finance and administration, who advised us that the fiscal year 2016 budgeted expenses are based upon preliminary budgets that are subject to approval by the Authority's Commissioners. We performed no procedures in regard to these fiscal year 2016 budgeted expenses.
2. We recalculated the allocated costs on the schedules. We found no exceptions as a result of these procedures.
3. We compared the methodologies used for cost allocation on the forecasted schedules to the methodologies used in the Authority's cost allocation schedules for the year ended June 30, 2014, and found them to be consistent.

- AN INDEPENDENTLY OWNED MEMBER,
MCGladREY ALLIANCE
- AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
- NEW JERSEY SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
- NEW YORK SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
- PENNSYLVANIA INSTITUTE OF
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INDEPENDENT ACCOUNTANT'S REPORT (CONTINUED)

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying forecasted cost allocation schedules. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

This report is intended solely for the information and use of the Commissioners and management of the Authority and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Messadine, P.C.
Certified Public Accountants

October 6, 2014

NEW JERSEY WATER SUPPLY AUTHORITY
 SCHEDULE OF FORECASTED COST CENTER EXPENSE RECLASSIFICATION
 YEAR ENDING JUNE 30, 2016

RECLASSIFICATIONS

DEPT. #	DEPT./COST CENTER	COST CENTER COSTS	1	2	3	4	5	6	7	8	9	REVISED COST CENTER COSTS
			HEATING/ELECTRIC	VEHICULAR FUEL	PROFESSIONAL FEES	INSURANCE	TELEPHONE	PERMITS	WORKERS' COMP.	IN LIEU TAXES	CHIEF ENGINEER SALARY & FRINGE	
	BUILDING HQ	\$ -	\$130,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$130,100
	TELEPHONE HQ						72,400					72,400
36	SAFETY	207,100			(5,000)							202,100
37	SECURITY	884,250										884,250
14	HUMAN RESOURCES	429,700			(4,400)				(10,000)			415,300
16	PURCHASING	552,900		(157,800)			(72,400)	(16,000)				306,700
17	INFORMATION SYSTEMS	157,200										157,200
15	CONTRACTS & RISK MGMT.	1,721,800			(33,500)	(1,246,800)		(86,100)		(18,700)		336,700
13	FINANCIAL MGMT.	948,200			(2,500)							946,700
34	AUTO SHOP	209,900		157,800				16,000				383,700
35	AUTO SHOP-CANAL	213,300										213,300
10	EXEC OFFICE	247,800	4,757									252,557
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	7,958,650	(134,857)		45,400	1,246,800		66,100	10,000	18,700	(24,914)	8,603,879
		12,929,800	0	0	0	0	0	0	0	0	(24,914)	12,904,886
40-60	MANASQUAN SYSTEM	5,347,850									24,914	5,372,764
		\$18,277,650	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,277,650

See accompanying notes to Financial Schedules.
 See independent accountant's report.

NEW JERSEY WATER SUPPLY AUTHORITY
 SCHEDULE OF FORECASTED SYSTEM-WIDE ALLOCATED COSTS
 YEAR ENDING JUNE 30, 2016

ALLOCATION BASIS

DEPT. #	DEPT./COST-CENTER	REVISED COST CENTER COSTS	SQ. FT. #	# OF TELEPHONES	# OF EMPLOYEES	100% RARITAN O&M	# OF EMPLOYEES	# OF P.O.s	# OF COMPUTERS	MGD CONTRACTS	O&M BUDGET	# OF VEHICLES	# OF VEHICLES	TIME ESTIMATE	ALLOCATED COST CENTER COSTS
	BUILDING HQ	\$130,100	(\$130,100)												
	TELEPHONE HQ	\$72,400	0	(\$72,400)											
36	SAFETY	\$202,100	976	796	(\$203,872)										
37	SECURITY	\$884,250	4,988	3,182	16,680	(\$909,110)									
14	HUMAN RESOURCES	\$415,300	6,018	3,182	5,560	0	(\$430,060)								
16	PURCHASING	\$306,700	6,640	2,387	3,707	0	8,777	(\$328,211)							
17	INFORMATION SYSTEMS	\$157,200	1,385	796	1,853	0	4,388	9,604	(\$175,226)						
15	CONTRACTS & RISK MGMT.	\$336,700	4,323	1,591	3,707	0	8,777	9,498	6,258	(\$370,854)					
13	FINANCIAL MGMT.	\$946,700	12,596	5,569	12,974	0	30,719	8,443	28,161	0	(\$1,045,162)				
34	AUTO SHOP	\$383,700	20,514	1,591	1,853	0	4,388	16,569	6,258	0	27,049	(\$451,922)			
35	AUTO SHOP-CANAL	\$213,300	0	1,591	1,853	0	4,388	14,890	3,129	0	15,036	0	(\$254,177)		
10	EXEC OFFICE	\$252,657	17,456	5,569	1,853	0	4,388	1,900	6,258	0	17,804	0	0	(\$307,785)	
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	\$8,603,879	55,194	46,146	105,644	909,110	250,137	142,470	90,743	333,264	606,524	461,922	254,177	276,237	\$12,135,447
40-60	MANASQUAN SYSTEM	\$5,372,764	0	0	48,188	0	114,098	124,847	34,419	37,590	378,749	0	0	31,548	6,142,203
		\$18,277,650	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,277,650

See accompanying notes to Financial Schedules.
 See independent accountant's report.

NEW JERSEY WATER SUPPLY AUTHORITY
 SCHEDULE OF FORECASTED COST ALLOCATION FACTORS
 YEAR ENDING JUNE 30, 2016

REQUIRED STATISTICS

DEPT. #	ALLOCATION OF: ALLOCATION BASIS:	DEPT./COST CENTER	BUILDING HQ SQ. FT. #	TELEPHONES # OF TELEPHONES	SAFETY # OF EMPLOYEES	HUMAN RESOURCES # OF EMPLOYEES	PURCHASING # OF P.O.'S	INFORMATION SYSTEMS # OF COMPUTERS	CONTRACTS & RISK MGMT MGD CONTRACTS	FINANCE O&M FUNCTIONAL COST	AUTO SHOP # OF VEHICLES	AUTO SHOP CANAL # OF VEHICLES	EXEC. OFF TIME ESTIMATE
36	SAFETY	BUILDING HQ	110	1									
37	SECURITY	TELEPHONE HQ	563	4	9								
14	HUMAN RESOURCES		678	4	3								
16	PURCHASING		748	3	2	2							
17	INFORMATION SYSTEMS		156	1	1	1	91						
15	CONTRACTS & RISK MGMT.		487	2	2	2	90	2					
13	FINANCIAL MGMT.		1,419	7	7	7	80	9	0				
34	AUTO SHOP		2,311	2	1	1	157	2	0	\$383,700			
38	AUTO SHOP-CANAL		0	2	1	1	141	1	0	213,300			
10	EXEC OFFICE		1,987	7	1	1	18	2	0	252,557	0		
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RAPIDAN SYSTEM)		6,218	58	57	57	1,350	29	182	8,603,879	43	43	89.75
40-60	MANASQUAN SYSTEM				26	26	1,183	11	21	5,372,764			10.25
			14,657	91	110	98	3,110	56	203	\$14,826,200	43	43	100.00 %

See accompanying notes to Financial Schedules.
 See independent accountant's report.

NEW JERSEY WATER SUPPLY AUTHORITY
 SCHEDULE OF FORECASTED MANASQUAN SYSTEM ALLOCATED COSTS
 YEAR ENDING JUNE 30, 2016

COSTS	ALLOCATION BASIS					ALLOCATED COSTS
	1 TIME STUDY	2 \$ VALUE OF VEHICLES	3 \$ VALUE OF EQUIPMENT	4 TIME STUDY	5 VALUE OF WATER CONTRACTS	
<u>GENERAL & ADMINISTRATIVE</u>						
SALARIES & FRINGES	\$2,980,650					
VEHICLE RELATED	83,000	(\$83,000)				
MAINT. SUPPLIES & RELATED	72,900		(\$72,900)			
OFFICE & MISC.	51,700			(\$51,700)		
H.Q. OVERHEAD	794,353				(\$794,353)	
RESERVOIR	1,018,800			24,377	689,400	\$3,231,400
TREAT./TRANS.	1,111,900			27,323	104,953	2,881,903
	<u>\$6,113,303</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$6,113,303</u>

See accompanying notes to Financial Schedules.
 See independent accountant's report.

NEW JERSEY WATER SUPPLY AUTHORITY
NOTES TO SCHEDULES
YEAR ENDING JUNE 30, 2016

A. GENERAL

The New Jersey Water Supply Authority as part of its annual budget and rate making process performs a two step cost allocation calculation. During the first step, the Authority forecasts its actual expenses by Cost Center. For purposes of this calculation the Authority uses the following Cost Centers:

- Building Headquarters
- Telephone Headquarters
- Safety
- Security
- Human Resources
- Purchasing
- Information Systems
- Contracts & Risk Management
- Financial Management
- Auto Shop
- Auto Shop - Canal
- Executive Office
- Engineering, Watershed Management, Operations and Maintenance (Raritan System)
- Manasquan System

In deriving expenses by Cost Center several expense reclassifications are made on the Schedule of Forecasted Cost Center Expense Reclassification as follows:

1. Heating and electricity expenses related to Building Headquarters ("HQ") and Executive Office are reclassified from Engineering and Operations & Maintenance ("O & M").
 2. Vehicular fuel expense related to Auto Shop is reclassified from Purchasing.
 3. Professional fees related to O & M are reclassified from the various departments to which they have been charged.
 4. Insurance premium expense related to the Raritan System is reclassified from Contracts and Risk Management.
 5. Telephone expense is reclassified from Purchasing to a separate Telephone HQ Cost Center.
 6. Permit expense related to the Raritan System is reclassified from Contracts and Risk Management and Purchasing.
- See independent accountant's report.
7. Workers' compensation expense related to the Raritan System is reclassified from Contracts and Risk Management.
 8. In-lieu taxes related to the Raritan System are reclassified from Contracts and Risk Management.
 9. Chief Engineer Salary & Fringe Expenses related to the Manasquan System are reclassified from the Engineering Department.

NEW JERSEY WATER SUPPLY AUTHORITY
NOTES TO SCHEDULES
YEAR ENDING JUNE 30, 2016

The second step entails a step-down allocation of eleven of the Authority's Cost Centers to the Raritan and Manasquan System Cost Centers. In making this step-down allocation the Authority allocates cost as follows:

1. Building HQ is allocated to each of the Cost Centers based on the amount of space utilized.
2. Telephone HQ is allocated to each of the Cost Centers based on the number of telephones utilized.
3. Safety is allocated to each of the Cost Centers based on the number of employees.
4. Security is allocated entirely to the Raritan System.
5. Human Resources is allocated to each of the Cost Centers based on the number of employees.
6. Purchasing is allocated to each of the respective Cost Centers based on the number of purchase orders issued.
7. Information Systems is allocated to each of the Cost Centers based on the number of computers.
8. Contracts and Risk Management is allocated to each of the Cost Centers based on the number of employees.
9. Financial Management is allocated based on a percentage of the four remaining Cost Centers' budgets.
10. Auto Shop and Auto Shop-Canal are allocated based on the number of vehicles used.
11. Executive Office is allocated based on the amount of executive time utilized in managing each of the Systems.

See independent accountant's report.

NEW JERSEY WATER SUPPLY AUTHORITY
NOTES TO SCHEDULES
YEAR ENDING JUNE 30, 2016

B. MANASQUAN SYSTEM ALLOCATED COST

The Manasquan Water Supply System's direct and allocated costs are then allocated between the Reservoir System and the Water Treatment Plant/Transmission System. In making this allocation the Authority adds to each System's direct expenses, the indirect costs allocated as follows:

1. Salaries and Fringe Benefits are allocated based on actual time studies performed by each employee throughout Fiscal Year 2014.
2. Vehicle related expenses are allocated based on the dollar value of vehicles held by each System.
3. Maintenance Supplies and related expenses are allocated based on the dollar value of capital equipment held by each System.
4. Office and miscellaneous expenses are allocated based on the time studies performed by each employee throughout Fiscal Year 2014.
5. Headquarters Overhead expenses are allocated based on the value of water contracts for each System.

See independent accountant's report.

NEW JERSEY WATER SUPPLY AUTHORITY
(A Component Unit of the State of New Jersey)

COST ALLOCATION SCHEDULES

June 30, 2014

INDEPENDENT ACCOUNTANT'S REPORT

To the Commissioners of
New Jersey Water Supply Authority

We have examined the financial schedules of New Jersey Water Supply Authority (the "Authority"), a component unit of the State of New Jersey, for the year ended June 30, 2014, listed in the foregoing table of contents. The Authority's management is responsible for the financial schedules. Our responsibility is to express an opinion on the conformity of the financial schedules with the cost allocation criteria set forth in Note A.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary under the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial schedules referred to above present the Authority's allocation of costs to the Raritan and Manasquan Systems in conformity with the cost allocation criteria set forth in Note A.

This report is intended for the information and use of the Commissioners and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Mercadlen, P.C.
Certified Public Accountants

October 6, 2014

- AN INDEPENDENTLY OWNED MEMBER,
MCGGLADREY ALLIANCE
- AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
- NEW JERSEY SOCIETY OF
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NEW JERSEY WATER SUPPLY AUTHORITY
 SCHEDULE OF COST CENTER EXPENSE RECLASSIFICATION
 YEAR ENDED JUNE 30, 2014

RECLASSIFICATIONS

DEPT. #	DEPT./COST CENTER	1	2	3	4	5	6	7	8	9	REVISED COST CENTER COSTS
		HEATING/ELECTRIC	VEHICULAR FUEL	PROFESSIONAL FEES	INSURANCE	TELEPHONE	PERMITS	WORKERS' COMP.	IN LIEU TAXES	CHIEF ENGINEER SALARY & FRINGE	
	BUILDING HQ	\$81,432									81,432
	TELEPHONE HQ					\$73,113					73,113
36	SAFETY										175,790
37	SECURITY										839,879
14	HUMAN RESOURCES			(\$2,540)				(\$4,384)			175,790
16	PURCHASING		(\$144,641)			(73,113)	(\$15,843)				839,879
17	INFORMATION SYSTEMS										380,782
15	CONTRACTS & RISK MGMT.			(19,324)	(\$1,154,419)		(90,464)		(\$18,700)		280,948
13	FINANCIAL MGMT			(2,268)							170,075
34	AUTO SHOP		144,641				15,843				274,959
36	AUTO SHOP-CANAL										893,726
10	EXEC OFFICE	3,917									373,524
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	(95,349)		24,132	1,154,419		90,464	4,384	18,700	(25,350)	7,599,593
		0	0	0	0	0	0	0	0	(25,350)	11,591,460
40-60	MANASQUAN SYSTEM									25,350	4,388,807
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,990,267

See accompanying notes to Financial Schedules.
 See independent accountant's report.

NEW JERSEY WATER SUPPLY AUTHORITY
 SCHEDULE OF SYSTEM-WIDE ALLOCATED COSTS
 YEAR ENDED JUNE 30, 2014

ALLOCATION BASIS

DEPT. #	DEPT./COST CENTER	REVISED COST CENTER COSTS	SQ. FT. #	# OF TELEPHONES	# OF EMPLOYEES	100 % RARITAN O&M	# OF EMPLOYEES	# OF P.O.s	# OF COMPUTERS	MGD CONTRACTS	O&M BUDGET	# OF VEHICLES	# OF VEHICLES	TIME ESTIMATE	ALLOCATED COST CENTER COSTS
	BUILDING HQ	\$81,432	(\$81,432)												
	TELEPHONE HQ	\$73,113	0	(\$73,113)											
36	SAFETY	\$175,790	611	803	(\$177,204)										
37	SECURITY	\$639,879	3,128	3,214	14,368	(\$860,589)									
14	HUMAN RESOURCES	\$360,782	3,767	3,214	4,789	0	(\$392,552)								
16	PURCHASING	\$280,948	4,166	2,410	3,193	0	8,011	(\$238,718)							
17	INFORMATION SYSTEMS	\$170,075	867	803	1,596	0	4,006	8,741	(\$186,088)						
15	CONTRACTS & RISK MGMT.	\$274,969	2,706	1,607	3,193	0	8,011	8,645	6,646	(\$305,767)					
13	FINANCIAL MGMT	\$693,726	7,884	5,624	11,175	0	28,039	7,684	29,907	0	(\$984,039)				
34	AUTO SHOP	\$373,524	12,840	1,607	1,596	0	4,006	15,080	6,646	0	28,672	(\$443,971)			
35	AUTO SHOP-CANAL	\$218,568	0	1,607	1,596	0	4,006	13,543	3,323	0	16,777	0	(\$259,420)		
10	EXEC OFFICE	\$238,071	10,926	5,624	1,596	0	4,006	1,729	6,646	0	18,351	0	0	(\$287,949)	
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	\$7,699,593	34,547	46,600	92,695	860,569	228,321	129,688	96,367	274,735	582,553	443,971	259,420	288,434	\$10,897,423
40-60	MANASQUAN SYSTEM	\$4,398,807	0	0	41,507	0	104,146	113,628	36,563	31,032	337,656	0	0	29,515	5,092,844
		\$15,990,267	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	\$0	\$15,990,267

See accompanying notes Financial Schedules.
 See independent accountant's report.

NEW JERSEY WATER SUPPLY AUTHORITY
 SCHEDULE OF COST ALLOCATION FACTORS
 YEAR ENDED JUNE 30, 2014

REQUIRED STATISTICS

ALLOCATION OF: ALLOCATION BASIS:	BUILDING HQ SQ. FT. #	TELEPHONES # OF TELEPHONES	SAFETY # OF EMPLOYEES	HUMAN RESOURCES # OF EMPLOYEES	PURCHASING # OF P.O.'S	INFORMATION SYSTEMS # OF COMPUTERS	RISK MGMT MGD CONTRACTS	FINANCE O&M FUNCTIONAL COST	AUTO SHOP # OF VEHICLES	AUTO SHOP CANAL # OF VEHICLES	EXEC. OFF TIME ESTIMATE
DEPT. #											
	DEPT./COST CENTER										
	BUILDING HQ										
	TELEPHONE HQ										
36	SAFETY	110	1								
37	SECURITY	563	4	9							
14	HUMAN RESOURCES	678	4	3							
16	PURCHASING	748	3	2	2						
17	INFORMATION SYSTEMS	166	1	1	91						
15	CONTRACTS & RISK MGMT.	487	2	2	90	2					
13	FINANCIAL MGMT	1,419	7	7	80	9	0				
34	AUTO SHOP	2,311	2	1	157	2	0	\$373,524			
35	AUTO SHOP-CANAL	0	2	1	141	1	0	\$218,568			
10	EXEC OFFICE	1,967	7	1	18	2	0	239,071	0		
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	6,218	58	58	1,350	29	182	7,589,593	43	43	89.75
40-60	MANASQUAN SYSTEM		26	26	1,183	11	21	4,398,807			10.25
		14,657	91	111	3,110	56	203	\$12,819,563	43	43	100 %

See accompanying notes Financial Schedules.
 See independent accountant's report.

NEW JERSEY WATER SUPPLY AUTHORITY
 SCHEDULE OF MANASQUAN SYSTEM ALLOCATED COSTS
 YEAR ENDED JUNE 30, 2014

COSTS	ALLOCATION BASIS					ALLOCATED COSTS
	1 TIME STUDY	2 \$ VALUE OF VEHICLES	3 \$ VALUE OF EQUIPMENT	4 TIME STUDY	5 VALUE OF WATER CONTRACTS	
<u>GENERAL & ADMINISTRATIVE</u>						
SALARIES & FRINGES	\$2,583,980					
VEHICLE RELATED	67,424	(\$67,424)				
MAINT. SUPPLIES & RELATED	37,904		(\$37,904)			
OFFICE & MISC.	32,794			(\$32,794)		
H.Q. OVERHEAD	719,387				(\$719,387)	
RESERVOIR	830,454	48,626	17,387	15,307	624,339	\$2,690,284
TREAT./TRANS.	820,901	18,798	20,517	17,487	95,048	2,402,560
	<u>\$5,092,844</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$0)</u>	<u>\$5,092,844</u>

See accompanying notes Financial Schedules.
 See independent accountant's report.

NEW JERSEY WATER SUPPLY AUTHORITY
NOTES TO SCHEDULES
YEAR ENDED JUNE 30, 2014

A. GENERAL

The New Jersey Water Supply Authority as part of its annual budget and rate making process performs a two step cost allocation calculation. During the first step, the Authority calculates its actual expenses by Cost Center. For purposes of this calculation the Authority uses the following Cost Centers:

- Building Headquarters
- Telephone Headquarters
- Safety
- Security
- Human Resources
- Purchasing
- Information Systems
- Contracts & Risk Management
- Financial Management
- Auto Shop
- Auto Shop - Canal
- Executive Office
- Engineering, Watershed Management, Operations and Maintenance (Raritan System)
- Manasquan System

In deriving expenses by Cost Center several expense reclassifications are made on the Schedule of Cost Center Expense Reclassification as follows:

1. Heating and electricity expenses related to Building Headquarters ("HQ") and Executive Office are reclassified from Engineering & Operations and Maintenance ("O&M").
2. Vehicular fuel expense related to Auto Shop is reclassified from Purchasing.
3. Professional fees related to O & M are reclassified from the various departments to which they have been charged.
4. Insurance premium expense related to the Raritan System is reclassified from Risk Management.
5. Telephone expense is reclassified from Purchasing to a separate Telephone HQ Cost Center.
6. Permit expense related to the Raritan System is reclassified from Risk Management and Purchasing.
7. Workers' compensation expense related to the Raritan System is reclassified from Risk Management.
8. In-lieu taxes related to the Raritan System are reclassified from Risk Management.
9. Chief Engineer Salary & Fringe Expenses related to the Manasquan System are reclassified from the Engineering Department.

