

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 DEBT SERVICE COST COMPONENT TO
REFLECT BOND YEAR PAYMENTS DUE AND REQUIRED
FOR FISCAL YEAR 2015

ADJUSTMENT OF NJEIFP DEBT COMPONENT TO
REFLECT BOND YEAR PAYMENTS DUE AND REQUIRED
FOR FISCAL YEAR 2015

ADJUSTMENT TO STANDBY CHARGE TO MAKE A LANGUAGE REFERENCE TO
INCLUSION OF THE OPERATIONS AND MAINTENANCE EXPENSE COMPONENT
RATE IN LIEU OF REFERENCE BY NUMERIC RATE

Proposed Effective Date: August 4, 2014

Proposed to Board: 2/3/2014

NEW JERSEY WATER SUPPLY AUTHORITY
PROPOSED RATE ADJUSTMENTS FOR FISCAL YEAR 2015
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

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PART I - EXPLANATION OF PROPOSED REVISED RATE STRUCTURE

Overview of Rate Proposal for Fiscal Year 2015
(July 1, 2014 - June 30, 2015)

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, 2014.

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

Summary of Proposed Adjustments

Initial Water Purchase Contracts Effective as of July 1, 1990 (16.097mgd) and Shorelands (.028mgd) delayed water contract effective July 1, 2006:

Component	Current (FY2014) Rates Per MG 7/1/2013 - 6/30/2014	Proposed (FY2015) Rates Per MG 7/1/2014 - 6/30/2015
Operations & Maintenance Component	\$356.61	\$356.61
Source Water Protection Fund Component	15.00	15.00
Debt Service Cost Component	619.87	619.87
NJEIFP Debt Component	24.42	24.42
TOTAL RATE	\$1,015.90/mg	\$1,015.90/mg

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

Component	Current (FY2014) Rates Per MG 7/1/2013 - 6/30/2014	Proposed (FY2015) Rates Per MG 7/1/2014 - 6/30/2015
Operations & Maintenance Component	\$356.61	\$356.61
Source Water Protection Fund Component	15.00	15.00
Debt Service Cost Component	772.46	772.46
NJEIFP Debt Component	24.42	24.42
TOTAL RATE	\$1,168.49/mg	\$1,168.49/mg

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The General Rate Schedule for Operations and Maintenance (O&M) was last adjusted effective July 1, 2013 to cover the operating expenses of the System for FY2014. The FY2014 sales base was 20.560 million gallons per day (mgd). The Authority anticipates that the applicable raw water O&M sales base for FY2015 will remain at 20.560mgd.

After the allocation of appropriate Headquarters General and Administrative costs to the System, the Authority anticipates \$2,670,034 in O&M component revenue required during FY2015 with an O&M rate component of \$356.61 per million gallons, no change from FY2014, starting on July 1, 2014 (Schedule 20, page 39). The proposed operating expense budget for FY2015 is \$200,700 more than FY2014 and the proposed Capital Equipment Budget, net of depreciation reserve, is \$9,400 less than FY2014. There will be a \$10,000 contribution to the Sediment Reserve Fund, a \$120,000 contribution to the Renewal and Replacement Fund in FY2015, a \$3,000 contribution to the Formal Dam Inspection Reserve, and a \$15,000 contribution to the High Voltage Testing Reserve Fund, no change over FY2014. See Budget Summary on page 17.

A credit of \$32,734 is owed from the SMMUA Water Treatment Plant and Transmission System budget to the Reservoir System for actual FY2013 salaries and fringe expenses and will be applied to the CY2014 SMMUA budget (Schedule 15, pages 32-34).

Miscellaneous revenue and interest income in FY2015 is projected to increase by \$122,529 relative to FY2014 reflecting stable interest earnings (Schedule 16, page 35) and an increase in the use of year end surplus available from FY2013. (Schedule 17, page 36).

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

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

The Debt Service component of the rate for the Initial Water Purchase Contracts will be \$619.87 (no change) and \$772.46 (no change) for the Delayed Water Purchase (DWP) Contracts in FY2015. These changes reflect 120 percent real debt service coverage.

The Authority established a Source Water Protection Fund Component in FY2004 dedicating \$15.00 per million gallons to protect the quality and quantity of water in the Manasquan Water Supply System. The Authority proposes continuing the current rate component of \$15.00 per million gallons for this fund in FY2015.

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 \$24.42 per million gallons in FY2015 (no change) is required to cover debt service payments in accordance with the schedule.

