

NEW JERSEY WATER SUPPLY AUTHORITY

HEARING OFFICER'S REPORT

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 NO CHANGE IN SALES BASE AND COMPONENT RATE
FOR FISCAL YEAR 2022

ADJUSTMENT OF SOURCE WATER PROTECTION FUND COMPONENT TO
REFLECT NO CHANGE IN COMPONENT RATE
FOR FISCAL YEAR 2022

ADJUSTMENT OF DEBT SERVICE COST COMPONENT TO
REFLECT BOND YEAR PAYMENTS DUE AND REQUIRED
FOR FISCAL YEAR 2022

ADJUSTMENT OF NJEIFP DEBT COMPONENT TO
REFLECT BOND YEAR PAYMENTS DUE AND REQUIRED
FOR FISCAL YEAR 2022

ADDITION OF CAPITAL FUND COMPONENT RATE FOR INITIAL AND DELAYED
WATER PURCHASE CONTRACT CUSTOMERS FOR FISCAL YEAR 2022

Effective Date: July 1, 2021

Hearing Officer: Jeffrey Hoffman

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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) 2022 (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 FY2022 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 19.443 million gallons per day ("mgd") of untreated water effective July 1, 2017 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 in October (for the previous fiscal year ending on the preceding June 30). At that time the Authority formulates the proposed budgets for the upcoming fiscal year commencing 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 FY2020 audit has been performed by an independent auditor and includes a review of allocation factors and actual expenditures. The anticipated adjustments have been made to the FY2022 budget based on the FY2020 allocation factors.

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 FY2022.

The total charge for the water supply consists of an O&M rate, a Debt Service Cost Component, a Source Water Protection Component, the New Jersey Environmental Infrastructure Financing Program ("NJEIFP") Component, and the Capital Fund 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, 2020 to cover the operating expenses of the System for FY2021. The FY2021 sales base was 19.443 mgd, and was projected to remain the same in FY2022 in the November 2020 Basis and Background Statement. In FY2022, the O&M rate component will remain at \$445.82, representing no change versus FY2021.

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 was 25 years. The bond proceeds also fully funded the Debt Service Reserve Account and the debt service coverage was required to 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 was paid through the Debt Service Cost Component of the initial rate and with funds held in escrow by the Authority, contributed by the water purchase customer for this purpose.

The 2005 Bonds were eligible for a current refunding after August 1, 2015 and on April 26, 2016 the Authority issued \$17,460,000 in Manasquan Reservoir Water Supply System Refunding Bonds, Series 2016, to refund the 2005 Bonds and the 2006 State Loan and Completion Loan Notes. The Bonds were issued at an average coupon of 3.78 percent and an economic gain of \$3.0 million. The term of the refunded bonds was not extended, for a remaining term of 15 years. 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 Cost Component of the rate for the delayed water purchase contracts will be \$438.92/mg. This reflects no change relative to the November 2020 Initial Proposal.

The Source Water Protection Fund Component of the rate for FY2022 of \$15.00/mg is no change over FY2021, and will not change relative to staff's November 2020 proposal.

The rate component for FY2022 of \$24.93/mg for repayment of debt to the NJEIFP will not change relative to staff's November 2020 proposal.

The Authority has established a Capital Fund Rate Component to generate funds for long-term, large-scale capital improvements and/or replacements in the Manasquan system. For FY2022, this component will remain at \$525.00/mg for initial water purchase contracts and \$200.00/mg for delayed water purchase contracts, no change versus FY2021, and no change relative to staff's November 2020 proposal.

Rate Setting Procedure:

The formal rate adjustment proposal was authorized at the Authority's November 2, 2020 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 November 2020 proposal (included in Exhibit B) was available for review on the Authority's web site on December 16, 2020.

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

Notice of the Proposal also appeared in the January 4, 2021 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 15, 2020 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 Director of Finance and Administration on January 7, 2021. There was one individual, representing New Jersey American Water, in attendance. Minutes of the pre-public hearing meeting are set forth in Exhibit E.

A public hearing was conducted on February 4, 2021 at 11:00 a.m., via the WebEx meeting platform. No members of the public were in attendance. A stenographic record of the proceedings was made and is attached in Exhibit F.

There were no items of public comment or correspondence received during the rate process or prior to the close of the Public Comment Period.

The final Staff memorandum to me is dated March 16, 2021 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 May 3, 2021 meeting.

A draft resolution for the approval of the FY2022 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 \$1,010.75/mg effective July 1, 2021. This reflects no change versus the FY2021 rate and remains the same relative to staff's Initial Proposal. The sales base for the initial water purchase contracts remains the same at 15.008 mgd in FY2022, and is no change from the Initial Proposal.

The O&M Component for FY2022, \$445.82/mg, reflects no change to the FY2021 rate and there is no change from the Initial Proposal. The proposed operating expense budget for FY2022 is \$200,640 more than FY2021, due primarily to contractual salary and fringe benefit increases as well as higher insurance expense. The proposed Capital Equipment Budget is \$2,800 higher than FY2021. 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. Interest income is expected to decrease from \$83,800 in FY2021 to \$43,300 in FY2022. Staff anticipates virtually no change in the net budget requirement for the O&M Component during FY2022, consistent with the Initial Proposal.

The FY2022 Operations and Maintenance Component will continue to be subsidized by unanticipated revenues raised in the prior fiscal year, consisting of overdraft revenues, net year-end balance, and excess debt service coverage, in the amount of \$409,750.

With the allocation of appropriate Headquarters General and Administrative costs to the System, the projected operating costs for FY2022 indicate that an O&M rate component of \$445.82/mg is

required commencing July 1, 2021. This represents no increase relative to FY2021 and no increase relative to the Initial Proposal.

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 was decreased to \$10.00/mg in FY2016. In order to ensure adequate funding for Source Water Protection initiatives, the Source Water Protection Assessment was reinstated to \$15.00/mg in FY2018. The proposed FY2022 rate is \$15.00/mg, which represents no change relative to FY2021 and no change from the Initial Proposal.

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 recommends no change in the rate of \$24.93/mg for FY2022, which is no change from the Initial Proposal.

A Capital Fund Component was established in the Manasquan System for initial water purchase contracts (\$525.00/mg) in FY2021 to provide for long-term capital needs that will allow for the proper maintenance, rehabilitation and/or replacement of the system facilities. Staff recommends no change in the rate of \$525.00/mg for FY2022, which is no change from the Initial Proposal.

Staff recommends amending the Rules to reflect a total initial water purchase contract rate including the O&M Component, NJEIFP Debt Component, Source Water Protection Assessment and Capital Fund Component of \$445.82/mg, \$24.93/mg, 15.00/mg and \$525.00/mg respectively equaling a total rate of \$1,010.75/mg, no change relative to FY2021 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 and Capital Fund 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 contracts effective July 1, 2001, October 1, 2002, and January 1, 2005. Staff recommends a FY2022 combined rate of \$1,124.67, which is no change from the FY2021 rate and no change from the Initial Proposal.

The proposed FY2022 Debt Service Assessment of \$438.92/mg commencing July 1, 2021, reflects no change in the rate compared to FY2021, and no change relative to the Initial Proposal.

A Capital Fund Component was established in the Manasquan System for delayed water purchase contracts (\$200.00/mg) in FY2021 to provide for long-term capital needs that will allow for the proper maintenance, rehabilitation and/or replacement of the system facilities. Staff recommends no change in the rate of \$200.00/mg for FY2022, which is no change from the Initial Proposal.

Staff recommends amending the Rules to reflect a total delayed water purchase rate including the O&M Component, Debt Service Cost Component, NJEIFP Debt Component, Source Water Protection Assessment and Capital Fund Component of \$445.82/mg, \$438.92/mg, \$24.93/mg, \$15.00/mg and \$200.00/mg respectively for a total rate of \$1,124.67/mg, which represents no change from the Initial Proposal and no change relative to FY2021.

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. Comments by Interested Parties / Members of the Public.

The Authority Staff conducted a pre-public hearing meeting on January 7, 2021. One individual attended.

The Authority held a public hearing on February 4, 2021. No members of the public were in attendance.

No items of public comment or correspondence were received during the rate process or prior to the close of the Public Comment Period.

I present my findings 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. The Manasquan Reservoir System rate was increased on July 1, 2015 and again on July 1, 2016 to address expected losses in the sales base and a growing reliance on the use of non-recurring revenue. Prior to those adjustments, the Manasquan Reservoir System rate had not been increased since 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 has realized significant savings in health care costs for both active employees and retirees. The Authority participates in the State's power cooperative purchasing which has resulted in a significant reduction in power costs. The overall user rate decreased in FY2021 for both initial and delayed water purchase contract customers and is remaining stable in FY2022. I find the FY2022 Operations and Maintenance Expense Component of the rate and 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 FY2022 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 FY2022 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 FY2022 for repayment of debt to the NJEIFP. I find the FY2022 NJEIFP Debt Component to be appropriate.
5. The public record does not contain any adverse comments concerning Staff's justification for the Capital Fund Component of the Rate for FY2022. I find the FY2022 Capital Fund Component to be appropriate.
6. 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 ensure that the System is adequately maintained.

IV. RECOMMENDATIONS

1. Resolution No. 2463 dated 11/2/20 authorized \$409,750 in unanticipated revenues to be appropriated into the Rate Stabilization Fund, all of which would be used in the FY2022MRS budget.¹ The resolution adopting the final rates will authorize \$409,750 in unanticipated revenues to be appropriated into the Rate Stabilization Fund for use in FY2022.
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 FY2022 total initial water purchase contract rate of \$1,010.75/mg and total delayed water purchase contract rate of \$1,124.67/mg. This is consistent with the originally proposed rates and as such no further Rule change is necessary.
4. The Authority should adopt a FY2022 O&M rate component of \$445.82/mg for initial water purchase contracts and delayed

¹ It should be noted that this credit has the effect of obscuring the full O&M Component increase otherwise needed.

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 FY2022 Debt Service Assessment Rate for the delayed water purchase contracts dated July 1, 2001, October 1, 2002, and January 1, 2005 of \$438.92/mg. This is consistent with the Initial Proposal and as such no further Rule change is necessary.
6. The Authority should adopt a FY2022 NJEIFP Debt Component Rate of \$24.93/mg. This is consistent with the Initial Proposal and as such no further Rule change is necessary.
7. The Authority should adopt a FY2022 rate of \$15.00/mg for the Source Water Protection Fund Component, which is unchanged from the Initial Proposal. As such no further Rule change is necessary.
8. The Authority should adopt a FY2022 Capital Fund Component of \$525.00/mg for initial water purchase contracts, which is unchanged from the Initial Proposal. As such no further Rule change is necessary.
9. The Authority should adopt a FY2022 Capital Fund Component of \$200.00/mg for delayed water purchase contracts, which is unchanged from the Initial Proposal. As such no further Rule change is necessary.
10. There is no change from the Initial Proposal to the FY2022 total O&M Component sales base of 19.443 mgd, the initial water purchase contract sales base of 15.008 mgd or the delayed water purchase contract sales base of 4.435 mgd.
11. 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, 2015 and Delayed Water Purchase Contract Dated July 1, 2006

Component	Current Rates Per MG 7/1/20-6/30/21	Initial Proposed Rates Per MG 7/1/21-6/30/22	Recommended Rates Per MG 7/1/21-6/30/22
Operations & Maintenance Expense Component	\$ 445.82	\$ 445.82	\$ 445.82
Source Water Protection Fund Component	\$ 15.00	\$ 15.00	\$ 15.00
NJEIFP Debt Component	\$ 24.93	\$ 24.93	\$ 24.93
Capital Fund Component	\$ 525.00	\$ 525.00	\$ 525.00
Total Rate	\$1,010.75/mg	\$1,010.75/mg	\$1,010.75/mg

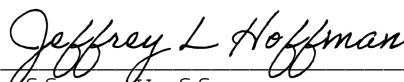
Delayed Water Purchase Contracts

Dated July 1, 2001, October 1, 2002, and January 1, 2005

Component	Current Rates Per MG 7/1/20-6/30/21	Initial Proposed Rates Per MG 7/1/21-6/30/22	Recommended Rates Per MG 7/1/21-6/30/22
Operations & Maintenance Expense Component	\$ 445.82	\$ 445.82	\$ 445.82
Source Water Protection Fund Component	\$ 15.00	\$ 15.00	\$ 15.00
Debt Service Cost Component	\$ 438.92	\$ 438.92	\$ 438.92
NJEIFP Debt Component	\$ 24.93	\$ 24.93	\$ 24.93
Capital Fund Component	\$ 200.00	\$ 200.00	\$ 200.00
Total Rate	\$1,124.67/mg	\$1,124.67/mg	\$1,124.67/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, 2021 are hereby recommended for adoption by the Authority.

Respectfully submitted,



 Jeffrey Hoffman
 Hearing Officer
 March 16, 2021

Resolution Proposing Rate Adjustments

Exhibit A

RESOLUTION OF THE NEW JERSEY WATER SUPPLY AUTHORITY

NO.: 2463

DATE OF ADOPTION: November 2, 2020

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, 2021; and

WHEREAS, the sales base for the Operations and Maintenance Expense Component, the Source Water Protection Fund Component and the NJEIFP Component has remained at 19.443 million gallons per day since these components were 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 Capital Fund Component for the initial water purchasers has remained at 15.008 million gallons per day since this component was last determined; and

WHEREAS, the sales base for the Capital Fund Component for the delayed water purchasers has remained at 4.435 million

gallons per day since this component was last determined; and

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

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 maintain a sales base of 19.443 million gallons per day and to maintain the Operations and Maintenance Expense component of \$445.82 for the period of July 1, 2021 to June 30, 2022; and
2. Amend N.J.A.C. 7:11-4.4(b) of the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System to maintain a sales base of 4.435 million gallons per day for delayed water purchase contracts and to maintain the delayed debt service rate assessment of \$438.92 per million gallons for the period of July 1, 2021 to June 30, 2022.
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 maintain a sales base of 15.008 million gallons per day for the Capital Fund Assessment—initial water purchase contract customers and amend N.J.A.C. 7:11-4.5(c) to maintain the initial water

purchase contract customer assessment of \$525.00 per million gallons for the period of July 1, 2021 to June 30, 2022.

4. Amend N.J.A.C. 7:11-4.5(d) of the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System to maintain a sales base of 4.435 million gallons per day for the Capital Fund Assessment—delayed water purchase contract customers and amend N.J.A.C. 7:11-4.5(e) to maintain the delayed water purchase contract customer assessment \$200.00 per million gallons for the period of July 1, 2021 to June 30, 2022.

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 maintain the source water protection rate of \$15.00 per million gallons for the period of July 1, 2021 to June 30, 2022.

6. Amend N.J.A.C. 7:11-4.7(b) of the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System to maintain the New Jersey Environmental Infrastructure Finance Program rate of \$24.93 per million gallons for the period of July 1, 2021 to June 30, 2022.

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

1. Transfer \$37,750 in Overdraft Revenue into the General Fund (Rate Stabilization). Appropriate \$372,000 in prior year year-end fund balances from the Operating Fund into the Rate Stabilization Fund.

2. Apply \$409,750 appropriated into the General Fund (Rate Stabilization) to the Operating Fund for Fiscal Year 2022.

**Basis and Background Document in
Support of Rate Adjustment Proposal**

Exhibit B

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 NO CHANGE IN OPERATING EXPENSE FOR FISCAL YEAR 2022

ADJUSTMENT OF SOURCE WATER PROTECTION FUND COMPONENT TO REFLECT NO CHANGE IN COMPONENT RATE FOR FISCAL YEAR 2022

ADJUSTMENT OF DEBT SERVICE COST COMPONENTS TO REFLECT BOND YEAR PAYMENTS DUE AND REQUIRED FOR FISCAL YEAR 2022

ADJUSTMENT OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE FINANCING PROGRAM DEBT COMPONENT TO REFLECT BOND YEAR PAYMENTS DUE AND REQUIRED FOR FISCAL YEAR 2022

ADJUSTMENT OF CAPITAL FUND COMPONENT RATE FOR INITIAL AND DELAYED WATER PURCHASE CONTRACT CUSTOMERS TO REFLECT NO CHANGE FOR FISCAL YEAR 2022

Proposed Effective Date: July 1, 2021

Approved: 11/2/2020

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PART I – EXPLANATION OF PROPOSED REVISED RATE STRUCTURE

Overview of Rate Proposal for Fiscal Year 2022

(July 1, 2021 - June 30, 2022)

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, 2021.

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 of 15.008mgd (15.695mgd at July 1, 1990 and 14.980mgd at July 1, 2015) and Shorelands (.028mgd) delayed water contract effective July 1, 2006:

Component	Current (FY2021) Rates Per MG 7/1/2020 – 6/30/2021	Proposed (FY2022) Rates Per MG 7/1/2021 – 6/30/2022
Operations & Maintenance Component	\$445.82	\$445.82
Source Water Protection Fund Component	15.00	15.00
NJEIFP Debt Component	24.93	24.93
Capital Fund Component	525.00	525.00
TOTAL RATE	\$1,010.75/mg	\$1,010.75/mg

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

Component	Current (FY2021) Rates Per MG 7/1/2020 – 6/30/2021	Proposed (FY2022) Rates Per MG 7/1/2021 – 6/30/2022
Operations & Maintenance Component	\$445.82	\$445.82
Source Water Protection Fund Component	15.00	15.00
Debt Service Cost Component	438.92	438.92
NJEIFP Debt Component	24.93	24.93
Capital Fund Component	200.00	200.00
TOTAL RATE	\$1,124.67/mg	\$1,124.67/mg

The General Rate Schedule for Operations and Maintenance (O&M) was last adjusted effective July 1, 2020 to cover the operating expenses of the System for FY2021. The FY2021 sales base was 19.443 million gallons per day (mgd). The Authority anticipates that the applicable raw water O&M sales base for FY2021 will remain the same at 19.443 mgd. The initial sales base will remain the same at 15.008mgd and 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 \$3,138,801 in O&M component revenue required during FY2022 with an O&M rate component of \$445.82 per million gallons, no change from FY2021, starting on July 1, 2021 (Schedule 20, page 41). The proposed operating expense budget for FY2022 is \$200,640 more than FY2021 and the proposed Capital Equipment Budget, net of depreciation reserve, is \$2,800 more than FY2021. In FY2022 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, the same as in FY2021. In FY2022 there will be no contribution to the Other Post-Employment Benefits Reserve and no Supplemental Renewal and Replacement Fund contribution. The OPEB Reserve is fully funded. See Budget Summary on page 19.

The Manasquan Reservoir system owes \$79,801 to the SMMUA Water Treatment Plant and Transmission System for actual FY2020 salary and fringe expenses. This amount will be applied to the CY2021 SMMUA budget (Schedule 15, pages 34-36).

Miscellaneous revenue and interest income in FY2022 is projected to increase by \$145,580 relative to FY2021 reflecting an increase in the use of year end surplus and excess debt service coverage available from FY2020 (Schedule 17, page 38), offset in part by lower interest earnings (Schedule 16, page 37). Overdraft revenue of \$37,573 is available from 2020.

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 were 15 and 25 years respectively. The bond proceeds also fully funded the Debt Service Reserve Account.

On April 26, 2016, the Authority issued \$17,460,000 in Manasquan Reservoir Water Supply System Refunding Bonds, Series 2016. The proceeds, together with other monies on deposit, were used to prepay \$23,242,358 in Manasquan Reservoir Water Supply System Revenue Bonds, Series 2005 and Current Manasquan State Loan Notes and Completion Notes. The Refunding Bonds carry a bond yield of 1.59 percent, and mature in incremental annual principal amounts through 2031. The debt service component of the rate represents 120 percent of the principal and interest requirements and debt service coverage must remain at 120 percent through the life of the bonds.

The current refunding resulted in a difference between the par amount of the refunding bonds and the par amount of the refunded bonds of \$5,782,358. The net premium on the refunding bonds was \$1,821,414. The economic gain was a net present value debt savings of \$2,999,861.

The Debt Service component of the rate for the Delayed Water Purchase Contracts (DWP) will be \$438.92 per million gallons, no change from FY2021. The portion of debt related to Initial Water Purchase Contracts was retired effective August 1, 2020, and the associated Debt Service component was eliminated in FY2021.

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 decreased the rate component by \$5.00 per million gallons from \$15.00 to \$10.00 for this fund in FY2016. In order to cover program needs the Authority increased the rate by \$5.00 per million gallons to restore the rate to \$15.00 per million gallons in FY2018. The Authority recommends no change to the rate of \$15.00 per million gallons in FY2022.

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 \$24.93 per million gallons in FY2022 is required to cover debt service payments in accordance with the schedule and is no change from the FY2021 rate.

A capital fund rate component was established in the Manasquan System for Initial Water Purchase Contracts (\$525.00/mg) and Delayed Water Purchase Contracts (\$200.00/mg) in FY2021 to provide for long-term capital needs that will allow for the proper maintenance, rehabilitation and/or replacement of the system facilities. As critical structures, including dams, continue to age in the 30 year old Manasquan System, the Authority believes it is prudent to maintain a similar rate component that would fund related capital needs. The Authority recommends no change to the rate of \$525.00 per million gallons for Initial Water Purchase Contract customers and \$200.00 per million gallons for Delayed Water Purchase Contract customers in FY2022.

For Initial Water Purchase Contract customers, the base contract O&M Rate (\$445.82), Source Water Protection Program Rate (\$15.00), NJEIFP Debt Rate (\$24.93) and Capital Fund Component (\$525.00) comprise the total base contract rate for raw water of \$1,010.75 per million gallons, and represents no change in the rate relative to FY2021. This base contract rate is charged to all uninterruptible service contracts executed prior to July 1, 1990 (and renewed at July 1, 2015), the commencement date of Manasquan Reservoir System operations, and one Delayed Water Purchase contract with Shorelands Water Company (recently acquired by New Jersey American) 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 Contract customers in FY2022 is \$1,124.67 per million gallons, representing no change relative to the FY2021 delayed water purchase rate. The O&M Component (\$445.82), the Source Water Protection Fund Component (\$15.00), the Debt Service Rate Component (\$438.92), the NJEIFP Debt Rate (\$24.93) and the Capital Fund Component (\$200.00) comprise the total rate.

Table 1 (page 15) 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, 2021 through June 30, 2022. These rates are based upon the projected operating costs and reflect an estimated contracted sales base of 19.443mgd.

Table 2 (page 16) is a twenty-year history of the total initial water purchase contract annual water rate.

Table 3 (page17) 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, 2021, January 10, 2022, April 10, 2022 and July 10, 2022.

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 7, 2021.

A public hearing on the proposed rate adjustment is scheduled at 11:00 a.m. on Thursday, February 4, 2021. The public hearing record is scheduled to close on March 15, 2021.

Further information regarding the dial-in information or location for the pre-public hearing meeting and for the public hearing will be posted on the Authority's website at <https://www.njwsa.org/public-notice.html> at least 15 days prior to the date of the meeting/hearing.

The Authority will take final action on the proposed rate adjustment at its May 3, 2021 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 FY2020 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 FY2022 budget based on the FY2020 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, 2020. The percentages used to provide the basis for the salary allocation for FY2022 were established from historical time records and estimated future workload relative to both Systems. 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 21).

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 FY2022.