See independent accountant's report.

NEW JERSEY WATER SUPPLY AUTHORITY
NOTES TO SCHEDULES
YEAR ENDED JUNE 30, 2014

The second step entails a step-down allocation of eleven of the Authority's Cost Centers to the Raritan and Manasquan System Cost Centers. In making this step-down allocation the Authority allocates cost as follows:

1. Building HQ is allocated to each of the cost centers based on the amount of space utilized.
2. Telephone HQ is allocated to each of the cost centers based on the number of telephones utilized.
3. Safety is allocated to each of the Cost Centers based on the number of employees.
4. Security is allocated entirely to the Raritan System.
5. Human Resources is allocated to each of the Cost Centers based on the number of employees.
6. Purchasing is allocated to each of the respective Cost Centers based on the number of purchase orders issued.
7. Information Systems is allocated to each of the Cost Centers based on the number of computers.
8. Risk Management is allocated to each of the Cost Centers based on the number of employees.
9. Financial Management is allocated based on a percentage of the four remaining Cost Centers' budgets.
10. Auto Shop and Auto Shop-Canal is allocated based on the number of vehicles used.
11. Executive Office is allocated based on the amount of executive time utilized in managing each of the Systems.

See independent accountant's report.

NEW JERSEY WATER SUPPLY AUTHORITY
NOTES TO SCHEDULES
YEAR ENDED JUNE 30, 2014

B. MANASQUAN SYSTEM ALLOCATED COST

The Manasquan Water Supply System's direct and allocated costs are then allocated between the Reservoir System and the Water Treatment Plant/Transmission System. In making this allocation the Authority adds to each System's direct expenses, the indirect costs allocated as follows:

1. Salaries and Fringe Benefits are allocated based on actual time studies performed by each employee throughout Fiscal Year 2014.
2. Vehicle related expenses are allocated based on the dollar value of vehicles held by each System.
3. Maintenance Supplies and related expenses are allocated based on the dollar value of capital equipment held by each System.
4. Office and miscellaneous expenses are allocated based on the time studies performed by each employee throughout Fiscal Year 2014.
5. Headquarters Overhead expenses are allocated based on the value of water contracts for each System.

See independent accountant's report.

Advertisement and Certification

Exhibit C



NEW JERSEY WATER SUPPLY AUTHORITY

P-2

P.O. BOX 5196 • CLINTON, N.J. 08809 • (908) 638-6121 • (908) 638-5241 (FAX)

PROOFS OF PUBLICATION - CERTIFICATION

NEW JERSEY WATER SUPPLY AUTHORITY

PUBLIC HEARING

THURSDAY, FEBRUARY 5, 2015

ON PROPOSED AMENDMENTS TO THE
SCHEDULE OF RATES, CHARGES AND DEBT SERVICE ASSESSMENTS
FOR THE SALE OF WATER
FROM THE
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

TO BECOME EFFECTIVE JULY 1, 2015

THIS IS TO CERTIFY that the attached notice of public hearing in the above matter was mailed to the Secretary of State, the Division of the Ratepayer Advocate, the news media maintaining a press office at the State House Complex, the Board of Public Utilities and the Authority's Contractual Water Purchasers on December 19, 2014. Notice was also advertised in the following newspapers:

Asbury Park Press	December 24, 2014
The Star-Ledger	December 24, 2014
The Times (Trenton)	December 24, 2014

The notice of public hearing also appeared in the January 20, 2015 issue of the New Jersey Register along with the text of the proposed amendments.

Beth Gates
Director Finance & Administration
February 5, 2015

NEW JERSEY WATER SUPPLY AUTHORITY

Notice of Rate Proposal - Manasquan Reservoir System

Take notice that pursuant to the provisions of Chapter 293 of the Laws of 1981 (N.J.S.A. 58:1B-1 et. seq.) the New Jersey Water Supply Authority has proposed adjustments to its Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System in Monmouth County, New Jersey to cover Operational and Debt Service expenses for the Authority's fiscal year which commences on July 1, 2015.

These revisions propose to amend existing regulations found at N.J.A.C. 7:11-4.1 et seq. as follows: a decrease in the sales base from 16.125 to 15.723 per million gallons per day apply to all initial water purchase contract and all delayed water purchase contract customers; an increase in the Operations and Maintenance Expense Component from \$356.61 per million gallons to \$386.00 per million gallons. The Debt Service Component for all initial customers will be increased from \$619.87 per million gallons to \$636.61 per million gallons, and the Debt Service Component for all delayed water purchase contracts will decrease from \$772.46 per million gallons to \$770.07 per million gallons per day. The Source Water Protection Fund Component will decrease from \$15.00 per million gallons to \$10.00 per million gallons and the rate component for the New Jersey Environmental Infrastructure Financing Program will increase from \$24.42 per million gallons to \$24.79 per million gallons per day.

The proposal is scheduled to be published in the New Jersey Register dated January 20, 2015. A final version of the Basis and Background (B&B) document containing the full text of the proposed Rate Schedule, together with supporting information is available from the New Jersey Water Supply Authority's website at <http://www.njwsa.org> or individual requests for the full text of the proposed rate adjustments should be sent to the New Jersey Water Supply Authority.

The Authority will conduct a Pre-Public Hearing meeting with its contractual water users and any interested parties at 11:00 a.m. on Thursday, January 8, 2015 in the Authority's Manasquan Reservoir System Administration Building Conference Room, 2041 Hospital Road, Wall, New Jersey, to present and explain the rate adjustment proposal, answer questions, and provide any additional data requested in accordance with the rate making procedure specified in N.J.A.C. 7:11-4.16.

Notice is hereby given that the Authority will hold a Public Hearing on Thursday, February 5, 2015 at 11:00 a.m. in the Authority's Manasquan Reservoir System Administration Building Conference Room, 2041 Hospital Road, Wall, New Jersey, to provide

the opportunity for public comments and statements on the proposed revisions. Interested persons may present statements orally or in writing relevant to the proposed action.

Written comments may be submitted until March 21, 2015 at which time the public record will be closed.

All comments should be addressed to:

NJ Department of Environmental Protection
G. Colin Emerle, Regulatory Officer
Office of Legal Affairs
Mail Code 401-04L
Post Office Box 402
Trenton, New Jersey 08625-0402
<http://www.nj.gov/dep/rules/comments>

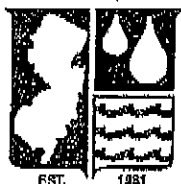
Henry S. Patterson, Executive Director
New Jersey Water Supply Authority
1851 Highway 31
Post Office Box 5196
Clinton, New Jersey 08809
info@njwsa.org

TRANSACTION REPORT

DEC/19/2014/FRI 09:22 AM

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**NEW JERSEY WATER SUPPLY AUTHORITY**

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TELEFACSIMILE TRANSMITTAL FORM

TO: State House Media
Main Office Fax #

Atlantic City Press (609) 272-7224
Associated Press (609) 392-3525
Bergen Record (609) 656-5810

Gannett Newspapers
Asbury Park Press (732) 643-4014
Courier-Post (856) 663-2831

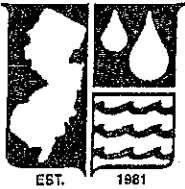
Gloucester County Times (856) 845-5480
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New York Times (212) 556-3622
News 12 (732) 417-5155
Philadelphia Inquirer (215) 854-5099
Newark Star Ledger (973) 392-5845
The Trenton Times (609) 394-2819
Radio Reporter,
Kevin McArdle (609) 406-7956

DATE: DECEMBER 19, 2014 NO. OF PAGES W/COVER: 4

If transmission is not complete, please call:

COMMENTS:

Pursuant to the requirements of the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., administrative agencies are required to distribute notice of proposed rulemaking activities to the news media maintaining a press office at the State House Complex. In satisfaction of this requirement, the New Jersey Water Supply Authority is forwarding to you the attached notice of



NEW JERSEY WATER SUPPLY AUTHORITY

P.O. BOX 5196 • CLINTON, N.J. 08809 • (908) 638-6121 • (908) 638-5241 (FAX)

TELEFACSIMILE TRANSMITTAL FORM

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Radio Reporter, Kevin McArdle	(609) 406-7956

DATE: DECEMBER 19, 2014 NO. OF PAGES W/COVER: 4

If transmission is not complete, please call:

COMMENTS:

Pursuant to the requirements of the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., administrative agencies are required to distribute notice of proposed rulemaking activities to the news media maintaining a press office at the State House Complex. In satisfaction of this requirement, the New Jersey Water Supply Authority is forwarding to you the attached notice of a rule proposal.

Ms. Susan Schreck , CFO
Borough of Spring Lake
Fifth & Warren Avenues
Spring Lake, NJ 07762

Mr. Oleg Kostin
New Jersey American Water
P. O. Box 102
Bound Brook, NJ 08805

Mr. David Gartenberg
State of New Jersey, BPU
44 S. Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350

Ms. Susan McClure
Division of Ratepayer Advocate
140 E. Front St., P.O. Box 46005
Trenton, NJ 08625

Mr. Robert W. Clark
Monmouth County Planning Board
One East Main Street
Freehold, NJ 07728

Ms. Stephanie A. Brand, Director
Division of Ratepayer Advocate
140 E. Front St., P.O. Box 46005
Trenton, NJ 08625

Mayor Robert Mahon
Borough of Avon-By-The-Sea
301 Main Street
Avon, NJ 07717

Timothy M. Gallagher, Clerk
Borough of Avon-By-The-Sea
301 Main Street
Avon, NJ 07717

Thomas Nolan, Administrator
Borough of Brielle
P. O. Box 445, 601 Union Lane
Brielle, NJ 08730

Mayor Matthew Doherty
Borough of Belmar
P.O. Box A, 601 Main Street
Belmar, NJ 07719

April Claudio, Clerk
Borough of Belmar
P.O. Box A, 601 Main Street
Belmar, NJ 07719

Mayor Thomas B. Nicol
Borough of Brielle
P. O. Box 445, 601 Union Lane
Brielle, NJ 08730

Mr. Robert Schaefer
New Jersey American Water
P. O. Box 102
Bound Brook, NJ 08805

Louis Ferrara, Administrator
Borough of Matawan
201 Broad Street
Matawan, NJ 07747

Valerie Heilweil, Clerk
Borough of Keyport
18-20 Main Street, PO Box 70
Keyport, NJ 07735

Mr. Eric Olsen
Shorelands Water Company
1709 Union Avenue, PO Box 158
Hazlet, NJ 07730

Mayor Harry M. Aumack II
Borough of Keyport
70 W. Front Street, PO Box 70
Keyport, NJ 07735

Mayor Pasquale Menna
Borough of Red Bank
P.O. Box 868, 90 Monmouth Street
Red Bank, NJ 07701

Mayor Ken Farrell
Borough of Sea Girt
PO Box 296, 4th Avenue
Sea Girt, NJ 08750

Lorraine Carafa, Clerk
Borough of Sea Girt
PO Bx 296, 4th Avenue
Sea Girt, NJ 08750

Stanley J. Sickels, Administrator
Borough of Red Bank
90 Monmouth Street, P.O. Box 868
Red Bank, NJ 07701

New Jersey American Water
Swimming River Treatment Plant
310 Swimming River Road
Colts Neck, NJ 07722

Mayor Michael Ryan
Borough of Lake Como
PO Box 569
Lake Como, NJ 07719-0569

Mayor Jennifer Naughton
Borough of Spring Lake
Fifth & Warren Avenues
Spring Lake, NJ 07762

Louise A. Mekosh, Administrator/Clerk
Borough of Lake Como
P.O. Box 569
Lake Como, NJ 07717-0569

Jay Delaney, Borough Clerk
Borough of Spring Lake Heights
555 Brighton Avenue
Spring Lake Heights, NJ 07762

Mayor Clinton C. Hoffman
Township of Wall
2700 Allaire Road
Wall, NJ 07719

Jane Gillespie, Clerk
Borough of Spring Lake
Fifth & Warren Avenues
Spring Lake, NJ 07762

Mayor Gavino Maccanico
Borough of Spring Lake Heights
555 Brighton Avenue
Spring Lake Heights, NJ 07762

Jeffrey Bertrand, Administrator
Township of Wall
2700 Allaire Road
Wall, NJ 07719

Department of State
Secretary of State
125 W. State Street, P.O. Box 300
Trenton, New Jersey 08625

Mayor Paul Buccellato
Borough of Matawan
201 Broad Street
Matawan, NJ 07747

Accounts Payable
NJ American Water
P. O. Box 5602
Cherry Hill, NJ 08034

AFFIDAVIT OF PUBLICATION

Publisher's Fee \$99.00 Affidavit \$35.00

State of New Jersey } SS.
Monmouth/Ocean Counties

Personally appeared Diana Figueroa

Of the **Asbury Park Press**, a newspaper printed in Freehold, New Jersey and published in Neptune, in said County and State, and of general circulation in said county, who being duly sworn, depose and saith that the advertisement of which the annexed is a true copy, has been published in the said newspaper 1 times, once in each issue as follows:

12/24/14 A.D 2014

Kathleen A. Gibson

Diana Figueroa
Sworn and subscribed before me, this 24 day of December, 2014

2014 DEC 31 AM 9 45
NJWSA-CLINTON NJ

Ad Number: 000232269

KATHLEEN A. GIBSON
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires 12/18/2019

The proposal is scheduled to be published in the New Jersey Register dated January 20, 2015. A final version of the Basis and Background (B&B) document containing the full text of the proposed Rate Schedule, together with supporting information is available from the New Jersey Water Supply Authority's website at <http://www.njwsa.org> or individual requests for the full text of the proposed rate adjustments should be sent to the New Jersey Water Supply

squon Reservoir System. Take notice that pursuant to the provisions of Chapter 293 of the Laws of 1981 (N.J.S.A. 58:1B-1 et. seq.), the New Jersey Water Supply Authority has proposed adjustments to its Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System in Monmouth County, New Jersey to cover Operational and Debt Service expenses for the Authority's fiscal year which commences on July 1, 2015.

These revisions propose to amend existing regulations found at N.J.A.C. 7:11-4.1 et seq. as follows: a decrease in the sales base from 16,125 to 15,723 per million gallons per day apply to all initial water purchase contract and all delayed water purchase contract customers; an increase in the Operations and Maintenance Expense Component from \$356.61 per million gallons to \$386.00 per million gallons. The Debt Service Component for all initial customers will be increased from \$619.67 per million gallons to \$636.61 per million gallons, and the Debt Service Component for all delayed water purchase contracts will decrease from \$772.48 per million gallons to \$770.07 per million gallons per day. The Source Water Protection Fund Component will decrease from \$15.00 per million gallons to \$10.00 per million gallons and the rate component for the New Jersey Environmental Infrastructure Financing Program will increase from \$24.42 per million gallons to \$24.79 per million gallons per day.

The Authority will conduct a Pre-Public Hearing meeting with its contractual water users and any interested parties at 11:00 a.m. on Thursday, January 8, 2015 in the Authority's Manasquan Reservoir System Administration Building Conference Room, 2041 Hospital Road, Wall, New Jersey in person and explain the rate adjustment proposal, answer questions, and provide any additional data requested in accordance with the rate making procedures specified in N.J.A.C. 7:11-4.15.

Notice is hereby given that the Authority will hold a Public Hearing on Thursday, February 5, 2015 at 11:00 a.m. in the Authority's Manasquan Reservoir System Administration Building Conference Room, 2041 Hospital Road, Wall, New Jersey, to provide the opportunity for public comments and statements on the proposed revisions. Interested persons may present statements orally or in writing relevant to the proposed action.

Written comments may be submitted until March 21, 2015 at which time the public record will be closed.

All comments should be addressed to:

NJ Department of Environmental Protection
c/o Colin Emerle, Regulatory Officer
Office of Legal Affairs
Mail Code 401-04L
Post Office Box 402
Trenton, New Jersey 08646-0402
<http://www.nj.gov/deprulescomments>

Henry S. Patterson, Executive Director
New Jersey Water Supply Authority
1851 Highway 31
Post Office Box 5196
Clinton, New Jersey 08809
info@njwsa.org
(908.00)

2015 JUN 15 AM 9 57
NJWSA - CLINTON NJ

AUTHORITY

Notice of Rate Proposal - Manasquan Reservoir System
Take notice that pursuant to the provisions of Chapter 293 of the Laws of 1981 (N.J.S.A. 58:1B-1 et seq.) the New Jersey Water Supply Authority has proposed adjustments to its Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System in Monmouth County, New Jersey to cover Operation and Debt Service expenses for the Authority's fiscal year which commences on July 1, 2015.

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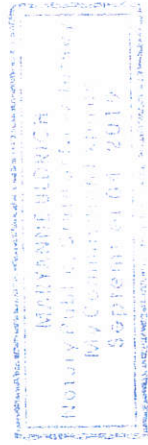
STATE OF NEW JERSEY }
COUNTY OF ESSEX } SS

Handwritten signature

Being duly sworn, according to law, on his/her oath sayeth that he/she is _____ CLERK of the Star-Ledger, in the County of Essex, and that the notice, of which the attached is a copy, was published in said paper on the _____ and continued day of _____ and continued therein for _____ successively, at least once in each _____ for _____

Sworn to and subscribed before me this _____ day of _____, 2015

Handwritten signature
NOTARY PUBLIC OF NEW JERSEY



The Authority will conduct a Pre-Public Hearing meeting with its contractual water users and any interested parties at 11:00 a.m. on Thursday, January 8, 2015 in the Authority's Manasquan Reservoir System Administration Building, Conference Room, 2041 Hospital Road, Wall, New Jersey, to present and explain the rate adjustment proposal, answer questions, and provide requested additional data requested in accordance with the rate making procedure specified in N.J.A.C. 7:11-4.16.

Notice is hereby given that the Authority will hold a Public Hearing on Thursday, February 5, 2015 at 11:00 a.m. in the Authority's Manasquan Reservoir System Administration Building Conference Room, 2041 Hospital Road, Wall, New Jersey, to provide the opportunity for public comments and statements on the proposed revisions. Interested persons may present statements orally or in writing relevant to the proposed adjustment.

Written comments may be submitted until March 21, 2015 at which time the public record will be closed.

All comments should be addressed to:

NJ Department of Environmental Protection Regulatory Officer Office of Legal Affairs
Mail Code 401-04L Post Office Box 402
Trenton, New Jersey 08625-0402
<http://www.nj.gov/dep/rules/comments>
Henry S. Patterson, Executive Director New Jersey Water Supply Authority
1851 Highway 51
Post Office Box 08809
Trenton, New Jersey 08609
info@njwsa.org \$178.64
12/24/2014

385 0906
9060 288

State of New Jersey } ss.
Mercer County

NEW JERSEY WATER SUPPLY AUTHORITY

Notice of Rate Proposal - Manasquan Reservoir System
Take notice that pursuant to the provisions of Chapter 293 of the Laws of 1981 (N.J.S.A. 58:1B-1 et. seq.) the New Jersey Water Supply Authority has proposed adjustments to its Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System in Monmouth County, New Jersey to cover Operational and Debt Service expenses for the Authority's fiscal year which commences on July 1, 2015.

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Written comments may be submitted until March 21, 2015 at which time the public record will be closed.

All comments should be addressed to:

NJ Department of Environmental Protection
G. Colin Emerle, Regulatory Officer Office of Legal Affairs
Mail Code 401-04L Post Office Box 402
Trenton, New Jersey 08625-0402
<http://www.nj.gov/dep/rules/comments>

Henry S. Patterson, Executive Director New Jersey Water Supply Authority
1851 Highway 31
Post Office Box 5196 Clinton, New Jersey 08809
info@njwsa.org
12/24/2014 The Times \$60.03

Christelle Simon

being duly sworn according to law, on his/her oath says that he/she is a representative from the Legal Advertising Department for The Times Newspapers, a newspaper circulated in the City of Trenton, in the County and State aforesaid, and the deponent further states he/she has personal knowledge that an advertisement, of which the annexed is a true copy, was published in the issue of

October 24th 2014

[Signature]

Subscribed before me

October 20 2015
[Signature]

Notary Public for N.J.

MARYANNE ULONICH
Notary Public, State of New Jersey
My Commission Expires
September 01, 2019

AG04650

New Jersey Register Notice

Exhibit D

will evoke a change in housing production within Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan. The Authority finds that the proposed amendments do not change land use policies or the nature and scope of the rules.

Full text of the proposal follows (additions indicated in boldface thus; deletions indicated in brackets [thus]);

7:11-2.3 General rate schedule for operations and maintenance

(a) The general rate schedule for operations and maintenance per million gallons listed at (b) below is based on estimated annual operations and maintenance expenses consisting of all current costs, obligations, and expenses of, or arising in connection with, the operation, maintenance, and administration of the System, and minor additions or improvements thereof or thereto, or the performance of any water purchase contract, including, but not limited to, all of the following:

1.-7. (No change.)

8. Any other current costs, expenses, or obligations required to be paid by the Authority under the provision of any agreement or instrument relating to bonds, other indebtedness of the Authority, or by law. The current sales base of [182.271] **182.339** million gallons per day has been used in setting the rate listed in (b) below.