The base contract O&M Rate (\$356.61), Source Water Protection Program Rate (\$15.00), Debt Service Rate (\$619.87) and NJEIFP Debt Rate (\$24.42) comprise the total base contract rate for raw water of \$1,015.90 per million gallons, and represents no increase relative to FY2014. This base contract rate is charged to all uninterruptible service contracts executed prior to July 1, 1990,

the commencement date of Manasquan Reservoir System operations, and one Delayed Water Purchase contract with Shorelands Water Company executed on July 1, 2006. In order for its customers to be assessed the base contract rate on the .028mgd delayed contract, Shorelands Water Company prepaid the net present value of the difference between the initial water purchase contracts debt service schedule and the delayed water purchase contracts debt service schedule.

The total rate for delayed water purchase contracts in FY2015 is \$1,168.49 per million gallons representing no change relative to the FY2014 delayed water purchase rate. The O&M Component (\$356.61), the Source Water Protection Fund Component (\$15.00), the Debt Service Rate Component (\$772.46) and NJEIFP Debt Rate (\$24.42) comprise the total rate.

Table 1 (page 13) contains a summary of the proposed base contract rate and delayed water purchase contract rate components. The proposed rates shown in Table 1 became effective July 1, 2013 and will be extended to June 30, 2015. These rates are based upon the projected operating costs and reflect the current contracted sales base of 20.560mgd.

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

Table 3 (page 15) is a fourteen-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, 2013, January 10, 2014, April 10, 2014 and July 10, 2014.

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, March 6, 2014, at the Authority's Manasquan Administration Building, Hospital Road, Wall, New Jersey.

A public hearing on the proposed rate adjustment is scheduled at 11:00 a.m. on Thursday, April 3, 2014, also at the Authority's Manasquan Administration Building in Wall, New Jersey. The public hearing record is scheduled to close on May 12, 2014.

The Authority will take final action on the proposed rate adjustment at its July 7, 2014 meeting at the Authority's Administration Building in Clinton, New Jersey.

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

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

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

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

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

budgets being prepared each September for the upcoming fiscal year starting on July 1.

An independent auditor performed the Authority's fiscal year 2013 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 FY2015 budget based on the FY2013 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, 2013. The percentages used to provide the basis for the salary allocation for FY2015, were established from the time records from FY2010 through FY2013. A listing of all positions and the percentage of each position's time assigned to each of the two Systems appear on Schedule 2 (page 19).

Detailed budgets have been prepared for the Manasquan Reservoir System and the Treatment Plant/Transmission System. Each System's budget has three main categories of annual operational expenses in addition to the allocation of headquarters overhead. The three categories include (a) salaries and fringes (b) direct operation and maintenance expenses and (c) general and administrative expenses. Part 2 of this document provides more information on both Systems including detailed summaries of the projected line item budget figures for General and Administrative expenses and Operations and Maintenance expenses for FY2015.

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

Overview of Projected Operational Expenses

The Authority's proposed FY2015 Manasquan Reservoir Operating Expense budget is \$200,700 more than the current FY2014 budget. The allocation of Authority Headquarters General and Administrative Expenses in FY2015 is \$33,600 more than FY2014 and the Capital Equipment budget for FY2015 is \$9,400 less than FY2014. There will be no FY2015 contribution to the Depreciation Reserve account,

Insurance Reserve, or Pumping Reserve. There will be a \$10,000 contribution to the Sediment Reserve, a \$3,000 contribution to the Formal Dam Inspection Reserve, and a \$120,000 contribution to the Renewal and Replacement Fund and a \$15,000 contribution to the Reserve for High Voltage Testing. Formal Dam Inspections and High Voltage Testing are performed every three years and rather than raising the entire amount every third year, budget stability is created by raising one third of the cost every year. Miscellaneous revenue and interest income increases by \$122,529. These factors contribute to a \$13,881 increase in the total FY2015 O&M Component requirement relative to FY2014 (\$2,656,153 vs. \$2,670,034). (Budget Summary on page 17)

Salaries, Overtime and Benefits

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

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

The Authority did not include any cost of living adjustments in the FY2015 budget for management. Salary and fringe is up by \$153,100 for the Reservoir System reflecting that the four-year averaging of allocation between the Reservoir System and the Treatment Plant projects the movement of more salary dollars from the Treatment Plant to the Reservoir System in concert with a cost of living adjustment paid in July of 2014 and movement of union employees within the steps of their ranges as well as normal increases in pension contributions and health benefit costs. The number of budgeted positions in FY2015 is 27, which is the same as FY2014. (Schedule 2, page 19) The Authority is budgeting 51.5 percent of the salary budget for fringe benefits in FY2015.