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 were renewed effective July 1, 2015 and expire June 30, 2040. 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. Of the 13 contracts, six 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 and the New Jersey American

Contract. One is a three party contract (Keyport Borough) among the Authority, the customer and Shorelands Water Company (recently acquired by New Jersey American) for the delivery of water through Shorelands' distribution system. Six contracts (the Boroughs of Avon, Belmar, Matawan, Red Bank and Lake Como, and Shorelands (recently acquired by New Jersey American)) are three party contracts among the Authority, the customers and New Jersey American for the provision of treated water from New Jersey American. The total sales base dropped from 20.560 to 19.443 mgd effective July 1, 2015 and remains the total for FY2022.

Overview of Projected Operational Expenses

The Authority's proposed FY2022 Manasquan Reservoir Total Expense budget is \$200,640 more than the current FY2021 budget. The allocation of Authority Headquarters General and Administrative Expenses in FY2022 increases \$41,000 versus FY2021. Capital Equipment budget for FY2022 is \$2,800 more than FY2021. There will be no FY2022 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 \$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. There will be a normal contribution to the Renewal and Replacement Fund of \$120,000. There will be no contribution to the reserve for other post-employment benefits (accrued sick leave payments for retirees) which was created in FY2017. Miscellaneous revenue and interest income increases by \$145,580. These factors contribute to an \$18 increase in the total FY2022 O&M Component requirement relative to FY2021 (\$3,138,801 vs. \$3,138,783). (Budget Summary on page 19).

Total O&M Direct Expenses are increasing by \$110,464 from FY2021, largely due to increases in insurance and sediment removal expenses. General and Administrative Expenses allocated to the Reservoir System are increasing by \$2,253 from FY2021.

Salaries, Overtime and Benefits

Authority employees within the Communications Workers of America (CWA), the International Federation of Professional Technical Engineers (IFPTE) and the International Brotherhood of Electrical Workers (IBEW) are currently operating under a contract that expires on June 30, 2023. The FY2022 budget assumes a 2.0 percent cost of living adjustment payable July 1, 2021 and another 2.0 percent cost of living adjustment payable in December of 2021 which was deferred from July of 2020 as a result of the 2020 COVID State Emergency Memorandum of Agreement Between the Communications Workers of America and the State of New Jersey and subsequently by agreement with the other unions. The IFPTE/AFL-CIO represents the Authority's Maintenance, Craft and Security Units and the CWA represents the Authority's Administrative and Clerical, Primary Level and Higher Level Supervisors Units. The IBEW represents one management employee.

The Authority did not include any cost of living adjustments in the FY2022 budget for management. The Authority is budgeting 48 percent of the Salary budget for fringe benefits in FY2022, exclusive of retiree medical.

Pension expense payable to the state of New Jersey on April 1, 2021 is anticipated to be approximately \$250,000 for the Manasquan System. The Authority has budgeted \$283,700 for this line item in FY2022. The average increase in actual payments to Treasury for pension contributions since FY2017 is 3.7 percent. Although increases have stabilized in the last three years, there is still a level of uncertainty in this expense item because the pension system remains significantly underfunded.

Total salary and fringe is increasing by \$157,300 for FY2022 from FY2021, and the portion allocated to the Reservoir System is increasing by \$87,922. The increase is due in large part to contractual salary increases and increases in health care costs. In FY2022, 48 percent of total salary and fringe is allocated to the Reservoir System and 52 percent to the Treatment Plant. The number of budgeted positions in FY2022 is 27, which is the same as FY2021. (Schedule 2, page 21).

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. Those who attain 25 years on or after July 1, 1997 share some portion of post-retirement health benefit costs with the employer as determined by union contract or bargaining unit agreement. The Authority retiree health benefits expense item is increasing in FY2022 from \$99,800 to \$158,500. The Authority is budgeting three additional retirees in FY2022. The Centers for Medicare and Medicaid Services (CMS) estimates that national health care spending will increase at an annual rate of 5.7 percent from 2018-2027. The Authority used actual 2020 rates and budgeted 5.7 percent and 5.7 percent increases for calendar years 2021 and 2022, respectively. The budget contains sufficient funds for ten retired employees.

Insurance Program

The Authority is recommending a \$62,364 increase in insurance expenses for FY2022, reflecting general market conditions as assessed by the Authority's insurance broker/ risk consultant, and based on a recent recalculation of relative asset values. Broker services are remarketed every three years and the insurance program is renewed on March 1.

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.

Headquarters General and Administrative Expenses

Budgeted Headquarters General and Administrative Expenses in FY2022 total \$732,719 of which \$632,117 is charged to the Manasquan Reservoir System and \$100,602 is charged to the Manasquan Water Treatment Plant (Schedule 13, page 32). Because actual audited Headquarters Expenses were lower than the budget for FY2020 by \$58,677, that difference must be credited in FY2022 resulting in an adjusted charge to the Reservoir System of \$583,000. Headquarters charges

are driven primarily by salary and fringe.

Interest Income and Miscellaneous Revenue

The projected interest earnings on reserve funds for FY2022 are \$43,300. This reflects a decrease of \$40,500 relative to FY2021 and is based upon an interest rate of .5 percent for short-term investments (See Schedule 16, page 37). In recent years, the Authority has been able to substantially increase earnings on funds held in bank accounts by consolidating banking relationships.

Reserve Contributions

Consistent with FY2021, there will be no FY2022 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 regular \$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. There were two new reserve fund contributions in FY2017 which will not be funded in FY2022. There was a supplemental contribution of \$350,000 to the Renewal and Replacement Fund in FY2017 that is not required in FY2022. The Authority requires a minimum balance of \$2 million in the fund to cover dam emergencies, and pipeline and pump emergent repairs. Because the system is aging, there are normal maintenance expenditures included in the five year plan that would have drawn the fund down below the \$2 million requirement without the supplemental deposit. Finally, the Authority funded a reserve for other post-employment benefits (accrued sick leave) in FY2017 in order to assure that sufficient funds are available to pay out sick benefits as this number is not regularly budgeted in salary and fringe.

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. Long term investment earnings are being used to fund the Depreciation Reserve.

Self Insurance Reserve

The Self Insurance Fund 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 FY2022.

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 must equal 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 was fully funded as of June 30, 2016 and as a result, no contribution will be needed in FY2022.

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, 2020 was \$4,169,211. 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 and 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, 2020 is \$1,490,356. Because of overall rate considerations in prior years, the Authority reduced the Source Water Protection Fund Component from \$15.00 per million gallons to \$10.00 per million gallons in FY2016 and FY2017 and reinstated the rate to \$15.00 per million gallons in FY2018 to ensure adequate funding for these initiatives. The Authority proposes no change to the rate in FY2022.

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 FY2022.

PART II – DETAILED SUPPORTING INFORMATION

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Table 1 - Summary of Proposed Fiscal Year 2022 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 (14.980mgd), and Shorelands (.028mgd) delayed water contract effective July 1, 2006:**

I. July 1, 2021 to June 30, 2022

Rate Component	Current	Original Proposal 11/02/20	Difference	Percentage Increase (Decrease)
Operations & Maintenance Expense Component	\$445.82	\$445.82	\$0.00	0.00%
Source Water Protection Fund Component	\$15.00	\$15.00	\$0.00	0.00%
NJEIFP Debt Component	\$24.93	\$24.93	\$0.00	0.00%
Capital Fund Component	\$525.00	\$525.00	\$0.00	--
Total Rate	\$1,010.75/mg	\$1,010.75/mg	\$0.00/mg	0.00%

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, 2021 to June 30, 2022

Rate Component	Current	Original Proposal 11/02/20	Difference	Percentage Increase (Decrease)
Operations & Maintenance Expense Component	\$445.82	\$445.82	\$0.00	0.00%
Source Water Protection Fund Component	\$15.00	\$15.00	\$0.00	0.00%
Debt Service Cost Component	\$438.92	\$438.92	\$0.00	0.00%
NJEIFP Debt Component	\$24.93	\$24.93	\$0.00	0.00%
Capital Fund Component	\$200.00	\$200.00	\$0.00	--
Total Rate	\$1,124.67/mg	\$1,124.67/mg	\$0.00/mg	0.00%

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

**Table 2 - Rate History of Water Charges per Million Gallons of Raw Water - Initial
FY2003-FY2022**

Initial Water Purchaser 14.980 mgd July 1, 2015
Shorelands .028 mgd July 1, 2006

<u>Effective Date</u>	<u>O&M Charge</u>	<u>Source Water Protection</u>	<u>Debt Repayment 2/1/91-8/01/20</u>	<u>NJEIFP Debt Component</u>	<u>Capital Fund Component</u>	<u>Total Charge per MG</u>	<u>Percent Increase (Decrease)</u>
July 1, 2002	212.35		582.62			\$794.97	-0.37%
July 1, 2003	201.14	15	578.83			\$794.97	0.00%
July 1, 2004	321.69	15	584.95			\$921.64	15.93%
July 1, 2005	295.41	15	584.6			\$895.01	-2.89%
July 1, 2006	295.41	15	522.86			\$833.27	-6.90%
July 1, 2007	302.52	15	528.54			\$846.06	1.53%
July 1, 2008	302.52	15	566.59			\$884.11	4.50%
July 1, 2009	396.79	15	568.26			\$980.05	10.85%
July 1, 2010	396.79	15	568.69			\$980.48	0.04%
July 1, 2011	347.39	15	618.09	35.42		\$1,015.90	3.61%
July 1, 2012	345.95	15	619.53	35.42		\$1,015.90	0.00%
July 1, 2013	356.61	15	619.87	24.42		\$1,015.90	0.00%
July 1, 2014	356.61	15	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%
July 1, 2016	432.87	10.00	636.61	25.10		\$1,104.58	4.46%
July 1, 2017	432.87	15.00	570.55	24.93		\$1,043.35	-5.54%
July 1, 2018	432.87	15.00	570.55	24.93		\$1,043.35	0.00%
July 1, 2019	432.87	15.00	570.55	24.93		\$1,043.35	0.00%
July 1, 2020	445.82	15.00	0.00	24.93	525.00	\$1,010.75	-3.12%
July 1, 2021	445.82	15.00	0.00	24.93	525.00	\$1,010.75	0.00%

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Table 3 - Rate History of Water Charges per Million Gallons of Raw Water - Delayed
FY2008-FY2022

Delayed Water Purchaser NJ-American 1 mgd July 1, 2001
1.935 mgd October 1, 2002
1.500 mgd 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>Capital Fund Component</u>	<u>Total Charge per MG</u>	<u>Percent Increase (Decrease)</u>
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%
July 1, 2016	432.87	10.00	770.07	25.10		\$1,238.04	3.96%
July 1, 2017	432.87	15.00	664.96	24.93		\$1,137.76	-8.10%
July 1, 2018	432.87	15.00	664.96	24.93		\$1,137.76	0.00%
July 1, 2019	432.87	15.00	664.96	24.93		\$1,137.76	0.00%
July 1, 2020	445.82	15.00	438.92	24.93	200.00	\$1,124.67	-1.15%
July 1, 2021	445.82	15.00	438.92	24.93	200.00	\$1,124.67	0.00%

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule of Events

(N.J.A.C. 7:11-4.1 et.seq.)
To become effective July 1, 2021

2020

- SEPTEMBER 28 Advise Water Users of informal meeting.
- OCTOBER 29 Informal meeting with Water Users – 11:00 AM.
- NOVEMBER 2 Board reviews and approves proposed Rates.
- DECEMBER 18 Mail Official Notice to water customers, Rate Payer Advocate, interested parties and advertise in newspapers.

2021

- JANUARY 4 Publication in the New Jersey Register.
- 7 Pre-Public Hearing – 11:00 AM (within 45 days of Official Notice).
Deadline for responses to inquires received prior to pre-public hearing.
- FEBRUARY 1 Deadline for receipt of comments to be addressed at Public Hearing
(15 days after pre-public hearing).
- 4 Public Hearing Meeting. (Manasquan Administration Building) – 11:00
AM Deadline for responses to inquires received between pre-public and
public hearing.
- 22 Written responses to questions raised at Hearing (within 10
business days of the public hearing).
- MARCH 5 NJ Register Comment Period Ends.
- 15 Public Hearing record closes (25 business days after
Public Hearing).
- MAY 3 Board approval of FY 2022 Rates & Budget
- JULY 1 Effective date.

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Proposed Fiscal Year 2022 Budget Summary

(07/01/21-06/30/22)

	ADOPTED F/Y2021 <u>Reservoir Budget</u>	PROPOSED F/Y2022 <u>Reservoir Budget</u>
Proposed Operating Expense Budget (Schedule 1)	\$ 2,560,530	\$ 2,761,170
Allocation of Headquarters General & Administrative Expenses to the Manasquan Reservoir System (Schedule 13)	<u>\$ 542,000</u>	<u>\$ 583,000</u>
Proposed Total Expense Budget	\$ 3,102,530	\$ 3,344,170
Proposed Capital Equipment Budget (Schedule 14)	\$ 14,900	\$ 17,700
Contribution to Reserve Funds		
- Sediment Reserve	\$ 10,000	\$ 10,000
- Formal Dam Inspection Reserve	\$ 5,000	\$ 5,000
- Renewal & Replacement Fund	\$ 120,000	\$ 120,000
- High Voltage Testing Reserve	\$ 15,000	\$ 15,000
- Other Post Employment Benefits Reserve	\$ -	\$ -
- Supplemental Renewal & Replacement	\$ -	\$ -
Adjustment for F/Y20 Salary and Fringe Expenses to be paid (from)/to WTP/TS Account (Schedule 15)	\$ -	\$ 79,801
Adjustment for F/Y19 Salary and Fringe Expenses to be paid (from)/to WTP/TS Account	<u>\$ 178,643</u>	<u>\$ -</u>
Total Budget Requirements	<u>\$ 3,446,073</u>	<u>\$ 3,591,671</u>
Interest Earnings on Funds (Except Renewal and Replacement and Depreciation Reserve Fund) (Schedule 16)	\$ (83,800)	\$ (43,300)
Unanticipated Revenue (Schedule 17)	<u>\$ (223,490)</u>	<u>\$ (409,570)</u>
Total Miscellaneous Revenue & Interest Income	<u>\$ (307,290)</u>	<u>\$ (452,870)</u>
Net Amount to be paid for O & M Component	<u>\$ 3,138,783</u>	<u>\$ 3,138,801</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 1 - Total Operations & Maintenance Budget

Fiscal Year 2022

	F/Y2020 Reservoir Actual	F/Y2021 Reservoir Adopted	F/Y2022 Reservoir Proposed
Salaries & Fringe Benefits (Schedule 2)*	\$1,350,790	\$1,415,510	\$1,503,432
O & M Direct Expense (Schedule 3)	766,347	1,005,936	1,116,400
G&A Expenses (Schedule 5)	71,761	139,086	141,339
Total Operations & Maintenance Budget	\$2,188,898	\$2,560,532	\$2,761,172
Estimate	\$2,188,900	\$2,560,530	\$2,761,170

Summary of O & M Expenses for Reservoir and Treatment Plant/Transmission System

	F/Y2020 Actual		F/Y2021 Adopted		F/Y2022 Proposed	
	Reservoir	WTP/TS	Reservoir	WTP/TS	Reservoir	WTP/TS
Salaries/Fringe*	\$1,169,504	\$1,139,829	\$1,415,510	\$1,583,760	\$1,503,432	\$1,653,098
O & M Direct Expense	859,321	618,647	1,005,936	864,000	1,116,400	909,916
G & A Expense	133,543	89,907	139,086	99,414	141,339	101,161
Total	\$2,162,369	\$1,848,383	\$2,560,532	\$2,547,174	\$2,761,172	\$2,664,174

*Actual fringe includes GASB 68 non-cash Pension expense

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 2 - Labor Projection
Fiscal Year 2022 (7/01/21-6/30/22)

TITLES	RANGE	SALARY	FRINGE BENEFITS	OVERTIME	CLOTHING ALLOWANCE	SHIFT DIFFERENTIAL	TOTAL	ALLOCATION RESERVOIR %	AMOUNT RESERVOIR	ALLOCATION WTP/TS %	AMOUNT WTP/TS
Director	36	137,400	76,412	-	-	-	213,812	50%	106,910	50%	106,900
Project Engineer II	26	94,300	52,442	-	-	-	146,742	51%	75,229	49%	71,511
Water Supply Tech.	17	66,500	37,288	-	550	-	104,338	62%	64,671	38%	39,669
Administrative Assistant	18	70,600	39,335	129	-	-	110,064	50%	55,100	50%	54,930
Supervisor Technical Facilities Maint	23	88,600	53,849	7,678	550	-	150,677	47%	70,055	54%	80,645
Sr. Water Supply Tech.	20	77,300	43,789	889	550	-	122,528	43%	52,676	57%	69,865
Maintenance Worker I	10	48,600	27,334	-	550	-	76,484	93%	71,394	7%	5,086
Supervisor Operations	29	113,400	63,065	-	-	-	176,465	25%	43,283	76%	133,177
Equipment Operator	12	48,100	27,249	347	550	-	76,246	94%	71,570	6%	4,630
Foreman Bldg & Grounds Maint	19	77,300	43,572	499	550	-	121,921	94%	114,138	6%	7,782
Foreman Facilities Maintenance	20	77,000	44,114	1,774	550	-	123,438	47%	57,803	53%	65,657
Facilities Mechanic (3 Positions)	18	199,100	112,670	1,849	1,650	-	315,269	48%	151,135	52%	164,085
Supervisor Plant Operator	22	83,600	48,910	3,797	550	-	136,857	37%	50,325	63%	86,535
Maintenance Worker I Operations	10	48,600	27,371	67	550	-	76,588	92%	70,295	8%	6,325
Reservoir System Operator (5 Positions)	15	236,600	148,921	26,533	2,750	1,900	416,704	97%	405,717	3%	10,953
Asst. Reservoir System Operator	13	-	-	-	-	-	-	95%	-	5%	-
Plant Operator (3 Positions)	20	220,200	142,005	33,496	1,650	-	397,351	6%	23,811	94%	373,539
Plant Operator (3 Positions)	19	217,500	139,779	32,193	1,650	-	391,122	5%	19,321	95%	371,809
TOTAL: (rounded)		<u>1,904,700</u>	<u>1,128,100</u>	<u>109,250</u>	<u>12,650</u>	<u>1,900</u>	<u>3,156,600</u>		<u>1,503,432</u>		<u>1,653,098</u>

TOTAL = 27 Positions

Director and Adm. Assistant, Water Supply Tech and Sr. Water Supply Tech percentages modified based on work load. All others are four-year average.

NOTE: A. PERCENTAGES ARE FROM THE AVERAGE OF FISCAL YEARS 2015 THROUGH 2018 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

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 3 - Reservoir System Operations and Maintenance Direct Expense Budget

Proposed F/Y 2022, Adopted F/Y 2021, and Actual F/Y 2018-2020

Cost Center: Reservoir Direct
(40)

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

CODE	ACCOUNT	FY '18 ACTUAL	FY '19 ACTUAL	FY '20 ACTUAL	FY '21 ADOPTED	FY '22 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					
5210	Heating Fuel			399	800	900
5220	Utilities -Electrical Service	76,695	74,899	70,058	90,500	90,500
5230	-Gas Service	6,759	6,451	6,415	8,000	8,000
5240	-Propane					
5250	Electricity for Pumping Station	218,469	171,380	206,599	305,000	305,000
5260	Fuel - Vehicular					
5270	Oil & Grease					
5280	Tires					
5290	Maintenance Supplies	5,244	5,615	9,671	4,000	4,000
5300	Maint. Supplies - Vehicular					
5310	Major Vehicle Service & Repair					
5320	Agricultural Supplies					
5330	Maintenance Equipment	28,963	55,396	42,721	51,500	51,500
5340	Serv. & Maintenance Contracts	17,379	56,735	39,953	43,450	43,450
5350	Equipment Rental	4,400	2,340	11,105	6,500	6,500
5360	Household - Safety Supplies	835	766	2,518	1,000	1,000
5370	Uniforms					
5380	Special & Professional Services	130,420	72,226	68,971	138,686	138,686
5390	Protective Services	232,093	242,258	259,993	266,200	328,564
5400	Telephone	7,204	8,157	9,285	8,000	8,000
5410	Postage & Freight Out					
5420	Data Processing					
5430	Printing & Office Supplies	964	966	714	1,500	1,500
5440	Scientific & Photographic	2,258	751	2,524	5,500	5,500
5450	Dues & Subscriptions					
5460	Advertising & Promotional	433			2,000	2,000
5480	Staff Training & Tuition Aid					
5490	Fees & Permits	31,080	31,510	31,680	36,500	37,500
5500	In - Lieu Taxes	36,756	36,896	36,756	36,800	36,800
5510	Sediment Removal	29,724		59,961		47,000
5520	Chemicals					
5525	Carbon Filter Replacement					
	Total Other Expenses	\$829,677	\$766,347	\$859,321	\$1,005,936	\$1,116,400
	Total Operating Expenses	\$829,677	\$766,347	\$859,321	\$1,005,936	\$1,116,400
	ANNUAL BUDGET	\$1,049,600	\$1,019,652	\$1,008,584	\$1,005,936	\$1,116,400

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 4 - Treatment Plant/Transmission System Operations and Maintenance Direct

Expense Budget

Proposed F/Y 2022, Adopted F/Y 2021, and Actual F/Y 2018-2020

Cost Center: Treat/Trans Direct
(50)

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

CODE	ACCOUNT	FY '18 ACTUAL	FY '19 ACTUAL	FY '20 ACTUAL	FY '21 ADOPTED	FY '22 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					
5210	Heating Fuel	0	0	2,043	6,000	6,000
5220	Utilities -Electrical Service	269,231	251,242	255,320	304,500	304,500
5230	-Gas Service	24,309	26,630	24,720	31,000	31,000
5240	-Propane					
5250	Electricity for Pumping Station					
5260	Fuel- Vehicular					
5270	Oil & Grease	1,365	1,220	1,317	4,000	4,000
5280	Tires					
5290	Maintenance Supplies	4,217	6,603	6,983	6,000	6,000
5300	Maint. Supplies - Vehicular					
5310	Major Vehicle Service & Repair					
5320	Agricultural Supplies	64				
5330	Maintenance Equipment	44,048	91,668	32,057	112,500	98,500
5340	Serv. & Maintenance Contracts	22,084	26,485	35,593	42,000	56,000
5350	Equipment Rental	1,507	5,542	763	3,000	3,200
5360	Household - Safety Supplies	216	688	1,260	2,000	2,000
5370	Uniforms					
5380	Special & Professional Services	28,673	28,904	23,710	34,800	34,800
5390	Protective Services	79,836	80,035	80,832	85,700	113,736
5400	Telephone	481	516	539	1,000	1,000
5410	Postage & Freight Out	969	1,652			
5420	Data Processing					
5430	Printing & Office Supplies	5,077	8,266	2,343	9,800	9,800
5440	Scientific & Photographic	11,868	11,998	10,663	13,000	13,800
5450	Dues & Subscriptions					
5460	Advertising & Promotional	587	287	260	1,000	1,000
5470	Travel & Subsistence	55	59	12		
5480	Staff Training & Tuition Aid	5,102	1,843	0	6,700	6,700
5490	Fees & Permits	5,621	9,262	6,141	9,600	11,080
5500	In - Lieu Taxes	0	0	140	400	400
5510	Residual Removal	4,466	4,500	0	15,000	15,400
5520	Water Treatment Chemicals	88,979	134,833	132,813	131,000	131,000
5525	GAC Replacement	49,871	42,000		45,000	60,000
5528	Reimb of O&M Capital Expenditures	3,725	12,546	1,138		
	Total Other Expenses	\$652,350	\$746,777	\$618,647	\$864,000	\$909,916
	Total Operating Expenses	\$652,350	\$746,777	\$618,647	\$864,000	\$909,916
	ANNUAL BUDGET	\$941,860	\$929,660	\$855,400	\$864,000	\$909,916