(b) General rate schedule for operations and maintenance:

<u>Period</u>	<u>Allocation</u>	<u>Rate/Million Gallons</u>
(State fiscal year unless otherwise indicated)		
[8/4/2014 to 6/30/2015]		
State fiscal year [2015] 2016	Million Gallons per Day (MGD)	[\$167.00] \$171.00

7:11-2.4 Debt service assessments

(a) (No change.)

(b) The following debt service assessment rate for the New Jersey Environmental Infrastructure Financing Program loans, based on a sales base of [182.271] **182.339** million gallons per day, will be applied to all customers.

<u>Period</u>	<u>Allocation</u>	<u>Rate/Million Gallons</u>
(State fiscal year unless otherwise indicated)		
State fiscal year [2015] 2016	Million Gallons per Day (MGD)	\$25.00

7:11-2.5 Capital Fund Component

(a)-(b) (No change.)

(c) Capital Fund Assessment

<u>Period</u>	<u>Allocation</u>	<u>Rate/Million Gallons</u>
(State fiscal year unless otherwise indicated)		
State fiscal year [2015] 2016	Million Gallons per Day (MGD)	[\$30.00] \$33.00

7:11-2.6 Source Water Protection Fund Component

(a) (No change.)

(b) Source Water Protection Fund Assessment

<u>Period</u>	<u>Allocation</u>	<u>Rate/Million Gallons</u>
(State fiscal year unless otherwise indicated)		
State fiscal year [2015] 2016	Million Gallons per Day (MGD)	\$24.00

(a)

**NEW JERSEY WATER SUPPLY AUTHORITY
Schedule of Rates, Charges and Debt Service
Assessments for the Sale of Water from the
Manasquan Reservoir Water Supply System
Proposed Amendments: N.J.A.C. 7:11-4.3, 4.4, 4.5,
and 4.6**

Authorized By: New Jersey Water Supply Authority, Bob Martin, Chair, and Commissioner, Department of Environmental Protection.

Authority: N.J.S.A. 58:1B-7.

Calendar Reference See Summary below for explanation of the exception to the calendar requirement.

DEP Docket Number: 12-14-12.

Proposal Number: PRN 2015-012.

In accordance with N.J.A.C. 7:11-4.17(a)4, a **pre-public hearing meeting** concerning this proposal will be held on:

Thursday, January 8, 2015, at 11:00 A.M.

New Jersey Water Supply Authority
Manasquan Reservoir System Administration Building
Hospital Road
Wall, New Jersey

A **public hearing** concerning this proposal will be held on:

Thursday, February 5, 2015, at 11:00 A.M. to close of comments

New Jersey Water Supply Authority
Manasquan Reservoir System Administration Building
Hospital Road
Wall, New Jersey

Submit comments by March 21, 2015, electronically to the Department of Environmental Protection (Department) at <http://www.nj.gov/dep/rules/comments>, and to the New Jersey Water Supply Authority (Authority) at info@njwsa.org.

The Department and the Authority encourage electronic submittal of comments. In the alternative, comments may be submitted on paper to:

G. Colin Emerle, Esq.
Department of Environmental Protection
Office of Legal Affairs
Attn: DEP Docket No. 12-14-12
Mail Code 401-04L, 401 East State Street, 7th Floor
P.O. Box 402
Trenton, NJ 08625-0402

and

Henry S. Patterson
Executive Director
New Jersey Water Supply Authority
Attention: DEP Docket No. 12-14-12
1851 State Highway 31
P.O. Box 5196
Clinton, NJ 08809

The Basis and Background document, which is available at the New Jersey Water Supply Authority's website at <http://www.njwsa.org/mrs.htm>, explains in further detail the financial justification for the proposed revised rate schedule. The rules can also be viewed or downloaded from the Authority's website.

The agency proposal follows:

Summary

As the Authority has provided a 60-day comment period on this notice of proposal, this notice is excepted from the rulemaking calendar requirement pursuant to N.J.A.C. 1:30-3.3(a)5.

The Authority is proposing to amend its Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System (System), to cover expenses for Fiscal Year (FY) 2016. The Authority operates on a July 1 to June 30 Fiscal Year. The amendments to specific aspects of the rate structure proposed in this rulemaking will result in an increase to the overall rate from \$1,015.90

per million gallons (MG) to \$1,057.40 per million gallons for initial customers and from \$1,168.49 per million gallons to \$1,190.86 per million gallons for delayed water purchase contracts. The Authority anticipates the rates will be adopted operative July 1, 2015.

The general rate schedule for operations and maintenance (O&M) covers the operation expenses of the System. This component, set forth at N.J.A.C. 7:11-4.3, and incorporated by reference in the stand-by charge at N.J.A.C. 7:11-4.13, was last adjusted effective July 1, 2013 (FY 2014), when the amount was increased from \$345.95 to \$356.61 per MG. See 44 N.J.R. 3038(a) and 45 N.J.R. 1650(a). No changes were made to this component for FY 2015, and the amount will continue at \$356.61 through June 30, 2015 (FY 2015). See 46 N.J.R. 477(a) and 1745(a).

The O&M expense component sales base is set forth at N.J.A.C. 7:11-4.3(c). The O&M expense component sales base for FY 2015 was 20.560 million gallons per day (MGD), which is expected to decrease to 20.158 MGD for FY 2016. Projected operating costs for FY 2016, along with a decrease in the sales base, indicate that an increase in the O&M expense component, from \$356.61 to \$386.00, will be needed for FY 2016. The Authority proposes to amend N.J.A.C. 7:11-4.3(c) to incorporate both these changes.

The debt service cost component in N.J.A.C. 7:11-4.4 was last adjusted effective July 1, 2013, (see 46 N.J.R. 477(a) and 46 N.J.R. 1745(a)) and was extended through FY 2015 (see 46 N.J.R. 477(a) and 1745(a)). At N.J.A.C. 7:11-4.4(b), the debt service component for FY 2014 and FY 2015 for initial customers was based on a sales base of 16.125 MGD. For FY 2016, the Authority anticipates that the applicable sales base will decrease to 15.723 MGD. Twelve water purchase contracts expire on June 30, 2015, and several are expected to be renewed at lower water purchase amounts. Several customers will be withdrawing more water from their wells instead of purchasing surface water from the New Jersey Water Supply Authority. The debt service payment for initial System customers will increase by \$2,613 for FY 2016 relative to FY 2015. As a result of the reduction in the sales base and the increase in the debt service payment, an increase in the debt service component for initial customers, from \$619.87 to \$636.61, will be needed for FY 2016. The increase in the rate component is necessary in order to meet coverage of 120 percent of debt service required by the Authority's bond resolution. This rate is charged to all uninterruptible service contracts executed prior to July 1, 1990, which reflects commencement of System operations, and to those water purchasers entering delayed water purchase contracts that pre-paid the total delayed water purchase surcharge at the commencement of the contract rather than pay it over the contract term. The Authority proposes to amend N.J.A.C. 7:11-4.4(b) to incorporate both these changes.

The debt service component for FY 2015 for delayed water purchase System customers, set forth at N.J.A.C. 7:11-4.4(c), was based on a sales base of 4.435 MGD. There is no change in the delayed water purchase sales base for FY 2016. The Authority proposes a decrease in the delayed water purchase debt service component, which is charged to all water purchasers who entered into a water purchase contract for uninterruptible service commencing subsequent to the system operation date, from \$772.46 to \$770.07 per MG, starting July 1, 2015. The debt service payment for delayed water purchase System customers will decrease by \$612.00 in FY 2016 relative to FY 2015. The decrease in the rate component will continue to allow the Authority to meet coverage of 120 percent of debt service required by the Authority's bond resolution.

The Authority established a Source Water Protection Fund Component (N.J.A.C. 7:11-4.5) of \$15.00 per MG starting July 1, 2003. The Source Water Protection Fund Component provides administrative cost assistance for watershed planning and land acquisitions within the Manasquan Basin critical to the long-term protection of water quality and quantity in the System. The Authority proposes to amend N.J.A.C. 7:11-4.5 to decrease the rate from \$15.00 per MG to \$10.00 per MG for FY 2016. A rate of \$10.00 per MG and existing fund surplus are sufficient to cover program costs for FY 2016.

The Authority proposes an increase in the New Jersey Environmental Infrastructure Financing Program (NJEIFP) Debt Component, set forth at N.J.A.C. 7:11-4.6, from \$24.42 to \$24.79 per MG starting July 1, 2015. The NJEIFP Debt Component was established to repay debt service to the New Jersey Environmental Infrastructure Trust for construction costs

associated with the installation of a structure over the Manasquan Reservoir Intake Pump Station. The debt service payment will decrease by \$354.00 in FY 2016 relative to FY 2015. The combination of the decrease in debt service and the decrease in the total sales base from 20.560 million gallons per day to 20.158 million gallons per day will cause an increase in the rate of \$.37 per million gallons.

Social Impact

The proposed amendments will have a positive social impact. The proposed amendments represent the Authority's efforts to ensure that rates for the untreated water purchased from the System are equitably assessed to all purchasers and are sufficient to provide the revenues required by the Authority.

The four billion gallon capacity Manasquan Reservoir provides a needed water supply to keep pace with the continuing population growth in Monmouth County while reducing the dependence of water purveyors on the stressed ground water resources of the region.

Economic Impact

The proposed rate adjustments for initial System customers will result in a total charge for the uninterruptible untreated water supply from the System of \$1,057.40 per million gallons (\$386.00 for O&M plus \$636.61 for debt service plus \$10.00 for source water protection plus \$24.79 for NJEIFP debt component), for Fiscal Year 2016. This results in an increase of \$41.50 per million gallons relative to Fiscal Year 2015.

The proposed rate adjustments for contracts executed subsequent to the System operation date (delayed water purchase System customers) will result in a total charge for the uninterruptible untreated water supply from the System for contracts effective July 1, 2001, October 1, 2002, and January 1, 2005, of \$1,190.86 per million gallons (\$386.00 for O&M plus \$770.07 for debt service plus \$10.00 for source water protection plus \$24.79 for NJEIFP debt component) for Fiscal Year 2016. This results in an increase of \$22.37 per million gallons relative to Fiscal Year 2015.

The rate will continue to ensure that necessary insurance coverage is maintained for all aspects of the Authority's operations while also sustaining operations to meet and enhance the Authority's mission of managing water supply. The regulatory amendments to the Schedule of Rates and Charges are in accordance with the Authority's statutory jurisdiction over System diversions that impact safe yield. The rate impact on the average New Jersey household is anticipated to be an increase of \$6.06 per year for initial customers of the System and an increase of \$3.27 per year for delayed customers of the System.

Environmental Impact

The adequate financing of upkeep and operation of the System, which is provided by the proposed amendments, will result in a positive environmental impact. Sixty percent of the water supply in Monmouth County was previously derived from stressed ground water resources. The System relieves the use of a portion of the existing ground water supply and meets the needs of a developing area. This water supply system has a very important and positive environmental impact since its operation reduces the stress on the valuable ground water resources of the region by providing an alternate surface water supply. By reducing the pumping of ground water, saltwater intrusion will be limited and present ground water levels will not be further reduced.

The 30 million gallon per day water supply that the System can provide helps to protect the region's threatened ground water resources from further depletion. In addition, the 770-acre Manasquan Reservoir provides for the protection of waterfowl and wildlife in the region through several protected wetland sites for the rearing of waterfowl and wildlife.

The continued financing of the source water protection fund will have a positive environmental impact by providing greater protection to water quality and quantity in the Manasquan Basin through real estate acquisitions, coordinated government land management practices, and remedial projects.

Federal Standards Statement

Executive Order No. 27 (1994) and N.J.S.A. 52:14B-1 et seq. require administrative agencies which adopt, readopt, or amend any rule or regulation to which the Order and statutes apply to provide a comparison with Federal law, and to provide further discussion and analysis

(including a cost-benefit analysis) if the standards or requirements by the agency exceed standards or requirements imposed by Federal law.

These rules are promulgated under the procedures of the Authority. The Authority is an instrumentality of the State of New Jersey in, but not of, the Department of Environmental Protection. The Authority is charged with the operation and management of the State-owned raw water supply facilities within the State of New Jersey.

These amendments are not proposed under the authority of or in order to implement, comply with, or participate in any program established under Federal law. In addition, the amendments are not proposed under the authority of a State statute that incorporates or refers to Federal law, Federal standards, or Federal requirements. Therefore, no Federal standards analysis is required.

Jobs Impact

The proposed amendments are an annual revision to the Authority's regulations covering rates for its water customers in the System. The implementation of these amendments is not anticipated to result in the generation or loss of jobs.

Agriculture Industry Impact

In accordance with P.L. 1998, c. 48, which amends the Right to Farm Act, and in accordance with N.J.S.A. 52:14B-4(a)(2), which requires that an Agriculture Industry Impact statement be included in the rule proposal, the Authority has evaluated this rulemaking to determine the nature and extent of the impact of the proposed amendments on the agriculture industry. Agriculture is impacted to the extent that farms and other agricultural users receive water allocations from the Department of Environmental Protection and contracts with the Authority for the purchase of water as a condition of the water allocation permit.

Regulatory Flexibility Statement

In accordance with the New Jersey Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., the Authority has determined that the proposed amendments will not impose reporting, recordkeeping, or other compliance requirements on small businesses because they only affect the rates charged to users for water purchased from the Authority. The municipalities and major water purveyors that contract to purchase water from the Authority and are impacted by these rules do not qualify as "small businesses" pursuant to N.J.S.A. 52:14B-16 et seq., because all employ more than 100 full-time employees.

Housing Affordability Impact Analysis

In accordance with N.J.S.A. 52:14B-4, as amended effective July 17, 2008, by P.L. 2008, c. 46, the Authority has evaluated the proposed amendments for the purposes of determining their impact, if any, on the affordability of housing. The Authority has determined that the proposed amendments will impose an insignificant impact because it is unlikely that the rules will evoke a change in the average costs associated with housing. The Authority finds that the proposed amendments do not change land use policies or the nature and scope of the rules.

Smart Growth Development Impact Analysis

In accordance with N.J.S.A. 52:14B-4, as amended effective July 17, 2008, by P.L. 2008, c. 46, the Authority has evaluated the proposed amendments for purposes of determining their impact, if any, on smart growth development. The Authority has determined that the proposed amendments will impose an insignificant impact because it is unlikely that the rules will evoke a change in housing production within Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan. The Authority finds that the proposed amendments do not change land use policies or the nature and scope of the rules.

Full text of the proposal follows (additions indicated in boldface thus; deletions indicated in brackets [thus]):

- 7:11-4.3 Operations and maintenance expense component
 - (a)-(b) (No change.)
 - (c) Operations and maintenance expense component:

Rate/Million Gallons
(based upon a [20.560] **20.158**
mg per day sales base)

Effective Date

July 1, [2013] **2015**

[**\$356.61**] **\$386.00**

7:11-4.4 Debt service cost component

(a) (No change.)

(b) The following debt service rates based on a sales base of [16.125] **15.723** million gallons per day, apply to all initial water purchase contract customers, and all delayed water purchase contract customers, who fully satisfied their contractual delayed water purchase surcharge obligations at the commencement of their contract terms:

Period

Rate/Million Gallons
(Coverage 120 percent)

7/1/[2013]**2015** to
6/30/[2015]**2016**

[**\$619.87**] **\$636.61**

(c) A delayed water purchase surcharge will be assessed to all water purchasers who entered into a water purchase contract for an uninterrupted service commencing subsequent to the system operation date (delayed water purchase contract). This includes a purchaser under an initial water purchase contract, which provides for an increase in the amount of uninterrupted service effective subsequent to the system operation date.

1. The following debt service rate based on a sales base of 4.435 million gallons per day, applies to the delayed water purchase contracts commencing July 1, 2001, October 1, 2002, and January 1, 2005, in lieu of the debt service rate set forth in (b) above.

Period

Rate/Million Gallons
(Coverage 120 percent)

7/1/[2013]**2015** to
6/30/[2015]**2016**

[**\$772.46**] **\$770.07**

(d) (No change.)

7:11-4.5 Source water protection fund component

(a) (No change.)

(b) The source water protection fund component is as follows:

Period

Rate/Million Gallons

7/1/[2013]**2015** to
6/30/[2015]**2016**

[**\$15.00**] **\$10.00**

7:11-4.6 New Jersey Environmental Infrastructure Financing Program debt component

(a) (No change.)

(b) The New Jersey Environmental Infrastructure Financing Program debt component is as follows:

Period

Rate/Million Gallons

7/1/[2013]**2015** to
6/30/[2015]**2016**

[**\$24.42**] **\$24.79**

HUMAN SERVICES

(a)

DIVISION OF MENTAL HEALTH AND ADDICTION SERVICES

Short Term Care Facility Standards

Proposed Readoption with Amendments: N.J.A.C. 10:37G

Proposed New Rules: N.J.A.C. 10:37G-3

Authorized By: Jennifer Velez, Commissioner, Department of Human Services.

Authority: N.J.S.A. 30:4-27.8, 27.9, and 27.10.

Minutes of Pre-Public Hearing Meeting

Exhibit E

MINUTES

Pre-Public Hearing Meeting - January 8, 2015

Schedule of Rates, Charges and Debt Service Assessments
for the Sale of Water from the
Manasquan Reservoir Water Supply System
to become effective July 1, 2015

The Pre-Public Hearing Meeting was called to order by Henry Patterson, Executive Director at 11:00 a.m. in the Manasquan Administration Building Conference Room.

Authority staff members present were Henry Patterson, Executive Director and Beth Gates, Director, Finance and Administration, Susan Buckley, Controller and Paul McKeon, Director, Manasquan System and D&R Canal Operations.

No members of the public were in attendance.

After an appropriate period of time, Mr. Patterson adjourned the meeting at 11:20 a.m.



NEW JERSEY WATER SUPPLY AUTHORITY

P.O. BOX 5196 • CLINTON, N.J. 08809 • (908) 638-6121 • (908) 638-5241 (FAX)

No one attended.

AGENDA

Pre-Public Hearing Meeting

January 8, 2015

Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir Water Supply System

To become effective July 1, 2015

REGISTRATION – 10:30 – 11:00 a.m.

- | | | |
|----|---|------------------------|
| 1. | Greeting/Introduction | Henry S. Patterson |
| 2. | Correspondence and Communications | Beth Gates |
| 3. | Review of Process and Future Events | Beth Gates |
| 4. | Review of Proposed Adjustments to the Rate Schedule
Proposed Fiscal Year 2016 Budget | Beth Gates |
| 5. | Capital Improvement Program | Beth Gates/Paul McKeon |
| 6. | Additional questions and answers | Staff |

REGISTRATION

Pre-Public Hearing – January 8, 2015
Schedule of Rates, Charges and Debt Service Assessments
for the Sale of Water from the
Manasquan Reservoir Water Supply System

NAME

AFFILIATION - ADDRESS - TELEPHONE

Henry Patterson	NIWWSA	9086386121
Betty Bates	"	"
Susan Buckley	"	"
Paul McKeon	"	732 974 8383

Transcript of Public Hearing

Exhibit F

1 NEW JERSEY WATER SUPPLY AUTHORITY

2
3 IN RE:

4
5 PROPOSED ADJUSTMENTS TO THE SCHEDULE OF RATES,
6 CHARGES OF DEBT SERVICE ASSESSMENTS
7 FOR THE SALE OF WATER FROM THE
8 RARITAN BASIN SYSTEM
9 (N.J.A.C. 4.1, et seq.)
10 TO BECOME EFFECTIVE JULY 1, 2015

11 HELD AT:

12
13 NEW JERSEY WATER SUPPLY AUTHORITY
14 ADMINISTRATIVE BUILDING
15 2041 HOSPITAL ROAD
16 WALL, NEW JERSEY
17 11:00 a.m. February 5, 2015

18 B E F O R E:

19 ROBERT IACULLO, HEARING OFFICER

20 A P P E A R A N C E S:

21
22 HENRY PATTERSON, EXECUTIVE DIRECTOR
23 BETH GATES, DIRECTOR OF FINANCE & ADMINISTRATION
24 SUSAN BUCKLEY, CONTROLLER
25 PAUL MCKEON, MANAGER OF THE MANASQUAN SYSTEM

JOHN F. TRAINOR, INC
BY: MONIKA NEMEC, CSR
LICENSE NO: XI 02177

I N D E XE X H I B I T S

<u>NUMBER</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
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S-4	Letter from Jean Public	16

1 MR. IACULLO: We will commence the
2 hearing. The time is 11:00 a.m.

3 On behalf of the New Jersey Water Supply
4 Authority, I would like to welcome you here this
5 morning. My name is Robert Iacullo. I am the Chairman
6 of the New Jersey Water Supply Authority's Public
7 Participation Committee and a member of the Authority's
8 Audit, Finance and Lands Acquisition Committees. I will
9 be serving as Hearing Officer for this public hearing
10 for the Authority's proposed adjustments to its
11 Schedule of Rates, Charges and Debt Service Assessments
12 for the supply of water from the Manasquan Water Supply
13 System, which will take effect on July 1, 2015.

14 Several members of the Authority's staff are
15 present today and I would like to introduce them.

16 Mr. Henry Patterson is the Executive Director.

17 Ms. Susan Buckley is the Controller.

18 Ms. Beth Gates is the Director of Finance and
19 Administration.

20 Mr. Paul McKeon is the Manager of the
21 Manasquan System.

22 It is requested that every one present sign
23 the roster. If you would like to make a statement
24 today, please print your name on one of the rosters and
25 submit it to me.