In FY2015, 49 percent of total salary and fringe is allocated to the Reservoir System which is a slight increase from FY2014 (47 percent). This gradual shift in salary time (manager, facilities mechanics, and equipment operators) allocable back to the Reservoir System from the Treatment Plant is due to final implementation of major capital projects such as ozone and instrumentation system improvements at the Treatment Plant which began in February of 2011 continued through 2012 and were completed in 2013.

Total O&M Direct Expenses are increasing by \$49,700 from FY2014. General and Administrative Expenses allocated to the Reservoir System are decreasing by \$2,083 from FY2014.

Retiree Health Benefits

Employees who retired with a minimum of 25 years of service prior to July 1, 1997 are entitled to paid health benefits. For those who retire after July 1, 1997, a co-payment is required. Retiree health benefits are projected to increase from \$125,900 budgeted in FY2014 to \$201,500 budgeted in FY2015. There was an increase of 94.5 percent in FY2012 actual expense over FY2011 actual expense reflecting two new retirees. Because there are only four retirees at present in the Manasquan System, each additional retiree will drive a large increase on a percentage basis. The proposed budget for retiree health benefits for FY2015 represents a 115 percent increase over actual FY2013. The FY2015 budget plans for three additional retirees.

Insurance Program

The Authority is recommending a \$47,800 increase in insurance expenses for FY2015 reflecting general market conditions based on the advice of the Authority's insurance broker and consultant. As always, the Authority will review the rate projection for FY2015 in February 2014 to determine if adjustments are necessary.

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

Fees and Permits

Staff proposes a FY2015 budgetary line item of \$33,600 for fees and permits reflecting no increase over FY2014.

Headquarters General and Administrative Expenses

Budgeted Headquarters General and Administrative Expenses in FY2015 total \$781,349 of which, \$678,114 is charged to the Manasquan Reservoir System and \$103,235 is charged to the Manasquan Water Treatment Plant (Schedule 13, page 30). Because actual audited Headquarters Expenses were lower than the budget for FY2013

by \$2,151, that difference must be credited in FY2015 resulting in an adjusted charge to the Reservoir System of \$676,000. Headquarters charges are driven primarily by salary and fringe.

Interest Income and Miscellaneous Revenue

The projected interest earnings on reserve funds for FY2015 are \$10,300. This reflects no change relative to FY2014 and is based upon an interest rate of .25 percent for short-term investments and a rate of 1.30 percent on long-term investments (See Schedule 16, page 35).

Reserve Contributions

Consistent with FY2014, there will be no FY2015 contribution to the Depreciation Reserve account, the Insurance Reserve or the Pumping Reserve. There will be a \$10,000 contribution to the Sediment Reserve. There will be a \$120,000 contribution to the Renewal and Replacement Fund, a \$3,000 contribution to the Reserve for Formal Dam Inspections and a \$15,000 contribution to the Reserve for High Voltage Testing. Formal Dam Inspections and High Voltage Testing are performed every three years and rather than raising the entire amount every third year, budget stability is created by raising one third of the cost every year.

Review of Reserve Accounts

Depreciation Reserve Account

This reserve is intended to provide for the replacement of Authority machinery and equipment with a value of \$1,000 or more and a useful life in a range from three to ten years and to cushion the impact of replacement equipment purchases in order to provide more stable rates. Depreciation Reserve should equal accumulated depreciation for this class of assets. At June 30, 2013, the balance in Depreciation Reserve of \$469,647 is equal to accumulated depreciation. Therefore, no contribution is required in FY2015.

Self Insurance Reserve

The Self Insurance Fund (\$275,113 balance at June 30, 2013) 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 FY2015.

Reserve for Operations and Maintenance

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

An additional \$100,000 was added during FY1993 from the receipt of delinquent revenue and resulted in full funding of this reserve. The Reserve for Operations and Maintenance Fund is fully funded as of June 30, 2013 at \$1,263,071 and as a result, no contribution will be needed in FY2015.

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, 2013 is \$3,024,000. Excess interest earnings on the Debt Service Reserve and Debt Service Funds and excess debt service coverage revenue as well as a direct deposit of \$120,000 provide the source of funds for this reserve account.

Source Water Protection Fund Rate Component

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

As an extension of that program during the period of FY2004, the Authority began the Manasquan Watershed Protection Initiative, and established the Source Water Protection Fund for the purpose of protecting the quality and quantity of water in the Manasquan Reservoir Water Supply System. The fund is used for three purposes in cooperation with State, local and nonprofit partners: (1) administrative assistance in the preservation of those properties in the Manasquan River Basin that are critical to the long-term

protection of water quality and quantity in the Manasquan Reservoir Water Supply System as they may affect Authority customers; (2) improved management of land development by municipal, county, and State government to protect both water quality and flow to and within Authority facilities; and (3) remedial projects to improve water quality from existing conditions.