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 5 - Reservoir System General and Administrative Operations and Maintenance

Direct Expense Budget

Proposed F/Y 2022, Adopted F/Y 2021, and Actual F/Y 2018-2020

Cost Center: G & A

(60)

MANASQUAN WATER SUPPLY SYSTEM
GENERAL & ADMINISTRATIVE
EXPENSE BUDGET

CODE	ACCOUNT	FY '18 ACTUAL	FY '19 ACTUAL	FY '20 ACTUAL	FY '21 ADOPTED	FY '22 PROPOSED
5110	Regular Salaries & Wages	\$1,761,247	\$1,747,505	\$1,744,737	\$1,835,950	\$1,919,250
5120	Overtime-Salaries & Wages	77,313	80,779	71,499	109,250	109,250
5130	New positions-Salaries & Wages					
5140	Seasonal Help-Salaries & Wages					
5150	Fringe Benefits	928,393	996,747	554,954	949,300	964,600
5160	Retiree Health Benefits	125,373	(149,260)	(184,085)	99,800	158,500
5168	Workers Comp. (Self-Insured)	1,006	1,453	701	5,000	5,000
	Total Salary, Wages & Fringe	\$2,893,334	\$2,677,224	\$2,187,807	\$2,999,300	\$3,156,600
	Budget - salary and fringe					
5200	Residences					
5210	Heating Fuel					
5220	Utilities -Electrical Service					
5230	-Gas Service					
5240	-Propane					
5250	Electricity for Pumping Station					
5260	Fuel - Vehicular	20,387	22,463	13,896	22,750	22,750
5270	Oil & Grease	865	6,797	3,628	5,700	5,700
5280	Tires	5,873	5,740	8,905	7,000	7,000
5290	Maintenance Supplies	10,278	8,457	7,890	27,300	27,300
5300	Maint. Supplies - Vehicular	6,022	8,656	9,703	10,600	10,600
5310	Major Vehicle Service & Repair	39,086	22,121	18,290	52,000	52,000
5320	Agricultural Supplies	2,876	5,219	1,787	8,600	8,600
5330	Maintenance Equipment	4,412	5,574	2,734	17,100	17,100
5340	Serv. & Maintenance Contracts	13,066	11,723	18,620	22,550	26,550
5350	Equipment Rental	2,348	2,307	2,411	4,300	4,300
5360	Household - Safety Supplies	8,145	5,655	11,830	7,500	7,500
5370	Uniforms					
5380	Special & Professional Services	7,099	7,469	7,395	7,700	7,700
5390	Protective Services					
5400	Telephone	6,304	6,008	5,714	7,000	7,000
5410	Postage & Freight Out	447	1,166	1,078	1,200	1,200
5420	Data Processing	4,417	3,558	2,427	5,000	5,000
5430	Printing & Office Supplies	2,242	3,659	2,528	5,800	5,800
5440	Scientific & Photographic	91	0	0	300	300
5450	Dues & Subscriptions	1,085	1,215	1,197	3,000	3,000
5460	Advertising & Promotional	1,379	1,214	459	2,000	2,000
5470	Travel & Subsistence	70	306	470	1,000	1,000
5480	Staff Training & Tuition Aid	5,920	4,251	2,512	12,400	12,400
5490	Fees & Permits	2,794	5,211	3,265	7,700	7,700
5500	In - Lieu Taxes					
5510	Residual Removal					
5520	Water Treatment Chemicals					
5525	GAC Replacement					
	Total Other Expenses	\$145,206	\$138,769	\$126,739	\$238,500	\$242,500
	Total Operating Expenses	\$3,038,539	\$2,815,993	\$2,314,546	\$3,237,800	\$3,399,100
	Budget- other expenses					
	TOTAL ANNUAL BUDGET					
	Reservoir System	\$84,508	\$71,761	\$133,543	\$139,086	\$141,339
	Treatment/Transmission System	\$60,698	\$67,008	\$89,907	\$99,414	\$101,161

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 6 - List of Category 5340 Items Recommended Service & Maintenance Contracts

For Reservoir (40)

Fiscal Year 2022

		Adopted F/Y21	Proposed F/Y22
		<u> </u>	<u> </u>
1	HVAC/Dehumidifier Service	\$ 500	\$ 500
2	Instrumentation & Control System Service/Upgrade	3,000	3,000
3	Electrical Upgrade & Repair	14,000	14,000
4	Overhead Crane Service & Inspection	3,000	3,000
5	Fire & Intrusion Alarm Service	1,500	1,500
6	Potable Well/Septic Service	1,500	1,500
7	Fertilization-Dam Dike	3,750	3,750
8	Roadway Crack Sealing	3,000	3,000
9	Wood Debris Removal	2,500	2,500
10	Access Roadway Repairs	2,500	2,500
11	Roofing System Maintenance & Repair	4,000	4,000
12	Reservoir Transmission Line Clearing	3,000	3,000
13	Fios Fiber Optic for Security Cameras	<u>1,200</u>	<u>1,200</u>
	Total Service & Maintenance Contracts	<u>\$ 43,450</u>	<u>\$ 43,450</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 7 - List of Category 5340 Items Recommended Service & Maintenance Contracts

For WTP/TS (50)

Fiscal Year 2022

	Adopted F/Y21	Proposed F/Y22
1 HVAC Service	\$ 2,000	\$ 2,000
2 Electrical Service Contract	1,500	1,500
3 Instrumentation & Control System Service & Upgrade	6,000	6,000
4 Electrical Upgrade & Repair	4,000	4,000
5 Overhead Crane Service	3,000	3,000
6 UST Monitors Service and Upgrade	1,000	2,000
7 Fire & Intrusion Alarm Service	1,200	3,600
8 Air Compressor Service	1,200	500
9 Boiler Service	2,500	500
10 Auxiliary Generator Service	3,500	3,500
11 Lab Equipment Service	2,500	3,000
12 Backflow Preventor Service	500	500
13 Gas-Fired Hot Water Heater Service	700	-
14 Instrumentation & Control System Service & Upgrade (Transmission System)	5,000	-
15 Electrical Upgrade & Repair (Transmission System)	2,000	-
16 Meter Vault Internet Service (Transmission System)	5,400	-
17 UPS Battery PM Service and Batteries	-	3,500
18 Four Year Electrical Switchgear Testing Service	-	10,000
	<hr/>	<hr/>
Total Service & Maintenance Contracts	<u>\$ 42,000</u>	<u>\$ 43,600</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 8 - List of Category 5340 Items Recommended Service & Maintenance Contracts

For G & A (60)

Fiscal Year 2022

		<u>Adopted F/Y21</u>	<u>Proposed F/Y22</u>
1	Refuse & Waste Disposal	\$ 2,000	\$ 2,000
2	Office Equipment/Computers	1,800	1,800
3	Waste Oil Disposal	200	200
4	Fire Extinguisher Service	1,100	1,100
5	UST Monitor Service	2,000	2,000
6	Building Maintenance	1,750	1,750
7	Internet Service	2,000	2,000
8	Janitorial Service	8,000	8,000
9	Vehicle Lift Inspection	500	500
10	Generator Service & Maintenance	2,000	2,000
11	Forklift Service & Maintenance	1,200	1,200
12	Underground Fuel Storage Tank Service	-	4,000
	Total Service & Maintenance Contracts	<u>\$ 22,550</u>	<u>\$ 26,550</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 9 - List of Category 5380 Items Recommended Special & Professional Service For

Reservoir (40)

Fiscal Year 2022

		Adopted F/Y21	Proposed F/Y22
		<u> </u>	<u> </u>
1	Laboratory Services - Water Quality Sampling	\$ 10,000	\$ 10,000
2	Consultant Services - Dam Inspection	15,000	15,000
3	Services-USGS Cooperative Agreement	34,000	34,000
4	Annual Trustee Fund	9,500	9,500
5	Dam Management-Surveying	2,500	2,500
6	Wetland Monitoring Management	8,000	8,000
7	Lake Management Consultants	20,000	20,000
8	Engineering Services	4,000	4,000
9	Financial Advisory Services	4,850	4,850
10	USGS Gaging Station Squankum	<u>30,836</u>	<u>30,836</u>
	Total Special & Professional Services	<u><u>\$ 138,686</u></u>	<u><u>\$ 138,686</u></u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 10 - List of Category 5380 Items Recommended Special & Professional Services

For WTP/TS (50)

Fiscal Year 2022

		Adopted F/Y21	Proposed F/Y22
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	11,000	11,000
5	Underground Markout Service (Transmission System)	1,800	-
	Total Special & Professional Services	\$ 34,800	\$ 33,000

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 11 - List of Category 5380 Items Recommended Special & Professional Services

For G & A (60)

Fiscal Year 2022

	<u>Adopted</u> <u>F/Y21</u>	<u>Proposed</u> <u>F/Y22</u>
1 Pulmonary Testing	\$ 1,500	\$ 1,500
2 CDL Medical Testing	1,000	1,000
3 EAS Service	4,000	4,000
4 Pre-Employment Physicals	<u>1,200</u>	<u>1,200</u>
Total Special & Professional Services	<u>\$ 7,700</u>	<u>\$ 7,700</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 12 - Projected FY 2022 New Jersey Water Supply Authority Insurance Program

<u>Policy</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	\$581,916	\$254,075	\$75,585	\$911,576
General/Products Liability Limit \$1 million Deduct: \$150k	\$121,481	\$11,358	\$2,359	\$135,198
Environmental Impairment Liability Limit \$10 million Deduct: \$100k	\$24,261	\$2,268	\$471	\$27,000
Workers' Compensation Limit \$1 million	\$153,012	\$22,554	\$24,434	\$200,000
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	\$319,971	\$29,915	\$6,211	\$356,098
Business Automobile Limit: \$1 million G/L, \$0 pd Deduct: \$50k, G/L	\$27,363	\$3,662	\$1,240	\$32,264
Management Liability Public Officials Liability Cyber Risk Fidelity & Crime Limit \$5 million/\$1million/\$1 million Deduct: \$100k/\$10k/\$50k	\$43,553 \$6,386 \$49,939	\$4,072 \$597 \$4,669	\$845 \$124 \$2,453 \$3,422	\$48,470 \$7,107 \$2,453 \$58,031
Travel Accident Limit \$2 million	\$674	\$63	\$13	\$750
TOTAL:	\$1,278,616	\$328,564	\$113,736	\$1,720,916

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

**Schedule 13 - Recap of Allocation of Headquarters General and Administrative Expenses
Charged To the Manasquan Reservoir Water Supply System**

Fiscal Year 2022 (7/1/21-6/30/22)

	Total Headquarters Charge	Manasquan Reservoir System	Manasquan WTP/TS
Budgeted-Appendix I, amount to be charged to Manasquan System for FY22 (7/1/21-6/30/22)	\$732,719	\$632,117	\$100,602
F/Y20 Adjustment as per audited Expenditures:			
Budgeted as per rate schedule for F/Y20 (7/1/19-6/30/20). Amounts paid during F/Y20 to Raritan Basin System.	\$660,000	\$568,000	\$92,000
Actual allocation based upon audited expenditures F/Y20 (7/1/19-6/30/20) - Appendix II	<u>\$601,323</u>	<u>\$518,747</u>	<u>\$82,576</u>
Adjustments F/Y20	<u>(\$58,677)</u>	<u>(\$49,253)</u>	<u>(\$9,424)</u>
Net Allocation for F/Y2022 Budget	<u><u>\$674,042</u></u>	<u><u>\$582,864</u></u>	<u><u>\$91,178</u></u>
Estimate	<u>\$674,000</u>	<u>\$583,000</u>	<u>\$92,000</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 14 - Proposed Capital Equipment Budget

Fiscal Year 2022

Description	(A)Addition (R)Replacemer	Year of Purchase Vehicle/Equipment	Dollar Value	%	Manasquan Reservoir	Manasquan WTP/TS	Reservoir Depreciation Reserve	WTP/TS Depreciation Reserve
REPLACE VEHICLE 65 CHEVY SILVERADO Z71	R	2007	53,000	50/50	26,500	26,500	8,846	5,897
BARNSTEAD MP3A GLASS STILL	A		10,000	0/100	0	10,000		
TOTAL			63,000		26,500	36,500	8,846	5,897
*Per Resolution #861, dated 7/12/93 Asset Definition minimum is \$1,000.					0			
Less Amount charged to Reservoir Depreciation Reserve						8,846		
Less Amount charged to WTP/TS Depreciation Reserve							5,897	
Total					17,654	30,603		
Additional Depreciation Reserve							0	
Estimate					\$17,700	\$30,603		

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 15 - July, 2019 – June, 2020 Fiscal Year 2020 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 PLANT OPERATOR*								
TIME SPLIT		0%	100%	0%	100%			
REGULAR	68,133	0.00	68,133	0.00	68,133	0.00	0.00	
CLOTH.	550	0.00	550	0.00	550	0.00	0.00	
O.T.	6,289	0.00	6,289	0.00	6,289	0.00	0.00	
FRINGE	18,061	0.00	18,061	0.00	18,061	0.00	(0.00)	
7 7330 RESERVOIR SYSTEM OPERATOR								
TIME SPLIT		97%	3%	88%	12%			
REGULAR	48,676	47,216	1,460	42,835	5,841	4,380.86	(4,380.86)	
CLOTH.	550	534	17	484	66	49.50	(49.50)	
O.T.	4,620	4,481	139	4,065	554	415.76	(415.76)	
FRINGE	13,694	13,283	411	12,051	1,643	1,232.49	(1,232.49)	
19 7335 PLANT OPERATOR*								
TIME SPLIT		3%	97%	3%	97%			
REGULAR	62,771	1,883	60,888	1,883	60,888	0.00	(0.00)	
CLOTH.	550	17	534	17	534	0.00	0.00	
O.T.	6,126	184	5,943	184	5,943	(0.00)	0.00	
FRINGE	17,168	515	16,653	515	16,653	0.00	0.00	
20 7933 PLANT OPERATOR*								
TIME SPLIT		2%	98%	2%	98%			
REGULAR	54,826	1,097	53,729	1,097	53,729	(0.00)	0.00	
CLOTH.	550	11	539	11	539	0.00	0.00	
O.T.	7,876	158	7,719	158	7,719	(0.00)	0.00	
FRINGE	9,583	192	9,391	192	9,391	0.00	(0.00)	
12 8172 FACILITES MECHANIC								
TIME SPLIT		48%	52%	47%	53%			
REGULAR	65,826	31,597	34,230	30,938	34,888	658.26	(658.26)	
CLOTH.	550	264	286	259	292	5.50	(5.50)	
O.T.	191	92	99	90	101	1.91	(1.91)	
FRINGE	18,713	8,982	9,731	8,795	9,918	187.12	(187.12)	
26 9373 ASST. RESERVOIR SYSTEM OPER-WSA								
TIME SPLIT		97%	3%	100%	0%			
REGULAR	41,530	40,284	1,246	41,530	0	(1,245.90)	1,245.90	
CLOTH.	550	534	17	550	0	(16.50)	16.50	
O.T.	5,002	4,852	150	5,002	0	(150.07)	150.07	
FRINGE	13,100	12,707	393	13,100	0	(392.99)	392.99	
27 10574 PROJECT ENGINEER 11								
TIME SPLIT		51%	49%	97%	3%			
REGULAR	85,080	43,391	41,689	82,528	2,552	(39,136.80)	39,136.80	
CLOTH.	-	0	0	0	0	0.00	0.00	
O.T.	-	0	0	0	0	0.00	0.00	
FRINGE	25,316	12,911	12,405	24,556	759	(11,645.19)	11,645.19	
9 12976 FAC. MECHANIC - WSA								
TIME SPLIT		48%	52%	47%	53%			
REGULAR	65,826	31,597	34,230	30,938	34,888	658.26	(658.26)	
CLOTH.	550	264	286	259	292	5.50	(5.50)	
O.T.	334	160	174	157	177	3.35	(3.35)	
FRINGE	18,144	8,709	9,435	8,528	9,617	181.44	(181.44)	
16 16220 FOREMAN BUILDING & GROUNDS MAINT - WSA								
TIME SPLIT		94%	6%	94%	6%			
REGULAR	72,953	68,576	4,377	68,576	4,377	(0.00)	0.00	
CLOTH.	550	517	33	517	33	0.00	0.00	
O.T.	1,012	951	61	951	61	0.00	(0.00)	
FRINGE	22,255	20,919	1,335	20,919	1,335	0.00	0.00	

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 15 (Continued) July, 2019 – June, 2020 Fiscal Year 2020 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
14 23959 FOREMAN FACILITIES MAINT.		47%	53%	43%	57%		
REGULAR	72,953	34,288	38,665	31,370	41,583	2,918.12	(2,918.12)
CLOTH.	550	259	292	237	314	22.00	(22.00)
O.T.	1,166	548	618	502	665	46.65	(46.65)
FRINGE	22,064	10,370	11,694	9,487	12,576	882.56	(882.56)
13 26529 SR. WATER SUPPLY TECH. -WSA		43%	57%	46%	54%		
REGULAR	72,953	31,370	41,583	33,558	39,395	(2,188.59)	2,188.59
CLOTH.	550	237	314	253	297	(16.50)	16.50
O.T.	106	45	60	49	57	(3.17)	3.17
FRINGE	21,806	9,377	12,429	10,031	11,775	(654.17)	654.17
5 36810 MAINT. WORKER 1		93%	7%	97%	3%		
REGULAR	45,880	42,668	3,212	44,504	1,376	(1,835.20)	1,835.20
CLOTH.	550	512	39	534	17	(22.00)	22.00
O.T.	-	0	0	0	0	0.00	0.00
FRINGE	13,186	12,263	923	12,790	396	(527.42)	527.42
17 41950 PLANT OPERATOR*		0%	100%	0%	100%		
REGULAR	72,163	0	72,163	0	72,163	0.00	0.00
CLOTH.	550	0	550	0	550	0.00	0.00
O.T.	7,333	0	7,333	0	7,333	0.00	0.00
FRINGE	24,072	0	24,072	0	24,072	0.00	(0.00)
18 47397 SUPERVISOR TECH. ASST. & FAC. MAINT.		47%	53%	50%	50%		
REGULAR	78,692	36,985	41,706	39,346	39,346	(2,360.75)	2,360.75
CLOTH.	550	259	292	275	275	(16.50)	16.50
O.T.	2,613	1,228	1,385	1,307	1,307	(78.40)	78.40
FRINGE	22,195	10,432	11,763	11,098	11,098	(665.85)	665.85
21 48759 ASST. RESERVOIR SYSTEM OPERATOR		95%	5%	98%	2%		
REGULAR	38,053	36,151	1,903	37,292	761	(1,141.60)	1,141.60
CLOTH.	-	0	0	0	0	0.00	0.00
O.T.	2,525	2,398	126	2,474	50	(75.74)	75.74
FRINGE	11,179	10,620	559	10,956	224	(335.38)	335.38
3 50121 SUPERVISOR OPERATIONS MWSS-WSA		25%	75%	28%	72%		
REGULAR	103,556	25,889	77,667	28,996	74,560	(3,106.68)	3,106.68
CLOTH.	-	0	0	0	0	0.00	0.00
O.T.	-	0	0	0	0	0.00	0.00
FRINGE	27,532	6,883	20,649	7,709	19,823	(825.96)	825.96
8 23970 RESERVOIR SYS OPERATOR		95%	5%	98%	2%		
REGULAR	38,319	36,403	1,916	37,553	766	(1,149.57)	1,149.57
CLOTH.	-	0	0	0	0	0.00	0.00
O.T.	3,553	3,376	178	3,482	71	(106.60)	106.61
FRINGE	10,994	10,444	550	10,774	220	(329.82)	329.82
1 50461 DIR. MWS/D&R CANAL OPERATIONS		50%	50%	50%	50%		
REGULAR	120,074	60,037	60,037	60,037	60,037	(0.00)	0.00
CLOTH.	-	0	0	0	0	0.00	0.00
O.T.	-	0	0	0	0	0.00	0.00
FRINGE	28,626	14,313	14,313	14,313	14,313	0.00	(0.00)
2 50802 ADMIN. ASSISTANT		50%	50%	50%	50%		
REGULAR	66,540	33,270	33,270	33,270	33,270	0.00	(0.00)
CLOTH.	-	0	0	0	0	0.00	0.00
O.T.	-	0	0	0	0	0.00	0.00
FRINGE	19,442	9,721	9,721	9,721	9,721	0.00	0.00

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 15 (Continued) July, 2019 – June, 2020 Fiscal Year 2020 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
11 63738 SUPERVISING PLANT OPERATOR		37%	63%	36%	64%		
REGULAR	77,681	28,742	48,939	27,965	49,716	776.82	(776.82)
CLOTH.	550	204	347	198	352	5.50	(5.50)
O.T.	1,095	405	690	394	701	10.96	(10.96)
FRINGE	22,934	8,485	14,448	8,256	14,677	229.34	(229.34)
6 69555 MAINT WORKER I		92%	8%	96%	4%		
REGULAR	45,880	42,210	3,670	44,045	1,835	(1,835.20)	1,835.20
CLOTH.	550	506	44	528	22	(22.00)	22.00
O.T.	-	0	0	0	0	0.00	0.00
FRINGE	13,186	12,131	1,055	12,658	527	(527.42)	527.42
24 81185 RESERVOIR SYSTEM OPERATOR		97%	3%	97%	3%		
REGULAR	39,449	38,266	1,183	38,266	1,183	0.00	(0.00)
CLOTH.	275	267	8	267	8	0.00	0.00
O.T.	4,807	4,663	144	4,663	144	0.00	(0.00)
FRINGE	12,802	12,418	384	12,418	384	0.00	(0.00)
23 87000 PLANT OPERATOR*		5%	95%	5%	95%		
REGULAR	68,911	3,446	65,465	3,446	65,465	0.00	(0.00)
CLOTH.	550	28	523	28	523	0.00	0.00
O.T.	6,922	346	6,576	346	6,576	(0.00)	0.00
FRINGE	20,586	1,029	19,557	1,029	19,557	0.00	(0.00)
10 87750 EQUIPMENT OPERATOR		94%	6%	92%	8%		
REGULAR	43,230	40,636	2,594	39,771	3,458	864.60	(864.60)
CLOTH.	550	517	33	506	44	11.00	(11.00)
O.T.	319	300	19	294	26	6.39	(6.39)
FRINGE	12,457	11,709	747	11,460	997	249.13	(249.13)
15 88875 WATER SUPPLY TECH - WSA		62%	38%	92%	8%		
REGULAR	61,021	37,833	23,188	56,139	4,882	(18,306.16)	18,306.16
CLOTH.	550	341	209	506	44	(165.00)	165.00
O.T.	-	0	0	0	0	0.00	0.00
FRINGE	18,087	11,214	6,873	16,640	1,447	(5,426.12)	5,426.12
22 91500 FAC. MECHANIC-WSA		48%	52%	47%	53%		
REGULAR	54,351	26,088	28,262	25,545	28,806	543.52	(543.52)
CLOTH.	550	264	286	259	292	5.50	(5.50)
O.T.	198	95	103	93	105	1.98	(1.98)
FRINGE	15,379	7,382	7,997	7,228	8,151	153.80	(153.80)
25 93000 PLANT OPERATOR*		3%	97%	3%	97%		
REGULAR	68,133	2,044	66,089	2,044	66,089	0.00	(0.00)
CLOTH.	550	17	534	17	534	0.00	0.00
O.T.	9,411	282	9,128	282	9,128	0.00	(0.00)
FRINGE	20,538	616	19,922	616	19,922	0.00	(0.00)
	(60)	(40)	(50)	(40)	(50)	(40)	(50)
REGULAR	1,733,462.20	821,965.16	911,497.04	883,471.15	849,991.05	(61,505.99)	61,505.99
CLOTH.	11,275.00	5,546.75	5,728.25	5,700.75	5,574.25	(154.00)	154.00
O.T.	71,499.42	24,565.32	46,934.10	24,492.28	47,007.14	73.04	(73.04)
FRINGE	493,096.84	237,625.83	255,471.01	255,840.25	237,256.59	(18,214.42)	18,214.42
GRAND TOTAL	<u>2,309,333.46</u>	<u>1,089,703.06</u>	<u>1,219,630.40</u>	<u>1,169,504.43</u>	<u>1,139,829.03</u>	<u>(79,801.37)</u>	<u>79,801.37</u>
		47.19%	52.81%	50.64%	49.36%		

*PLANT OPERATORS ADJUSTED TO ACTUAL %S
ORIGINAL %S AS FOLLOWS:

C. BENNETT	5%/95%	M. BOUSQUET	6%/94%
L. BRANCH	6%/94%	JOHN TESTA	5%/95%
R. KARECKY	6%/94%	C. ZIEGLER	5%-95%

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 16 - Estimate of Interest Income

Fiscal Year 2022 Budget

Fund/Reserve	TD Bank Funds	
Operating	\$6,500,000	
Reserve for O & M	1,500,000	
General Reserve (Rate Stabilization Fund)	40,000	
Pumping Reserve	150,000	
Self-Insurance Reserve	200,000	
Sediment Reserve	275,000	
Estimated Total	\$8,665,000	
	\$8,665,000	x.5% =
	Total	\$43,325
	Estimate	\$43,300

Note: Long-term investment earnings are being used to fund depreciation reserve.