1 The Authority has adopted extensive rate
2 adjustment procedures found in the New Jersey
3 Administrative Code at N.J.A.C. 7:11-4.16 and 4.17,
4 which provide for close contact with our water
5 customers, the State Division of the Ratepayer Advocate
6 and other interested parties for the proposal of any
7 rate adjustment. These procedures demonstrate the
8 Authority's commitment to maintaining an active
9 dialogue with the public, welcoming the input of
10 interested parties and providing a forum for that
11 input.

12 Official notice of the proposed rate
13 adjustments for Fiscal Year 2016 was mailed to the
14 water users and all interested parties on December 19,
15 2014 and published in the New Jersey Register on
16 January 20, 2015. On January 8, 2015 the required
17 pre-public hearing meeting with our contractual water
18 customers and interested parties was conducted. No
19 members of the public attended the pre-public hearing
20 meeting.

21 Ms. Gates, do we have minutes from the
22 pre-public hearing meeting of January 8, 2015?

23 MS. GATES: Yes, Mr. Chairman, and I would
24 like to enter the January 8, 2015 pre-public hearing
25 minutes into the record as Exhibit P-1.

1 MR. IACULLO: Please mark the Pre-Public
2 Hearing meeting minutes as Exhibit P-1.

3 (Whereupon, 1/8/15 Pre-Public Hearing
4 Minutes were marked as Exhibit P-1.)

5 MR. IACULLO: At this time, I will ask
6 Ms. Gates if we have a certification of the publication
7 and the mailing of notification of this public hearing
8 to present for the record.

9 MS. GATES: Yes, Mr. Chairman, we have
10 certification that Notice of this public hearing was
11 mailed to the Secretary of State, the Division of the
12 Ratepayer Advocate, the news media maintaining a press
13 office at the State House Complex, the Board of Public
14 Utilities, the Authority's Contractual Water Purchasers
15 and other interested parties on December 19, 2014 and
16 advertised in the Asbury Park Press, the Star Ledger,
17 and The Times (Trenton) on December 24, 2014. I would
18 like to enter this Certification into the record as
19 Exhibit P-2.

20 MR. IACULLO: Please mark this
21 Certification as Exhibit P-2.

22 (Whereupon, the Certification was marked
23 as P-2.)

24 MR. IACULLO: Thank you, Ms. Gates.

25 Ms. Buckley, will you now present the

1 Authority's opening statement?

2 MS. BUCKLEY: Good Morning.

3 The New Jersey Water Supply Authority has
4 proposed amendments to its "Schedule of Rates, Charges
5 and Debt Service Assessments for the Sale of Water from
6 the Manasquan Reservoir Water Supply System" to raise
7 sufficient revenue for the Authority's Fiscal Year 2016
8 operations and to adjust the rate component for the
9 operations and maintenance and debt service assessments
10 in the Schedule of Rates.

11 The General Rate Schedule for Operations and
12 Maintenance was last adjusted effective July 1, 2014 to
13 cover the operating expenses of the System for the
14 Authority's current Fiscal Year 2015. Operational
15 expenses have remained relatively stable in the
16 Manasquan System over the past few years. In the
17 current fiscal year however, FY2015, the Authority
18 budgeted an 8.5 percent increase in operating expense
19 largely driven by expected increases in required fringe
20 benefit costs. Those expense increases
21 notwithstanding, and despite the unavailability of
22 unanticipated revenue from the sale of water in excess
23 of contractual allocations in the preceding fiscal
24 years, the operations component of the rate had
25 remained stable using other one time sources of

1 revenue. The FY2016 Operations and Maintenance
2 Component will be subsidized to the extent of 20
3 percent excess debt service raised as a requirement of
4 the Authority's bond resolutions, in the prior fiscal
5 year. The amount used to subsidize both the O&M rate
6 and the debt service rates in FY2016, is about equal to
7 the amount of excess debt service raised; therefore it
8 is prudent to use this level of funding as long as debt
9 is outstanding.

10 The New Jersey Water Supply Authority is
11 operating, maintaining and managing three distinct
12 systems each with its own budget, cost accountability
13 and revenue stream; the Raritan Basin System, the
14 Manasquan Reservoir Water Supply System both untreated
15 water supply systems, and a Water Treatment Plant and
16 Transmission System for the Southeast Monmouth
17 Municipal Utilities Authority, which plant was
18 constructed on Authority owned property.

19 The Authority's headquarters staff located in
20 Clinton provides general and administrative support
21 service for all three systems. In order to equitably
22 assess each system, an outside auditing firm developed
23 a methodology for the allocation of the headquarters
24 general and administrative costs to each operating
25 system. After the close of each fiscal year, the

1 Authority's current Auditors provide their findings as
2 to the need to adjust any of the allocation factors and
3 the actual audited expenditures for the fiscal year.

4 Independent auditors have performed the
5 Authority's Fiscal Year 2014 audit and they have
6 provided necessary information on the adjustment of the
7 Fiscal Year 2014 allocation as a credit or debit to be
8 netted against the Fiscal Year 2016 budgeted
9 allocation. A copy of the Auditor's report on the
10 allocation of the headquarters' general and
11 administrative costs is included in the rate proposal
12 package for each system.

13 Insurance costs are also allocated to each
14 system based upon the recommendations of the
15 Authority's risk management consultant. Each rate
16 proposal package includes a summary table showing the
17 proposed insurance budget amounts and the portions
18 allocated to each of the three systems.

19 The total charge for the water supply
20 consists of a component to cover the costs of operating
21 and maintaining the System, a Debt Service Component,
22 an NJEIFP Debt Component and a Source Water Protection
23 Component.

24 After all appropriate allocations from the
25 Raritan Basin System and to the Water Treatment Plant

1 and Transmission System, the projected operating costs
2 for Fiscal Year 2016 indicate that an Operations and
3 Maintenance rate component of \$386.00 per million
4 gallons will be required starting July 1, 2015. This
5 represents an increase of \$29.39 per million gallons or
6 8.24 percent over the prior fiscal year. The
7 Operations and Maintenance component sales base will
8 decrease from 20.560 million gallons per day to 20.158
9 million gallons per day resulting from expected drops
10 in usage in four or five of the 12 renewing water
11 purchase contracts as of July 1, 2015.

12 The Debt Service Component of the total rate
13 is calculated each year to cover the payments due on
14 the outstanding debt for the System. The Debt Service
15 Assessment was established effective July 1, 1990 to
16 cover debt service payments on the initial loan of
17 \$63,600,000 at an interest rate of 7.15 percent
18 (subsequently reduced to 5.93 percent in Fiscal Year
19 1997 for payments due August 1998 and after), and the
20 payment for the interim completion loan of \$7,416,000
21 at an interest rate of 7.16 percent (which was also
22 later reduced to 6.24 percent in Fiscal Year 1992).

23 In August of 2005, the Authority refunded the
24 current portion of the State Loan Notes and the
25 Completion Notes at an average coupon of 4.83 percent

1 and the net present value savings of \$6.187 million.
2 The term of the bonds is 25 years. The bond proceeds
3 also fully funded the Debt Service Reserve Account and
4 debt service coverage must remain at 120 percent
5 through the life of the bonds.

6 In July of 2006, the Authority issued
7 \$90,147.57 and \$9,505.40 current State Loan Notes and
8 Completion Loan Notes respectively for a delayed water
9 purchase contract for .028 million gallons per day. The
10 debt service for the notes associated with this water
11 purchase contract is paid in part, through the Debt
12 Service Component of the initial rate, and funds held
13 in escrow by the Authority, contributed by the water
14 purchase customer for this purpose.

15 On July 1, 2015 the Debt Service Component
16 for contracts effective as of July 1, 1990 will be
17 \$636.61 per million gallons, an increase of \$16.74 over
18 the prior year. This change results from a decrease in
19 the sales base for Initial water customers from
20 16.125mgd to 15.723mgd and a minor change in the debt
21 service schedule. The Debt Service Component for
22 Delayed Water Purchase Contracts will be \$770.07 per
23 million gallons, a \$2.39 per million gallon decrease
24 from the prior Fiscal Year. There is no change in the
25 sales base of 4.435mgd for Delayed customers and there

1 is a minor reduction in debt service to be paid in
2 FY2016.

3 The Authority established a Source Water
4 Protection Fund Component in Fiscal Year 2004
5 dedicating \$15.00 per million gallons to protect the
6 quality and quantity of waters in the Manasquan
7 Reservoir Water Supply System. The Authority proposes
8 a reduction in the Source Water Protection Component
9 from \$15.00 per million gallons to \$10.00 per million
10 gallons in Fiscal Year 2016. The revised rate will
11 provide a sufficient source of revenue for Watershed
12 program needs in the Manasquan River Basin.

13 The Authority established the NJEIFP Debt
14 Component in FY2012 to pay debt service on bonds issued
15 in May of 2012 at 75 percent zero interest and 25
16 percent market interest by the New Jersey Environmental
17 Infrastructure Financing Program to build a structure
18 over the Intake Pumps and Traveling Water Screens. The
19 Authority proposes increasing the rate component from
20 \$24.42 per million gallons to \$24.79 per million
21 gallons in Fiscal Year 2016. The increase is a result
22 of the drop in sales base from 20.560 million gallons
23 per day to 20.158 million gallons per day.

24 The total proposed rate on July 1, 2015, for
25 contracts effective as of July 1, 1990, will increase

1 from \$1,015.90 per million gallons to \$1,057.40 per
2 million gallons. The total proposed rate on July 1,
3 2015 for Delayed Water Purchase Contracts will increase
4 from \$1,168.49 per million gallons to \$1,190.86 per
5 million gallons.

6 The Authority's procedure for rate
7 adjustments is found in the New Jersey Administrative
8 Code at N.J.A.C. 7:11-4.13 thereafter ("The
9 Regulations"). These rate adjustment procedures
10 require the Authority to give official notice and an
11 explanation outlining the need for proposed rate
12 adjustments to various entities at least six (6) months
13 prior to the proposed effective date.

14 The Authority's Commissioners formally
15 proposed the publication of the rate adjustment for
16 Fiscal Year 2016 at their regular monthly business
17 meeting on January 5, 2015. The final Basis and
18 Background Statement was posted on the Authority's
19 Website.

20 Mr. Iacullo, I request that this Basis and
21 Background Document be entered into the record as
22 Exhibit S-1.

23 The Authority's rate adjustment procedures
24 provide that the contractual water customers and
25 interested parties be provided the opportunity to meet

1 with Authority staff at a pre-public hearing meeting in
2 order to be presented with an explanation of the formal
3 proposal. This pre-public hearing meeting must be
4 scheduled within forty-five (45) days after the
5 official notice of a proposed rate adjustment is sent.
6 A "Notice of Public Hearing" was mailed on December 19,
7 2014 to contractual water customers and other
8 interested parties informing them of the pre-public
9 hearing and public hearing scheduled for January 9 and
10 February 5, 2015 respectively at the Authority's
11 Manasquan Reservoir Administration Building.

12 Additionally, on December 24, 2014 notice of
13 the Pre-Public Hearing and this Public Hearing was
14 published in the Asbury Park Press, in The Times
15 (Trenton) and the Star Ledger. Notice of the proposed
16 rate adjustment and the public hearing schedule also
17 appeared in the January 20, 2015 issue of the New
18 Jersey Register. The Pre-Public hearing was conducted
19 on January 8, 2015, and no members of the public
20 attended.

21 The Authority's regulations state that
22 interested parties may submit written questions for
23 inclusion in the hearing record, and if submitted no
24 later than 15 days prior to the public hearing,
25 Authority staff, at today's meeting, must provide

1 answers to the questions. The Authority will also
2 provide a complete response to any questions received
3 subsequent to the 15-day deadline and up to and
4 including March 16, 2015, the closing date for the
5 hearing record. In addition, any party may direct
6 questions and follow-up to Authority staff at the
7 public hearing. In the event a response cannot be
8 immediately given today, a written response shall be
9 prepared within ten (10) business days of this public
10 hearing and a copy of that written response shall be
11 provided to all contractual water customers, the
12 Division of the Ratepayer Advocate, the Board of Public
13 Utilities and attendees at the meeting requesting the
14 same and the response shall be made a part of the
15 hearing record. Comments received after March 16, but
16 before the close of the New Jersey Register comment
17 period on March 21, 2015, will also be incorporated
18 into the record.

19 Finally, within ten (10) working days after
20 receipt of the answer, contractual water customers, the
21 Division of the Ratepayer Advocate, the Board of Public
22 Utilities and attendees will be permitted to respond in
23 writing to the answers of the staff for the record.

24 After the hearing record is closed on
25 March 16, 2015 and the New Jersey Register comment

1 period expires, a Hearing Officer's report, which shall
2 include findings of fact and specific responses to all
3 issues and questions raised during the public hearing
4 proceedings, will be prepared and submitted to the
5 entire Authority prior to the Authority taking final
6 action on the proposal.

7 Mr. Iacullo, that concludes the Authority's
8 opening statement.

9 (Whereupon, the Basis and Background
10 Document dated 1/05/15 was marked as Exhibit S-1 for
11 identification.)

12 MR. IACULLO: Ms. Gates, have we received
13 any written or verbal communications for inclusion in
14 the public hearing record?

15 MS. GATES: Yes, Mr. Chairman. In a
16 letter dated January 13, 2015, New Jersey American
17 Water asked several FY2016 budget and rate related
18 questions. New Jersey American also submitted a one
19 page statement for inclusion in the record which
20 describes the Company's intent behind the inquiries.
21 Finally, the Authority received an e-mail through the
22 DEP rulemaking comment service from a Jean Public
23 opposing the proposed rate increase. I would like to
24 enter a copy of New Jersey American's letter and the
25 Authority's response as Exhibit S-2, the Statement from

1 New Jersey American as S-3, and the e-mail from Jean
2 Public as S-4.

3 MR. IACULLO: Please mark these Exhibits
4 accordingly.

5 (Whereupon, NJ American Letter & Authority
6 Response was marked as S-2.)

7 (Whereupon, Statement from NJ American was
8 marked as S-3.)

9 (Whereupon, E-mail from Jean Public was
10 marked as S-4.)

11 MR. IACULLO: Ms. Gates, are there any
12 additional proposed Rule changes not associated with
13 the changes to existing Rates?

14 MS. GATES: No, Mr. Chairman, there are
15 not.

16 MR. IACULLO: Next on the agenda is
17 Authority staff answers to questions raised prior to
18 today's hearing.

19 Ms. Gates, has the Authority received any
20 questions prior to today's hearing?

21 MS. GATES: Yes, Mr. Chairman, as
22 previously stated the Authority received a letter from
23 New Jersey American Water dated January 13, 2015. More
24 specifically, New Jersey American Water asked for a
25 recasting of operating expenses, for further

1 explanations of the Renewal and Replacement Program, a
2 clarification on the change in the sales base, a
3 clarification on the calculation of the Debt Service
4 Components and a question about the anticipation of
5 Source Water Protection Funds as a revenue source to
6 offset the O&M Component Rate. A response was issued to
7 New Jersey American in a letter with attachments dated
8 January 28, 2015 and these documents were previously
9 marked as Exhibit S-2.

10 MR. IACULLO: Thank you, Ms. Gates.

11 We are now prepared to enter oral statements,
12 written statements and/or any other supporting evidence
13 by all interested parties into the record.

14 -----

15 STATEMENT BY NEW JERSEY AMERICAN WATER COMPANY

16 This statement is on behalf of New Jersey
17 American Water Company on the Authority's proposed
18 annual user charges for purchased raw water from the
19 Manasquan Basin for the Fiscal Year 2016. The
20 Authority's 2016 Basis and Background Statement
21 indicates that an increase of 4.09% is sought in the
22 base contract rate over 2015 through the annual user
23 charges to the original 1990 contractual participants
24 and a 1.91% increase to the NJ American Water delayed
25 Water Purchase Contract Rate. The Company reviewed the

1 available financial records requested to ensure that
2 the adopted charges reflect as closely as possible the
3 Authority's actual operating and capital needs for
4 Fiscal Year 2016.

5 New Jersey American's examination of the
6 Authority's Fiscal Year 2016 Basis and Background
7 Statement includes a comparison of Fiscal Year 2016
8 Budget levels to prior year budgets and actual
9 historical levels of individual operation and
10 maintenance expenses, debt service, miscellaneous
11 income, cost allocations, and the 2014 audited
12 financial statements. In our review we requested data
13 which included the Authority's audited expenses and
14 revenues, miscellaneous revenues, fund balance detail,
15 interest income, capital plan, and debt information.
16 We also respectfully reserve the right to supplement
17 these requests with any additional questions, which we
18 feel are relevant to the issues at hand and that are
19 relevant to services provided by the New Jersey Water
20 Supply Authority-Manasquan Reservoir.

21 New Jersey American Water Company undertakes
22 its review to ensure that the adopted charges reflect
23 as closely as possible the Authority's actual operating
24 and capital needs for Fiscal Year 2016.

25 Thank You.

1 MR. IACULLO: First, let me call on anyone
2 who has filled out a roster indicating that they want
3 to make statements.

4 Let the record reflect that I have not
5 received any rosters from any member of the public.

6 We will now entertain questions and, if
7 possible today, hear the responses by Authority staff.
8 Does any member of the public have questions for staff?

9 MR. IACULLO: After the hearing record is
10 closed on March 16, 2015, and the New Jersey Register
11 comment period closes on March 21, 2015, I, as the
12 Hearing Officer will prepare a report of my findings,
13 based solely on the record of the proceedings, which
14 shall include findings of fact and specific responses
15 to all issues and questions raised during these
16 proceedings. My Hearing Officer's report will be
17 submitted to the Authority and presented to the
18 Authority's Board for final action on the proposal.
19 Written comments may be submitted until the end of
20 public comment period on March 21, 2015.

21 I anticipate that the Authority will take
22 final action on these proposed Rates at its regular
23 monthly business meeting on June 1, 2015.

24 The Authority appreciates your attendance
25 here today and the constructive comments which you have

1 offered in this proceeding.

2 This Public Hearing is adjourned.

3 (Whereupon, the meeting was adjourned at
4 11:25 a.m.)

5 Ss

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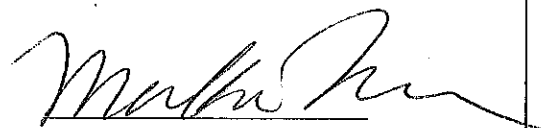
23

24

25

CERTIFICATE

I, MONIKA NEMEC, Certified Court Reporter and Notary Public of the State of New Jersey, do hereby swear that the foregoing is a true and accurate transcript of the New Jersey Water Supply Hearing held on February 6, 2015, as prepared by me; and I am neither attorney nor counsel for nor related to or employed by any of the parties to the action in which this matter is taken; and further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, or financially interested in the action.



MONIKA NEMEC, CCR
LICENSE NO: XI-02177

Correspondence and Testimony

Exhibit G



2015 JAN 16 AM 11 07
NEW JERSEY AMERICAN WATER

S-2

Dante M. DeStefano
1025 Laurel Oak Road
Voorhees, NJ 08043
www.amwater.com

P 856-782-2355
F 856-782-2490

January 13, 2015

Ms. Beth Gates
Director of Finance and Administration
New Jersey Water Supply Authority
1851 Highway 31
P.O. Box 5196
Clinton, New Jersey 08809

Via E-Mail and Regular Mail

Re: Manasquan Reservoir NJWSA's Rates Effective July 1, 2016

Dear Ms. Gates:

With regard to the proposed Rate, New Jersey American Water hereby submits the following questions to better help us understand the need for the increase:

- 1) Please provide the actual operating expenses in the same format as Schedule 1 – distributed by cost center – for the 12 months rolling 12/31/14 in excel format.
- 2) On schedule 19 of the B & B, the authority noted the sales base will decrease to 20.158 MGD. Please note the date the applicable customer changes in usage will be effective and what the basis is for any customer changes.
- 3) On Schedule 25, the amount for the Renewal & Replacement Reserve is shown as \$2 million, the FY2015 is shown at \$848,000 and the FY2016 is shown at \$399,000 for a total of \$3,247,000 to be spent, yet on page 11 the balance at 6/30/2014 is stated to be \$2,922,248 with a \$120,000 deposit for FY2015 and \$120,000 for FY2016 for a total of \$3,162,248. Please reconcile this difference as the reserve will not contain sufficient funds for the listed projects.
- 4) Please provide support for the calculation of the Debt Service Cost Components for FY 2016 (Schedules 21 and 22).
- 5) Please explain the basis for utilizing only \$40,000 of Source Water Protection Fund dollars as unanticipated revenues.



NEW JERSEY
AMERICAN WATER

Ms. Gates, we would like to thank you in advance for assisting us with the above inquiries and for your help in the past. We are regulated by the New Jersey Board of Public Utilities and are required by regulation to ascertain that all increases passed on to our customers are warranted and justified.

Please feel free to contact me if you have any questions.

Sincerely,

Dante M. DeStefano
Manager of Rates & Regulation

cc: Bob Schaefer

Beth Gates

From: Beth Gates
Sent: Thursday, January 29, 2015 11:11 AM
To: Dante.DeStefano@amwater.com
Cc: 'Bob.Schaefer@amwater.com'
Subject: Response to NJAW Rates Inquiry of Jan 13, 2015, RBS and MRS
Attachments: Response to New Jersey American Jan 13 2015 Inquiry MRS.pdf; Response to New Jersey American Jan 13, 2015 Inquiry RBS.pdf

Gentlemen,

Please find attached the Authority's responses to the above referenced. Please contact me if you have any questions. I am sending with a read receipt so that I am sure you receive the documents. Thank you. Hope you both are well.