Whenever possible, the Authority will seek to obtain funding from other sources to augment or match its expenditures from the Source Water Protection Fund. The Authority is proposing to continue the Source Water Protection Fund Component of \$15.00 per million gallons in FY2015.

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

The Authority is proposing an amendment to the Standby Charge at N.J.A.C. 7:11-4.13 to replace reference to the operations and maintenance expense component of the rate by number, with reference by language and citation in the rules.

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ZPART II - DETAILED SUPPORTING INFORMATION

TABLE 1

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

SUMMARY OF PROPOSED FISCAL YEAR 2015 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, 1990 (16.097mgd), and Shorelands (.028mgd) delayed water contract effective July 1, 2006:**

I. July 1, 2014 to June 30, 2015

RATE COMPONENT	PRESENT	ORIGINAL PROPOSAL 12/02/13	DIFFERENCE	PERCENTAGE INCREASE (DECREASE)
Operations & Maintenance Expense Component	\$356.61	\$356.61	0	0%
Source Water Protection Fund Component	\$ 15.00	\$ 15.00	0	0
Debt Service Cost Component	\$619.87	\$619.87	0	0
NJEIFP Debt Component	\$24.42	\$24.42	0	0
Total Rate	\$1,015.90/mg	\$1,015.90/mg	0	0

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, 2014 to June 30, 2015

RATE COMPONENT	PRESENT	ORIGINAL PROPOSAL 12/02/13	DIFFERENCE	PERCENTAGE INCREASE (DECREASE)
Operations & Maintenance Expense Component	\$356.61	\$356.61	0	0%
Source Water Protection Fund Component	\$ 15.00	\$ 15.00	0	0
Debt Service Cost Component	\$772.46	\$772.46	0	0
NJEIFP Debt Component	\$24.42	\$24.42	0	0
Total Rate	\$1,168.49/mg	\$1,168.49/mg	0	0

Table 2

**New Jersey Water Supply Authority
Manasquan Reservoir Water Supply System
Rate History of
Water Charges per Million Gallons of Raw Water Daily
FY1997-FY2015**

INITIAL WATER PURCHASER 16.097 mgd JULY 1, 1990
SHORELANDS .028mgd 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>NJEI FP Debt Component</u>	<u>Total Charge per MG</u>	<u>Percent Increase (Decrease)</u>
July 1, 1996	316.58		748.57		\$1,065.15	-3.65%
July 1, 1997	284.09		654.83		\$938.92	-11.85%
July 1, 1998	263.56		569.36		\$832.92	-11.29%
July 1, 1999	114.13		581.18		\$695.31	-16.52%
July 1, 2000	145.81		583.00		\$728.81	4.82%
July 1, 2001	212.29		585.63		\$797.92	9.48%
July 1, 2002	212.35		582.62		\$794.97	-0.37%
July 1, 2003	201.14	15.00	578.83		\$794.97	0.00%
July 1, 2004	321.69	15.00	584.95		\$921.64	15.93%
July 1, 2005	295.41	15.00	584.60		\$895.01	-2.89%
July 1, 2006	295.41	15.00	522.86		\$833.27	-6.90%
July 1, 2007	302.52	15.00	528.54		\$846.06	1.53%
July 1, 2008	302.52	15.00	566.59		\$884.11	4.50%
July 1, 2009	396.79	15.00	568.26		\$980.05	10.85%
July 1, 2010	396.79	15.00	568.69		\$980.48	0.04%
July 1, 2011	347.39	15.00	618.09	35.42	\$1,015.90	3.61%
July 1, 2012	345.95	15.00	619.53	35.42	\$1,015.90	0.00%
July 1, 2013	356.61	15.00	619.87	24.42	\$1,015.90	0.00%
July 1, 2014	356.61	15.00	619.87	24.42	\$1,015.90	0.00%

**New Jersey Water Supply Authority
Manasquan Reservoir Water Supply System
Rate History of
Water Charges per Million Gallons of Raw Water Daily
FY2002-FY2015**

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

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

MANASQUAN RESERVOIR WATER SUPPLY SYSTEM
SCHEDULE OF EVENTS (N.J.A.C. 7:11-4.1 et.seq.)

2013

DECEMBER 30 Advise Water Users of informal meeting.

2014

JANUARY 31 Final draft of proposed schedule of rate adjustments completed.

FEBRUARY 3 Board approves proposed schedule of rate adjustments.