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 17 - Unanticipated Revenue

Funds to be Appropriated into Rate Stabilization fund for Fiscal Year 2022

	Amount																				
F/Y2020 Net Year-End Balance	\$ 256,000																				
Excess D/S Coverage FY2021	\$ 116,000																				
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Overdraft</th> <th style="text-align: left; border-bottom: 1px solid black;">Invoice No.</th> <th style="text-align: left; border-bottom: 1px solid black;">Inv. Date</th> <th style="text-align: right; border-bottom: 1px solid black;">Amount</th> </tr> </thead> <tbody> <tr> <td>NJ American</td> <td>MM-352</td> <td>Jan-20</td> <td style="text-align: right;">\$ 18,830</td> </tr> <tr> <td></td> <td>MM-358</td> <td>Mar-20</td> <td style="text-align: right;">\$ 9,791</td> </tr> <tr> <td></td> <td>MM-359</td> <td>Apr-20</td> <td style="text-align: right;">\$ 7,575</td> </tr> <tr> <td></td> <td>MM-361</td> <td>May-20</td> <td style="text-align: right;">\$ 1,377</td> </tr> </tbody> </table>	Overdraft	Invoice No.	Inv. Date	Amount	NJ American	MM-352	Jan-20	\$ 18,830		MM-358	Mar-20	\$ 9,791		MM-359	Apr-20	\$ 7,575		MM-361	May-20	\$ 1,377	
Overdraft	Invoice No.	Inv. Date	Amount																		
NJ American	MM-352	Jan-20	\$ 18,830																		
	MM-358	Mar-20	\$ 9,791																		
	MM-359	Apr-20	\$ 7,575																		
	MM-361	May-20	\$ 1,377																		
Used in FY21	\$ -																				
Available for use in FY22	\$ 37,573																				

Additional Sources

Total Available	\$ 409,573
Estimate for FY22	\$ 409,570

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 18 - Fund Balances as of 6/30/20

Final

	REVENUE FUND	OPERATING ACCOUNT	OPERATING FUND	O & M RESERVE	LONG TERM INVESTMENTS O & M RESERVE	TOTAL
BALANCE 6/30/20 (Does not include Debt Service payment)	\$ 309,736	\$ 495,908	\$ 6,473,461	\$ 1,604,939	\$ -	\$ 8,884,044
Add: NJ-American, JCP&L expenses for June 2020			\$ 14,299			14,299
Deduct: Accrued expenses to be paid as of 6/30/20			(56,555)			(56,555)
Deduct: June 10th billing, received			(302,056)			(302,056)
Adjusted Balances 6/30/20	\$ 309,736	\$ 495,908	\$ 6,129,149	\$ 1,604,939	\$ -	\$ 8,539,732
INCOME						
Operating Transfer	(310,000)		310,000			-
Receipt of WTP/TS G&A expenses for the month of June 2020, 7/31/20 billing			317,184			317,184
EXPENSES						
O & M Expenses - (A/P-6/30/20) includes accrued payroll thru 6/30/20			(156,197)			(156,197)
Capital items to be purchased by 6/30/20			(6,500)			(6,500)
Payment of Headquarters overhead expenses - to be paid 7/01			(142,000)			(142,000)
Contributions to Various Reserves- 7/20			(37,500)			(37,500)
ADJUSTED BALANCE AT 6/30/20	\$ (264)	\$ 495,908	\$ 6,414,136	\$ 1,604,939	\$ -	\$ 8,514,719
						Less: O & M Reserve Balance (Goal is 3 months O & M Expenses as dictated by Bond Resolution) (779,358)
 						\$ 7,735,362
Use of Available Funds						
Unanticipated revenues (overdrafts in FY20 to be available to the General Fund for FY22) NJ American Water						\$ (37,573)
Appropriate FY21 net fund balance into the General Fund (Rate Stabilization) to be used for rate stabilization						(223,490)
 						\$ 7,474,299

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 19 - Operations & Maintenance Expense Component and Debt Service Cost
Component Sales Base
Projected Fiscal Year 2022

USER	ALLOCATION (mgd)
Avon, Borough of	0.126
Belmar, Borough of	0.288
Brielle, Borough of	0.450
Keyport, Borough of	0.356
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 (recently acquired by NJ American)	2.007
Lake Como, Borough of	0.100
Spring Lake, Borough of	0.310
Spring Lake Heights, Borough of	0.386
Wall Township	2.000
OPERATIONS & MAINTENANCE/DEBT SERVICE SALES BASE	19.443 mgd

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY AUTHORITY

Schedule 20 - Operations and Maintenance Rate Component (19.443mgd)

Fiscal Year 2022

Funds Required for F/Y2022 Budget

Total Budget Requirements	\$	3,591,671
Miscellaneous Revenues	\$	(452,870)
Net Budget Requirement	\$	3,138,801
Less - Quarterly O&M payment on July 10, 2021 (cash received in July for water used in April, May and June of 2021 based on \$432.87/mg)	\$	(765,883)
Additional Revenue required from last three (3) Quarterly payments in F/Y2022 to cover Operations & Maintenance expenses through 6/30/22	\$	2,372,919

Computation of Operations & Maintenance Rate for Fiscal Year 2022

Required Operations & Maintenance Rate F/Y2022	$\frac{\$2,372,919}{5,322.52^*}$	=	\$ 445.82/mg
--	----------------------------------	---	--------------

* Four (4) Quarters Sales =

	19.443 mgd x 365	=	7,096.70mg/yr
Rate Calculation for Required revenues due for payment on 10/10/21, 1/10/22 and 4/10/22:			
Sales Base =			
	7,096.70 x 3/4	=	5,322.52/mg

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 21 - 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

Delayed Debt Service

Debt Service for Fiscal Year 2022 \$ 581,963

Debt Service Fund Interest Income and Other
 Available Resources \$ -

Net Debt Service Obligation \$ 581,963

Coverage Requirement = Net Debt Service
 Obligation x 20% \$ 116,393

Total to be Recovered by Rates \$ 698,355

Debt Service Rate Effective 7/01/21 $\frac{\$ 698,355}{1,618.78\text{mg}} = \$ 431.41\text{mg}$
 $365 \times 4.435/\text{mgd} = 1,618.78\text{mg}$

Equalization Factor 7.51
 \$ 438.92mg

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 22 - Computation of Base Debt Service Rates

INTAKE PUMP STATION BUILDING

Initial Water Purchasers (14.980 MGD) – 7/01/15
 Shorelands Delayed Purchase Contract (.028MGD) – 7/01/06
 NJ American Delayed Purchase Contract (4.435MGD)*

NJEIFP Debt Service for Fiscal Year 2022	\$	175,717		
Rate Equalization Adjustment	\$	(550)		
Debt Service Rate Effective 7/01/20	\$	175,167	=	\$ 24.68/mg
365 x 19.443/mgd =7,096.70mg		7,096.70mg		
Equalization Factor				0.25
				\$ 24.93/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

Schedule 23 - 2022 Bond Debt Service Coverage

Fiscal Year 2022
(7/1/21-6/30/22)

DEBT SERVICE COVERAGE

	<u>Budgeted F/Y2022</u>
<u>Revenues</u>	
Uninterruptible Water Sales	\$ 7,357,395
Interest Income	<u>\$ 43,300</u>
Total Revenues	<u><u>\$ 7,400,695</u></u>
 <u>Expenses</u>	
O&M Costs	\$ 2,761,170
Overhead Allocation	<u>\$ 583,000</u>
Total O&M	<u><u>\$ 3,344,170</u></u>
Cash Available for Debt Service - A	\$ 4,056,525
Net Debt Service Expense	\$ 581,963
Debt Service Coverage Calculation - A/B	6.97
Cash After Debt Service A-B	\$ 3,474,562

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR SYSTEM

Schedule 24 - Rehabilitation Reserve and Capital Improvement Program

Manasquan Reservoir Project Description	Renewal & Repl. Reserve	FY2021	FY2022	FY2023	FY2024	FY2025+
Dam Emergency Contingency	\$400,000					
Pipeline Replacement Under I-195	\$950,000					
Pumping Equipment Replacement	\$650,000					
Resize Intake - Motor/Pump, #3		\$110,000				
Replace 8 buried Piezometers in Dam Embankment				\$50,000	\$50,000	
Paving Intake Parking Lot and Administration Parking Area				\$100,000		
Rehabilitation Pump and Motors at Reservoir & Intake Pumping Stations		\$30,000			\$100,000	\$60,000
Air Separation System for RPS electrical Generator		\$4,000				
Security System camera and DVR replacement					\$35,000	
Replace Control Panel at Reservoir IO building			\$35,000			
Drill 4 Piezometer Wells Manasquan Dam		\$35,000	\$100,000			
Replace Road and outdoor building lights		\$16,000				
Addition of Throttling valve RPS pump #1 with LED Style		\$50,000				
Renovation of Traveling Water Screens		\$65,000				
Rehabilitation of T2 transformer and Oil change					\$30,000	
Replace balance of metal roof on Admin portion of RPS building			\$130,000			
Variable Frequency Drive Control Conversion at RPS		\$50,000				
Total*	\$2,000,000	\$360,000	\$265,000	\$150,000	\$215,000	\$60,000
Renewal and Replacement Balance June 2020	\$4,169,211					
Projected Balance End of Fiscal Year with annual regular deposit		\$3,929,211	\$3,784,211	\$3,754,211	\$3,659,211	\$3,719,211
*Minimum Balance Required		\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Revised Balance		\$1,929,211	\$1,784,211	\$1,754,211	\$1,659,211	\$1,719,211
Additional Deposit Requirements		\$0	\$0	\$0	\$0	\$0

**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., Director, Manasquan Water Supply System and
Delaware & Raritan Canal Operations**

**MANASQUAN WATER SUPPLY SYSTEM
RENEWAL/REPLACEMENT RESERVE & CAPITAL IMPROVEMENT PROGRAM
Fiscal Years 2021-2025**

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 good establishment of turf. On-site maintenance staff has implemented various measures to improve the grass cover on the dams. Continued long-term success of these measures is dependent on continued maintenance and 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 March of 2016. 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. 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.

\$950,000 is included in the Renewal and Replacement Reserve to insert a 66-inch 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 pre-sedimentation pond at the Reservoir Pumping Station. Five (5) 900-horsepower pumps are used at the Reservoir Pumping Station to pump water from the pre-sedimentation 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 with retesting of some units in 2016 through 2020. The reservoir pumps typically operate only 100 hours per year at an average speed of only 630 rpm. Therefore wear on these units is minimal. Additionally, only two of the five river intake pumps have significant hours of use each year. However, 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 6000 KVA electrical transformer. 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 2021-2025

Replace additional Piezometers in the Reservoir Dam Embankment

It is anticipated that additional piezometer wells will need to be drilled to replace piezometers that fail. Included in this project are the procurement, installation, and set up of the piezometers and communication equipment to the existing ADAS computer system.

Resize Intake - Motor/Pump #3

A 2014 safe yield review has determined that replacing one of the 600-hp motors and pumps 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 was programmed to be designed in calendar year 2017 and constructed in 2020. Design was completed in FY2020. This project will allow a closer match between the anticipated average customer sales from the intake pool and the intake pump capacities. The purchase order agreements were issued in CY 2020. This project is currently under construction and the new pump is set to be installed in November of 2020.

Air Separation System for RPS electrical Generator

An air and oil separation system is need for the existing RPS electrical generator to prevent premature engine failure and improve engine efficiency.

Paving Intake Parking Lot and Administration Parking Area

These parking and access areas are breaking apart and need to be milled and repaved.

Drill 4 Piezometer Wells Manasquan Dam

A Consultant in 2018 reported four points of failure and poor monitoring of the existing embankment monitoring system on the downstream slope of the Manasquan Dam. Four new wells are needed to rectify the monitoring deficiencies that have occurred over the 30 years since the original system was installed. Currently eight of the 35 piezometers measuring water depth in the dam and dike embankments are no longer functioning. Given that the eight are buried they cannot be replaced in-situ. Four new wells are proposed to be drilled at various depths to handle two piezometers each. A separate project will be generated to install and set up communications from the piezometers to the existing ADAS computer system.

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

There are five main vertical turbine pumps with 600-hp motors at the Intake Pumping Station (IPS). There are five main vertical turbine pumps with 900-hp 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, which began in 2003, included 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 once per year. In 2016, all but one were within acceptable performance tolerances. In FY2017, Pump #1 at the intake was fully rehabilitated at a cost of \$40,000.00. In FY 2021 Motor #1 was refurbished at a cost of \$21,000.

Security System Replacement at the Reservoir

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, the Authority identified critical facilities that require vulnerability assessments and contracted with a consultant to develop a comprehensive security vulnerability assessment (VA) and implementation recommendations. 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.

A web-based seven camera system and DVR was installed for the reservoir embankment and IO tower area and was installed in FY2017. This system will need to be replaced with similar cameras and a new DVR and software by 2022. Also the system at the Administration building will need to be replaced at that time.

Replace Control Panel at Reservoir IO Building

The control panel at the reservoir I/O tower is aging and the system requires upgrades to maintain reliability.

Renovation of Traveling Water Screens

The eight traveling water screens at the Intake Pumping Station are in need of service over time. A 2015 inspection found all units to be in good condition except one which was refurbished in 2016. Funding is included to install new reducers, drive sprockets, screen sections, and chain guard assemblies in two more of the remaining seven units. Work on these two units is scheduled for the fall of 2020.

Addition of 30" Throttling valve RPS pump #1

Addition of a manually operated throttling valve on the discharge of RPS pump #1 will allow this pump to be run across the line at a reduced flow. This will be valuable in pumping water to Oak Glen in the summer or refilling the reservoir at other times of year when a limited amount of water is available to transfer and when the VFD is out of service or being used for pump #2.

Replace balance of metal roof on Admin portion of RPS building

Two thirds of the metal roof is original to the building in 1990. This portion of the roof needs to be replaced as there are several leaks during driving rains.

Variable Frequency Drive Control Conversion at the RPS

The existing ASI Robicon Corporation VFDs are controlled by an antiquated computer system for the operation and speed control of the variable frequency drives based on clearwell level. The conversion package would consist of replacing the computer sequencer at the 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 along with expensive computer board repairs. This project is expected to be completed in November 2020.

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, 2021

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 19.443 per day sales base)
July 1, [2020] 2021	\$445.82

7:11-4.4 Debt Service Cost Component

(a) (No change.)

(b) A 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 Uninterruptible 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 contract 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/ [2020] 2021 to	(Coverage 120%)
6/30/[2021] 2022	\$438.92

(c) (No change.)

7:11-4.5 Capital Fund Component

(a) (No change.)

(b) (No change.)

(c) Capital Fund Assessment – initial water purchase contract customers

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/[2020] 2021 to	\$525.00
6/30/[2021] 2022	

(d) (No change.)

(e) Capital Fund Assessment – delayed water purchase contract customers

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/[2020]2021 to	\$200.00
6/30/[2021]2022	

7:11-4.6 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/[2020]2021 to	
6/30/[2021]2022	\$15.00

7:11-4.7 New Jersey Environmental Infrastructure Financing Program debt component

(a) (No change.)

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

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/[2020]2021 to	
6/30/[2021]2022	\$24.93

**Appendix I. Report of Mercadien PC – Allocation of Headquarters General and
Administrative Expenses – FY 2022**

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
AGREED-UPON PROCEDURES REPORT**

FORECASTED COST ALLOCATION SCHEDULES

YEAR ENDING JUNE 30, 2022

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Commissioners of
New Jersey Water Supply Authority

We have performed the procedures enumerated below, which were agreed to by the Commissioners and Authority management, on the forecasted cost allocation schedules of the New Jersey Water Supply Authority (a component unit of the State of New Jersey) (the "Authority"), for the fiscal year ending June 30, 2022. These procedures were performed solely to assist you in evaluating the forecasted cost allocation schedules in connection with 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 preparing and presenting the schedules in accordance with the guidelines for the presentation of schedules established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

1. We were provided with the fiscal year 2022 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 2022 budgeted expenses are based upon preliminary budgets that are subject to approval by the Authority's Commissioners. We performed no procedures in regard to the fiscal year 2022 budgeted expenses.
2. We recalculated the allocated costs on the forecasted cost allocation schedules. We found no exceptions as a result of these procedures.
3. We compared the methodologies used for cost allocation on the forecasted cost allocation schedules to the methodologies used in the Authority's cost allocation schedules for the year ended June 30, 2020, and found them to be consistent.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, about whether the forecast is presented in accordance with the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants or whether the underlying assumptions are suitably supported or provide a reasonable basis for management's forecast. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

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 is not intended to be, and should not be, used by anyone other than these specified parties.

Mercadon, P.C.
Certified Public Accountants

October 14, 2020

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**SCHEDULE OF FORECASTED COST CENTER EXPENSE RECLASSIFICATION
YEAR ENDING JUNE 30, 2022**

DEPT. #	DEPT./COST CENTER	COST CENTER COSTS	RECLASSIFICATIONS									REVISED COST CENTER COSTS
			1 HEATING/ ELECTRIC	2 VEHICULAR FUEL	3 PROFESSIONAL FEES	4 INSURANCE	5 TELEPHONE	6 PERMITS	7 WORKERS' COMPENSATION	8 IN LIEU TAXES	9 CHIEF ENGINEER SALARY & FRINGE	
	BUILDING HQ	\$ -	\$ 119,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119,500
	TELEPHONE HQ	-	-	-	-	81,000	-	-	-	-	-	81,000
36	SAFETY	203,600	-	-	(5,000)	-	-	-	-	-	-	198,600
37	SECURITY	1,014,350	-	-	-	-	-	-	-	-	-	1,014,350
14	HUMAN RESOURCES	347,548	-	-	(4,900)	-	-	-	(10,000)	-	-	332,648
16	PURCHASING	524,038	-	(109,688)	-	-	(81,000)	(16,000)	-	-	-	317,350
17	INFORMATION SYSTEMS	186,320	-	-	-	-	-	-	-	-	-	186,320
15	CONTRACTS & RISK MGMT.	1,763,116	-	-	(45,000)	(1,278,616)	-	(96,100)	-	(8,700)	-	334,700
13	FINANCIAL MGMT.	950,830	-	-	(2,730)	-	-	-	-	-	-	948,100
34	AUTO SHOP	298,300	-	109,688	-	-	-	16,000	-	-	-	423,988
35	AUTO SHOP-CANAL	225,900	-	-	-	-	-	-	-	-	-	225,900
10	EXEC. OFFICE	286,500	4,650	-	-	-	-	-	-	-	-	291,150
20, 30, 31-33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	8,497,934	(124,150)	-	57,630	1,278,616	-	96,100	10,000	8,700	(12,353)	9,812,477
		14,298,436	-	-	-	-	-	-	-	-	(12,353)	14,286,083
40-60	MANASQUAN SYSTEM	5,425,416	-	-	-	-	-	-	-	-	12,353	5,437,769
		<u>\$ 19,723,852</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,723,852</u>

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**SCHEDULE OF FORECASTED SYSTEM-WIDE ALLOCATED COSTS
YEAR ENDING JUNE 30, 2022**

DEPT. #	DEPT./COST CENTER	REVISED COST CENTER COSTS	ALLOCATION BASIS												ALLOCATED 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		
	BUILDING HQ	\$ 119,500	\$ (119,500)													
	TELEPHONE HQ	81,000	-	\$ (81,000)												
36	SAFETY	198,600	803	880	\$ (200,283)											
37	SECURITY	1,014,350	4,519	3,522	16,094	\$ (1,038,485)										
14	HUMAN RESOURCES	332,648	5,345	2,641	1,788	-	\$ (342,422)									
16	PURCHASING	317,350	6,637	2,641	3,576	-	6,714	\$ (336,918)								
17	INFORMATION SYSTEMS	186,320	1,196	880	1,788	-	3,357	10,018	\$ (203,559)							
15	CONTRACTS & RISK MGMT.	334,700	3,909	1,761	3,576	-	6,714	7,130	3,635	\$ (361,425)						
13	FINANCIAL MGMT.	948,100	11,405	5,283	10,729	-	20,142	4,874	21,810	-	\$ (1,022,343)					
34	AUTO SHOP	423,988	17,962	1,761	3,576	-	6,714	14,892	3,635	-	26,771	\$ (499,299)				
35	AUTO SHOP-CANAL	225,900	-	1,761	1,788	-	3,357	7,491	3,635	-	14,264	-	\$ (258,196)			
10	EXEC. OFFICE	291,150	15,783	6,163	1,788	-	3,357	2,347	3,635	-	18,384	-	-	\$ (342,607)		
20, 30, 31-33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	9,812,477	51,941	53,707	107,297	1,038,485	201,426	162,186	109,049	326,602	619,575	499,299	258,196	325,477	\$ 13,565,717	
40-60	MANASQUAN SYSTEM	5,437,769	-	-	48,283	-	90,641	127,980	58,160	34,823	343,349	-	-	17,130	6,158,135	
		<u>\$ 19,723,852</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,723,852</u>	