Beth Gates

Beth Gates

From: Microsoft Outlook
To: Dante.DeStefano@amwater.com; Bob.Schaefer@amwater.com
Sent: Thursday, January 29, 2015 11:11 AM
Subject: Relayed: Response to NJAW Rates Inquiry of Jan 13, 2015, RBS and MRS

Delivery to these recipients or groups is complete, but no delivery notification was sent by the destination server:

Dante.DeStefano@amwater.com (Dante.DeStefano@amwater.com)

Bob.Schaefer@amwater.com (Bob.Schaefer@amwater.com)

Subject: Response to NJAW Rates Inquiry of Jan 13, 2015, RBS and MRS

Beth Gates

From: Bob.Schaefer@amwater.com
Sent: Thursday, January 29, 2015 12:01 PM
To: Beth Gates
Subject: Response to NJAW Rates Inquiry of Jan 13, 2015, RBS and MRS

Return Receipt

Your Response to NJAW Rates Inquiry of Jan 13, 2015, RBS and MRS document:

was Bob Schaefer/NJAWC/AWWSC
received
by:

at: 01/29/2015 12:01:00 PM

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American Water Works Company Inc., 1025 Laurel Oak Road, Voorhees, NJ 08043 www.amwater.com

Beth Gates

From: Dante.DeStefano@amwater.com
Sent: Thursday, January 29, 2015 11:17 AM
To: Beth Gates
Subject: Response to NJAW Rates Inquiry of Jan 13, 2015, RBS and MRS

Return Receipt

Your Response to NJAW Rates Inquiry of Jan 13, 2015, RBS and MRS document:

was Dante.DeStefano@amwater.com
received
by:

at: 01/29/2015 11:16:45 AM

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American Water Works Company Inc., 1025 Laurel Oak Road, Voorhees, NJ 08043 www.amwater.com



NEW JERSEY WATER SUPPLY AUTHORITY

P.O. BOX 5196 · CLINTON, N.J. 08809 · (908) 638-6121 · (908) 638-5241 (FAX)

January 28, 2015

Mr. Dante M. DeStefano
Manager of Rates & Regulations
New Jersey American Water
1025 Laurel Oak Road
Voorhees, NJ 08043

Re: Inquiry January 13, 2015
Manasquan Reservoir System FY2016 Rate Proposal Effective July 1, 2015

Dear Mr. DeStefano:

Following please find responses to your inquiry of January 13, 2015.

- 1) Please provide the actual operating expenses in the same format as Schedule 1 – distributed by cost center – for the 12 months rolling 12/31/2014 in excel format.

I believe you are referring to schedules 3, 4 and 5 in the Manasquan System. Please find those schedules attached as requested.

- 2) On schedule 19 of the B&B, the authority noted the sales base will decrease to 20.158 MGD. Please note the date the applicable customer changes in usage will be effective and what the basis is for any customer changes.

The customer changes in usage will be effective on July 1, 2015 coincident with the expiration of the current water purchase contracts on June 30, 2015. Beginning in September 2013, the Authority made several attempts to receive early information from its customers on contract renewal usage notwithstanding the contract does not require our customers to notify us any earlier than 60 days in advance of the contract expiration. The sales base estimate contained in the FY2016 Basis and Background Statement represents the total of existing usage for those customers who did not respond or who responded and are not amending their contracts, and amended usage for those who so indicated. It is beyond the point in the rate setting schedule that the Authority can make any alterations to the sales base for FY2016, but 20.158mgd is not likely to be the final number.

- 3) On Schedule 25, the amount for Renewal & Replacement Reserve is shown as \$2 million, the FY2015 is shown at \$848,000 and the FY2016 is shown at \$399,000 for a total of \$3,247,000 to be spent, yet on page 11 the balance at 6/30/2014 is stated to be \$2,922,248 with a \$120,000 deposit for FY2015 and \$120,000 for FY2016 for a total of \$3,162,248. Please reconcile this difference as the reserve will not contain sufficient funds for the listed projects.

Schedule 25 represents an estimate of the annual Renewal and Replacement needs from FY2015, the current year, through FY2019. This five year plan is updated annually based on actual experience and revised needs. The plan on page 44 anticipates a \$1.927 million expenditure between FY2015 and FY2019, in addition to holding aside \$2 million in the event of emergency needs for the dam, the pipeline under Route 195, or the pumps. With the addition of \$120,000 per year in FY2015 through FY2019, the Authority may have to supplement Renewal and Replacement by an additional \$404,752 after accounting for the balance at June 30, 2014. This fund is monitored closely and the Authority will make provisions for additional deposits as necessary.

- 4) Please prove support for the calculation of Debt Service Cost Components for FY2016 (Schedules 21 and 22).

The first line in both schedules is from final debt service schedules and is the addition of principal and interest for the 2005 Refunding Bonds, Initial and 2006 Shorelands' Purchase, and principal and interest for the 2005 Refunding Bonds Delayed Portion for February 1, 2016 and August 1, 2016. The Authority bases its calculation on assuring that sufficient funds are raised to make the August 1 payment notwithstanding that payment is technically in the following fiscal year. The second line represents approximate interest income applied to each debt service liability to come to a net debt service obligation. Total interest earnings from all debt service funds were \$123,000 in FY2014. The deduction totals \$153,910 in FY2016; consequently the Authority will find an additional \$30,910 to subsidize the debt service components in the interest in stabilizing those rates from one year to the next. Without this offset from other funds, because of the compounding effect of the coverage requirement, the initial debt service component would be \$31.28 higher and the delayed debt service component would be \$2.90 higher. After the net debt service obligation is calculated, that result is multiplied by 120 percent in compliance with the Authority's bond resolution, to derive the amount to be recovered in rates. The amount to be recovered in rates is divided by the sales base factor in order to derive the rate component.

- 5) Please explain the basis for utilizing only \$40,000 of Source Water Protection Fund dollars as unanticipated revenue.

Mr. Dante DeStefano
January 28, 2015
Page 3

In an effort to continue to understand the “yellow color” issue in Manasquan River water, the Authority worked with the USGS to install, operate and maintain a continuous water quality monitor on the Manasquan River at Squankum in June of 2014, which was operational as of September 2014. Beginning in FY2016, that additional expense will be offset by Source Water Protection Component Revenue. The first year invoice is \$39,875 therefore, \$40,000 will be transferred from the Source Water Protection Fund to offset the O&M Component of the rate so there won't be a rate impact resulting from this new gaging station.

If you have any additional questions, please do not hesitate to contact me.

Sincerely,



Beth Gates

Director, Finance and Administration

BG
Enclosures

C: Robert Schaefer

Cost Center: Reservoir Direct

(40)

MANASQUAN WATER SUPPLY SYSTEM
RESERVOIR SYSTEM
O & M DIRECT EXPENSE BUDGET

CODE	ACCOUNT	FY '12 ACTUAL	FY '13 ACTUAL	FY '14 ACTUAL	CY'14 ACTUAL	FY '15 ADOPTED	FY '16 PROPOSED
5110	Regular Salaries & Wages						
5120	Overtime-Salaries & Wages						
5130	New positions-Salaries & Wages						
5140	Seasonal Help-Salaries & Wages						
5150	Fringe Benefits						
5160	Retiree Health Benefits						
	Total Salary, Wages & Fringe						
5200	Residences						
5211	Heating Fuel	810					
5220	Utilities -Electrical Service	59,943	65,558	94,189	106,099	60,700	80,500
5230	-Gas Service	2,812	5,032	5,586	5,576	6,500	8,000
5240	-Propane						
5250	Electricity for Pumping Station	183,519	267,525	260,176	289,551	346,900	346,900
5260	Fuel - Vehicular						
5270	Oil & Grease						
5280	Tires						
5290	Maintenance Supplies	3,422	105	114	77	2,000	2,000
5300	Maint. Supplies - Vehicular						
5310	Major Vehicle Service & Repair						
5320	Agricultural Supplies						
5330	Maintenance Equipment	36,656	67,724	17,426	40,202	45,500	45,500
5340	Serv. & Maintenance Contracts	14,000	6,001	32,021	15,120	21,000	33,000
5350	Equipment Rental		664	1,789	1,557	6,500	6,500
5360	Household - Safety Supplies	471	460		595	500	500
5370	Uniforms						
5380	Special & Professional Services	63,458	67,009	56,293	71,105	76,000	124,900
5390	Protective Services	207,616	228,063	249,353	257,201	258,900	285,300
5400	Telephone	5,141	5,689	6,020	6,136	5,000	5,000
5410	Postage & Freight Out						
5420	Data Processing						
5430	Printing & Office Supplies	296	710	882	384	1,500	1,500
5440	Scientific & Photographic	1,188	5,060	2,171	1,331	5,000	5,000
5450	Dues & Subscriptions						
5460	Advertising & Promotional	287	506	321	371	1,500	1,500
5470	Travel & Subsistence						
5480	Staff Training & Tuition Aid						
5490	Fees & Permits	31,080	31,696	31,255	31,255	33,600	33,600
5500	In - Lieu Taxes	36,756	36,756	36,755	36,755	36,800	36,800
5510	Sediment Removal	38,585	23,947	36,102	375	56,000	56,000
5520	Chemicals						
5525	Carbon Filter Replacement						
	Total Other Expenses	\$686,039	\$812,505	\$830,453	\$863,690	\$963,900	\$1,072,500
	Total Operating Expenses	\$686,039	\$812,505	\$830,453	\$863,690	\$963,900	\$1,072,500
	ANNUAL BUDGET	\$952,000	\$946,400	\$934,700			

Cost Center: Treat/Trans Direct
(50)

MANASQUAN WATER SUPPLY SYSTEM
WATER TREATMENT PLANT/TRANSMISSION
O & M DIRECT EXPENSE BUDGET

CODE	ACCOUNT	FY '12 ACTUAL	FY '13 ACTUAL	FY '14 ACTUAL	CY14 ACTUAL	FY '15 ADOPTED	FY '16 PROPOSED
5110	Regular Salaries & Wages						
5120	Overtime-Salaries & Wages						
5130	New positions-Salaries & Wages						
5140	Seasonal Help-Salaries & Wages						
5150	Fringe Benefits						
5160	Retiree Health Benefits						
	Total Salary, Wages & Fringe						
5200	Residences						
5211	Heating Fuel	15,078	26,041	1,298	2,119	11,500	11,500
5220	Utilities -Electrical Service	438,782	403,869	383,124	367,167	504,500	520,500
5230	-Gas Service	24,850	34,998	42,188	39,696	30,000	40,000
5240	-Propane						
5250	Electricity for Pumping Station						
5260	Fuel - Vehicular						
5270	Oil & Grease			204			
5280	Tires						
5290	Maintenance Supplies	3,852	0	819	887	5,000	5,000
5300	Maint. Supplies - Vehicular						
5310	Major Vehicle Service & Repair			57			
5320	Agricultural Supplies						
5330	Maintenance Equipment	56,307	96,290	56,385	69,155	90,500	90,500
5340	Serv. & Maintenance Contracts	24,591	20,028	12,941	31,991	28,800	28,800
5350	Equipment Rental	5,276	9,250	4,203	1,659	3,000	4,800
5360	Household - Safety Supplies	740	585	209	209	1,000	1,000
5370	Uniforms						
5380	Special & Professional Services	22,850	27,942	44,950	23,208	34,100	34,100
5390	Protective Services	71,775	74,207	79,708	83,707	83,800	77,300
5400	Telephone	199	358	403	402	1,000	1,000
5410	Postage & Freight Out						
5420	Data Processing						
5430	Printing & Office Supplies	1,620	4,235	1,729	2,465	6,800	6,800
5440	Scientific & Photographic	16,190	11,087	10,120	18,341	14,500	14,500
5450	Dues & Subscriptions						
5460	Advertising & Promotional	777	750	1,531	2,355	1,000	1,000
5470	Travel & Subsistence	45					
5480	Staff Training & Tuition Aid					4,000	4,000
5490	Fees & Permits	6,205	6,533	5,726	10,302	8,000	8,000
5500	In - Lieu Taxes	140	140	140	140	400	400
5510	Residual Removal	18,363	23,884	23,226	14,930	38,000	41,000
5520	Water Treatment Chemicals	136,285	126,551	120,475	123,306	162,700	145,000
5525	GAC Replacement	47,622	49,700	461	51,082	58,000	59,000
5528	Reimb of O&M Capital Expenditures	9,729	10,025	31,004	31,895		
	Total Other Expenses	\$901,276	\$926,473	\$820,901	\$875,016	\$1,086,600	\$1,094,200
	Total Operating Expenses	\$901,276	\$926,473	\$820,901	\$875,016	\$1,086,600	\$1,094,200
	ANNUAL BUDGET	\$1,128,500	\$1,103,300	\$1,070,800			

Cost Center: G & A

(60)

MANASQUAN WATER SUPPLY SYSTEM
GENERAL & ADMINISTRATIVE
EXPENSE BUDGET

CODE	ACCOUNT	FY '12 ACTUAL	FY '13 ACTUAL	FY '14 ACTUAL	CY'14 ACTUAL	FY '15 ADOPTED	FY '16 PROPOSED
5110	Regular Salaries & Wages	\$1,560,929	\$1,516,318	\$1,580,123	\$1,599,390	\$1,678,050	\$1,720,850
5120	Overtime-Salaries & Wages	101,860	104,865	88,137	80,832	106,000	106,000
5130	New positions-Salaries & Wages						
5140	Seasonal Help-Salaries & Wages						
5150	Fringe Benefits	704,609	790,546	813,180	811,602	937,600	1,003,000
5160	Retiree Health Benefits	75,466	95,307	100,479	102,651	201,500	201,500
5168	Workers Comp. (Self-Insured)	3,544	1,544	730	457	5,000	5,000
	Total Salary, Wages & Fringe	\$2,446,407	\$2,508,580	\$2,582,649	\$2,594,932	\$2,928,150	\$3,036,350
	Budget - salary and fringe						
5200	Residences						
5211	Heating Fuel						
5220	Utilities -Electrical Service						
5230	-Gas Service						
5240	-Propane						
5250	Electricity for Pumping Station						
5260	Fuel - Vehicular	28,758	35,036	32,447	28,221	35,000	35,000
5270	Oil & Grease	6,195	3,971	484	1,010	5,900	5,900
5280	Tires	4,067	7,442	2,500	4,259	6,000	6,000
5290	Maintenance Supplies	21,977	12,783	14,597	38,458	27,300	27,300
5300	Maint. Supplies - Vehicular	2,227	5,045	3,505	3,262	7,100	7,100
5310	Major Vehicle Service & Repair	37,291	26,761	28,487	24,294	22,000	29,000
5320	Agricultural Supplies	3,993	2,244	4,889	2,626	5,200	5,200
5330	Maintenance Equipment	6,167	5,641	2,566	3,246	12,000	10,000
5340	Serv. & Maintenance Contracts	8,380	11,871	9,308	8,424	16,500	12,500
5350	Equipment Rental	2,060	1,726	2,122	2,404	3,400	3,400
5360	Household - Safety Supplies	8,812	9,110	4,423	5,127	8,500	8,500
5370	Uniforms						
5380	Special & Professional Services	8,929	1,668	2,035	1,375	3,600	3,600
5390	Protective Services						
5400	Telephone	5,487	5,302	5,613	5,508	6,500	6,500
5410	Postage & Freight Out	1,007	708	311	454	1,000	1,000
5420	Data Processing	9,656	8,793	8,639	8,062	10,100	9,000
5430	Printing & Office Supplies	11,052	5,681	3,182	8,388	7,300	7,300
5440	Scientific & Photographic	28	1,080			300	300
5450	Dues & Subscriptions	570		229	83	2,500	2,500
5460	Advertising & Promotional	737	163	108	1,302	1,500	1,500
5470	Travel & Subsistence	534	345	648	683	500	500
5480	Staff Training & Tuition Aid	10,964	5,479	3,989	5,265	11,400	11,400
5490	Fees & Permits	2,450	2,566	8,041	3,570	3,800	7,000
5500	In - Lieu Taxes						
5510	Residual Removal						
5520	Water Treatment Chemicals						
5525	GAC Replacement						
	Total Other Expenses	\$181,339	\$153,415	\$138,123	\$156,021	\$197,400	\$200,500
	Total Operating Expenses	\$2,627,746	\$2,661,995	\$2,720,772	\$2,750,953	\$3,125,550	\$3,236,850
	Budget- other expenses	\$165,600	\$182,500				
	TOTAL ANNUAL BUDGET	\$2,648,000	\$2,761,900				
	Reservoir System	\$103,461	\$89,732	\$79,995	\$75,826	\$111,102	\$114,960
	Treatment/Transmission System	\$77,878	\$63,683	\$58,128	\$80,195	\$86,298	\$85,540

S-3

**New Jersey Water Supply Authority – Manasquan Reservoir, Public Hearing
Statement of New Jersey American Water Company**

This statement is on behalf of New Jersey American Water Company on the Authority's proposed annual user charges for purchased raw water from the Manasquan Basin for the Fiscal Year 2016. The Authority's 2016 Basis and Background Statement indicates that an increase of 4.09% is sought in the base contract rate over 2015 through the annual user charges to the original 1990 contractual participants and a 1.91 % increase to the NJ American Water delayed Water Purchase Contract Rate. The Company reviewed the available financial records requested to ensure that the adopted charges reflect as closely as possible the Authority's actual operating and capital needs for Fiscal Year 2016.

New Jersey American's examination of the Authority's Fiscal Year 2016 Basis and Background Statement includes a comparison of Fiscal Year 2016 Budget levels to prior year budgets and actual historical levels of individual operation and maintenance expenses, debt service, miscellaneous income, cost allocations, and the 2014 audited financial statements. In our review we requested data which included the Authority's audited expenses and revenues, miscellaneous revenues, fund balance detail, interest income, capital plan, and debt information. We also respectfully reserve the right to supplement these requests with any additional questions, which we feel are relevant to the issues at hand and that are relevant to services provided by the New Jersey Water Supply Authority-Manasquan Reservoir.

New Jersey American Water Company undertakes its review to ensure that the adopted charges reflect as closely as possible the Authority's actual operating and capital needs for Fiscal Year 2016.

Thank You.

S-4

Beth Gates

From: info
Sent: Monday, February 02, 2015 1:50 PM
To: Beth Gates
Subject: FW: DEP Dkt. No. 12-14-12, NJWSA-Manasquan Reservoir

-----Original Message-----

From: DEP rulemakingcomments [mailto:rulemakingcomments@dep.nj.gov]
Sent: Monday, February 02, 2015 1:35 PM
To: DEP rulemakingcomments
Cc: JEANPUBLIC1@YAHOO.COM
Subject: DEP Dkt. No. 12-14-12, NJWSA-Manasquan Reservoir

**** Electronic Rulemaking Comment ****

First Name: JEAN
Last Name: PUBLI
Affiliation:
Address1: NOT AVAILABLE
Address2:
City: FLEMINGTON
State: NJ
Zip: 08822
Phone: 866-987-7654
Email: JEANPUBLIC1@YAHOO.COM

Rule Proposal: DEP Dkt. No. 12-14-12, NJWSA-Manasquan Reservoir

Comments: THERE IS NO JUSTIFICATION FOR THIS INCREASE. DECREASE COSTS. CUT TRAVEL BUDGET FOR EXECS. KEEP GOVT SALARIES WHERE THEY ARE - NO INCREASES. GOVT SALARIES ARE WAY ABOVE WHAT YOU CAN EARN IN PRIVATE INDUSTRY AND THERE HAS BEEN NO RECALCULATION OF DOWNWARD SALARIES SINCE 2008 RECESSION IN GOVT. THE HEARING POSTED FOR JANUARY 9, 2015 WHEN THE NJ REGISTER DID NOT POST UNTIL JANUARY 20, 2015 IS ILLEGAL. THE PUBLIC WAS SCREWED ON THAT HEARING AND ANOTHER ONE TO REPLACE IT SHOULD BE SCHEDULED. EXPENSES NEED CUTTING AT THE NJ WATER SUPPLY AUTHORITY. I BELIEVE MGT IS TAKING ZERO STEPS TO ACHIEVE THIS. DOWNSIZE GOVT. STOP GIVING JOBS TO FRIENDS OF POLITICIANS. YOU JUST HAD AN INCREASE. THIS CONTINUAL UPWARD DRIVE IS RIPPING OFF CONSUMERS AND THE PUBLIC. THIS INCREASE IS OPPOSED BY THE PUBLIC.

Staff Memorandum to Hearing Officer

Exhibit H



NEW JERSEY WATER SUPPLY AUTHORITY

P.O. BOX 5196 · CLINTON, N.J. 08809 · (908) 638-6121 · (908) 638-5241 (FAX)

April 1, 2015

M E M O R A N D U M

TO: Robert Iacullo
Hearing Officer

FROM: Henry Patterson, Executive Director
New Jersey Water Supply Authority

SUBJECT: Proposed adjustments to the Schedule of Rates, Charges
and Debt Service Assessments for the Sale of Water
from the Manasquan Reservoir Water Supply System
(N.J.A.C. 7:11-4.1, et seq.)

Please be advised that no additional comments or inquiries on the Manasquan Reservoir Water Supply System FY2016 rate proposal were received by the Authority subsequent to the public hearing of February 5, 2015 so that the public comments noted for the record at the hearing represent a complete picture of public input.