4 Mail Official Notice to water customers, Division of the Ratepayer Advocate, NJ Board of Public Utilities, interested parties and advertise in newspapers.

MARCH 6 Pre-Public Hearing Meeting. (Manasquan Administration Building 11:00 am)

17 Proposal published in the New Jersey Register.

24 Deadline for receipt of questions, which **MUST** be addressed at Public Hearing.

APRIL 3 Public Hearing (Manasquan Administration Building 11:00 am)

MAY 12 Public Hearing record closes.

16 New Jersey Register Comment Period Ends.

30 Completion of Hearing Officers' Report.

JUNE 2 Mail Rule Adoption to NJDEP.

JULY 7 Board Approval

AUGUST 4 Adoption appears in New Jersey Register.

4 Mail rate schedule to water customers and include specific information as to new monthly charges.

4 Effective date.

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

PROPOSED

FISCAL YEAR 2015 BUDGET SUMMARY
(07/01/14-06/30/15)

	<u>ADOPTED F/Y2014 RESERVOIR BUDGET</u>	<u>PROPOSED F/Y2015 RESERVOIR BUDGET</u>
Proposed Operating Expense Budget (Schedule 1)	\$ 2,338,800	\$ 2,539,500
Allocation of Headquarters General & Administrative Expenses to the Manasquan Reservoir System (Schedule 13)	<u>642,400</u>	<u>676,000</u>
Proposed Total Expense Budget	\$ 2,981,200	\$ 3,215,500
Proposed Capital Equipment Budget (Schedule 14)	57,500	48,100
Contribution to Reserve Funds:		
Sediment Reserve	10,000	10,000
Formal Dam Inspection Reserve	3,000	3,000
Renewal & Replacement Fund	120,000	120,000
High Voltage Testing Reserve	15,000	15,000
Pumping Reserve	0	0
Adjustment for F/Y13 Salary and Fringe Expenses to be paid from WTP/TS Account (Schedule 15)	0	(32,734)
Adjustment for F/Y12 Salary and Fringe Expenses to be paid to WTP/TS Account	<u>55,756</u>	<u>0</u>
Total Budget Requirements	\$ <u>3,242,456</u>	\$ <u>3,378,866</u>
Interest Earnings on Funds (except Renewal and Replacement and Depreciation Reserve Fund) (Schedule 16)	\$ (10,300)	\$ (10,300)
Unanticipated Revenue (Schedule 17)	<u>(576,003)</u>	<u>(694,255)</u>
Total Miscellaneous Revenue & Interest Income	\$ <u>(586,303)</u>	\$ <u>(704,555)</u>
Net Amount to be paid for O&M Component	\$ <u>2,656,153</u>	\$ <u>2,674,311</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

TOTAL OPERATIONS & MAINTENANCE BUDGET

FISCAL YEAR 2015

	<u>F/Y2013 RESERVOIR ACTUAL</u>	<u>F/Y2014 RESERVOIR ADOPTED</u>	<u>F/Y2015 RESERVOIR PROPOSED</u>
Salaries & Fringe Benefits (Schedule 2)	\$1,205,887	\$1,290,900	\$1,444,000
O & M Direct Expense (Schedule 3)	812,505	934,700	984,400
G & A Expenses (Schedule 5)	<u>89,732</u>	<u>113,185</u>	<u>111,102</u>
Total Operations & Maintenance Budget	<u>\$2,108,124</u>	<u>\$2,338,785</u>	<u>\$2,539,502</u>
ESTIMATE		<u>\$2,338,800</u>	<u>\$2,539,500</u>

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

	<u>F/Y2013 ACTUAL</u>		<u>F/Y2014 ADOPTED</u>		<u>F/Y2015 PROPOSED</u>	
	<u>RESERVOIR</u>	<u>WTP/TS</u>	<u>RESERVOIR</u>	<u>WTP/TS</u>	<u>RESERVOIR</u>	<u>WTP/TS</u>
Salaries	\$1,205,887	\$1,310,621	\$1,290,900	\$1,416,450	\$1,444,000	\$1,484,150
O & M Direct Expense	812,505	926,473	934,700	1,070,800	984,400	1,091,200
G & A Expense	<u>89,732</u>	<u>63,683</u>	<u>113,185</u>	<u>88,215</u>	<u>111,102</u>	<u>86,298</u>
TOTAL	\$2,108,124	\$2,300,777	\$2,338,785	\$2,575,465	\$2,539,502	\$2,661,648

NEW JERSEY WATER SUPPLY AUTHORITY

MANASQUAN WATER SUPPLY SYSTEM

LABOR PROJECTION

FY16 (7/01/14- 0/30/15)