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**SCHEDULE OF FORECASTED COST ALLOCATION FACTORS
YEAR ENDING JUNE 30, 2022**

ALLOCATION OF:		BUILDING HQ	TELEPHONES	SAFETY	HUMAN RESOURCES	PURCHASING	INFORMATION SYSTEMS	CONTRACTS & RISK MGMT.	FINANCE O&M	AUTO SHOP	AUTO SHOP CANAL	EXEC. OFF
ALLOCATION BASIS:		SQ. FT. #	# OF TELEPHONES	# OF EMPLOYEES	# OF EMPLOYEES	# OF P.O.'S	# OF COMPUTERS	MGD CONTRACTS	FUNCTIONAL COST	# OF VEHICLES	# OF VEHICLES	TIME ESTIMATE
DEPT. #	DEPT./COST CENTER											
	BUILDING HQ	-	-	-	-	-	-	-	-	-	-	-
	TELEPHONE HQ	-	-	-	-	-	-	-	-	-	-	-
36	SAFETY	100	1									
37	SECURITY	563	4	9								
14	HUMAN RESOURCES	666	3	1								
16	PURCHASING	827	3	2	2							
17	INFORMATION SYSTEMS	149	1	1	1	111						
15	CONTRACTS & RISK MGMT.	487	2	2	2	79	1					
13	FINANCIAL MGMT.	1,421	6	6	6	54	6	-				
34	AUTO SHOP	2,238	2	2	2	165	1	-	\$ 423,988			
35	AUTO SHOP-CANAL	-	2	1	1	83	1	-	225,900			
10	EXEC. OFFICE	1,967	7	1	1	26	1	-	291,150	-		
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	6,472	61	60	60	1,797	30	182	9,812,477	48	48	95
40-60	MANASQUAN SYSTEM			27	27	1,418	16	19	5,437,769			5
		<u>14,890</u>	<u>92</u>	<u>112</u>	<u>102</u>	<u>3,733</u>	<u>56</u>	<u>202</u>	<u>\$ 16,191,284</u>	<u>48</u>	<u>48</u>	<u>100</u>

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**SCHEDULE OF FORECASTED MANASQUAN SYSTEM ALLOCATED COSTS
YEAR ENDING JUNE 30, 2022**

	<u>COSTS</u>	ALLOCATION BASIS					<u>ALLOCATED COSTS</u>
		<u>1</u> TIME STUDY	<u>2</u> \$ VALUE OF VEHICLES	<u>3</u> \$ VALUE OF EQUIPMENT	<u>4</u> TIME STUDY	<u>5</u> VALUE OF WATER CONTRACTS	
<u>GENERAL & ADMINISTRATIVE</u>							
SALARIES & FRINGES	\$ 3,156,600	<u>\$ (3,156,600)</u>					
VEHICLE RELATED	98,050	-	<u>\$ (98,050)</u>				
MAINT. SUPPLIES & RELATED	91,350	-	-	<u>\$ (91,350)</u>			
OFFICE & MISC.	53,100	-	-	-	<u>\$ (53,100)</u>		
H.Q. OVERHEAD	732,719	-	-	-	-	<u>\$ (732,719)</u>	
RESERVOIR (40)	1,116,400	1,503,995	70,606	45,246	25,300	632,117	\$ 3,393,664
TREAT./TRANS. (50)	909,916	1,652,605	27,444	46,104	27,800	100,602	2,764,471
	<u>\$ 6,158,135</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,158,135</u>

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**NOTES TO FINANCIAL SCHEDULES
YEAR ENDING JUNE 30, 2022**

NOTE 1 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:

Raritan System

- 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.
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
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**NOTES TO FINANCIAL SCHEDULES
YEAR ENDING JUNE 30, 2022**

NOTE 1 GENERAL (CONTINUED)

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 costs 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.

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**NOTES TO FINANCIAL SCHEDULES
YEAR ENDING JUNE 30, 2022**

NOTE 2 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 2020.
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 2020.
5. Headquarters Overhead expenses are allocated based on the value of water contracts for each System.

Appendix II. Report of Mercadien PC – Allocation of Headquarters General and Administrative Expenses – Audited FY 2020 Expenditures

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

EXAMINATION REPORT AND FINANCIAL SCHEDULES

June 30, 2020

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

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INDEPENDENT ACCOUNTANTS' REPORT

To the Commissioners of
New Jersey Water Supply Authority

We have examined the conformity of the financial schedules with the cost allocation criteria set forth in Notes 1 and 2, of New Jersey Water Supply Authority (a component unit of the State of New Jersey) (the "Authority"), for the year ended June 30, 2020, listed in the foregoing table of contents. The Authority's management is responsible for conformity of the financial schedules in accordance with the criteria set forth in Notes 1 and 2. Our responsibility is to express an opinion on the conformity of the financial schedules with the cost allocation criteria set forth in Notes 1 and 2, based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the financial schedules are in conformity with the cost allocation criteria set forth in Notes 1 and 2, in all material respects. An examination involves performing procedures to obtain evidence about the conformity of the financial schedules with the cost allocation criteria set forth in Notes 1 and 2. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the conformity of the financial schedules with the cost allocation criteria set forth in Notes 1 and 2, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, conformity of the financial schedules with the cost allocation criteria set forth in Notes 1 and 2, present the Authority's allocation of costs to the Raritan and Manasquan Systems in accordance with the cost allocation criteria set forth in Notes 1 and 2, in all material respects.

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.

Mercadien, P.C.
Certified Public Accountants

October 14, 2020

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**SCHEDULE OF COST CENTER EXPENSE RECLASSIFICATION
YEAR ENDED JUNE 30, 2020**

DEPT. #	DEPT./COST CENTER	COST CENTER COSTS	RECLASSIFICATIONS									REVISED COST CENTER COSTS
			1 HEATING/ ELECTRIC	2 VEHICULAR FUEL	3 PROFESSIONAL FEES	4 INSURANCE	5 TELEPHONE	6 PERMITS	7 WORKERS' COMPENSATION	8 IN LIEU TAXES	9 CHIEF ENGINEER SALARY & FRINGE	
	BUILDING HQ	\$ -	\$ 58,762	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,762
	TELEPHONE HQ	-	-	-	-	56,245	-	-	-	-	-	56,245
36	SAFETY	178,960	-	-	-	-	-	-	-	-	-	178,960
37	SECURITY	900,829	-	-	-	-	-	-	-	-	-	900,829
14	HUMAN RESOURCES	284,252	-	-	(3,414)	-	-	-	(3,311)	-	-	277,527
16	PURCHASING	411,918	-	(77,299)	-	-	(56,245)	(16,300)	-	-	-	262,074
17	INFORMATION SYSTEMS	153,814	-	-	-	-	-	-	-	-	-	153,814
15	CONTRACTS & RISK MGMT.	1,666,598	-	-	(47,476)	(1,221,982)	-	(89,619)	-	(28,675)	-	278,846
13	FINANCIAL MGMT.	803,173	-	-	(2,322)	-	-	-	-	-	-	800,851
34	AUTO SHOP	287,019	-	77,299	-	-	-	16,300	-	-	-	380,618
35	AUTO SHOP-CANAL	155,403	-	-	-	-	-	-	-	-	-	155,403
10	EXEC. OFFICE	255,493	4,507	-	-	-	-	-	-	-	-	260,000
20, 30-33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	6,578,041	(63,269)	-	53,212	1,221,982	-	89,619	3,311	28,675	(11,120)	7,900,451
		11,675,500	-	-	-	-	-	-	-	-	(11,120)	11,664,380
40-60	MANASQUAN SYSTEM	3,914,040	-	-	-	-	-	-	-	-	11,120	3,925,160
		<u>\$ 15,589,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,589,540</u>

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**SCHEDULE OF SYSTEM-WIDE ALLOCATED COSTS
YEAR ENDED JUNE 30, 2020**

DEPT. #	DEPT./COST CENTER	REVISED COST CENTER COSTS	ALLOCATION BASIS											ALLOCATED 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	
	BUILDING HQ	\$ 58,762	\$ (58,762)													
	TELEPHONE HQ	56,245	-	\$ (56,245)												
36	SAFETY	178,960	395	611	\$ (179,966)											
37	SECURITY	900,829	2,222	2,445	14,462	\$ (919,958)										
14	HUMAN RESOURCES	277,527	2,628	1,834	1,607	-	\$ (283,596)									
16	PURCHASING	262,074	3,264	1,834	3,214	-	5,561	\$ (275,947)								
17	INFORMATION SYSTEMS	153,814	588	611	1,607	-	2,780	8,205	\$ (167,605)							
15	CONTRACTS & RISK MGMT.	278,846	1,922	1,223	3,214	-	5,561	5,840	2,993	\$ (299,599)						
13	FINANCIAL MGMT.	800,851	5,608	3,668	9,641	-	16,682	3,992	17,958	-	\$ (858,400)					
34	AUTO SHOP	380,618	8,832	1,223	3,214	-	5,561	12,197	2,993	-	25,886	\$ (440,524)				
35	AUTO SHOP-CANAL	155,403	-	1,223	1,607	-	2,780	6,135	2,993	-	10,569	-	\$ (180,710)			
10	EXEC. OFFICE	260,000	7,761	4,891	1,607	-	2,780	1,922	2,993	-	17,683	-	-	\$ (299,637)		
20, 30-33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	7,900,451	25,542	36,682	96,408	919,958	166,821	132,836	89,788	270,733	537,311	440,524	180,710	276,415	\$ 11,074,179	
40-60	MANASQUAN SYSTEM	3,925,160	-	-	43,385	-	75,070	104,820	47,887	28,866	266,951	-	-	23,222	4,515,361	
		\$ 15,589,540	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,589,540	

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**SCHEDULE OF COST ALLOCATION FACTORS
YEAR ENDED JUNE 30, 2020**

ALLOCATION OF:		REQUIRED STATISTICS										
		BUILDING HQ	TELEPHONES	SAFETY	HUMAN RESOURCES	PURCHASING	INFORMATION SYSTEMS	RISK MGMT.	FINANCE O&M	AUTO SHOP	AUTO SHOP CANAL	EXEC. OFF
ALLOCATION BASIS:		SQ. FT. #	# OF TELEPHONES	# OF EMPLOYEES	# OF EMPLOYEES	# OF P.O.'S	# OF COMPUTERS	MGD CONTRACTS	FUNCTIONAL COST	# OF VEHICLES	# OF VEHICLES	TIME ESTIMATE
DEPT. #	DEPT./COST CENTER											
	BUILDING HQ											
	TELEPHONE HQ											
36	SAFETY	100	1									
37	SECURITY	563	4	9								
14	HUMAN RESOURCES	666	3	1								
16	PURCHASING	827	3	2	2							
17	INFORMATION SYSTEMS	149	1	1	1	111						
15	CONTRACTS & RISK MGMT.	487	2	2	2	79	1					
13	FINANCIAL MGMT.	1,421	6	6	6	54	6	-				
34	AUTO SHOP	2,238	2	2	2	165	1	-	\$ 380,618			
35	AUTO SHOP-CANAL	-	2	1	1	83	1	-	155,403			
10	EXEC. OFFICE	1,967	8	1	1	26	1	-	260,000	-		
20, 30-33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	6,472	60	60	60	1,797	30	182	7,900,451	48	48	92
40-60	MANASQUAN SYSTEM			27	27	1,418	16	19	3,925,160			8
		<u>14,890</u>	<u>92</u>	<u>112</u>	<u>102</u>	<u>3,733</u>	<u>56</u>	<u>202</u>	<u>\$ 12,621,632</u>	<u>48</u>	<u>48</u>	<u>100</u>

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**SCHEDULE OF MANASQUAN SYSTEM ALLOCATED COSTS
YEAR ENDED JUNE 30, 2020**

	<u>COSTS</u>	ALLOCATION BASIS					<u>ALLOCATED COSTS</u>
		<u>1</u> TIME STUDY	<u>2</u> \$ VALUE OF VEHICLES	<u>3</u> \$ VALUE OF EQUIPMENT	<u>4</u> TIME STUDY	<u>5</u> VALUE OF WATER CONTRACTS	
<u>GENERAL & ADMINISTRATIVE</u>							
SALARIES & FRINGES	\$ 2,309,333	\$ (2,309,333)					
VEHICLE RELATED	54,422	-	\$ (54,422)				
MAINT. SUPPLIES & RELATED	45,271	-	-	\$ (45,271)			
OFFICE & MISC.	27,045	-	-	-	\$ (27,045)		
H.Q. OVERHEAD	601,323	-	-	-	-	\$ (601,323)	
RESERVOIR	859,321	1,169,504	39,189	22,423	12,762	518,747	\$ 2,621,946
TREAT./TRANS.	618,646	1,139,829	15,233	22,848	14,283	82,576	1,893,415
	<u>\$ 4,515,361</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,515,361</u>

See Independent Accountants' Report.

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

NOTES TO FINANCIAL SCHEDULES
YEAR ENDED JUNE 30, 2020

NOTE 1 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:

Raritan System

- 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.

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

NOTES TO FINANCIAL SCHEDULES
YEAR ENDED JUNE 30, 2020

NOTE 1 GENERAL (CONTINUED)

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.

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 costs 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.

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

NOTES TO FINANCIAL SCHEDULES
YEAR ENDED JUNE 30, 2020

NOTE 2 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 2020.
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 2020.
5. Headquarters Overhead expenses are allocated based on the value of water contracts for each System.

Advertisement and Certification

Exhibit C



NEW JERSEY WATER SUPPLY AUTHORITY

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 4, 2021

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, 2021

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 15, 2020. Notice was also advertised in the following newspapers:

Asbury Park Press	December 15, 2020
The Star-Ledger	December 15, 2020
The Times (Trenton)	December 15, 2020

The notice of public hearing also appeared in the January 4, 2021 issue of the New Jersey Register along with the text of the proposed amendments.

Marc Brooks
Executive Director
February 4, 2021



NEW JERSEY WATER SUPPLY AUTHORITY

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

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 no revisions 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, 2021.

The proposed rates will constitute no change in FY2022 to the existing regulations found at N.J.A.C. 7:11-4.1 et seq. as follows: no change in the sales base of 19.443 million gallons per day applied to all contract customers in the calculation of the Operations and Maintenance Component, the Source Water Protection Component, and the NJEIFP Debt Components of the rate; no change in the Operations and Maintenance Component from of \$445.82 per million gallons; no change in the NJEIFP Debt Component of \$24.93 per million gallons; no change in the Source Water Protection Fund Component of \$15.00 per million gallons; and no change in the Capital Fund Component of \$525.00 per million gallons for all initial water purchase contract customers. The Capital Fund Component sales base will be 15.008 million gallons per day for all initial water purchase contract customers. There will be no change in the Debt Service Component for all delayed water purchase contracts of \$438.92 per million gallons and no change in the Capital Fund Component of \$200.00 per million gallons. There is no change in the debt service sales base of 4.435 million gallons per day applied to all delayed water purchase contract customers. The Capital Fund Component sales base for all delayed water purchase contract customers will also be 4.435 million gallons per day.

The proposal is scheduled to be published in the New Jersey Register dated January 4, 2021. 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 by means of online platform and teleconference call via Webex at 11:00 a.m. on Thursday, January 7, 2021 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 by means of online platform and teleconference call via Webex on Thursday, February 4, 2021 at 11:00 a.m. 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.

Details for joining either meeting are available on the Authority's website at <http://www.njwsa.org>, by request to mrollman@njwsa.org, or by calling 908-638-6121.

Written comments may be submitted until March 15, 2021 at which time the public record will be closed.

All comments should be addressed to:

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



State of New Jersey,) ss
County of Middlesex)

Lisa Arrington being duly sworn, deposes that he/she is principal clerk of NJ Advance Media; that Times of Trenton is a public newspaper, with general circulation in Burlington, Hunterdon, Mercer, Middlesex, Monmouth, Ocean, and Somerset Counties, and this notice is an accurate and true copy of this notice as printed in said newspaper, was printed and published in the regular edition and issue of said newspaper on the following date(s):

Times of Trenton 12/15/2020

Lisa Arrington
Principal Clerk of the Publisher

Sworn to and subscribed before me this 16th day of December 2020

[Signature]
Notary Public

CHERYLYN ALSTON
Notary Public, State of New Jersey
My Commission Expires
October 18, 2024



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 no revisions 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, 2021.

The proposed rates will constitute no change in FY2022 to the existing regulations found at N.J.A.C. 7:11-4.1 et seq. as follows: no change in the sales base of 19.443 million gallons per day applied to all contract customers in the calculation of the Operations and Maintenance Component, the Source Water Protection Component, and the NJEIP Debt Components of the rate; no change in the Operations and Maintenance Component from of \$445.82 per million gallons; no change in the NJEIP Debt Component of \$24.93 per million gallons; no change in the Source Water Protection Fund Component of \$15.00 per million gallons; and no change in the Capital Fund Component of \$525.00 per million gallons for all initial water purchase contract customers. The Capital Fund Component sales base will be 15.008 million gallons per day for all initial water purchase contract customers. There will be no change in the Debt Service Component for all delayed water purchase contracts of \$438.92 per million gallons and no change in the Capital Fund Component of \$200.00 per million gallons. There is no change in the debt service sales base of 4.435 million gallons per day applied to all delayed water purchase contract customers. The Capital Fund Component sales base for all delayed water purchase contract customers will also be 4.435 million gallons per day.

The proposal is scheduled to be published in the New Jersey Register dated January 4, 2021. 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 by means of online platform and teleconference call via Webex at 11:00 a.m. on Thursday, January 7, 2021 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 by means of online platform and teleconference call via Webex on Thursday, February 4, 2021 at 11:00 a.m. 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.

Details for joining either meeting are available on the Authority's website at <http://www.njwsa.org>, by request to mrollman@njwsa.org, or by calling 908-638-6121.

Written comments may be submitted until March 15, 2021 at which time the public record will be closed.

All comments should be addressed to:

Executive Director
New Jersey Water Supply Authority
1851 Hiehway 31

DEC 29 '20 AM 8:53

Post Office Box 5196
Clinton, New Jersey 08809
info@njwsa.org

THE TIMES \$55.68

DEC 29 2011 8:54

NJ Advance Media
 Woodbridge Corporate Plaza
 ATTN: Legal Advertising Dept.
 485 Route 1 South
 Suite 300
 Iselin, NJ 08830



Times of Trenton

NEW JERSEY WATER SUPPLY AUTHORITY
 PO BOX 5196
 CLINTON, NJ 88090-1960

AD#:0009822719

DEC 17 2020 3:51

Sales Rep: NJ LegalRepNJ
 Account Number:1160910
 AD#: 0009822719

FOR QUESTIONS CONCERNING THIS AFFIDAVIT,
 PLEASE CALL 609-989-5659 OR EMAIL legalads@njtimes.com

Remit Payment to:
 NJ Advance Media
 Dept 77571
 P.O. Box 77000
 Detroit, MI 48277-0571

Date	Position	Description	P.O. Number	Costs
12/15/2020	Notices NJ	NEW JERSEY WATER SUPPLY AUTHORITY Notice of Rate Proposal	Manasquan Rate FY22	
			Ad Size	
			3 x 64 L	
			Affidavit Fee - 12/15/2020	\$25.00
			Basic Ad Charge - 12/15/2020	\$55.68
			Total	\$80.68

CLAIMANTS CERTIFICATION AND DECLARATION	
I do solemnly declare and certify under the penalties of law that this bill or invoice is correct in all its particulars, that the goods have been furnished or services have been rendered as stated herein, that no bonus has been given or received by any person or persons within the knowledge of this claimant in connection with the above claim, that the amount herein stated is justly due and owing, and that the amount charged is a reasonable one.	
Date: <u>12/16/2020</u>	Fed ID#: <u>13-4123607</u>
Signature: <u>Chris Tighe</u>	Official Position: <u>AR Manager</u>
CERTIFICATION BY RECEIVING AGENCY	CERTIFICATION BY APPROVAL OFFICIAL
I, having knowledge of the facts, certify and declare that the goods have been received or the services rendered and are in compliance with the specifications or other requirements, and said certification is based on signed delivery slips or other reasonable procedures or verifiable information.	I certify and declare that this bill or invoice is correct, and that sufficient funds are available to satisfy this claim. The Payment shall be chargeable to:
Signature: _____	Appropriation Account(s) and Amounts Charged: P.O.#: _____
Title: _____	_____
Date: _____	Signature: _____



State of New Jersey,) ss
County of Middlesex)

Lisa Arrington being duly sworn, deposes that he/she is principal clerk of NJ Advance Media; that Star Ledger is a public newspaper, with general circulation in Atlantic, Burlington, Cape May, Essex, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union, and Warren Counties, and this notice is an accurate and true copy of this notice as printed in said newspaper, was printed and published in the regular edition and issue of said newspaper on the following date(s):

Star Ledger 12/15/2020

Lisa Arrington
Principal Clerk of the Publisher

Sworn to and subscribed before me this 16th day of December 2020

[Signature]
Notary Public

CHERYLYN ALSTON
Notary Public, State of New Jersey
My Commission Expires
October 18, 2024

DEC 29 '20 AM 8:55



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 no revisions 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, 2021. The proposed rates will constitute no change in FY2022 to the existing regulations found at N.J.A.C. 7:11-4.1 et seq. as follows: no change in the sales base of 19.443 million gallons per day applied to all contract customers in the calculation of the Operations and Maintenance Component, the Source Water Protection Component, and the NJEIFP Debt Components of the rate; no change in the Operations and Maintenance Component from of \$445.82 per million gallons; no change in the NJEIFP Debt Component of \$24.93 per million gallons; no change in the Source Water Protection Fund Component of \$15.00 per million gallons; and no change in the Capital Fund Component of \$525.00 per million gallons for all initial water purchase contract customers. The

Capital Fund Component sales base will be 15.008 million gallons per day for all initial water purchase contract customers. There will be no change in the Debt Service Component for all delayed water purchase contracts of \$438.92 per million gallons and no change in the Capital Fund Component of \$200.00 per million gallons. There is no change in the debt service sales base of 4.435 million gallons per day applied to all delayed water purchase contract customers. The Capital Fund Component sales base for all delayed water purchase contract customers will also be 4.435 million gallons per day. The proposal is scheduled to be published in the New Jersey Register dated January 4, 2021. 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 by means of online platform and teleconference call via Webex at 11:00 a.m. on Thursday, January 7, 2021 to present and explain the rate adjustment proposal,

plan 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 by means of online platform and teleconference call via Webex on Thursday, February 4, 2021 at 11:00 a.m. 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. Details for joining either meeting are available on the Authority's website at <http://www.njwsa.org>, by request to mrollman@njwsa.org, or by calling 908-638-6121. Written comments may be submitted until March 15, 2021 at which time the public record will be closed. All comments should be addressed to:
Executive Director
New Jersey Water Supply Authority
1851 Highway 31
Post Office Box 5196
Clinton, New Jersey 08809
info@njwsa.org
12/15/2020 \$175.15

NJ Advance Media
 Woodbridge Corporate Plaza
 ATTN: Legal Advertising Dept.
 485 Route 1 South
 Suite 300
 Iselin, NJ 08830

233336M



Star Ledger

NEW JERSEY WATER SUPPLY AUTHORITY
 PO BOX 5196
 CLINTON, NJ 88090-1960

AD#:0009822715

Sales Rep: NJ LegalRepNJ
 Account Number:1160910
 AD#: 0009822715

FOR QUESTIONS CONCERNING THIS AFFIDAVIT,
 PLEASE CALL 732-902-4318 OR EMAIL legalads@njadvancemedia.com

Remit Payment to:
 NJ Advance Media
 Dept 77571
 P.O. Box 77000
 Detroit, MI 48277-0571

Date	Position	Description	P.O. Number	Costs
12/15/2020	Notices NJ	NEW JERSEY WATER SUPPLY AUTHORITY Notice of Rate Proposal	Manasquan Rate FY22	
			Ad Size	
			1 x 113 L	
			Affidavit Fee - 12/15/2020	\$90.00
			Basic Ad Charge - 12/15/2020	\$175.15
			Total	\$265.15

2020-12-15

CLAIMANTS CERTIFICATION AND DECLARATION	
I do solemnly declare and certify under the penalties of law that this bill or invoice is correct in all its particulars, that the goods have been furnished or services have been rendered as stated herein, that no bonus has been given or received by any person or persons within the knowledge of this claimant in connection with the above claim, that the amount herein stated is justly due and owing, and that the amount charged is a reasonable one.	
Date: 12/16/2020	Fed ID#: 13-4123607
Signature: <u>Chris Tighe</u>	Official Position: <u>AR Manager</u>
CERTIFICATION BY RECEIVING AGENCY	CERTIFICATION BY APPROVAL OFFICIAL
I, having knowledge of the facts, certify and declare that the goods have been received or the services rendered and are in compliance with the specifications or other requirements, and said certification is based on signed delivery slips or other reasonable procedures or verifiable information.	I certify and declare that this bill or invoice is correct, and that sufficient funds are available to satisfy this claim. The Payment shall be chargeable to:
Signature: _____	Appropriation Account(s) and Amounts Charged: _____ P.O.#: _____
Title: _____ Date: _____	Signature: _____

AFFIDAVIT OF PUBLICATION


Publisher's Fee \$65.70 Affidavit \$35.00

STATE OF WISCONSIN
Brown County

Personally appeared Martha Deinhart at County of Brown, State of Wisconsin.