Staff has analyzed the budget of the original rate package for any revisions that can be considered, prior to final action of the Authority at the June 1, 2015 meeting. The attached Exhibit A reflects no recommended revisions to the original proposed rate package as presented at the Authority meeting held on January 5, 2015, and adopted by resolution number 2179, dated 01/05/15. Because there are no revisions to the original rate package, there are no resulting changes to any component of the rates as proposed at the June 1, 2015 Authority meeting.

The total rate (O&M plus Debt Service, Source Water Protection Component and NJEIFP Debt Component) of \$1,057.40 per million gallons will apply to all Initial Water Customers in FY2016 and results in a 4.09 percent increase over FY2015. The total rate of \$1,190.86 per million gallons will apply to all Delayed Water Customers in FY2015 and results in a 1.91 percent increase over FY2015.

enclosures

EXHIBIT A

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM
F/Y 2016 (7/1/15-6/30/16)

REVISIONS OF ORIGINAL RATE PACKAGE

1. No Change	0

rateletmrs

PART II - DETAILED SUPPORTING INFORMATION

TABLE 1

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

SUMMARY OF PROPOSED FISCAL YEAR 2016 ADJUSTMENTS

BASED ON PRESENT USAGE

The rates, charges and debt service assessments listed below shall be paid for raw water allocated by contract from the Manasquan Reservoir System for the **base contracts effective as of July 1, 2015 (15.695mgd), and Shorelands (.028mgd) delayed water contract effective July 1, 2006:**

I. July 1, 2015 to June 30, 2016

RATE COMPONENT	PRESENT	ORIGINAL PROPOSAL 12/01/14	DIFFERENCE	PERCENTAGE INCREASE (DECREASE)
Operations & Maintenance Expense Component	\$356.61	\$386.00	+29.39	8.24%
Source Water Protection Fund Component	\$ 15.00	\$ 10.00	-5.00	(33.33)
Debt Service Cost Component	\$619.87	\$636.61	+16.74	2.70
NJEIFP Debt Component	\$24.42	\$24.79	+.37	1.52
Total Rate	\$1,015.90/mg	\$1,057.40/mg	+41.50	4.09

The rates, charges and debt service assessments listed below shall be paid for raw water allocated by contract from the Manasquan Reservoir System for all **New Jersey American Water delayed water purchase contracts effective: July 1, 2001 (1mgd), October 1, 2002 (1.935mgd), January 1, 2005 (1.500mgd):**

II. July 1, 2015 to June 30, 2016

RATE COMPONENT	PRESENT	ORIGINAL PROPOSAL 12/01/14	DIFFERENCE	PERCENTAGE INCREASE (DECREASE)
Operations & Maintenance Expense Component	\$356.61	\$386.00	+29.39	8.24%
Source Water Protection Fund Component	\$ 15.00	\$ 10.00	-5.00	(33.33)
Debt Service Cost Component	\$772.46	\$770.07	-2.39	(.31)
NJEIFP Debt Component	\$24.42	\$24.79	+.37	1.52
Total Rate	\$1,168.49/mg	\$1,190.86/mg	+22.37	1.91

Table 2

New Jersey Water Supply Authority
Manasquan Reservoir Water Supply System
Rate History of
Water Charges per Million Gallons of Raw Water Daily
FY1997-FY2016
INITIAL WATER PURCHASER 15.695 mgd JULY 1, 2015
SHORELANDS .028mgd JULY 1, 2006

Effective Date	O&M Charge	Source Water Protection	Debt Repayment <u>2/1/91-8/01/20</u>	NJEIFP Debt Component	Total Charge per MG	Percent Increase (Decrease)
July 1, 1996	316.58		748.57		\$1,065.15	-3.65%
July 1, 1997	284.09		654.83		\$938.92	-11.85%
July 1, 1998	263.56		569.36		\$832.92	-11.29%
July 1, 1999	114.13		581.18		\$695.31	-16.52%
July 1, 2000	145.81		583.00		\$728.81	4.82%
July 1, 2001	212.29		585.63		\$797.92	9.48%
July 1, 2002	212.35		582.62		\$794.97	-0.37%
July 1, 2003	201.14	15.00	578.83		\$794.97	0.00%
July 1, 2004	321.69	15.00	584.95		\$921.64	15.93%
July 1, 2005	295.41	15.00	584.60		\$895.01	-2.89%
July 1, 2006	295.41	15.00	522.86		\$833.27	-6.90%
July 1, 2007	302.52	15.00	528.54		\$846.06	1.53%
July 1, 2008	302.52	15.00	566.59		\$884.11	4.50%
July 1, 2009	396.79	15.00	568.26		\$980.05	10.85%
July 1, 2010	396.79	15.00	568.69		\$980.48	0.04%
July 1, 2011	347.39	15.00	618.09	35.42	\$1,015.90	3.61%
July 1, 2012	345.95	15.00	619.53	35.42	\$1,015.90	0.00%
July 1, 2013	356.61	15.00	619.87	24.42	\$1,015.90	0.00%
July 1, 2014	356.61	15.00	619.87	24.42	\$1,015.90	0.00%
July 1, 2015	386.00	10.00	636.61	24.79	\$1,057.40	4.09%

**New Jersey Water Supply Authority
Manasquan Reservoir Water Supply System
Rate History of
Water Charges per Million Gallons of Raw Water Daily
FY2002-FY2016**

**DELAYED WATER PURCHASER NJ-AMERICAN 1mgd JULY 1, 2001
1.935mgd OCTOBER 1, 2002
1.500mgd JANUARY 1, 2005**

Effective Date	O&M Charge	Source Water Protection	Debt Repayment 2/1/02-8/01/31	NJEIFP Debt Component	Total Charge per MG	Percent Increase (Decrease)
July 1, 2001	199.88		835.62		\$1,035.50	
July 1, 2002	212.35		835.61		\$1,047.96	1.20%
July 1, 2003	201.14	15.00	849.31		\$1,065.45	1.67%
July 1, 2004	321.69	15.00	849.31		\$1,186.00	11.31%
July 1, 2005	295.41	15.00	853.85		\$1,164.26	-1.83%
July 1, 2006	295.41	15.00	763.61		\$1,074.02	-7.75%
July 1, 2007	302.52	15.00	764.44		\$1,081.96	0.74%
July 1, 2008	302.52	15.00	762.28		\$1,079.80	-0.20%
July 1, 2009	396.79	15.00	763.24		\$1,175.03	8.82%
July 1, 2010	396.79	15.00	756.19		\$1,167.98	-0.60%
July 1, 2011	347.39	15.00	770.90	35.42	\$1,168.71	0.06%
July 1, 2012	345.95	15.00	772.12	35.42	\$1,168.49	-0.02%
July 1, 2013	356.61	15.00	772.46	24.42	\$1,168.49	0.00%
July 1, 2014	356.61	15.00	772.46	24.42	\$1,168.49	0.00%
July 1, 2015	386.00	10.00	770.07	24.79	\$1,190.86	1.91%

MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

SCHEDULE OF EVENTS (N.J.A.C. 7:11-4.1 et.seq.)
To become effective July 1, 2015

2014

SEPTEMBER 15 Advise Water Users of informal meeting.
NOVEMBER 13 Informal meeting with Water Users - 11:00 AM.
DECEMBER 19 Mail Official Notice to water customers, Rate Payer Advocate,
interested parties and advertise in newspapers.

2015

JANUARY 5 Board reviews and approves proposed Rates.
8 Pre-Pubic Hearing - 10:00 AM (within 45 days of Official Notice).
Deadline for responses to inquires received prior to pre-public
hearing.
20 Publication in the New Jersey Register.
26 Deadline for receipt of comments to be addressed at Public Hearing
(15 days after pre-public hearing).
FEBRUARY 5 Public Hearing Meeting. (SR Administration Building) - 10:00 AM
Deadline for responses to inquires received between
pre-public and public hearing.
23 Written responses to questions raised at Hearing (within 10
business days of the public hearing).
MARCH 16 Public Hearing record closes (25 business days after
Public Hearing).
21 NJ Register Comment Period Ends.
JUNE 1 Board approval of FY 2016 Rates and Budgets.
JULY 1 Effective date.

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

PROPOSED

FISCAL YEAR 2016 BUDGET SUMMARY
(07/01/15-06/30/16)

	<u>ADOPTED F/Y2015 RESERVOIR BUDGET</u>	<u>PROPOSED F/Y2016 RESERVOIR BUDGET</u>
Proposed Operating Expense Budget (Schedule 1)	\$ 2,519,000	\$ 2,619,460
Allocation of Headquarters General & Administrative Expenses to the Manasquan Reservoir System (Schedule 13)	<u>676,000</u>	<u>640,000</u>
Proposed Total Expense Budget	\$ 3,195,000	\$ 3,259,460
Proposed Capital Equipment Budget (Schedule 14)	48,100	96,100
Contribution to Reserve Funds:		
Sediment Reserve	10,000	10,000
Formal Dam Inspection Reserve	3,000	5,000
Renewal & Replacement Fund	120,000	120,000
High Voltage Testing Reserve	15,000	15,000
Pumping Reserve	0	0
Adjustment for F/Y13 Salary and Fringe Expenses to be paid from WTP/TS Account (Schedule 15)	(32,734)	0
Adjustment for F/Y14 Salary and Fringe Expenses to be paid to WTP/TS Account	<u>0</u>	<u>(51,292)</u>
Total Budget Requirements	\$ <u>3,358,366</u>	\$ <u>3,454,268</u>
Interest Earnings on Funds (except Renewal and Replacement and Depreciation Reserve Fund) (Schedule 16)	\$ (11,200)	\$ (11,200)
Unanticipated Revenue (Schedule 17)	<u>(672,855)</u>	<u>(640,000)</u>
Total Miscellaneous Revenue & Interest Income	\$ <u>(684,055)</u>	\$ <u>(651,200)</u>
Net Amount to be paid for O&M Component	\$ <u>2,674,311</u>	\$ <u>2,803,068</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

TOTAL OPERATIONS & MAINTENANCE BUDGET

FISCAL YEAR 2016

	<u>F/Y2014 RESERVOIR ACTUAL</u>	<u>F/Y2015 RESERVOIR ADOPTED</u>	<u>F/Y2016 RESERVOIR PROPOSED</u>
Salaries & Fringe Benefits (Schedule 2)	\$1,154,171	\$1,444,000	\$1,432,000
O & M Direct Expense (Schedule 3)	830,453	963,900	1,072,500
G & A Expenses (Schedule 5)	<u>79,995</u>	<u>111,102</u>	<u>114,960</u>
Total Operations & Maintenance Budget	<u>\$2,064,619</u>	<u>\$2,519,002</u>	<u>\$2,619,460</u>
ESTIMATE		<u>\$2,519,000</u>	<u>\$2,619,460</u>

SUMMARY OF O & M EXPENSES FOR RESERVOIR AND TREATMENT PLANT/TRANSMISSION SYSTEM

	<u>F/Y2014 ACTUAL</u>		<u>F/Y2015 ADOPTED</u>		<u>F/Y2016 PROPOSED</u>	
	<u>RESERVOIR</u>	<u>WTP/TS</u>	<u>RESERVOIR</u>	<u>WTP/TS</u>	<u>RESERVOIR</u>	<u>WTP/TS</u>
Salaries/Fringe	\$1,154,171	\$1,428,478	\$1,444,000	\$1,484,150	\$1,432,000	\$1,604,350
O & M Direct Expense	830,453	820,901	963,900	1,086,600	1,072,500	1,094,200
G & A Expense	<u>79,995</u>	<u>58,128</u>	<u>111,102</u>	<u>86,298</u>	<u>114,960</u>	<u>85,540</u>
TOTAL	\$2,064,619	\$2,307,507	\$2,519,002	\$2,657,048	\$2,619,460	\$2,784,090

NEW JERSEY WATER SUPPLY AUTHORITY

MANASQUAN WATER SUPPLY SYSTEM

LABOR PROJECTION

FY16 (7/01/15- 6/30/16)

TITLES	RANGE	SALARY	FRINGE BENEFITS	OVERTIME	CLOTHING ALLOWANCE	SHIFT DIFFERENTIAL	TOTAL	ALLOCATION RESERVOIR %	AMOUNT RESERVOIR	ALLOCATION WTP/TS %	AMOUNT WTP/TS
Manager	34	110,000.00	72,828.00	0.00	0.00	0.00	182,828.00	54%	98,700.00	46%	84,128.00
Project Engineer III	23	75,400.00	49,920.00	0.00	0.00	0.00	125,320.00	50%	62,700.00	50%	62,620.00
Water Supply Tech.	14	49,800.00	33,335.00	0.00	550.00	0.00	83,685.00	56%	46,900.00	44%	38,785.00
Administrative Assistant	18	64,200.00	42,505.00	0.00	0.00	0.00	106,705.00	54%	57,700.00	46%	49,005.00
Supervisor Technical Facilities Maint	23	80,800.00	61,986.00	12,244.00	550.00	0.00	155,580.00	37%	57,500.00	63%	98,080.00
Water Supply Tech.	14	43,300.00	29,424.00	593.00	550.00	0.00	73,867.00	56%	41,400.00	44%	32,467.00
Maintenance Worker I	10	42,900.00	28,767.00	0.00	550.00	0.00	72,217.00	88%	63,500.00	12%	8,717.00
Supervisor Operations	28	69,900.00	58,924.00	0.00	0.00	0.00	147,924.00	24%	35,500.00	76%	112,424.00
Equipment Operator	12	48,300.00	32,584.00	366.00	550.00	0.00	81,800.00	83%	67,800.00	17%	14,000.00
Foreman Bldg & Grounds Maint	19	67,200.00	45,620.00	1,155.00	550.00	0.00	114,625.00	76%	87,100.00	24%	27,425.00
Foreman Facilities Maintenance	20	69,200.00	47,450.00	1,920.00	550.00	0.00	119,120.00	43%	51,200.00	57%	67,920.00
Facilities Mechanic (3 Positions)	18	190,500.00	129,127.00	2,885.00	1,650.00	0.00	324,162.00	45%	145,900.00	55%	178,262.00
Supervisor Plant Operator	21	73,700.00	52,055.00	4,304.00	550.00	71.00	130,880.00	34%	44,500.00	66%	86,180.00
Maintenance Worker I Operations	10	44,200.00	29,628.00	0.00	550.00	0.00	74,378.00	90%	67,000.00	10%	7,378.00
Reservoir System Operator (5 Positions)	15	259,400.00	193,656.00	28,523.00	2,750.00	1,829.00	486,158.00	96%	468,700.00	4%	18,458.00
Plant Operator (6 Positions)	18	398,400.00	301,711.00	54,010.00	3,300.00	0.00	757,421.00	6%	37,900.00	95%	719,521.00
TOTAL:		1,706,300.00	1,209,500.00	106,000.00	12,650.00	1,900.00	3,036,350.00		1,432,000.00		1,604,350.00

TOTAL = 27 Positions

NOTE: A. PERCENTAGES ARE FROM THE AVERAGE OF FISCAL YEARS 2011 THROUGH 2014 BASED ON ACTUAL TIME RECORDS.
 B. PLANT OPERATOR TIME STUDY PERCENTAGES WERE ADJUSTED TO ACCOUNT FOR THE VALUE OF THE SHIFT DIFFERENTIAL PROVIDED TO THE RESERVOIR

Cost Center: Reservoir Direct
(40)

Schedule 3

MANASQUAN WATER SUPPLY SYSTEM
RESERVOIR SYSTEM
O & M DIRECT EXPENSE BUDGET

CODE	ACCOUNT	FY '12 ACTUAL	FY '13 ACTUAL	FY '14 ACTUAL	FY '15 ADOPTED	FY '16 PROPOSED
5110	Regular Salaries & Wages					
5120	Overtime-Salaries & Wages					
5130	New positions-Salaries & Wages					
5140	Seasonal Help-Salaries & Wages					
5150	Fringe Benefits					
5160	Retiree Health Benefits					
	Total Salary, Wages & Fringe					
5200	Residences					
5211	Heating Fuel		810			
5220	Utilities -Electrical Service	59,943	65,558	94,189	60,700	80,500
5230	-Gas Service	2,812	5,032	5,586	6,500	8,000
5240	-Propane					
5250	Electricity for Pumping Station	183,519	267,525	260,176	346,900	346,900
5260	Fuel - Vehicular					
5270	Oil & Grease					
5280	Tires					
5290	Maintenance Supplies	3,422	105	114	2,000	2,000
5300	Maint. Supplies - Vehicular					
5310	Major Vehicle Service & Repair					
5320	Agricultural Supplies					
5330	Maintenance Equipment	36,656	67,724	17,426	45,500	45,500
5340	Serv. & Maintenance Contracts	14,000	6,001	32,021	21,000	33,000
5350	Equipment Rental		664	1,789	6,500	6,500
5360	Household - Safety Supplies	471	460		500	500
5370	Uniforms					
5380	Special & Professional Services	63,458	67,009	56,293	76,000	124,900
5390	Protective Services	207,616	228,063	249,353	258,900	285,300
5400	Telephone	5,141	5,689	6,020	5,000	5,000
5410	Postage & Freight Out					
5420	Data Processing					
5430	Printing & Office Supplies	296	710	882	1,500	1,500
5440	Scientific & Photographic	1,188	5,060	2,171	5,000	5,000
5450	Dues & Subscriptions					
5460	Advertising & Promotional	287	506	321	1,500	1,500
5470	Travel & Subsistence					
5480	Staff Training & Tuition Aid					
5490	Fees & Permits	31,080	31,696	31,255	33,600	33,600
5500	In - Lieu Taxes	36,756	36,756	36,755	36,800	36,800
5510	Sediment Removal	38,585	23,947	36,102	56,000	56,000
5520	Chemicals					
5525	Carbon Filter Replacement					
	Total Other Expenses	\$686,039	\$812,505	\$830,453	\$963,900	\$1,072,500
	Total Operating Expenses	\$686,039	\$812,505	\$830,453	\$963,900	\$1,072,500
	ANNUAL BUDGET	\$952,000	\$946,400	\$934,700		

Cost Center: Treat/Trans Direct
(50)

Schedule 4

MANASQUAN WATER SUPPLY SYSTEM
WATER TREATMENT PLANT/TRANSMISSION SYS
O & M DIRECT EXPENSE BUDGET

CODE	ACCOUNT	FY '12 ACTUAL	FY '13 ACTUAL	FY '14 ACTUAL	FY '15 ADOPTED	FY '16 PROPOSED
5110	Regular Salaries & Wages					
5120	Overtime-Salaries & Wages					
5130	New positions-Salaries & Wages					
5140	Seasonal Help-Salaries & Wages					
5150	Fringe Benefits					
5160	Retiree Health Benefits					
	Total Salary, Wages & Fringe					
5200	Residences					
5211	Heating Fuel	15,078	26,041	1,298	11,500	11,500
5220	Utilities -Electrical Service	438,782	403,869	383,124	504,500	520,500
5230	-Gas Service	24,850	34,998	42,188	30,000	40,000
5240	-Propane					
5250	Electricity for Pumping Station					
5260	Fuel - Vehicular					
5270	Oil & Grease			204		
5280	Tires					
5290	Maintenance Supplies	3,852	0	819	5,000	5,000
5300	Maint. Supplies - Vehicular					
5310	Major Vehicle Service & Repair			57		
5320	Agricultural Supplies					
5330	Maintenance Equipment	56,307	96,290	56,385	90,500	90,500
5340	Serv. & Maintenance Contracts	24,591	20,028	12,941	28,800	28,800
5350	Equipment Rental	5,276	9,250	4,203	3,000	4,800
5360	Household - Safety Supplies	740	585	209	1,000	1,000
5370	Uniforms					
5380	Special & Professional Services	22,850	27,942	44,950	34,100	34,100
5390	Protective Services	71,775	74,207	79,708	83,800	77,300
5400	Telephone	199	358	403	1,000	1,000
5410	Postage & Freight Out					
5420	Data Processing					
5430	Printing & Office Supplies	1,620	4,235	1,729	6,800	6,800
5440	Scientific & Photographic	16,190	11,087	10,120	14,500	14,500
5450	Dues & Subscriptions					
5460	Advertising & Promotional	777	750	1,531	1,000	1,000
5470	Travel & Subsistence	45				
5480	Staff Training & Tuition Aid				4,000	4,000
5490	Fees & Permits	6,205	6,533	5,726	8,000	8,000
5500	In - Lieu Taxes	140	140	140	400	400
5510	Residual Removal	18,363	23,884	23,226	38,000	41,000
5520	Water Treatment Chemicals	136,285	126,551	120,475	162,700	145,000
5525	GAC Replacement	47,622	49,700	461	58,000	59,000
5528	Reimb of O&M Capital Expenditures	9,729	10,025	31,004		
	Total Other Expenses	\$901,276	\$926,473	\$820,901	\$1,086,600	\$1,094,200
	Total Operating Expenses	\$901,276	\$926,473	\$820,901	\$1,086,600	\$1,094,200
	ANNUAL BUDGET	\$1,128,500	\$1,103,300	\$1,070,800		

Cost Center: G & A
(60)