TITLES	RANGE	SALARY	FRINGE BENEFITS	OVERTIME	CLOTHING ALLOWANCE	SHIFT DIFFERENTIAL	TOTAL	ALLOCATION RESERVOIR %	AMOUNT RESERVOIR	ALLOCATION WTP/PTS %	AMOUNT WTP/PTS
Manager	34	110,800.00	71,080.00	0.00	0.00	0.00	181,880.00	55%	100,000.00	45%	81,880.00
Project Engineer III	23	72,600.00	48,580.00	0.00	0.00	0.00	119,180.00	50%	58,600.00	50%	59,580.00
Water Supply Tech.	14	48,200.00	31,260.00	0.00	550.00	0.00	80,010.00	58%	46,400.00	42%	33,610.00
Administrative Assistant	18	62,300.00	39,950.00	0.00	0.00	0.00	102,250.00	55%	56,300.00	45%	45,950.00
Supervisor Technical Facilities Maint	23	80,700.00	60,340.00	12,840.00	550.00	0.00	154,430.00	39%	60,200.00	61%	94,230.00
Water Supply Tech.	14	43,200.00	28,500.00	690.00	550.00	0.00	72,940.00	58%	42,300.00	42%	30,840.00
Maintenance Worker I	10	41,800.00	27,160.00	0.00	550.00	0.00	69,510.00	89%	61,900.00	11%	7,610.00
Supervisor Operations	28	85,800.00	55,020.00	0.00	0.00	0.00	140,820.00	24%	33,800.00	78%	107,020.00
Equipment Operator	12	47,600.00	31,030.00	230.00	550.00	0.00	79,410.00	80%	63,500.00	20%	15,910.00
Foreman Bldg & Grounds Maint	19	65,700.00	43,020.00	840.00	550.00	0.00	110,110.00	77%	84,700.00	23%	25,410.00
Foreman Facilities Maintenance	20	67,900.00	45,120.00	1,910.00	550.00	0.00	115,480.00	48%	55,200.00	54%	62,280.00
Facilities Mechanic (3 Positions)	18	185,900.00	123,110.00	4,420.00	1,850.00	0.00	315,090.00	47%	148,100.00	53%	166,990.00
Supervisor Plant Operator	21	72,000.00	50,290.00	5,830.00	550.00	40.00	128,710.00	35%	45,000.00	65%	83,710.00
Maintenance Worker I Operations	10	44,200.00	28,700.00	0.00	550.00	0.00	73,450.00	91%	66,800.00	9%	6,650.00
Reservoir System Operator (5 Positions)	15	255,800.00	196,780.00	49,130.00	3,300.00	1,960.00	508,780.00	96%	488,400.00	4%	20,380.00
Plant Operator (6 Positions)	18	378,100.00	264,180.00	30,110.00	2,750.00	0.00	676,150.00	5%	33,800.00	95%	642,350.00
TOTAL:		1,663,400.00	1,144,100.00	108,000.00	12,650.00	2,000.00	2,928,150.00		1,444,000.00		1,484,150.00

TOTAL = 27 Positions

NOTE: A. PERCENTAGES ARE FROM THE AVERAGE OF FISCAL YEARS 2010 THROUGH 2013 BASED ON ACTUAL TIME RECORDS.
 B. PLANT OPERATOR TIME STUDY PERCENTAGES WERE ADJUSTED TO ACCOUNT FOR THE VALUE OF THE SHIFT DIFFERENTIAL PROVIDED TO THE RESERVOIR