Of the **Asbury Park Press**, newspaper printed in Freehold, New Jersey and published in Neptune, in State of New Jersey and Monmouth/Ocean Counties, and of general circulation in Monmouth/Ocean Counties, 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:

12/15/2020 A.D 2020


Notary Public State of Wisconsin County of Brown

5.15.23

My commission expires

DEC 23 '20 AM 8:54

NANCY HEYRMAN
Notary Public
State of Wisconsin

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. 58:18-1 et. seq.) the New Jersey Water Supply Authority has proposed no revisions 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, 2021.

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All comments should be addressed to:

Executive Director
New Jersey Water Supply Authority
1851 Highway 31
Post Office Box 5196
Clinton, New Jersey 08809
info@njwsa.org
(\$65.70)

ASBURY PARK PRESS
AFFIDAVIT

NJ WATER SUPPLY AUTHORITY
P. O. Box 5196
CLINTON, NJ 08809-0196

DEC 29 '20 AM 8:46

DEC 29 '20 AM 8:54

STATE OF NEW JERSEY :
: COUNTY OF MONMOUTH :

Tara Mondloch, of full age, being duly sworn according to law, hereby deposes and says:

1. I am the Director - Public Notice of the Asbury Park Press.
2. For the period of October 1, 2019 to September 30, 2020, the net paid circulation for the Asbury Park Press was 33,204.
3. Based on the forgoing circulation, the rate to be charged by the Asbury Park Press for official advertising, as calculated in accordance with N.J.S.A. 35:2-1, shall be \$0.45 per line.

Tara Mondloch

Tara Mondloch/Director Public Notices

Sworn to and subscribed before me
this 25th day of Nov., 2020.

Cheryl Felty



State of Wisconsin, County of Brown

A GANNETT COMPANY
ASBURY PARK PRESS | APP.com

Agency:
 NJ WATER SUPPLY AUTHORITY
 1851 STATE ROUTE 31
 CLINTON, NJ 08809
 ATTN: Isabel Valente
Acct:ASB-027378

Client: NJ WATER SUPPLY AUTHORITY
 1851 STATE ROUTE 31,
 CLINTON, NJ 08809
 Acct No: ASB-027378

This is not an invoice

Order #	Advertisement/Description	# Col x # Lines	Rate Per Line	Cost
0004506601	NEWJERSEYWATERSUPPLYAUTHORITYNOTICEOFRATEPRC SALMANASQUANRESERVOIRSYSTEMTAKENOTICETHATPUR UANTTOTHEPROVISIONSOFCHAPTER293OFTHELAWSOFT	2 col x 73 lines	\$0.45	\$65.70
		Affidavit of Publication Charge	1	\$35.00
		Tearsheet Charge	0	\$0.00
		Net Total Due:		\$100.70

Run Dates: 12/15/2020

Check #: _____

Date: _____

CERTIFICATION BY RECEIVING AGENCY
 I, HAVING KNOWLEDGE OF THE FACTS, CERTIFY AND DECLARE THAT THE GOODS HAVE BEEN RECEIVED OR THE SERVICES RENDERED AND ARE IN COMPLIANCE WITH THE SPECIFICATIONS OR OTHER REQUIREMENTS, AND SAID CERTIFICATION IS BASED ON SIGNED DELIVERY SLIPS OR OTHER REASONABLE PROCEDURES OR VERIFIABLE INFORMATION.

SIGNATURE: _____

TITLE: _____ DATE: _____

CERTIFICATION BY APPROVAL OFFICIAL
 I CERTIFY AND DECLARE THAT THIS BILL OR INVOICE IS CORRECT, AND THAT SUFFICIENT FUNDS ARE AVAILABLE TO SATISFY THIS CLAIM. THE PAYMENT SHALL BE CHARGEABLE TO:

APPROPRIATION ACCOUNT(S) AND AMOUNTS CHARGED: P.O. # _____

SIGNATURE: _____

TITLE: _____ DATE: _____

CLAIMANT'S CERTIFICATION AND DECLARATION:
 I DO SOLEMNLY DECLARE AND CERTIFY UNDER THE PENALTIES OF THE LAW THAT THIS BILL OR INVOICE IS CORRECT IN ALL ITS PARTICULARS; THAT THE GOODS HAVE BEEN FURNISHED OR SERVICES HAVE BEEN RENDERED AS STATED HEREIN; THAT NO BONUS HAS BEEN GIVEN OR RECEIVED BY ANY PERSON OR PERSONS WITHIN THE KNOWLEDGE OF THIS CLAIMANT IN CONNECTION WITH THE ABOVE CLAIM; THAT THE AMOUNT HEREIN STATED IS JUSTLY DUE AND OWING; AND THAT THE AMOUNT CHARGED IS A REASONABLE ONE.

Date: 12/15/2020

Signature: Martha Spindart

Federal ID #: 061032273

Official Position: Clerk

Kindly return a copy of this bill with your payment so that we can assure you proper credit.

Asbury Park Press
 New Jersey Press Media Solutions
 P.O. Box 677599

DEC 29 2020 09:46

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

Ms. Debra Robinson Esq.
Division of Rate Counsel
140 E. Front St. 4th Fl P.O. Box 003
Trenton, NJ 08625

Mayor Edward Bonanno
Borough of Avon-By-The-Sea
301 Main Street
Avon, NJ 07717

Mayor Mark Walsifer
Borough of Belmar
P.O. Box A, 601 Main Street
Belmar, NJ 07719

Mr. William Lewis
New Jersey American Water
P. O. Box 102
Bound Brook, NJ 08805

Mr. Matthew Csik
New Jersey American Water
149 Yellowbrook Road, Ste. 109
Farmingdale, New Jersey 07727

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

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

Louise A. Mekosh,
Borough of Lake Como
1740 Main Street
Lake Como, NJ 07719

Dina Zahorsky, Clerk
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

Edward Sampson, Director
Monmouth County Planning Board
One East Main Street
Freehold, NJ 07728

Kerry McGuigan, Administrator
Borough of Avon-By-The-Sea
301 Main Street
Avon, NJ 07717

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

Scott Carew, Administrator
Borough of Matawan
201 Broad Street
Matawan, NJ 07747

Mayor Collette J. Kennedy
Borough of Keyport
P.O. Box 60
Keyport, NJ 07735

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

Mayor Kevin Higgins
Borough of Lake Como
1740 Main Street
Lake Como, NJ 07719

John Barrett, Borough Clerk
Borough of Spring Lake Heights
555 Brighton Avenue
Spring Lake Heights, NJ 07762

Mayor Christopher Campion
Borough of Spring Lake Heights
555 Brighton Avenue
Spring Lake Heights, NJ 07762

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

Ms. Stephanie A. Brand, Director
Division of Rate Counsel
140 E. Front St. 4th Fl.
P.O. Box 003
Trenton, NJ 08625

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

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

Michele Clark, Clerk
Borough of Keyport
P.O. Box 60
Keyport, NJ 07735

Mayor Pasquale Menna
Borough of Red Bank
90 Monmouth Street, Ste. 1
Red Bank, NJ 07701

Ziad Shehady, Administrator
Borough of Red Bank
90 Monmouth Street, Ste. 1
Red Bank, NJ 07701

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

Mayor Timothy Farrell
Township of Wall
2700 Allaire Road
Wall, NJ 07719

Jeffry 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

Michael J. Broncatello
Comptroller
NJDWSC
One F.A. Orechio Drive
Wanaque, NJ 07465

Mayor Joseph Altomonte
Borough of Matawan
201 Broad Street
Matawan, NJ 07747

Ms. Noreen Giblin
State of New Jersey, BPU
44 S. Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350

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

Jamie Hawn
New Jersey American Water
1 Water Street
Camden, NJ 08102

G:Business Office/Procurement
Dept/Raritan System/Water
Contracts/Public Hearing
(MRS Small Labels)

Michelle Rollman

From: Michelle Rollman
Sent: Thursday, December 17, 2020 9:53 AM
To: Michelle Rollman
Subject: NJWSA NOTICES OF RATE PROPOSALS
Attachments: Notice 2022 Proposed RBS Rates.doc; Notice FY2022 Proposed MRS Rates.doc

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 two notices of rate proposals.

Please find attached the New Jersey Water Supply Authority Notice of Rate Proposal for the Raritan Basin System as well as the Notice of Rate Proposal for the Manasquan Reservoir System.

Many thanks and Happy Holidays,
Michelle Rollman

Michelle Rollman

Finance and Accounting Analyst
New Jersey Water Supply Authority
Clinton Administration Building
1851 State Route 31
P.O. Box 5196
Clinton, NJ 08809
P: (908) 638-6121
F: (908) 638-5241
mrollman@njwsa.org

Michelle Rollman

From: postmaster@thirteen.onmicrosoft.com
To: aronm@njtvonline.org
Sent: Thursday, December 17, 2020 9:53 AM
Subject: Delivered: NJWSA NOTICES OF RATE PROPOSALS

Your message has been delivered to the following recipients:

aronm@njtvonline.org

Subject: NJWSA NOTICES OF RATE PROPOSALS

Michelle Rollman

From: Microsoft Outlook
<MicrosoftExchange329e71ec88ae4615bbc36ab6ce41109e@apgbl.onmicrosoft.com>
To: NewJersey@applanner.com
Sent: Thursday, December 17, 2020 9:53 AM
Subject: Relayed: NJWSA NOTICES OF RATE PROPOSALS

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

NewJersey@applanner.com

Subject: NJWSA NOTICES OF RATE PROPOSALS

Michelle Rollman

From: Mail Delivery System <MAILER-DAEMON@dispatch1-us1.ppe-hosted.com>
To: editor@trentonian.com; briang.thompson@nbcuni.com; wcaudesk@nbcuni.com;
desk@cbs2ny.com
Sent: Thursday, December 17, 2020 9:53 AM
Subject: Relayed: NJWSA NOTICES OF RATE PROPOSALS

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

editor@trentonian.com

briang.thompson@nbcuni.com

wcaudesk@nbcuni.com

desk@cbs2ny.com

Subject: NJWSA NOTICES OF RATE PROPOSALS

Michelle Rollman

From: postmaster@ap.org
To: mcatalini@ap.org
Sent: Thursday, December 17, 2020 9:53 AM
Subject: Delivered: NJWSA NOTICES OF RATE PROPOSALS

Your message has been delivered to the following recipients:

mcatalini@ap.org

Subject: NJWSA NOTICES OF RATE PROPOSALS

Michelle Rollman

From: postmaster@ap.org
To: TRE-TrentonNJBureauMailbox@ap.org
Sent: Thursday, December 17, 2020 9:55 AM
Subject: Delivered: NJWSA NOTICES OF RATE PROPOSALS

Your message has been delivered to the following recipients:

TRE-TrentonNJBureauMailbox@ap.org

Subject: NJWSA NOTICES OF RATE PROPOSALS

Michelle Rollman

From: postmaster@advancelocal.net
To: cbaxter@njadvancemedia.com
Sent: Thursday, December 17, 2020 9:55 AM
Subject: Delivered: NJWSA NOTICES OF RATE PROPOSALS

Your message has been delivered to the following recipients:

cbaxter@njadvancemedia.com

Subject: NJWSA NOTICES OF RATE PROPOSALS

Michelle Rollman

From: postmaster@advancelocal.net
To: news@njtimes.com
Sent: Thursday, December 17, 2020 9:55 AM
Subject: Delivered: NJWSA NOTICES OF RATE PROPOSALS

Your message has been delivered to the following recipients:

news@njtimes.com

Subject: NJWSA NOTICES OF RATE PROPOSALS

Michelle Rollman

From: postmaster@advancelocal.net
To: bjohnson@njadvancemedia.com
Sent: Thursday, December 17, 2020 9:55 AM
Subject: Delivered: NJWSA NOTICES OF RATE PROPOSALS

Your message has been delivered to the following recipients:

bjohnson@njadvancemedia.com

Subject: NJWSA NOTICES OF RATE PROPOSALS

Michelle Rollman

From: postmaster@advancelocal.net
To: tmartello@njadvancemedia.com
Sent: Thursday, December 17, 2020 9:55 AM
Subject: Delivered: NJWSA NOTICES OF RATE PROPOSALS

Your message has been delivered to the following recipients:

tmartello@njadvancemedia.com

Subject: NJWSA NOTICES OF RATE PROPOSALS

Michelle Rollman

From: postmaster@cvcmail.onmicrosoft.com
To: news12nj@news12.com
Sent: Thursday, December 17, 2020 9:55 AM
Subject: Delivered: External E-mail - NJWSA NOTICES OF RATE PROPOSALS

Your message has been delivered to the following recipients:

news12nj@news12.com

Subject: External E-mail - NJWSA NOTICES OF RATE PROPOSALS

Michelle Rollman

From: postmaster@advancelocal.net
To: slivio@njadvancemedia.com
Sent: Thursday, December 17, 2020 9:55 AM
Subject: Delivered: NJWSA NOTICES OF RATE PROPOSALS

Your message has been delivered to the following recipients:

slivio@njadvancemedia.com

Subject: NJWSA NOTICES OF RATE PROPOSALS

Michelle Rollman

From: postmaster@disney.com
To: susann.l.mcgoldrick@abc.com
Sent: Thursday, December 17, 2020 9:55 AM
Subject: Delivered: NJWSA NOTICES OF RATE PROPOSALS

Your message has been delivered to the following recipients:

susann.l.mcgoldrick@abc.com

Subject: NJWSA NOTICES OF RATE PROPOSALS

Michelle Rollman

From: postmaster@advancelocal.net
To: news@hcdemocrat.com
Sent: Thursday, December 17, 2020 9:56 AM
Subject: Delivered: NJWSA NOTICES OF RATE PROPOSALS

Your message has been delivered to the following recipients:

news@hcdemocrat.com

Subject: NJWSA NOTICES OF RATE PROPOSALS

Michelle Rollman

From: postmaster@owh.com
To: newstips@pressofac.com; wkeough@pressofac.com
Sent: Thursday, December 17, 2020 9:54 AM
Subject: Delivered: NJWSA NOTICES OF RATE PROPOSALS

Your message has been delivered to the following recipients:

newstips@pressofac.com

wkeough@pressofac.com

Subject: NJWSA NOTICES OF RATE PROPOSALS

Michelle Rollman

From: postmaster@townsquaremedia.com
To: eric.scott@townsquaremedia.com
Sent: Thursday, December 17, 2020 9:56 AM
Subject: Delivered: NJWSA NOTICES OF RATE PROPOSALS

Your message has been delivered to the following recipients:

eric.scott@townsquaremedia.com

Subject: NJWSA NOTICES OF RATE PROPOSALS

Michelle Rollman

From: David Matthau <David.Matthau@townsquaremedia.com>
To: Michelle Rollman
Sent: Thursday, December 17, 2020 9:56 AM
Subject: Read: NJWSA NOTICES OF RATE PROPOSALS

Your message

To:
Subject: NJWSA NOTICES OF RATE PROPOSALS
Sent: Thursday, December 17, 2020 9:56:17 AM (UTC-05:00) Eastern Time (US & Canada)

was read on Thursday, December 17, 2020 9:56:00 AM (UTC-05:00) Eastern Time (US & Canada).

Michelle Rollman

From: postmaster@townsquaremedia.com
To: newsjerz@nj1015.com
Sent: Thursday, December 17, 2020 9:56 AM
Subject: Delivered: NJWSA NOTICES OF RATE PROPOSALS

Your message has been delivered to the following recipients:

newsjerz@nj1015.com

Subject: NJWSA NOTICES OF RATE PROPOSALS

Michelle Rollman

From: HCD News <H@njadvancemedia.com>
Sent: Thursday, December 17, 2020 9:55 AM
To: Michelle Rollman
Subject: Automatic reply: NJWSA NOTICES OF RATE PROPOSALS

Thank you for reaching out to nj.com, The Hunterdon County Democrat, Sunday Democrat and Observer. Because of the volume of emails received, NJ Advance Media cannot respond to individual emails. While NJ Advance Media makes every attempt to publish items submitted, not all can be used online and in print.

If you have an item for the community or entertainment calendar, please visit <http://myevent.nj.com/web/event.php>.

If you have questions regarding delivery of the newspaper and subscriptions, please visit https://www.nj.com/subscribe_change/index.html.

If you have questions regarding legal notices, please email njlegalads@support.njadvance-media.com.

If you are looking to publish an advertisement for a wedding, anniversary or birth, please email placead@njadvancemedia.com.

Michelle Rollman

From: Zappile, Marlena (NBCUniversal, WCAU) <Marlena.Zappile@nbcuni.com>
To: Michelle Rollman
Sent: Thursday, December 17, 2020 9:57 AM
Subject: Read: NJWSA NOTICES OF RATE PROPOSALS

Your message

To:
Subject: NJWSA NOTICES OF RATE PROPOSALS
Sent: Thursday, December 17, 2020 9:57:32 AM (UTC-05:00) Eastern Time (US & Canada)

was read on Thursday, December 17, 2020 9:56:31 AM (UTC-05:00) Eastern Time (US & Canada).

Michelle Rollman

From: McGoldrick, Susann L. <Susann.L.McGoldrick@abc.com>
To: Michelle Rollman
Sent: Thursday, December 17, 2020 9:58 AM
Subject: Read: NJWSA NOTICES OF RATE PROPOSALS

Your message

To:
Subject: NJWSA NOTICES OF RATE PROPOSALS
Sent: Thursday, December 17, 2020 9:58:02 AM (UTC-05:00) Eastern Time (US & Canada)

was read on Thursday, December 17, 2020 9:57:41 AM (UTC-05:00) Eastern Time (US & Canada).

Michelle Rollman

From: Thompson, Brian G (NBCUniversal) <BrianG.Thompson@nbcuni.com>
To: Michelle Rollman
Sent: Thursday, December 17, 2020 9:58 AM
Subject: Read: [EXTERNAL] NJWSA NOTICES OF RATE PROPOSALS

Your message

To:
Subject: NJWSA NOTICES OF RATE PROPOSALS
Sent: Thursday, December 17, 2020 9:58:49 AM (UTC-05:00) Eastern Time (US & Canada)

was read on Thursday, December 17, 2020 9:58:26 AM (UTC-05:00) Eastern Time (US & Canada).

Michelle Rollman

From: Mail Delivery System <MAILER-DAEMON@dispatch1-us1.ppe-hosted.com>
To: bjordan@gannettnj.com
Sent: Thursday, December 17, 2020 10:02 AM
Subject: Relayed: NJWSA NOTICES OF RATE PROPOSALS

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

bjordan@gannettnj.com

Subject: NJWSA NOTICES OF RATE PROPOSALS

Michelle Rollman

From: Mail Delivery System <MAILER-DAEMON@dispatch1-us1.ppe-hosted.com>
To: info@1010winsmail.com
Sent: Thursday, December 17, 2020 10:02 AM
Subject: Relayed: NJWSA NOTICES OF RATE PROPOSALS

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

info@1010winsmail.com

Subject: NJWSA NOTICES OF RATE PROPOSALS

Michelle Rollman

From: Mail Delivery System <MAILER-DAEMON@dispatch1-us1.ppe-hosted.com>
To: mcalpin@northjersey.com; racioppi@northjersey.com; stile@northjersey.com
Sent: Thursday, December 17, 2020 10:01 AM
Subject: Relayed: NJWSA NOTICES OF RATE PROPOSALS

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

mcalpin@northjersey.com

racioppi@northjersey.com

stile@northjersey.com

Subject: NJWSA NOTICES OF RATE PROPOSALS

Michelle Rollman

From: Mail Delivery System <MAILER-DAEMON@dispatch1-us1.ppe-hosted.com>
To: jalt@thedailyjournal.com
Sent: Thursday, December 17, 2020 10:02 AM
Subject: Relayed: NJWSA NOTICES OF RATE PROPOSALS

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

jalt@thedailyjournal.com

Subject: NJWSA NOTICES OF RATE PROPOSALS

Michelle Rollman

From: Mail Delivery System <MAILER-DAEMON@dispatch1-us1.ppe-hosted.com>
To: editorial@eenews.net
Sent: Thursday, December 17, 2020 10:02 AM
Subject: Relayed: NJWSA NOTICES OF RATE PROPOSALS

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

editorial@eenews.net

Subject: NJWSA NOTICES OF RATE PROPOSALS

Michelle Rollman

From: Mail Delivery System <MAILER-DAEMON@dispatch1-us1.ppe-hosted.com>
To: newsroom@dailyrecord.com
Sent: Thursday, December 17, 2020 10:01 AM
Subject: Relayed: NJWSA NOTICES OF RATE PROPOSALS

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

newsroom@dailyrecord.com

Subject: NJWSA NOTICES OF RATE PROPOSALS

Michelle Rollman

From: 1010 WINS Info <info@wins.com>
To: Michelle Rollman
Sent: Thursday, December 17, 2020 10:03 AM
Subject: Read: NJWSA NOTICES OF RATE PROPOSALS

Your message

To:
Subject: NJWSA NOTICES OF RATE PROPOSALS
Sent: Thursday, December 17, 2020 10:03:26 AM (UTC-05:00) Eastern Time (US & Canada)

was read on Thursday, December 17, 2020 10:02:58 AM (UTC-05:00) Eastern Time (US & Canada).