Schedule 5

MANASQUAN WATER SUPPLY SYSTEM
GENERAL & ADMINISTRATIVE
EXPENSE BUDGET

CODE	ACCOUNT	FY '12 ACTUAL	FY '13 ACTUAL	FY '14 ACTUAL	FY '15 ADOPTED	FY '16 PROPOSED
5110	Regular Salaries & Wages	\$1,560,929	\$1,516,318	\$1,580,123	\$1,678,050	\$1,720,850
5120	Overtime-Salaries & Wages	101,860	104,865	88,137	106,000	106,000
5130	New positions-Salaries & Wages					
5140	Seasonal Help-Salaries & Wages					
5150	Fringe Benefits	704,609	790,546	813,180	937,600	1,003,000
5160	Retiree Health Benefits	75,466	95,307	100,479	201,500	201,500
5168	Workers Comp. (Self-Insured)	3,544	1,544	730	5,000	5,000
	Total Salary, Wages & Fringe	\$2,446,407	\$2,508,580	\$2,582,649	\$2,928,150	\$3,036,350
	Budget - salary and fringe					
5200	Residences					
5211	Heating Fuel					
5220	Utilities -Electrical Service					
5230	-Gas Service					
5240	-Propane					
5250	Electricity for Pumping Station					
5260	Fuel - Vehicular	28,758	35,036	32,447	35,000	35,000
5270	Oil & Grease	6,195	3,971	484	5,900	5,900
5280	Tires	4,067	7,442	2,500	6,000	6,000
5290	Maintenance Supplies	21,977	12,783	14,597	27,300	27,300
5300	Maint. Supplies - Vehicular	2,227	5,045	3,505	7,100	7,100
5310	Major Vehicle Service & Repair	37,291	26,761	28,487	22,000	29,000
5320	Agricultural Supplies	3,993	2,244	4,889	5,200	5,200
5330	Maintenance Equipment	6,167	5,641	2,566	12,000	10,000
5340	Serv. & Maintenance Contracts	8,380	11,871	9,308	16,500	12,500
5350	Equipment Rental	2,060	1,726	2,122	3,400	3,400
5360	Household - Safety Supplies	8,812	9,110	4,423	8,500	8,500
5370	Uniforms					
5380	Special & Professional Services	8,929	1,668	2,035	3,600	3,600
5390	Protective Services					
5400	Telephone	5,487	5,302	5,613	6,500	6,500
5410	Postage & Freight Out	1,007	708	311	1,000	1,000
5420	Data Processing	9,656	8,793	8,639	10,100	9,000
5430	Printing & Office Supplies	11,052	5,681	3,182	7,300	7,300
5440	Scientific & Photographic	28	1,080		300	300
5450	Dues & Subscriptions	570		229	2,500	2,500
5460	Advertising & Promotional	737	163	108	1,500	1,500
5470	Travel & Subsistence	534	345	648	500	500
5480	Staff Training & Tuition Aid	10,964	5,479	3,989	11,400	11,400
5490	Fees & Permits	2,450	2,566	8,041	3,800	7,000
5500	In - Lieu Taxes					
5510	Residual Removal					
5520	Water Treatment Chemicals					
5525	GAC Replacement					
	Total Other Expenses	\$181,339	\$153,415	\$138,123	\$197,400	\$200,500
	Total Operating Expenses	\$2,627,746	\$2,661,995	\$2,720,772	\$3,125,550	\$3,236,850
	Budget- other expenses	\$165,600	\$182,500			
	TOTAL ANNUAL BUDGET	\$2,648,000	\$2,761,900			
	Reservoir System	\$103,461	\$89,732	\$79,995	\$111,102	\$114,960
	Treatment/Transmission System	\$77,878	\$63,683	\$58,128	\$86,298	\$85,540

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

LIST OF CATEGORY 5340 ITEMS
RECOMMENDED SERVICE & MAINTENANCE CONTRACTS
FOR RESERVOIR (40)
FISCAL YEAR 2016

	ADOPTED F/Y15	PROPOSED F/Y16
1. HVAC/Dehumidifier Service.....	\$ 500	\$ 500
2. Instrumentation & Control System Service/Upgrade.....	2,000	2,000
3. Electrical Upgrade & Repair.....	4,000	12,000
4. Overhead Crane Service & Inspection.....	1,000	2,000
5. Fire & Intrusion Alarm Service.....	1,500	1,500
6. Potable Well/Septic Service.....	500	1,500
7. Fertilization-Dam Dike.....	2,000	3,000
8. Roadway Crack Sealing.....	1,500	1,500
9. Wood Debris Removal.....	2,500	2,500
10. Access Roadway Repairs.....	2,500	2,500
11. Roofing System Maintenance & Repair.....	<u>3,000</u>	<u>4,000</u>
Total Service & Maintenance Contracts.	\$ <u>21,000</u>	\$ <u>33,000</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

LIST OF CATEGORY 5340 ITEMS
RECOMMENDED SERVICE & MAINTENANCE CONTRACTS
FOR WTP/TS (50)
FISCAL YEAR 2016

	ADOPTED F/Y15	PROPOSED F/Y16
1. HVAC Service.....	\$ 1,000	\$ 1,000
2. Electrical Service Contract.....	1,000	1,000
3. Instrumentation & Control System Service & Upgrade....	1,000	1,000
4. Electrical Upgrade & Repair.....	2,000	2,000
5. Overhead Crane Service.....	1,000	1,000
6. UST Monitors Service and Upgrade.....	1,000	1,000
7. Fire & Intrusion Alarm System.....	1,200	1,200
8. Air Compressor Service.....	1,200	1,200
9. Boiler Service.....	1,500	1,500
10. Auxiliary Generator Service.....	2,500	2,500
11. Lab Equipment Service.....	2,000	2,000
12. Backflow Preventor Service.....	500	500
13. Gas-Fired Hot Water Heater Service.....	500	500
14. Instrumentation & Control Service/Upgrade (Transmission System).....	5,000	5,000
15. Electrical Upgrade & Repair (Transmission System).....	2,000	2,000
16. Meter Vault Internet Service (Transmission System)....	<u>5,400</u>	<u>5,400</u>
Total Service & Maintenance Contracts.	\$ <u>28,800</u>	\$ <u>28,800</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

LIST OF CATEGORY 5340 ITEMS
RECOMMENDED SERVICE & MAINTENANCE CONTRACTS
FOR G & A (60)
FISCAL YEAR 2016

	ADOPTED F/Y15	PROPOSED F/Y16
1. Refuse & Waste Disposal.....	\$ 2,200	\$ 1,700
2. Office Equipment/Computers.....	2,100	1,600
3. Waste Oil Disposal.....	1,600	1,100
4. Fire Extinguisher Service.....	1,100	1,100
5. UST Monitor Service.....	1,000	750
6. Building Maintenance.....	1,000	750
7. Internet Service.....	3,000	2,000
8. Janitorial Service.....	3,100	2,100
9. Vehicle Lift Inspection.....	400	400
10. Generator Service & Maintenance.....	<u>1,000</u>	<u>1,000</u>
Total Service & Maintenance Contracts	\$ <u>16,500</u>	\$ <u>12,500</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

LIST OF CATEGORY 5380 ITEMS
RECOMMENDED SPECIAL & PROFESSIONAL SERVICES
FOR RESERVOIR (40)
FISCAL YEAR 2016

	ADOPTED F/Y15	PROPOSED F/Y16
1. Laboratory Services-Water Quality Sampling.....	\$ 2,000	\$ 2,000
2. Consultant Services.....	7,000	15,000
3. Services-USGS Cooperative Agreement.....	30,800	31,700
4. Annual Trustee Fund.....	9,500	9,500
5. Dam Management-Surveying.....	2,500	2,500
6. Wetland Monitoring Management.....	1,200	1,200
7. Lake Management Consultants.....	19,500	19,500
8. Engineering Services.....	2,500	2,500
9. Financial Advisory Services.....	1,000	1,000
10. USGS Gaging Station Squankum.....	<u>0</u>	<u>40,000</u>
Total Special & Professional Services	\$ <u>76,000</u>	\$ <u>124,900</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

LIST OF CATEGORY 5380 ITEMS
RECOMMENDED SPECIAL & PROFESSIONAL SERVICES
FOR WTP/TS (50)
FISCAL YEAR 2016

	ADOPTED F/Y15	PROPOSED F/Y16
1. Water Quality Sampling.....	\$ 17,200	\$ 17,200
2. Residual Quality Analysis.....	800	800
3. Consultant Services.....	4,000	4,000
4. USGA Allenwood Gage-Parameters.....	10,500	10,500
5. Underground Markout Service (Transmission System).....	<u>1,600</u>	<u>1,600</u>
Total Special & Professional Services	\$ <u>34,100</u>	\$ <u>34,100</u>

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

LIST OF CATEGORY 5380 ITEMS
 RECOMMENDED SPECIAL & PROFESSIONAL SERVICES
 FOR G & A (60)
 FISCAL YEAR 2016

	ADOPTED F/Y15	PROPOSED F/Y16
1. Pulmonary Testing.....	\$ 1,500	\$ 1,500
2. CDL Medical Testing.....	500	500
3. EAS Service.....	1,200	1,200
4. Pre-Employment Physicals.....	<u>400</u>	<u>400</u>
Total Special & Professional Services	\$ <u>3,600</u>	\$ <u>3,600</u>

PROJECTED FY 2016 NEW JERSEY WATER SUPPLY AUTHORITY INSURANCE PROGRAM

Type of Coverage	<u>Raritan Basin System</u>	<u>Manasquan Reservoir System</u>	<u>Manasquan Water Treatment Plant and Transmission System</u>	<u>Total Premium</u>
Property Limit \$150 million Deduct: \$100k all perils \$250k, dams, dikes, canal/\$1m flood	\$637,822	\$214,417	\$52,473	\$904,712
General/Products Liability Limit \$1 million Deduct: \$150k	\$100,650	\$9,410	\$1,954	\$112,014
Environmental Impairment Liability Limit \$10 million Deduct: \$100k	\$21,457	\$2,006	\$417	\$23,880
Workers' Compensation Limit \$1 million	\$206,961	\$26,606	\$27,877	\$261,444
Employer Liability Limit \$1 million	Included in Workers' Comp	Included in Workers' Comp	Included in Workers' Comp	Included in Workers' Comp
Umbrella Liability Limit \$23 million	\$275,135	\$25,723	\$5,341	\$306,199
Business Automobile Limit: \$1 million G/L, \$0 pd Deduct: \$50k, G/L	\$11,205	\$1,989	\$455	\$13,649
Public Officials Liability Limit \$5 million/\$1million crime Deduct: \$100k/\$50k c. crime	\$53,716	\$5,022	\$4,691	\$63,429
Travel Accident Limit \$2 million	<u>\$854</u>	<u>\$80</u>	<u>\$17</u>	<u>\$951</u>
TOTAL:	<u>\$1,307,800</u>	<u>\$285,253</u>	<u>\$93,225</u>	<u>\$1,686,278</u>
ESTIMATE	\$1,307,800	\$285,300	\$93,200	\$1,686,300

NEW JERSEY WATER SUPPLY AUTHORITY
 RECAP OF ALLOCATION OF HEADQUARTERS
 GENERAL AND ADMINISTRATIVE EXPENSES CHARGED
 TO THE MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

FISCAL YEAR 2016 (7/1/15-6/30/16)

	<u>TOTAL HEADQUARTERS CHARGE</u>	<u>MANASQUAN RESERVOIR SYSTEM</u>	<u>MANASQUAN WTP/TS</u>
Budgeted-Appendix I, Page 5, amount to be charged to Manasquan System for F/Y16 (7/1/15-6/30/16)	\$ 794,353	\$ 689,400	\$ 104,953
F/Y14 Adjustment as per audited Expenditures:			
Budgeted as per rate schedule for F/Y14 (7/1/13-6/30/14). Amounts paid during F/Y14 to Raritan Basin System.	776,545	673,945	102,600
Actual allocation based upon audited expenditures F/Y14 (7/1/13-6/30/14)- Appendix II, Page 5	<u>719,387</u>	<u>624,339</u>	<u>95,048</u>
Adjustments F/Y14	\$ <u>(57,158)</u>	\$ <u>(49,606)</u>	\$ <u>(7,552)</u>
Net Allocation for F/Y2016 Budget	\$ <u>737,195</u>	\$ <u>639,794</u>	\$ <u>97,401</u>
Estimate	\$ <u>737,000</u>	\$ <u>640,000</u>	\$ <u>97,000</u>

**Manasquan Water Supply System
PROPOSED CAPITAL EQUIPMENT BUDGET
Fiscal Year 2016**

Description	(A)Addition (R)Replacement	Year of Purchase Vehicle/Equipment	Dollar Value	%	Manasquan Reservoir	Manasquan WTP/TS	Reservoir Depreciation Reserve	WTP/TS Depreciation Reserve
(1) NJWA-55 F250 UTILTY TRUCK	(R) TRN438	2006	34,000	45/55	15,300	18,700	12,533	8,355
(1) NJWA-63	(R) TRN394	2003	29,000	75/25	21,750	7,250	11,245	3,748
(1) NJWA-65	(R) TRN445	2006	29,000	60/40	17,400	11,600	8,846	5,897
(1) CRAWLER LOADER	(R) TRN217	1991	115,000	80/20	92,000	23,000	60,759	3,198
(1) SURFACE SCATTER TURBIDIMETER FOR INTAKE PUMP STATION SCADA	(A)		6,000	100/0	6,000	0		
(1) TOWABLE WOOD/BRUSH CHIPPER	(A)		37,000	100/0	37,000	0		
TOTAL			250,000					

*Per Resolution #861, dated 7/12/93 Asset Definition minimum is \$1,000.	0
Less Amount charged to Reservoir Depreciation Reserve	93,383
Less Amount charged to WTP/TS Depreciation Reserve	21,198

Total 96,067 39,352

Estimate \$96,100 \$39,400

MANASQUAN WATER SUPPLY SYSTEM
JULY, 2013 - JUNE, 2014 FISCAL YEAR 2014
G & A EXPENSES SPLIT

EMPLOYEE NAME	TOTAL	BUDGETED %		ACTUAL % (Timesheets)		VARIANCE UNDER (OVER)	
		(40)	(50)	(40)	(50)	(40)	(50)
		RESERVOIR	WTP/TS	RESERVOIR	WTP/TS	RESERVOIR	WTP/TS
4 6738 BENNETT, C. PLANT OPERATOR		5%	95%	5%	95%		
REGULAR	64,748.88	3,237.44	61,511.44	3,237.44	61,511.44	0.00	0.00
CLOTH.	550.00	27.50	522.50	27.50	522.50	0.00	0.00
O.T.	4,973.78	248.71	4,725.07	248.89	4,725.09	0.02	(0.02)
FRINGE	38,272.52	1,913.64	36,358.88	1,913.63	36,358.89	0.01	(0.01)
21 7335 BOUSQUET, M. RESERVOIR SYSTEM OPERATOR		95%	5%	100%	0%		
REGULAR	51,239.36	48,677.39	2,561.97	51,239.36	0.00	(2,561.97)	2,561.97
CLOTH.	550.00	522.50	27.50	550.00	0.00	(27.50)	27.50
O.T.	5,110.19	4,854.68	255.51	5,110.19	0.00	(255.51)	255.51
FRINGE	31,275.93	29,712.14	1,563.79	31,275.93	0.00	(1,563.79)	1,563.79
20 7933 BRANCH, L. PLANT OPERATOR		5%	95%	7%	93%		
REGULAR	63,762.08	3,188.10	60,573.98	4,463.35	59,298.73	(1,275.25)	1,275.25
CLOTH.	550.00	27.50	522.50	38.50	511.50	(11.00)	11.00
O.T.	8,082.98	404.16	7,678.82	565.81	7,517.17	(161.65)	161.65
FRINGE	39,665.14	1,983.25	37,681.89	2,776.56	36,888.58	(793.31)	793.31
7 8172 BUTKUS, G. RESERVOIR SYSTEM OPERATOR		95%	5%	98%	2%		
REGULAR	54,595.60	51,865.82	2,729.78	53,503.69	1,091.91	(1,637.87)	1,637.87
CLOTH.	550.00	522.50	27.50	539.00	11.00	(16.50)	16.50
O.T.	6,940.15	6,593.14	347.01	6,801.35	138.80	(208.21)	208.21
FRINGE	34,113.30	32,407.64	1,705.66	33,431.03	682.27	(1,023.39)	1,023.39
9 12976 COMUNE, L. FAC MECHANIC II		45%	55%	45%	55%		
REGULAR	57,979.36	26,090.71	31,888.65	26,090.71	31,888.65	0.00	0.00
CLOTH.	550.00	247.50	302.50	247.50	302.50	0.00	0.00
O.T.	712.06	320.44	391.62	320.43	391.63	0.01	(0.01)
FRINGE	32,574.96	14,658.72	17,916.24	14,658.73	17,916.23	(0.01)	0.01
16 16220 DESIDERIO, R. FOREMAN BLDG. & GROUNDS MAINT.		67%	33%	85%	15%		
REGULAR	63,231.12	42,364.85	20,866.27	53,746.45	9,484.67	(11,381.60)	11,381.60
CLOTH.	550.00	368.50	181.50	467.50	82.50	(99.00)	99.00
O.T.	960.76	643.72	317.04	816.65	144.11	(172.93)	172.93
FRINGE	35,695.17	23,916.77	11,779.40	30,340.89	5,354.28	(6,425.12)	6,425.12
12 23959 FLETCHER, D. FAC. MECHANIC II		45%	55%	45%	55%		
REGULAR	57,979.36	26,090.71	31,888.65	26,090.71	31,888.65	0.00	0.00
CLOTH.	550.00	247.50	302.50	247.50	302.50	0.00	0.00
O.T.	858.68	386.40	472.28	386.41	472.27	(0.01)	0.01
FRINGE	32,670.27	14,701.61	17,968.66	14,701.62	17,968.65	(0.01)	0.01
8 23970 FLETCHER, I. RESERVOIR SYSTEM OPERATOR		95%	5%	94%	6%		
REGULAR	49,685.28	47,201.02	2,484.26	46,704.16	2,981.12	496.86	(496.86)
CLOTH.	550.00	522.50	27.50	517.00	33.00	5.50	(5.50)
O.T.	4,661.02	4,427.97	233.05	4,381.36	279.66	46.61	(46.61)
FRINGE	29,968.92	28,470.48	1,498.44	28,170.78	1,798.14	299.70	(299.70)
14 26629 GIFFORD, C. FOREMAN FACILITIES MAINT.		43%	57%	44%	56%		
REGULAR	65,198.56	28,035.40	37,163.16	28,687.37	38,511.19	(651.97)	651.97
CLOTH.	550.00	236.50	313.50	242.00	308.00	(5.50)	5.50
O.T.	1,596.20	686.37	909.83	702.33	893.87	(15.96)	15.96
FRINGE	37,084.75	15,946.44	21,138.31	16,317.29	20,767.46	(370.85)	370.85

MANASQUAN WATER SUPPLY SYSTEM
JULY, 2013 - JUNE, 2014 FISCAL YEAR 2014
G & A EXPENSES SPLIT

EMPLOYEE NAME	TOTAL	BUDGETED %		ACTUAL % (Timesheets)		VARIANCE UNDER (OVER)	
		(40)	(50)	(40)	(50)	(40)	(50)
		RESERVOIR	WTP/TS	RESERVOIR	WTP/TS	RESERVOIR	WTP/TS
5 36810 HIRSCH, C. MAINT WORKER 1		67%	13%	95%	5%		
TIME SPLIT							
REGULAR	40,078.50	34,868.28	5,210.22	38,074.58	2,003.92	(3,206.30)	3,206.30
CLOTH.	550.00	478.50	71.50	522.50	27.50	(44.00)	44.00
O.T.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FRINGE	22,345.38	19,440.48	2,904.90	21,228.11	1,117.27	(1,787.63)	1,787.63
17 41950 KARECKY, R. PLANT OPERATOR		5%	95%	5%	95%		
TIME SPLIT							
REGULAR	64,538.64	3,226.93	61,311.71	3,226.93	61,311.71	0.00	0.00
CLOTH.	550.00	27.50	522.50	27.50	522.50	0.00	0.00
O.T.	8,491.99	424.61	8,067.38	424.60	8,067.39	0.01	(0.01)
FRINGE	40,100.13	2,005.02	38,095.11	2,005.01	38,095.12	0.01	(0.01)
18 47397 KRIER, P. SUPERVISOR TECHNICAL ASST. FACILITIES MAINT.		42%	58%	40%	60%		
TIME SPLIT							
REGULAR	78,569.98	32,999.40	45,570.58	31,427.99	47,141.99	1,571.41	(1,571.41)
CLOTH.	550.00	231.00	319.00	220.00	330.00	11.00	(11.00)
O.T.	10,180.54	4,275.84	5,904.70	4,072.22	6,108.32	203.62	(203.62)
FRINGE	49,020.85	20,588.75	28,432.10	19,608.34	29,412.51	980.41	(980.41)
3 50121 LEROY, D. SUPERVISOR OPERATIONS, MWSS		23%	77%	25%	75%		
TIME SPLIT							
REGULAR	85,132.73	19,580.53	65,552.20	21,283.18	63,849.55	(1,702.65)	1,702.65
CLOTH.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
O.T.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FRINGE	46,789.36	10,761.56	36,027.80	11,697.34	35,092.02	(935.78)	935.78
1 50461 MCKEON, P. MANAGER, MWSS		58%	42%	38%	62%		
TIME SPLIT							
REGULAR	110,011.84	63,806.86	46,204.98	41,804.50	68,207.34	22,002.36	(22,002.36)
CLOTH.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
O.T.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FRINGE	60,742.36	35,230.58	25,511.78	23,082.10	37,660.26	12,148.48	(12,148.48)
2 12165 MEDLYN, R. ADMIN ASSISTANT WATER SUPPLY TECH.		58%	42%	38%	62%		
TIME SPLIT							
REGULAR	58,625.28	34,002.65	24,622.63	22,277.61	36,347.67	11,725.04	(11,725.04)
CLOTH.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
O.T.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FRINGE	32,652.48	18,938.44	13,714.04	12,407.94	20,244.54	6,530.50	(6,530.50)
10 51483 OATES, J. EQUIPMENT OPERATOR		75%	25%	88%	12%		
TIME SPLIT							
REGULAR	45,548.96	34,161.72	11,387.24	40,083.08	5,465.88	(5,921.36)	5,921.36
CLOTH.	550.00	412.50	137.50	484.00	68.00	-7150%	7150%
O.T.	304.06	228.05	76.01	267.57	36.49	(39.52)	39.52
FRINGE	25,586.78	19,190.10	6,396.68	22,516.37	3,070.41	(3,326.27)	3,326.27
19 63738 OTREBA, E. PLANT OPERATOR		5%	95%	5%	95%		
TIME SPLIT							
REGULAR	61,126.32	3,056.32	58,070.00	3,056.32	58,070.00	0.00	0.00
CLOTH.	550.00	27.50	522.50	27.50	522.50	0.00	0.00
O.T.	5,685.84	284.30	5,401.54	284.29	5,401.55	0.01	(0.01)
FRINGE	36,514.19	1,825.70	34,688.49	1,825.71	34,688.48	(0.01)	0.01
6 69555 RIVERA, R. MAINT. WORKER I OPERATIONS		89%	11%	93%	7%		
TIME SPLIT							
REGULAR	42,732.96	38,032.33	4,700.63	39,741.65	2,991.31	(1,709.32)	1,709.32
CLOTH.	550.00	489.50	60.50	511.50	38.50	(22.00)	22.00
O.T.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FRINGE	23,816.32	21,196.53	2,619.79	22,149.18	1,667.14	(952.65)	952.65