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

CODE	ACCOUNT	FY '11 ACTUAL	FY '12 ACTUAL	FY '13 ACTUAL	FY '14 ADOPTED	FY '15 PROPOSED
5110	Regular Salaries & Wages					
5120	Overtime-Salaries & Wages					
5130	New positions-Salaries & Wages					
5140	Seasonal Help-Salaries & Wages					
5150	Fringe Benefits					
5160	Retiree Health Benefits					
	Total Salary, Wages & Fringe					
5200	Residences					
5211	Heating Fuel		810			
5220	Utilities -Electrical Service	192,897	59,943	65,558	60,700	60,700
5230	-Gas Service	7,042	2,812	5,032	4,600	6,500
5240	-Propane					
5250	Electricity for Pumping Station	193,037	183,519	267,525	346,900	346,900
5260	Fuel - Vehicular					
5270	Oil & Grease					
5280	Tires					
5290	Maintenance Supplies	8,095	3,422	105	2,000	2,000
5300	Maint. Supplies - Vehicular					
5310	Major Vehicle Service & Repair					
5320	Agricultural Supplies					
5330	Maintenance Equipment	7,981	36,656	67,724	45,500	45,500
5340	Serv. & Maintenance Contracts	8,557	14,000	6,001	21,000	21,000
5350	Equipment Rental	11,162		664	6,500	6,500
5360	Household - Safety Supplies		471	460	500	500
5370	Uniforms					
5380	Special & Professional Services	57,807	63,458	67,009	76,000	76,000
5390	Protective Services	198,506	207,616	228,063	231,600	279,400
5400	Telephone	5,482	5,141	5,689	5,000	5,000
5410	Postage & Freight Out					
5420	Data Processing					
5430	Printing & Office Supplies	265	296	710	1,500	1,500
5440	Scientific & Photographic	1,666	1,188	5,060	5,000	5,000
5450	Dues & Subscriptions					
5460	Advertising & Promotional	419	287	506	1,500	1,500
5470	Travel & Subsistence					
5480	Staff Training & Tuition Aid					
5490	Fees & Permits	31,955	31,080	31,696	33,600	33,600
5500	In - Lieu Taxes	36,756	36,756	36,756	36,800	36,800
5510	Sediment Removal	1,472	38,585	23,947	56,000	56,000
5520	Chemicals					
5525	Carbon Filter Replacement					
	Total Other Expenses	\$763,099	\$686,039	\$812,505	\$934,700	\$984,400
	Total Operating Expenses	\$763,099	\$686,039	\$812,505	\$934,700	\$984,400
	ANNUAL BUDGET	\$963,970	\$952,000	\$946,400		

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

CODE	ACCOUNT	FY '11 ACTUAL	FY '12 ACTUAL	FY '13 ACTUAL	FY '14 ADOPTED	FY '15 PROPOSED
5110	Regular Salaries & Wages					
5120	Overtime-Salaries & Wages					
5130	New positions-Salaries & Wages					
5140	Seasonal Help-Salaries & Wages					
5150	Fringe Benefits					
5160	Retiree Health Benefits					
	Total Salary, Wages & Fringe					
5200	Residences					
5211	Heating Fuel	2,786	15,078	26,041	6,800	11,500
5220	Utilities -Electrical Service	383,756	438,782	403,869	509,500	504,500
5230	-Gas Service	42,354	24,850	34,998	25,300	30,000
5240	-Propane					
5250	Electricity for Pumping Station					
5260	Fuel - Vehicular					
5270	Oil & Grease					
5280	Tires					
5290	Maintenance Supplies	460	3,852	0	5,000	5,000
5300	Maint. Supplies - Vehicular					
5310	Major Vehicle Service & Repair					
5320	Agricultural Supplies					
5330	Maintenance Equipment	87,553	56,307	96,290	78,500	90,500
5340	Serv. & Maintenance Contracts	28,584	24,591	20,028	34,800	28,800
5350	Equipment Rental	2,996	5,276	9,250	5,000	3,000
5360	Household - Safety Supplies	766	740	585	1,200	1,000
5370	Uniforms					
5380	Special & Professional Services	22,791	22,850	27,942	34,100	34,100
5390	Protective Services	64,788	71,775	74,207	77,300	88,400
5400	Telephone	14,826	199	358	600	1,000
5410	Postage & Freight Out					
5420	Data Processing					
5430	Printing & Office Supplies	1,696	1,620	4,235	7,800	6,800
5440	Scientific & Photographic	7,498	16,190	11,087	14,500	14,500
5450	Dues & Subscriptions					
5460	Advertising & Promotional	1,022	777	750	1,700	1,000
5470	Travel & Subsistence		45			
5480	Staff Training & Tuition Aid				4,000	4,000
5490	Fees & Permits	5,580	6,205	6,533	8,000	8,000
5500	In - Lieu Taxes	140	140	140	400	400
5510	Residual Removal	12,209	18,363	23,884	43,600	38,000
5520	Water Treatment Chemicals	110,102	136,285	126,551	162,700	162,700
5525	GAC Replacement	45,767	47,622	49,700	50,000	58,000
5528	Reimb of O&M Capital Expenditures	27,388	9,729	10,025		
	Total Other Expenses	\$863,062	\$901,276	\$926,473	\$1,070,800	\$1,091,200
	Total Operating Expenses	\$863,062	\$901,276	\$926,473	\$1,070,800	\$1,091,200
	ANNUAL BUDGET	\$1,238,500	\$1,128,500	\$1,103,300		

(60)