Michelle Rollman

From: postmaster@townsquaremedia.com
To: david.matthau@townsquaremedia.com
Sent: Thursday, December 17, 2020 9:56 AM
Subject: Delivered: NJWSA NOTICES OF RATE PROPOSALS

Your message has been delivered to the following recipients:

david.matthau@townsquaremedia.com

Subject: NJWSA NOTICES OF RATE PROPOSALS

Michelle Rollman

From: Microsoft Outlook
To: Courier Post (ccomegno@camdengannett.com)
Sent: Thursday, December 17, 2020 9:53 AM
Subject: Undeliverable: NJWSA NOTICES OF RATE PROPOSALS

Delivery has failed to these recipients or groups:

[Courier Post \(ccomegno@camdengannett.com\)](mailto:ccomegno@camdengannett.com) (ccomegno@camdengannett.com)

The recipient's email address isn't correct. Please check the email address and try to resend the message. If the problem continues, contact your helpdesk.

The following organization rejected your message: mx1-us1.ppe-hosted.com.

Diagnostic information for administrators:

Generating server: NJW-DC1.njwsa2.local

ccomegno@camdengannett.com

mx1-us1.ppe-hosted.com

Remote Server returned '550 5.1.2 <ccomegno@camdengannett.com>: Recipient address rejected: Domain not found'

Original message headers:

Received: from NJW-DC1.njwsa2.local (192.168.1.82) by NJW-DC1.njwsa2.local (192.168.1.82) with Microsoft SMTP Server (TLS) id 15.0.847.32; Thu, 17 Dec 2020 09:52:50 -0500

Received: from NJW-DC1.njwsa2.local ([fe80::10de:d187:f17b:78a8]) by NJW-DC1.njwsa2.local ([fe80::10de:d187:f17b:78a8%13]) with mapi id 15.00.0847.030; Thu, 17 Dec 2020 09:52:50 -0500

From: Michelle Rollman <mrollman@njwsa.org>

To: Michelle Rollman <mrollman@njwsa.org>

Subject: NJWSA NOTICES OF RATE PROPOSALS

Thread-Topic: NJWSA NOTICES OF RATE PROPOSALS

Thread-Index: AdbUg9kYr7VMktMqQU+P+5fBPpVIzA==

Disposition-Notification-To: Michelle Rollman <mrollman@njwsa.org>

Return-Receipt-To: <mrollman@njwsa.org>

Date: Thu, 17 Dec 2020 14:52:50 +0000

Message-ID: <3fcfed0736e746719ac93f0f903adbd3@NJW-DC1.njwsa2.local>

Accept-Language: en-US

Content-Language: en-US

X-MS-Has-Attach: yes

X-MS-TNEF-Correlator:

x-originating-ip: [50.245.216.33]

Content-Type: multipart/mixed;

boundary="_005_3fcfed0736e746719ac93f0f903adbd3NJWDC1njwsa2local_"

MIME-Version: 1.0

Michelle Rollman

From: postmaster@wbgo.org
To: pgregory@wbgo.org
Sent: Thursday, December 17, 2020 9:53 AM
Subject: Undeliverable: NJWSA NOTICES OF RATE PROPOSALS

Delivery has failed to these recipients or groups:

pgregory@wbgo.org

This message was rejected by the recipient email system. Please check the recipient's email address and try resending this message, or contact the recipient directly.

Diagnostic information for administrators:

Generating server: CY4PR13MB1288.namprd13.prod.outlook.com

pgregory@wbgo.org

Remote Server returned '< #5.1.10 smtp;550 5.1.10 RESOLVER.ADR.RecipientNotFound; Recipient pgregory@wbgo.org not found by SMTP address lookup>'

Original message headers:

Received: from BN4PR13CA0009.namprd13.prod.outlook.com (2603:10b6:403:3::19) by CY4PR13MB1288.namprd13.prod.outlook.com (2603:10b6:903:9e::20) with Microsoft SMTP Server (version=TLS1_2, cipher=TLS_ECDHE_RSA_WITH_AES_256_GCM_SHA384) id 15.20.3676.11; Thu, 17 Dec 2020 14:53:04 +0000

Received: from BN7NAM10FT012.eop-nam10.prod.protection.outlook.com (2603:10b6:403:3:cafe::4f) by BN4PR13CA0009.outlook.office365.com (2603:10b6:403:3::19) with Microsoft SMTP Server (version=TLS1_2, cipher=TLS_ECDHE_RSA_WITH_AES_256_GCM_SHA384) id 15.20.3676.13 via Frontend Transport; Thu, 17 Dec 2020 14:53:04 +0000

Authentication-Results: spf=neutral (sender IP is 67.231.154.164) smtp.mailfrom=njwsa.org; wbgo.org; dkim=none (message not signed) header.d=none;wbgo.org; dmarc=none action=none header.from=njwsa.org;

Received-SPF: Neutral (protection.outlook.com: 67.231.154.164 is neither permitted nor denied by domain of njwsa.org)

Received: from dispatch1-us1.ppe-hosted.com (67.231.154.164) by BN7NAM10FT012.mail.protection.outlook.com (10.13.156.114) with Microsoft SMTP Server (version=TLS1_2, cipher=TLS_ECDHE_RSA_WITH_AES_256_GCM_SHA384) id 15.20.3676.22 via Frontend Transport; Thu, 17 Dec 2020 14:53:03 +0000

Received: from mx1-us1.ppe-hosted.com (unknown [10.110.50.144]) by dispatch1-us1.ppe-hosted.com (PPE Hosted ESMTMP Server) with ESMTMP id 52F8C20107; Thu, 17 Dec 2020 14:53:03 +0000 (UTC)

Received: from us4-mdac16-34.atl.mdlocal (unknown [10.110.49.218]) by mx1-us1.ppe-hosted.com (PPE Hosted ESMTMP Server) with ESMTMP id 4B563800A4; Thu, 17 Dec 2020 14:53:03 +0000 (UTC)

X-Virus-Scanned: Proofpoint Essentials engine

Michelle Rollman

From: Mail Delivery System <mailer-daemon@ppe-hosted.com>
To: newstips@kyw1060info.com
Sent: Thursday, December 17, 2020 9:54 AM
Subject: Undeliverable: NJWSA NOTICES OF RATE PROPOSALS

Delivery has failed to these recipients or groups:

newstips@kyw1060info.com

A problem occurred while delivering this message to this email address. Try sending this message again. If the problem continues, please contact your helpdesk.

The following organization rejected your message: kyw1060info.com.

Diagnostic information for administrators:

Generating server: dispatch1-us1.ppe-hosted.com

newstips@kyw1060info.com

kyw1060info.com

Remote Server returned '<kyw1060info.com #5.0.0 smtp; 550 No such person at this address">'

Original message headers:

Return-Path: <mrollman@njwsa.org>

Received: from dispatch1-us1.ppe-hosted.com (localhost.localdomain [127.0.0.1])
by dispatch1-us1.ppe-hosted.com (PPE Hosted ESMTTP Server) with ESMTTP id 6E7606681C
for <newstips@kyw1060info.com>; Thu, 17 Dec 2020 14:53:13 +0000 (UTC)

Received: from mx1-us1.ppe-hosted.com (unknown [10.110.50.144])
by dispatch1-us1.ppe-hosted.com (PPE Hosted ESMTTP Server) with ESMTTP id
52F8C20107;

Thu, 17 Dec 2020 14:53:03 +0000 (UTC)

Received: from us4-mdac16-34.at1.mdlocal (unknown [10.110.49.218])
by mx1-us1.ppe-hosted.com (PPE Hosted ESMTTP Server) with ESMTTP id 4B563800A4;
Thu, 17 Dec 2020 14:53:03 +0000 (UTC)

X-Virus-Scanned: Proofpoint Essentials engine

Received: from mx1-us1.ppe-hosted.com (unknown [10.110.48.60])
by mx1-us1.ppe-hosted.com (PPE Hosted ESMTTP Server) with ESMTTPS id EAD8A4006F;
Thu, 17 Dec 2020 14:53:00 +0000 (UTC)

Received: from NJW-DC1.njwsa2.local (50-245-216-33-static.hfc.comcastbusiness.net
[50.245.216.33])

(using TLSv1 with cipher ECDHE-RSA-AES256-SHA (256/256 bits))

(No client certificate requested)

by mx1-us1.ppe-hosted.com (PPE Hosted ESMTTP Server) with ESMTTPS id 159A4AC006B;
Thu, 17 Dec 2020 14:53:00 +0000 (UTC)

Received: from NJW-DC1.njwsa2.local (192.168.1.82) by NJW-DC1.njwsa2.local
(192.168.1.82) with Microsoft SMTP Server (TLS) id 15.0.847.32; Thu, 17 Dec
2020 09:52:50 -0500

Michelle Rollman

From: postmaster@advancelocal.net
To: srizzo@njadvancemedia.com
Sent: Thursday, December 17, 2020 9:56 AM
Subject: Undeliverable: NJWSA NOTICES OF RATE PROPOSALS

Delivery has failed to these recipients or groups:

srizzo@njadvancemedia.com

A problem occurred during the delivery of this message. Please try to resend the message later. If the problem continues, contact your helpdesk.

The following organization rejected your message: ACS-EXCH01.advancelocal.net.

Diagnostic information for administrators:

Generating server: DM6PR01MB5097.prod.exchangelabs.com

srizzo@njadvancemedia.com
ACS-EXCH01.advancelocal.net

Remote Server returned '<ACS-EXCH01.advancelocal.net #5.4.6 smtp;554 5.4.6 Hop count exceeded - possible mail loop>'

Original message headers:

Received: from CO2PR18CA0047.namprd18.prod.outlook.com (2603:10b6:104:2::15) by DM6PR01MB5097.prod.exchangelabs.com (2603:10b6:5:8::18) with Microsoft SMTP Server (version=TLS1_2, cipher=TLS_ECDHE_RSA_WITH_AES_256_GCM_SHA384) id 15.20.3654.21; Thu, 17 Dec 2020 14:56:14 +0000
Received: from MW2NAM10FT051.eop-nam10.prod.protection.outlook.com (2603:10b6:104:2:cafe::6c) by CO2PR18CA0047.outlook.office365.com (2603:10b6:104:2::15) with Microsoft SMTP Server (version=TLS1_2, cipher=TLS_ECDHE_RSA_WITH_AES_256_GCM_SHA384) id 15.20.3654.12 via Frontend Transport; Thu, 17 Dec 2020 14:56:13 +0000
Authentication-Results: spf=neutral (sender IP is 52.20.204.224) smtp.mailfrom=njwsa.org; njadvancemedia.com; dkim=none (message not signed) header.d=none;njadvancemedia.com; dmarc=none action=none header.from=njwsa.org;
Received-SPF: Neutral (protection.outlook.com: 52.20.204.224 is neither permitted nor denied by domain of njwsa.org)
Received: from mail.advancelocal.net (52.20.204.224) by MW2NAM10FT051.mail.protection.outlook.com (10.13.154.227) with Microsoft SMTP Server (version=TLS1_2, cipher=TLS_ECDHE_RSA_WITH_AES_256_CBC_SHA384) id 15.20.3676.22 via Frontend Transport; Thu, 17 Dec 2020 14:56:12 +0000
Received: from ACS-EXCH01.advancelocal.net (10.56.1.26) by ACS-EXCH02.advancelocal.net (10.140.4.58) with Microsoft SMTP Server (TLS) id 15.0.1367.3; Thu, 17 Dec 2020 09:55:41 -0500
Received: from NAM04-C01-obe.outbound.protection.outlook.com (104.47.45.53) by

Michelle Rollman

From: Taylor, John (NBCUniversal) <JohnTaylor@nbcuni.com>
To: Michelle Rollman
Sent: Saturday, December 19, 2020 12:15 AM
Subject: Not read: [EXTERNAL] NJWSA NOTICES OF RATE PROPOSALS

Your message

To:
Subject: NJWSA NOTICES OF RATE PROPOSALS
Sent: Saturday, December 19, 2020 12:16:34 AM (UTC-05:00) Eastern Time (US & Canada)

was deleted without being read on Saturday, December 19, 2020 12:14:40 AM (UTC-05:00) Eastern Time (US & Canada).

New Jersey Register Notice

Exhibit D

SUBCHAPTER 2. SCHEDULE OF RATES, CHARGES, AND DEBT SERVICE ASSESSMENTS FOR THE SALE OF WATER FROM THE RARITAN BASIN SYSTEM

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 [182.353] **182.339** million gallons per day has been used in setting the rate listed [in] at (b) below.

(b) General rate schedule for operations and maintenance:

<u>Period</u> (State fiscal year unless otherwise indicated)	<u>Allocation</u>	<u>Rate/Million Gallons</u>
State fiscal year [2021] 2022	Million Gallons per Day (MGD)	\$194.00

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 [182.353] **182.339** million gallons per day, will be applied to all customers.

<u>Period</u> (State fiscal year unless otherwise indicated)	<u>Allocation</u>	<u>Rate/Million Gallons</u>
State fiscal year [2021] 2022	Million Gallons per Day (MGD)	\$85.00

7:11-2.5 Capital Fund Component

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

(c) Capital Fund Assessment

<u>Period</u> (State fiscal year unless otherwise indicated)	<u>Allocation</u>	<u>Rate/Million Gallons</u>
State fiscal year [2021] 2022	Million Gallons per Day (MGD)	\$33.00

7:11-2.6 Source Water Protection Fund Component

(a) (No change.)

(b) Source Water Protection Fund Assessment

<u>Period</u> (State fiscal year unless otherwise indicated)	<u>Allocation</u>	<u>Rate/Million Gallons</u>
State fiscal year [2021] 2022	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, 4.6, and 4.7

Authorized By: New Jersey Water Supply Authority, Catherine R. McCabe, 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: 06-20-11.

Proposal Number: PRN 2021-004.

In accordance with N.J.A.C. 7:11-4.16(a), both a **pre-public hearing meeting** and a **public hearing** concerning this notice of proposal will be held by the New Jersey Water Supply Authority (Authority). The date and time of the pre-public hearing meeting and the public hearing will depend on circumstances surrounding the COVID-19 public health emergency.

Further information on the pre-public hearing meeting and on the public hearing will be posted on the Authority's website at <https://www.njwsa.org/public-notice.html> at least 15 days prior to the date of the meeting/hearing. Notice will also be sent to those who have subscribed to the Authority's rulemaking listserv. To subscribe, go to <https://www.njwsa.org/rate-proposals.html>.

Submit comments by March 5, 2021, electronically to the Authority at info@njwsa.org. The Authority encourages electronic submittal of comments. In the alternative, comments may be submitted on paper to:

Marc Brooks
Executive Director
New Jersey Water Supply Authority
Attention: DEP Docket No. 06-20-11
1851 State Highway 31
PO Box 5196
Clinton, NJ 08809

The Basis and Background document, which is available at the Authority's website <http://www.njwsa.org>, explains in further detail the financial justification for the proposed 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) 2022. 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 a no change to the overall rate of \$1,010.75 per million gallons for initial water purchase contract customers, and no change to the overall rate of \$1,124.67 per million gallons for delayed water purchase contract customers. The Authority anticipates the rates will be adopted operative July 1, 2021.

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 in the standby charge at N.J.A.C. 7:11-4.13, was last adjusted operative July 1, 2020 (FY 2021), when the amount was increased from \$432.87 to \$445.82 (see 48 N.J.R. 19(a); 1065(a)). The Authority is proposing no change to the operations and maintenance component of \$445.82 per million gallons for FY 2022. The O&M component sales base of 19.443 MGD will remain the same for FY 2022.

The debt service component for FY 2021 for delayed water purchase contract 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 2022. The Authority is proposing no change to the delayed water purchase contract customer debt service component set forth at N.J.A.C. 7:11-4.4(b) of \$438.92 for FY 2022. 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. This rate is charged to all water purchasers who entered into a water purchase contract for uninterruptible service commencing subsequent to the System operation date.

A capital fund rate component was established in the Manasquan System in FY 2021 for initial water purchase contract customers (\$525.00/MG) and delayed water purchase contracts (\$200.00/MG) to provide for long-term capital needs that will allow for the proper maintenance, rehabilitation, and/or replacement of the system facilities. There will be no change in the rate for initial water purchase contract customers (\$525.00 per million gallons), found at N.J.A.C. 7:11-4.5(c), which will be charged to all uninterruptible service contracts executed prior to July 1, 1990, and to those water purchasers entering delayed water purchase contracts who pre-paid the total delayed water purchase surcharge at the commencement of the contract, rather than paying it over the contract term. The rate for delayed water purchase contract customers (\$200.00 per million gallons, no change from FY 2021), found at N.J.A.C. 7:11-4.5(e), will be charged to all water purchasers who entered into a water purchase contract for uninterruptible service commencing subsequent to the System operation date.

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 rate was reduced from \$15.00 per MG to \$10.00 per MG for FY 2016. A rate of \$10.00 per MG and existing fund surplus were sufficient to cover program costs for FY 2016 and FY 2017. In FY 2018, the Authority increased the rate to \$15.00 per MG in order to cover program costs for FY 2018. To cover costs for FY 2022, the Authority proposes no change to the source water protection fund component rate of \$15.00 per MG, which will now be codified at N.J.A.C. 7:11-4.6(b).

The Authority proposes no change in the New Jersey Environmental Infrastructure Financing Program (NJEIFP) debt component of \$24.93 per MG, which will now be set forth at N.J.A.C. 7:11-4.7(b). 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 remain stable in FY 2022, and the sales base will remain constant at 19.443 MGD for FY 2022.

For initial water purchase contract customers, the FY 2022 base contract O&M Rate (\$445.82), Source Water Protection Program Rate (\$15.00), NJEIFP Debt Rate (\$24.93), and Capital Fund Component (\$525.00) comprise the total base contract rate for raw water of \$1,010.75 per million gallons, and represents no change relative to FY 2021. This base contract rate is charged to all uninterruptible service contracts executed prior to July 1, 1990 (and renewed at July 1, 2015), 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 .028 mgd 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 contract customers in FY 2022 is \$1,124.67 per million gallons, representing no change relative to the FY 2021 delayed water purchase rate. The O&M Component (\$445.82), the Source Water Protection Fund Component (\$15.00), the Debt Service Rate Component (\$438.92), the NJEIFP Debt Rate (\$24.93), and the Capital Fund Component (\$200.00) comprise the total rate.

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 adjustment to the rate schedule will result in no change to the overall water rate for initial water purchase contract customers and no change to the overall water rate for delayed water purchase contract customers. Based upon the average household usage of 400 gallons per day, the annual average impact per household will be \$0.00 for initial water purchase contract customers and \$0.00 for delayed water purchase contract customers. 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.

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

N.J.S.A. 52:14B-1 et seq. (P.L. 1995, c. 65), requires administrative agencies that adopt, readopt, or amend any rule or regulation to which the Order applies 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 rules 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 rulemaking, 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. The proposed amendments do not change the overall water rate for both initial water purchase contract customers and delayed water purchase contract customers. Accordingly, no impacts on the agriculture industry are anticipated.

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, as the proposed amendments only change fiscal year references with no change in water rates.

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, as the proposed amendments only change fiscal year references with no change in water rates.

Racial and Ethnic Community Criminal Justice and Public Safety Impact

The Authority has evaluated this rulemaking and determined that it will not have an impact on pretrial detention, sentencing, probation, or parole policies concerning adults and juveniles in the State. Accordingly, no further analysis is required.

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

SUBCHAPTER 4. SCHEDULE OF RATES, CHARGES, AND DEBT SERVICE ASSESSMENTS FOR THE SALE OF WATER FROM THE MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

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 19.443 mg per day sales base)
<u>Effective Date</u> July 1, [2020] 2021	\$445.82

7:11-4.4 Debt service cost component

(a) (No change.)

(b) A 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 uninterruptible 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.

<u>Period</u>	<u>Rate/Million Gallons (Coverage 120 percent)</u>
[7/1/2020 to 6/30/2021]	
7/1/2021 to 6/30/2022	\$438.92

(c) (No change.)

7:11-4.5 Capital Fund Component

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

(c) Capital Fund Assessment—initial water purchase contract customers:

<u>Period</u>	<u>Rate/Million Gallons</u>
[7/1/2020 to 6/30/2021]	
7/1/2021 to 6/30/2022	\$525.00

(d) (No change.)

(e) Capital Fund Assessment—delayed water purchase contract customers

<u>Period</u>	<u>Rate/Million Gallons</u>
[7/1/2020 to 6/30/2021]	
7/1/2021 to 6/30/2022	\$200.00

7:11-4.6 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>
[7/1/2020 to 6/30/2021]	
7/1/2021 to 6/30/2022	\$15.00

7:11-4.7 New Jersey Environmental Infrastructure Financing Program debt component

(a) (No change.)

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

<u>Period</u>	<u>Rate/Million Gallons</u>
[7/1/2020 to 6/30/2021]	
7/1/2021 to 6/30/2022	\$24.93

Minutes of Pre-Public Hearing Meeting

Exhibit E

MINUTES

Pre-Public Hearing Meeting - January 7, 2021

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, 2021

The Pre-Public Hearing Meeting was called to order by Susan Buckley, Director Administration and Finance, at 11:00 a.m. via Webex.

Authority staff members present were Susan Buckley-Director Finance and Administration, Marc Brooks-Executive Director, Darin Shaffer-Chief Engineer, and Paul McKeon-Director Manasquan Water Supply System and D&R Canal Operations.

Marty Walters representing New Jersey American Water was the only attendee. Ms. Buckley reviewed the rate setting schedule, the rate proposal for FY22 (rates are being held flat for both initial and delayed contract customers), and the specific rate elements that are incorporated in the total rate. Mr. McKeon reviewed the proposed capital spending schedule. After a period of questions and answers and discussion, Ms. Buckley adjourned the meeting at 11:30 a.m.

AGENDA

Pre-Public Hearing Meeting

January 7, 2021

**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, 2021 (FY22)

11:00 A.M. EST

1. Greeting/Introduction
2. Review of Process and Future Events
3. Review of Proposed Adjustments to the Rate Schedule
4. Capital Improvement Program
5. Additional questions and answers

**SIGN IN SHEET
NEW JERSEY WATER SUPPLY AUTHORITY
Manasquan Reservoir System
Pre-Public Meeting**

Proposed Adjustments to the Schedule of Rates, Charges and
Debt Service Assessments to Become Effective July 1, 2021

**January 7, 2021
11:00 a.m.**

<u>Name</u>	<u>Affiliation</u>
Susan Buckley	NJWSA
Marc Brooks	NJWSA
Darin Shaffer	NJWSA
Paul McKeon	NJWSA
Marty Walters	American Water

Transcript of Public Hearing

Exhibit F

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NEW JERSEY WATER SUPPLY AUTHORITY
ADMINISTRATION BUILDING
2041 HOSPITAL ROAD
WALL, NEW JERSEY 07727

IN THE MATTER OF 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.)
TO BECOME EFFECTIVE JULY 1, 2021

H E L D:

Via WEBEX
Thursday, February 4, 2021
11:00 a.m.

B E F O R E:

JEFFREY HOFFMAN
ACTING CHAIR
HEARING OFFICER

TRANSCRIPTION BY:
Nancy Ambrose,
C.C.R.