MANASQUAN WATER SUPPLY SYSTEM
JULY, 2013 - JUNE, 2014 FISCAL YEAR 2014
G & A EXPENSES SPLIT

EMPLOYEE NAME	TOTAL	BUDGETED %		ACTUAL % (Timesheets)		VARIANCE UNDER (OVER)		
		(40) RESERVOIR	(50) WTP/TS	(40) RESERVOIR	(50) WTP/TS	(40) RESERVOIR	(50) WTP/TS	
22 75370 SIMMONS, T. FAC. MECHANIC-WSA			45%	55%	44%	56%		
	62,198.64	27,989.39		34,209.25	27,367.40	34,831.24	621.99	(621.99)
	550.00	247.50		302.50	242.00	308.00	5.50	(5.50)
	828.19	372.70		455.49	364.40	463.79	8.30	(8.30)
	34,961.67	15,732.77		19,228.90	15,383.13	19,578.54	349.64	(349.64)
26 81185 SZELIGA, T. RESERVOIR SYSTEM OPERATIONS			95%	5%	98%	2%		
	37,237.69	35,375.71		1,861.88	36,492.84	744.75	(1,117.13)	1,117.13
	550.00	522.50		27.50	539.00	11.00	(16.50)	16.50
	1,863.05	1,769.90		93.15	1,825.79	37.26	(55.89)	55.89
	21,192.84	20,133.20		1,059.64	20,768.98	423.86	(635.78)	635.78
23 87000 TESTA, J. PLANT OPERATOR			5%	95%	5%	95%		
	64,748.88	3,237.44		61,511.44	3,237.44	61,511.44	0.00	0.00
	550.00	27.50		522.50	27.50	522.50	0.00	0.00
	8,669.36	433.48		8,235.88	433.47	8,235.89	0.01	(0.01)
	39,848.91	1,992.44		37,856.47	1,992.45	37,856.46	(0.01)	0.01
24 87750 THOMAS, C. RESERVOIR SYSTEM OPERATOR			95%	5%	97%	3%		
	44,866.00	42,432.70		2,233.30	43,326.02	1,339.98	(893.32)	893.32
	0.00	0.00		0.00	0.00	0.00	0.00	0.00
	5,141.80	4,884.72		257.08	4,987.55	154.25	(102.83)	102.83
	27,106.18	25,750.89		1,355.29	26,292.99	813.19	(542.10)	542.10
27 88313 UPADHYAY, T. PROJECT ENGINEER III			50%	50%	4%	96%		
	68,205.76	34,102.88		34,102.88	2,728.23	65,477.53	31,374.65	(31,374.65)
	0.00	0.00		0.00	0.00	0.00	0.00	0.00
	0.00	0.00		0.00	0.00	0.00	0.00	0.00
	37,584.69	18,792.37		18,792.32	1,503.39	36,081.30	17,288.98	(17,288.98)
15 88875 VISINSKI, J. WATER SUPPLY TECH OPERATOR			64%	36%	63%	37%		
	45,150.80	28,896.52		16,254.28	28,445.00	16,705.80	451.52	(451.52)
	550.00	352.00		198.00	346.50	203.50	5.50	(5.50)
	492.96	315.48		177.48	310.56	182.40	4.92	(4.92)
	25,422.26	16,270.24		9,152.02	16,016.02	9,406.24	254.22	(254.22)
11 90000 WORTHINGTON, R. SUPERVISING PLANT OPERATOR			34%	66%	35%	65%		
	69,359.36	23,582.19		45,777.17	24,275.78	45,083.58	(693.59)	693.59
	550.00	187.00		363.00	192.50	357.50	(5.50)	5.50
	3,578.51	1,216.70		2,361.81	1,252.48	2,326.03	(35.78)	35.78
	40,503.87	13,771.33		26,732.54	14,176.35	26,327.52	(405.02)	405.02
25 93000 ZIEGLER, C. PLANT OPERATOR			5%	95%	7%	93%		
	61,671.28	3,083.56		58,587.72	4,316.99	57,354.29	(1,233.43)	1,233.43
	1,100.00	55.00		1,045.00	77.00	1,023.00	(22.00)	22.00
	9,005.08	450.27		8,554.81	630.36	8,374.72	(180.09)	180.09
	38,878.95	1,943.96		36,934.99	2,721.53	36,157.42	(777.57)	777.57
13 VACANT WATER SUPPLY TECH.			64%	36%	64%	36%		
	0.00	0.00		0.00	0.00	0.00	0.00	0.00
	0.00	0.00		0.00	0.00	0.00	0.00	0.00
	0.00	0.00		0.00	0.00	0.00	0.00	0.00
	0.00	0.00		0.00	0.00	0.00	0.00	0.00
	(60)	(40)	(50)	(40)	(50)	(40)	(50)	
	REGULAR	1,568,023.12	739,186.85	828,836.27	704,928.78	863,094.34	34,258.07	(34,258.07)
	CLOTH.	12,100.00	5,780.50	6,319.50	6,094.00	6,006.00	(313.50)	313.50
	O.T.	88,137.20	33,221.64	54,915.66	34,186.51	53,950.69	(964.87)	964.87
	FRINGE	914,388.18	427,274.05	487,114.13	408,961.40	505,426.78	18,312.65	(18,312.65)
	GRAND TOTAL	2,582,648.50	1,205,463.04	1,377,185.46	1,154,170.69	1,428,477.81	51,292.35	(51,292.35)

*PLANT OPERATORS ADJUSTED TO ACTUAL %'S OF 5%/95% ORIGINAL %'S AS FOLLOWS:
C. BENNETT 4%/96%
R. KARECKY 3%/97%
C. FILSINGER/MGAE2014 3%/97%

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM
 ESTIMATE OF INTEREST INCOME
 FISCAL YEAR 2016 BUDGET

<u>FUND/RESERVE</u>	<u>TD BANK</u>	<u>LONG-TERM INVESTMENTS</u>
Operating Fund	\$300,000	\$ 0
Reserve for O & M	400,000	400,000
General Reserve (Rate Stabilization)	250,000	0
Pumping Reserve	125,000	35,000
Self-Insurance Reserve	50,000	200,000
Sediment Reserve	<u>60,000</u>	<u>0</u>
Estimated Total	<u>\$1,185,000</u>	<u>\$635,000</u>
	$\$1,185,000 \times .25\%$	$= \$ 2,963$
	$\$635,000 \times 1.30\%$	$= \$ 8,255$
	Total	<u>\$ 11,218</u>
	Estimate	<u>\$ 11,200</u>

Short-Investments

TD Bank
 Managed Rate of .25%
 95% of the 30 Day Libor After the
 Compensating Balance Has Been Satisfied

Long-Term Investments

J.P. Morgan Securities
 New Jersey State G/O Bonds
 Due 07/15/2016 Yield to Maturity 1.30%
 Expect Similar Returns After Maturity

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

UNANTICIPATED REVENUE

FUNDS TO BE APPROPRIATED INTO RATE STABILIZATION FUND FOR FISCAL YEAR 2016

	<u>AMOUNT</u>
F/Y2014 Net Year-End Balance	\$600,000.00

<u>OVERDRAFT</u>	<u>INVOICE NO.</u>	<u>RECEIVED</u>	<u>AMOUNT</u>

ADDITIONAL SOURCES

Source Water Protection Fund	\$ 40,000.00
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TOTAL AVAILABLE	\$ <u>640,000.00</u>
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ESTIMATE FOR FY16	\$ <u>640,000.00</u>
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NEW JERSEY WATER SUPPLY AUTHORITY

Schedule 18

MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

FUND BALANCES AS OF 6/30/14

* * FINAL * *

	REVENUE FUND	OPERATING ACCOUNT	OPERATING FUND	O & M RESERVE	LONG TERM INVESTMENTS O & M RESERVE	TOTAL
BALANCE 6/30/14 (Does not include Debt Service payment)	\$159,379	\$903,095	\$2,858,062	\$1,062,386	\$469,908	\$5,452,830
Add: Adjustment for uncollected water revenues at 6/30/14			0			0
Add: NJ-American, JCP&L expenses for June 2014			45,047			45,047
Deduct: Accrued expenses to be paid as of 6/30/14			(70,160)			(70,160)
Deduct: June 10th billing, received			(159,260)			(159,260)
Adjusted Balances 6/30/14	\$159,379	\$903,095	\$2,673,689	\$1,062,386	\$469,908	\$5,268,457
INCOME						
Operating Transfer	(100,000)		100,000			0
Receipt of WTP/TS G&A expenses for the month of June 2014, 7/31/14 billing			156,093			156,093
EXPENSES						
O & M Expenses - (A/P-6/30/14) includes accrued payroll and pension thru 6/30/14			(176,833)			(176,833)
Capital Items to be purchased by 6/30/14			(21,700)			(21,700)
Payment of Headquarters overhead expenses - to be paid 7/01			(160,600)			(160,600)
Contributions to Various Reserves- 7/14			(37,000)			(37,000)
ADJUSTED BALANCE AT 6/30/14	\$59,379	\$903,095	\$2,533,649	\$1,062,386	\$469,908	\$5,028,417

Less: O & M Reserve Balance (Goal is 3 months O & M Expenses as dictated by Bond Resolution) (810,774)

Balance of projected funds available \$4,217,643

Use of Available Funds

Unanticipated revenues (overdrafts in FY14 to be available to the General Fund for FY16)
NJ American Water 0

Appropriate FY14 net fund balance into the General Fund (Rate Stabilization) to be used for rate stabilization (672,855)

Balance of funds to be used for future years **\$3,544,788**

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Operations & Maintenance Expense Component and
Debt Service Cost Component Sales Base

PROJECTED FISCAL YEAR 2016

USER	ALLOCATION (mgd)
Avon, Borough of	0.142
Belmar, Borough of	0.650
Brielle, Borough of	0.450
Keyport, Borough of	0.458
Matawan, Borough of	0.332
New Jersey American Water	12.500
Red Bank, Borough of	0.548
Sea Girt, Borough of	0.040
Shorelands Water Company	1.928
Lake Como, Borough of	0.100
Spring Lake, Borough of	0.310
Spring Lake Heights, Borough of	0.425
Wall Township	2.275
OPERATIONS & MAINTENANCE/DEBT SERVICE SALES BASE	20.158 mgd

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY AUTHORITY
OPERATIONS AND MAINTENANCE RATE COMPONENT (20.158MGD)
 FISCAL YEAR 2016

Funds Required for F/Y2016 Budget

Total Budget Requirements		\$ 3,454,268
Miscellaneous Revenues		<u>(651,200)</u>
Net Budget Requirement		\$ 2,803,068
Less - Quarterly O & M payment on July 10, 2015 (cash received in July for water used in April, May and June based on \$356.61/mg)		(667,203)
Additional Revenue required from last three (3) Quarterly payments in F/Y2016 to cover Operations & Maintenance expenses through 6/30/16		<u>\$ 2,135,865</u>

Computation of Operations & Maintenance Rate for FISCAL YEAR 2016

Required Operations & Maintenance Rate F/Y2016	<u>\$2,135,865</u>		
	5,533.37*	=	\$386.00/MG

* Four (4) Quarters Sales = 20.158 MGD x 366 = 7,377.83mg/yr.
 Rate Calculation for required revenues due for payment on
 10/10/15, 1/10/16 and 4/10/16:

Sales Base = 7,377.83 x 3/4 = 5,553.37 MG
 The same rate will apply to the payment due 7/10/16 and
 this payment will be reflected in the calculation of the
 F/Y2017 rate.

SECTION II

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

COMPUTATION OF BASE DEBT SERVICE RATES

INITIAL WATER PURCHASERS (15.723⁶⁹⁵MGD) - 7/01/15
 SHORELANDS DELAYED PURCHASE CONTRACT (.028mgd) - 7/01/06

Debt Service for FISCAL YEAR 2016	\$3,202,859	
Debt Service Fund Interest Income and other available resources	\$ (150,000)	
Net Debt Service Obligation	\$3,052,859	
Coverage Requirement = Net Debt Service Obligation x 20%	\$ <u>610,572</u>	
Total to be recovered by rates	\$3,663,431	
Debt Service Rate effective 7/01/15 366 x 15.723/mgd = 5,754.62mg	$\frac{\$3,663,431}{5,754.62\text{mg}}$	= \$636.61/mg

SECTION II

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

COMPUTATION OF DELAYED WATER PURCHASE DEBT SERVICE RATES

NJAW-	1.000MGD CONTRACT - 07/01/01		
	1.935MGD CONTRACT - 10/01/02		
	1.500MGD CONTRACT - 01/01/05		
Debt Service for FISCAL YEAR 2016		\$1,045,570	
Debt Service Fund Interest Income and other available resources		\$ (3,910)	
Net Debt Service Obligation		\$1,041,660	
Coverage Requirement = Net Debt Service Obligation x 20%		\$ <u>208,332</u>	
Total to be covered by rates		\$1,249,992	
Debt Service Rate effective 7/01/15 366 x 4.435/mgd = 1,623.21mg		$\frac{\$1,249,992}{1,623.21\text{mg}}$	= \$770.06/mg

SECTION II

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

COMPUTATION OF BASE DEBT SERVICE RATES

INTAKE PUMP STATION BUILDING

INITIAL WATER PURCHASERS (15.695MGD) - 7/01/15
 SHORELANDS DELAYED PURCHASE CONTRACT (.028MGD) - 7/01/06
 NJ AMERICAN DELAYED PURCHASE CONTRACT (4.435MGD) *

NJEIFP Debt Service for Fiscal Year 2016	\$ 182,871	
Debt Service Rate effective 7/01/15		
366 x 20.158/mgd = 7,377.83/mg	\$ <u>182,871</u> =	\$24.79/mg
	7,377.83mg	

*Delayed Water Purchase Contracts
 NJ American 1.000mgd 07/01/01
 1.935mgd 10/01/02
 1.500mgd 01/01/05

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR SYSTEM
 2005 BOND DEBT SERVICE COVERAGE
 FISCAL YEAR 2016
 (7/1/14-6/30/16)

	<u>Budgeted</u> <u>F/Y 2016</u>
<u>Revenues</u>	
Uninterruptible Water Sales	\$ 8,019,323
Interest Income/Other	<u>11,200</u>
Total Revenues	<u>\$ 8,030,523</u>
Prior Years Surplus	<u>\$ 640,000</u>
<u>Expenses</u>	
O&M Costs	\$ 2,592,860
Overhead Allocation	<u>640,000</u>
Total O&M	<u>\$ 3,232,860</u>
Cash Available for Debt Service - A	\$ 5,437,663
Net Debt Service Expense	\$ 4,094,519
Debt Service Coverage Calculation - A/B	1.33
Cash After Debt Service A-B	\$ 1,343,144

Draft Resolution Adopting Rate
Adjustments

Exhibit I

RESOLUTION OF THE NEW JERSEY WATER SUPPLY AUTHORITY

NO.

DATE OF ADOPTION:

TITLE: Resolution Adopting Revisions to the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System, to become effective July 1, 2015 (regulations found at N.J.A.C. 7:11-4.1 et seq.)

WHEREAS, N.J.S.A. 58:1B-7g and 58:1B-19 provide for the New Jersey Water Supply Authority (Authority) to fix and revise from time to time its rates, fees and charges; and

WHEREAS, the Authority has estimated its revenue requirements for the fiscal year beginning on July 1, 2015; and

WHEREAS, by Resolution No. 2179 adopted on January 5, 2015 the Authority proposed certain revisions to the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System, to become effective July 1, 2015 (regulations found at N.J.A.C. 7:11-4.1 et seq.); and

WHEREAS, the proposal was mailed to all contractual water purchasers in December 2014, and published in the Asbury Park Press, the Star Ledger and the Times (Trenton) on December 24, 2014, and also appeared in the New Jersey Register on January 20, 2015 with a 60-day comment period ending March 21, 2015; and

WHEREAS, a pre-public hearing meeting was conducted on the proposed amendments on January 8, 2015; and

WHEREAS, the Authority conducted a public hearing on the proposed amendments on February 5, 2015 with the record remaining open through March 16, 2015; and

WHEREAS, the Authority's Hearing Officer, after having reviewed and considered the testimony received during the rate making process, did submit a Hearing Officer's Report to the Authority together with recommendations; and

WHEREAS, the Authority must provide for sufficient revenues and a rate structure to cover its costs.

NOW THEREFORE, be it resolved that the Authority adopts the Hearing Officer's Report entitled "Fiscal Year 2016 Proposed Amendments to the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System;" and

BE IT FURTHER RESOLVED, that the Authority adopts the following amendments to the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System, found at N.J.A.C. 7:11-4.1 et seq. to become effective on July 1, 2015:

1. Amend N.J.A.C. 7:11-4.3(c) to decrease the sales base from 20.560 million gallons per day to 20.158 million gallons per day and increase the Operations and Maintenance Expense Component Rate from \$356.61 per million gallons to \$386.00 per million gallons, no change from the Initial Proposal, for the period of July 1, 2015 through June 30, 2016; and
2. Amend N.J.A.C. 7:11-4.4(b) to decrease the sales base from 16.125 million gallons per day to 15.723 million gallons per

day and increase the Debt Service Assessment Rate from \$619.87 per million gallons to \$636.61 per million gallons consistent with the Initial Proposal for the period of July 1, 2015 through June 30, 2016(coverage 120%); and

3. Amend N.J.A.C. 7:11-4.4(c) of the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System to maintain the sales base and decrease the Debt Service Assessment Rate for water purchasers who entered into water purchase contracts effective July 1, 2001, October 1, 2002, and January 1, 2005 (Delayed Water Purchase Contract) from \$772.46 per million gallons to \$770.07 per million gallons consistent with the Initial Proposal for the period of July 1, 2015 to June 30, 2016 (coverage 120%); and

4. Amend N.J.A.C. 7:11-4.5(b) of the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System to decrease the Source Water Protection Fund Component from \$15.00 per million gallons to \$10.00 per million gallons consistent with the Initial Proposal for the period July 1, 2015 to June 30, 2016; and

5. Amend N.J.A.C. 7:11-4.6(b) of the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System to increase the New Jersey Environmental Infrastructure Financing Program debt component from \$24.42 per million gallons to \$24.79 per million gallons consistent with the Initial Proposal for the period July 1, 2015 to June 30, 2016; and

BE IT FURTHER RESOLVED that the following actions are authorized:

1. Appropriate \$600,000 in undesignated fund balance from the Fiscal Year ending June 30, 2014 into the General Fund (Rate Stabilization).
2. Transfer \$40,000 from the Source Water Protection Fund into the General Fund (Rate Stabilization).
3. Apply \$640,000 appropriated into the General Fund (Rate Stabilization) as a source of revenue to the Operating Fund for Fiscal Year 2016 to offset the Fiscal Year 2016 O&M Component of the Rate.

Draft Resolution Adopting FY2016
Budget

Exhibit J

RESOLUTION OF THE NEW JERSEY WATER SUPPLY AUTHORITY

NO.: _____

DATE OF ADOPTION: _____

TITLE: Resolution approving the Authority's Manasquan Reservoir System Budget for Fiscal Year 2016 (July 1, 2015 - June 30, 2016)

WHEREAS, the Executive Director proposed a budget for Fiscal Year 2016 that was provided to the Authority Members on June 1, 2015; and

WHEREAS, the Authority has previously considered the proposed budget as part of the Rate Adjustment procedure for Fiscal Year 2016, and the adopted rate schedule for Fiscal Year 2016 is based upon the proposed budget requirements in the amount of \$8,624,340 including required debt service coverage.

NOW THEREFORE, be it resolved that the Authority approves a budget of \$8,624,340 for the Fiscal Year beginning July 1, 2015 through June 30, 2016.