J.H. BUEHRER & ASSOCIATES
CERTIFIED SHORTHAND REPORTERS
884 Breezy Oaks Drive
Toms River, New Jersey 08753

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A P P E A R I N G :

NEW JERSEY WATER SUPPLY AUTHORITY:

MARC B. BROOKS
Executive Director

SUSAN C. BUCKLEY
Director,
Finance and Administration

DARIN SHAFFER
Chief Engineer

MANASQUAN WATER SUPPLY SYSTEM:

PAUL MCKEON
Director of Operations

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I N D E X		
E X H I B I T S		
NUMBER	DESCRIPTION	PAGE
P-1	Pre-Public Hearing Meeting Minutes, 1-07-21	6
P-2	Certification of Publication	7
S-1	Basis and Background Document	19

1 THE FOLLOWING HEARING WAS TAKEN BY WAY OF THE
2 VIDEO CONFERENCING SOFTWARE APP, WEBEX. ALL
3 PARTICIPANTS APPEARED VIRTUALLY AND SEPARATELY,
4 NOT TOGETHER IN THE SAME ROOM.

5
6 AGENDA ITEM I

7 OPENING STATEMENT BY HEARING OFFICER

8
9
10 MR. HOFFMAN: On behalf of the New
11 Jersey Water Supply Authority, I would like to
12 welcome you here this morning. My name is Jeffrey
13 Hoffman. As designated by the Commissioner of the
14 New Jersey Department of Environmental Protection
15 and Chair of the New Jersey Water Authority, I
16 serve as Acting Chair of the Authority.

17 I will be serving as Hearing Officer
18 for this public hearing for the Authority's
19 proposed adjustments to its Schedule of Rates,
20 Charges and Debt Service Assessments for the
21 supply of water from the Manasquan Water Supply
22 System, which will take effect on July 1, 2021.

23 Several members of the Authority's
24 Staff are present today and I would like to
25 introduce them.

1 Marc Brooks is the Executive Director.

2 Ms. Susan Buckley is the Director,
3 Finance and Administration.

4 Mr. Paul Mckeon is the Director,
5 Manasquan Water Supply and Canal Operations.

6 Mr. Darin Shaffer is the Chief Engineer.

7 It is requested that everyone present
8 state your name and affiliation. If you would
9 like to make a statement today, there will be a
10 designated comment period later in the meeting.

11 The Authority has adopted extensive
12 rate adjustment procedures found in the New Jersey
13 Administrative Code at N.J.A.C. 7:11-4.16 and
14 4.17, which provide for close contact with our
15 water customers, the State Division of the
16 Ratepayer Advocate, and other interested parties
17 for the proposal of any rate adjustment.

18 These procedures demonstrate the
19 Authority's commitment to maintaining an active
20 dialogue with the public, welcoming the input of
21 interested parties, and providing a forum for that
22 input.

23 Official notice of the proposed rate
24 adjustments for Fiscal Year 2022 was mailed to the
25 water users and all interested parties on December

1 15, 2020, and published in the New Jersey Register
2 on January 4, 2021.

3 On January 7, 2021 the required
4 pre-public hearing meeting with our contractual
5 water customers and interested parties was
6 conducted. There was one attendee, representing
7 American Water, at the pre-public hearing.

8 Ms. Buckley, do we have minutes from
9 the pre-public hearing meeting of January 7, 2021?

10 MS. BUCKLEY: Yes, Mr. Chairman, and I
11 would like to enter the January 7, 2021 pre-public
12 hearing minutes into the record as Exhibit P-1.

13 MR. HOFFMAN: Please mark the
14 Pre-Public Hearing meeting minutes as Exhibit P-1.

15 (Exhibit P-1, Pre-Public Hearing
16 Minutes, 1-07-21, is marked into the record.)

17 MR. HOFFMAN: At this time I will ask
18 Ms. Buckley if we have a certification of the
19 publication and the mailing of notification of
20 this public hearing to present for the record?

21 MS. BUCKLEY: Yes, Mr. Chairman, we
22 have certification that Notice of this public
23 hearing was mailed to the Secretary of State, the
24 Division of Ratepayer Advocate, the news media
25 maintaining a press office at the State House

1 Complex, the Board of Public Utilities, the
2 Authority's Contractual Water Purchasers, and
3 other interested parties on December 15, 2020, and
4 advertised in the Star Ledger and The Times
5 (Trenton) on December 15, 2020. I would like to
6 enter this Certification into the record as
7 Exhibit P-2.

8 MR. HOFFMAN: Please mark this
9 Certification as Exhibit P-2.

10 (Exhibit P-2, Certification of
11 Publication, is marked into the record.)

12 MR. HOFFMAN: Thank you, Ms. Buckley.
13 Ms. Buckley, will you now present the Authority's
14 opening statement?

15
16 AGENDA ITEM II

17 OPENING STATEMENT BY MS. BUCKLEY

18
19 MS. BUCKLEY: The Authority is
20 proposing to amend its Schedule of Rates, Charges
21 and Debt Service Assessments for the Sale of Water
22 from the Manasquan Reservoir System (System), to
23 cover expenses for Fiscal Year (FY) 2022.

24 The Authority operates on a July 1 to
25 June 30 fiscal year. The proposed amendments

1 update references to the fiscal year from FY 2021
2 to FY 2022.

3 The overall proposed rate of
4 \$1,010.75 per MG for Initial Water Purchase
5 Contracts (IWP) represents no change versus the
6 current rate of \$1,010.75 per MG.

7 The overall proposed rate of
8 \$1,124.67 per MG for Delayed Water Purchase
9 Contracts (DWP) represents no change versus the
10 current rate.

11 The Authority anticipates the rates
12 will be adopted effective July 1, 2021. The
13 General Rate Schedule for Operations and
14 Maintenance was last adjusted effective July 1,
15 2020 to cover the operating expenses of the System
16 for Fiscal Year 2021.

17 For the current fiscal year, there is
18 no change in the Operations and Maintenance rate
19 of \$445.82 per MG and there is no change projected
20 in the sales base.

21 Projected expense increases
22 (primarily in salary, fringe, insurance expense
23 and other O&M expense) and a reduction in interest
24 income are being offset by overdraft revenues and
25 budget surplus from prior periods, as well as

1 excess debt service raised as a requirement of the
2 Authority's bond resolutions.

3 The Debt Service component of the
4 rate for the Delayed Water Purchase Contracts will
5 be \$438.92 per million gallons, no change from
6 FY2021. Debt service related to Delayed Water
7 Purchase Customers is essentially flat vs. FY21,
8 and the debt service component reflects 120
9 percent debt service coverage.

10 A capital fund rate component was
11 established in FY2021 in the Manasquan System for
12 Initial Water Purchase Contracts (\$525.00/mg) and
13 Delayed Water Purchase Contracts (\$200.00/mg) to
14 provide for long-term capital needs that will
15 allow for the proper maintenance, rehabilitation
16 and/or replacement of the system facilities.

17 As critical structures, including
18 dams, continue to age in the 30-year-old Manasquan
19 System, the Authority believes it is prudent to
20 establish a rate component that would fund related
21 capital needs. The Authority is proposing a
22 change to the NJEIFP Debt Service and Source Water
23 Protection components of the rate.

24 The New Jersey Water Supply Authority
25 is operating, maintaining and managing three

1 distinct systems, each with its own budget, cost
2 accountability and revenue stream.

3 The Raritan Basin System and the
4 Manasquan Reservoir Water Supply System are both
5 untreated water supply systems. A Water Treatment
6 Plant and Transmission System for the Southeast
7 Monmouth Municipal Utilities Authority was
8 constructed on Authority-owned property.

9 The Authority's headquarters Staff,
10 located in Clinton, provides general and
11 administrative support service for all three
12 systems.

13 In order to equitably assess each
14 system, an outside auditing firm developed a
15 methodology for the allocation of the
16 headquarters' general and administrative cost to
17 each operating system.

18 After the close of each fiscal year,
19 the Authority's current Auditors provide their
20 findings as to the need to adjust any of the
21 allocation factors and the actual audited
22 expenditures for the fiscal year.

23 Independent auditors have reviewed
24 the Authority's Fiscal Year 2020 allocation
25 calculation, and they have provided necessary

1 information on the adjustment of the Fiscal Year
2 2020 allocation as a credit or debit to be netted
3 against the Fiscal Year 2022 budgeted allocation.

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

8 Insurance costs are also allocated to
9 each system based upon the recommendations of the
10 Authority's risk management consultant. Each rate
11 proposal package includes a summary table showing
12 the proposed insurance budget amounts, and the
13 portions allocated to each of the three systems.

14 The total charge for the water supply
15 consists of a component to cover the costs of
16 operating and maintaining the System, a Debt
17 Service Component, Capital Fund Component, a
18 NJEIFP Debt Component, and a Source Water
19 Protection Component.

20 After all appropriate allocations
21 from the Raritan Basin System and to the Water
22 Treatment Plant and Transmission System, the
23 projected operating costs for Fiscal Year 2022
24 indicate that an Operations and Maintenance rate
25 component of \$445.82 per million gallons will be

1 required starting July 1, 2021.

2 This represents no increase over the
3 prior fiscal year. The Operations and Maintenance
4 component sales base remains at 19.443 million
5 gallons per day.

6 The Debt Service Component of the
7 total rate is calculated each year to cover the
8 payments due on the outstanding debt for the
9 System.

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

20 In August of 2005, the Authority
21 refunded the current portion of the State Loan
22 Notes and the Completion Notes at an average
23 coupon of 4.83 percent and a net present value
24 savings of \$6.187 million. The term of the bonds
25 was 25 years.

1 The bond proceeds also fully funded
2 the Debt Service Reserve Account and debt service
3 coverage must remain at 120 percent through the
4 life of the bonds.

5 In July of 2006, the Authority issued
6 \$90,147.57 and \$9,505.40 current State Loan Notes
7 and Completion Loan Notes respectively for a
8 delayed water purchase contract for .028 million
9 gallons per day.

10 The debt service for the notes
11 associated with this water purchase contract was
12 paid through the Debt Service Component of the
13 initial rate and funds held in escrow by the
14 Authority, contributed by the water purchase
15 customer for this purpose.

16 In May of 2016, the Authority issued
17 \$17,460,000 of Manasquan Reservoir Water Supply
18 System Revenue Refunding Bonds, which refunded the
19 2005 Manasquan Reservoir Water Supply System
20 Revenue Bonds, as well as the current State Loan
21 Notes and Completion Notes.

22 The 2016 bonds have an average coupon
23 of 3.78 percent and a net present value savings of
24 \$3.0 million. The term of the bonds is 15 years.

25 On July 1, 2021 the Debt Service

1 Component for Delayed Water Purchase Contracts
2 will be \$438.92 per million gallons, no change
3 from the prior fiscal year.

4 The debt for the Initial Water
5 Purchase Contracts has been paid in full. There
6 is no change in the sales base for either Initial
7 or Delayed customers.

8 The Authority established a Source
9 Water Protection Fund Component in Fiscal Year
10 2004, dedicating \$15.00 per million gallons to
11 protect the quality and quantity of waters in the
12 Manasquan Reservoir Water Supply System.

13 The Authority reduced the Source
14 Water Protection Component from \$15.00 per million
15 gallons to \$10.00 per million gallons in Fiscal
16 Year 2016, and the rate increased to \$15.00 per
17 million gallons in Fiscal Year 2018.

18 The Authority proposes that the rate
19 remain the same at \$15.00 per million gallons in
20 Fiscal Year 2022 to adequately fund source water
21 protection efforts.

22 The Authority established the NJEIFP
23 Debt Component in FY2012 to pay debt service on
24 bonds issued in May of 2012 at 75 percent zero
25 interest and 25 percent market interest by the New

1 Jersey Environmental Infrastructure Financing
2 Program to build a structure over the Intake Pumps
3 and Traveling Water Screens.

4 The Authority proposes that this rate
5 component remain the same at \$24.93 per million
6 gallons in Fiscal Year 2022.

7 The total proposed rate on July 1,
8 2021, for contracts effective as of July 1, 1990,
9 will be \$1,010.75 per million gallons, no change
10 versus the prior fiscal year. The total proposed
11 rate on July 1, 2021 for Delayed Water Purchase
12 Contracts will be \$1,124.67 per million gallons,
13 no change versus the prior fiscal year.

14 The Authority's procedure for rate
15 adjustments is found in the New Jersey
16 Administrative Code at N.J.A.C. 7:13-4.13
17 thereafter ("The Regulations").

18 These rate adjustment procedures
19 require the Authority to give official notice and
20 an explanation outlining the need for proposed
21 rate adjustments to various entities at least six
22 (6) months prior to the proposed effective date.

23 The Authority's Commissioners
24 formally proposed the publication of the rate
25 adjustment for Fiscal Year 2022 at their regular

1 monthly business meeting on November 2, 2020. The
2 Basis and Background Statement was posted on the
3 Authority's Website on December 16, 2020.

4 Mr. Hoffman, I request that this
5 Basis and Background Document be entered into the
6 record as Exhibit S-1.

7 The Authority's rate adjustment
8 procedures provide that the contractual water
9 customers and interested parties be provided the
10 opportunity to meet with Authority Staff at a
11 pre-public hearing meeting in order to be
12 presented with an explanation of the formal
13 proposal.

14 This pre-public hearing meeting must
15 be scheduled within forty-five (45) days after the
16 official notice of a proposed rate adjustment is
17 sent.

18 A "Notice of Public Hearing" was
19 mailed on December 15, 2020 to contractual water
20 customers and other interested parties, informing
21 them of the pre-public and public hearings
22 scheduled for January 7 and February 4, 2021
23 respectively via Webex.

24 Additionally, on December 15, 2020
25 notice of the Pre-Public Hearing and this Public

1 Hearing was published in The Times (Trenton) and
2 the Star Ledger.

3 Notice of the proposed rate
4 adjustment and the public hearing schedule also
5 appeared in the January 4, 2021 issue of the New
6 Jersey Register. The Pre-Public hearing was
7 conducted on January 7, 2021, and one member of
8 the public attended.

9 The Authority's regulations state
10 that interested parties may submit written
11 questions for inclusion in the hearing record, and
12 if submitted no later than 15 days prior to the
13 public hearing, Authority Staff, at today's
14 meeting, must provide answers to the questions.

15 The Authority will also provide a
16 complete response to any questions received
17 subsequent to the 15-day deadline and up to and
18 including March 15, 2021, the closing date for the
19 hearing record.

20 In addition, any party may direct
21 questions and follow-up to Authority Staff at the
22 public hearing.

23 In the event a response cannot be
24 immediately given today, a written response shall
25 be prepared within ten (10) business days of this

1 public hearing, and a copy of that written
2 response shall be provided to all contractual
3 water customers, the Division of the Ratepayer
4 Advocate, the Board of Public Utilities, and
5 attendees at the meeting requesting the same, and
6 the response shall be made a part of the hearing
7 record.

8 Comments received before the close of
9 the New Jersey Register comment period on March 5,
10 2021 will also be entered into the record.

11 Finally, within ten (10) working days
12 after receipt of the answer, contractual water
13 customers, the Division of the Ratepayer Advocate,
14 the Board of Public Utilities and attendees will
15 be permitted to respond in writing to the answers
16 of the Staff for the record.

17 After the hearing record is closed
18 and the New Jersey Register comment period
19 expires, a Hearing Officer's report, which shall
20 include findings of fact and specific responses to
21 all issues and questions raised during the public
22 hearing proceedings, will be prepared and
23 submitted to the entire Authority prior to the
24 Authority taking final action on the proposal.

25 Mr. Hoffman, that concludes the

1 Authority's opening statement.

2

3 MR. HOFFMAN: Please mark the Basis
4 and Background Document dated 11-02-20 as Exhibit
5 S-1.

6 (Exhibit S-1, Basis and Background
7 Document, is marked into the record.)

8 MR. HOFFMAN: Ms. Buckley, have we
9 received any written or verbal communications for
10 inclusion in the public hearing record?

11 MS. BUCKLEY: No, Mr. Chairman, we
12 have not.

13 MR. HOFFMAN: Ms. Buckley, are there
14 any additional proposed Rule changes not
15 associated with the changes to existing Rates?

16 MS. BUCKLEY: No, Mr. Chairman, there
17 are not.

18

19 AGENDA ITEM III

20 AUTHORITY STAFF RESPONSES TO PRIOR QUESTIONS

21

22 MR. HOFFMAN: Next on the agenda is
23 Authority Staff answers to questions raised prior
24 to today's hearing.

25 Ms. Buckley, has the Authority

1 received any questions prior to today's hearing?

2 MS. BUCKLEY: No, Mr. Chairman, we
3 have not.

4

5 AGENDA ITEM IV

6 PRESENTATION OF ORAL STATEMENTS, WRITTEN

7 STATEMENTS OR EVIDENCE BY ALL INTERESTED PARTIES

8

9 MR. HOFFMAN: Thank you, Ms. Buckley.
10 We are now prepared to enter oral statements,
11 written statements and/or any other supporting
12 evidence by all interested parties into the
13 record.

14 At this time I would like to invite
15 anyone who would like to make a statement to state
16 your name and affiliation.

17 Let the record reflect that I have
18 not received any statements from any member of the
19 public.

20

21 AGENDA ITEM V

22 QUESTIONS TO AUTHORITY STAFF

23

24 MR. HOFFMAN: We will now entertain
25 questions and, if possible today, hear the

1 responses by Authority Staff. Does any member of
2 the public have questions for Staff?

3 Let the record reflect that there are
4 no members of the public present, and therefore,
5 there are no questions for Staff from members of
6 the public.

7
8 AGENDA ITEM VI

9 CLOSING STATEMENT OF HEARING OFFICER

10
11 MR. HOFFMAN: After the New Jersey
12 Register comment period closes on March 5, 2021
13 and the hearing record is closed on March 15,
14 2021, I, as the Hearing Officer, will prepare a
15 report of my findings, based solely on the record
16 of the proceedings, which shall include findings
17 of fact and specific responses to all issues and
18 questions raised during these proceedings.

19 My Hearing Officer's report will be
20 submitted to the Authority and presented to the
21 Authority's Board for final action on the
22 proposal. Written comments may be submitted until
23 the end of the public comment period on March 15,
24 2021.

25 I anticipate that the Authority will

1 take final action on these proposed Rates at its
2 regular monthly business meeting on May 3, 2021.

3 The Authority appreciates your
4 attendance here today. This Public Hearing is
5 adjourned.

6 (The hearing is adjourned.)

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C E R T I F I C A T E

I, NANCY AMBROSE, LICENSE NO. 30XI00199300, a
Certified Court Reporter of the State of New
Jersey, do hereby certify that the foregoing is a
true and accurate transcript of the testimony as
taken stenographically by and before me at the
time, place and on the date hereinbefore set
forth, to the best of my ability.

I DO FURTHER CERTIFY that I am neither a relative
nor employee nor attorney nor counsel of any of
the parties to this action, and that I am neither
a relative nor employee of such attorney or
counsel, and that I am not financially interested
in the action.

Nancy Ambrose

NANCY AMBROSE
Certified Court Reporter
of the State of New Jersey

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Correspondence and Testimony

Exhibit G

NO CORRESPONDENCE RECEIVED

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)

March 16, 2021

MEMORANDUM

TO: Mr. Jeffrey Hoffman
Hearing Officer

FROM: Marc Brooks, 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 System (N.J.A.C. 7:11-4.1, et seq.)

Please be advised that no additional comments or inquiries on the Manasquan Reservoir System FY2022 rate proposal were received by the Authority subsequent to the public hearing of February 4, 2021 so that the public comments noted for the record at the hearing (none) represent a complete picture of public input.

Staff has analyzed the budget of the original rate package for any revisions that should be considered prior to final action of the Authority at the May 3, 2021 meeting. There will be no change to any component of the rates as proposed at the November 2, 2020 Authority meeting.

The total rate (O&M plus Debt Service, NJEIFP Debt Component, Source Water Protection Component and Capital Fund Component) of \$1,010.75 per million gallons will apply to all Initial water purchase customers in FY2022 (starting July 1, 2021) and results in no change versus FY2021.

The total rate (O&M plus Debt Service, NJEIFP Debt Component, Capital Fund Component and Source Water Protection Component) of \$1,124.67 per million gallons will apply to all Delayed water purchase customers in FY2022 (starting July 1, 2021) and results in no change versus FY2021.

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM
FISCAL YEAR 2022 (7/1/21-6/30/22)

REVISIONS TO ORIGINAL RATE PACKAGE

1.	No Changes	

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, 2021 (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, 2021; and

WHEREAS, by Resolution No. 2463 adopted on November 2, 2020 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, 2021 (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 2020, and published in the Asbury Park Press, the Star Ledger and the Times (Trenton) on December 15, 2020, and also appeared in the New Jersey Register on January 4, 2021 with a 60-day comment period ending March 5, 2021; and

WHEREAS, a pre-public hearing meeting was conducted on the proposed amendments on January 7, 2021; and

WHEREAS, the Authority conducted a public hearing on the proposed amendments on February 4, 2021 with the record remaining open through March 15, 2021; 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 2022 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, 2021:

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 maintain a sales base of 19.443 million gallons per day and to maintain the Operations and Maintenance Expense component of \$445.82 for the period of July 1, 2021 to June 30, 2022; and

2. Amend N.J.A.C. 7:11-4.4(b) (Debt Service Component for delayed water purchase contracts) to maintain a sales base of 4.435 million gallons per day and to maintain the rate of \$438.92 per million gallons for Delayed water purchase contracts for the period of July 1, 2021 to June 30, 2022.

3. Amend N.J.A.C. 7:11-4.6(b) (Source Water Protection Fund Component) to reflect the period of July 1, 2021 to June 30, 2022 and maintain the rate of \$15.00 per million gallons.

4. Amend N.J.A.C. 7:11-4.7(b) (NJEIFP Debt Component) to reflect the period of July 1, 2021 to June 30, 2022 and maintain the rate of \$24.93 per million gallons.

5. Amend 7:11-4.5(c) (Capital Fund Assessment for Initial water purchase contract customers) to reflect the period of July 1, 2021 to June 30, 2022 and maintain the rate of \$525.00 per million gallons. Amend 7:11-4.5(e) (Capital Fund Assessment for Delayed water purchase contract customers) to reflect the period of July 1, 2021 to June 30, 2022 and maintain the rate of \$200.00 per million gallons.

BE IT FURTHER RESOLVED that the following actions are authorized:

1. Transfer \$37,750 in Overdraft Revenue from the Operating Fund into the General Fund (Rate Stabilization). Appropriate \$372,000 of prior year-end fund balances from the Operating Fund into the Rate Stabilization Fund.

2. Apply \$409,750 appropriated into the General Fund (Rate Stabilization) to the Operating Fund for Fiscal Year 2022.

Draft Resolution Adopting FY2021
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 2022 (July 1, 2021 - June 30, 2022).

WHEREAS, the Executive Director proposed a budget for Fiscal Year 2022 that was provided to the Authority Members on May 3, 2021; and

WHEREAS, the Authority has previously considered the proposed budget as part of the Rate Adjustment procedure for Fiscal Year 2022, and the adopted rate schedule for Fiscal Year 2022 is based upon the proposed budget requirements in the amount of \$7,785,218 including required debt service coverage.

NOW THEREFORE, be it resolved that the Authority approves a budget of \$7,785,218 for the Fiscal Year beginning July 1, 2021 through June 30, 2022.