MANASQUAN WATER SUPPLY SYSTEM
GENERAL & ADMINISTRATIVE
EXPENSE BUDGET

CODE	ACCOUNT	FY '11 ACTUAL	FY '12 ACTUAL	FY '13 ACTUAL	FY '14 ADOPTED	FY '15 PROPOSED
5110	Regular Salaries & Wages	\$1,571,765	\$1,560,929	\$1,516,318	\$1,607,750	\$1,678,050
5120	Overtime-Salaries & Wages	107,759	101,860	104,865	89,900	106,000
5130	New positions-Salaries & Wages					
5140	Seasonal Help-Salaries & Wages					
5150	Fringe Benefits	721,969	704,609	790,546	878,800	937,600
5160	Retiree Health Benefits	38,793	75,466	95,307	125,900	201,500
5168	Workers Comp. (Self-Insured)	1,986	3,544	1,544	5,000	5,000
	Total Salary, Wages & Fringe	\$2,442,272	\$2,446,407	\$2,508,580	\$2,707,350	\$2,928,150
	Budget - salary and fringe	\$2,400,200				
5200	Residences					
5211	Heating Fuel					
5220	Utilities -Electrical Service					
5230	-Gas Service					
5240	-Propane					
5250	Electricity for Pumping Station					
5260	Fuel - Vehicular	28,313	28,758	35,036	40,300	35,000
5270	Oil & Grease	4,581	6,195	3,971	5,900	5,900
5280	Tires	3,081	4,067	7,442	5,500	6,000
5290	Maintenance Supplies	20,286	21,977	12,783	27,300	27,300
5300	Maint. Supplies - Vehicular	859	2,227	5,045	6,500	7,100
5310	Major Vehicle Service & Repair	24,420	37,291	26,761	20,000	22,000
5320	Agricultural Supplies	2,184	3,993	2,244	5,200	5,200
5330	Maintenance Equipment	9,888	6,167	5,641	16,000	12,000
5340	Serv. & Maintenance Contracts	12,714	8,380	11,871	16,500	16,500
5350	Equipment Rental	1,924	2,060	1,726	3,400	3,400
5360	Household - Safety Supplies	6,606	8,812	9,110	8,500	8,500
5370	Uniforms					
5380	Special & Professional Services	2,927	8,929	1,668	3,100	3,600
5390	Protective Services					
5400	Telephone	7,966	5,487	5,302	6,500	6,500
5410	Postage & Freight Out	1,098	1,007	708	1,500	1,000
5420	Data Processing	8,123	9,656	8,793	9,100	10,100
5430	Printing & Office Supplies	10,354	11,052	5,681	6,900	7,300
5440	Scientific & Photographic	291	28	1,080	300	300
5450	Dues & Subscriptions	746	570		2,200	2,500
5460	Advertising & Promotional		737	163	1,500	1,500
5470	Travel & Subsistence	673	534	345	500	500
5480	Staff Training & Tuition Aid	5,486	10,964	5,479	11,400	11,400
5490	Fees & Permits	2,352	2,450	2,566	3,300	3,800
5500	In - Lieu Taxes					
5510	Residual Removal					
5520	Water Treatment Chemicals					
5525	GAC Replacement					
	Total Other Expenses	\$154,872	\$181,339	\$153,415	\$201,400	\$197,400
	Total Operating Expenses	\$2,597,144	\$2,627,746	\$2,661,995	\$2,908,750	\$3,125,550
	Budget- other expenses	\$163,200	\$165,600	\$182,500		
	TOTAL ANNUAL BUDGET	\$2,563,400	\$2,648,000	\$2,761,900		
	Reservoir System	\$87,542	\$103,461	\$89,732	\$113,185	\$111,102
	Treatment/Transmission System	\$67,330	\$77,878	\$63,683	\$88,215	\$86,298

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

LIST OF CATEGORY 5340 ITEMS
RECOMMENDED SERVICE & MAINTENANCE CONTRACTS
FOR RESERVOIR (40)
FISCAL YEAR 2015

	ADOPTED F/Y14	PROPOSED F/Y15
1. HVAC/Dehumidifier Service.....	\$ 500	\$ 500
2. Electrical Service Contract.....	0	0
3. Instrumentation & Control System Service/Upgrade.....	2,000	2,000
4. Electrical Upgrade & Repair.....	4,000	4,000
5. Overhead Crane Service & Inspection.....	1,000	1,000
6. Fire & Intrusion Alarm Service.....	1,500	1,500
7. Potable Well/Septic Service.....	500	500
8. Fertilization-Dam Dike.....	2,000	2,000
9. Roadway Crack Sealing.....	1,500	1,500
10. Wood Debris Removal.....	2,500	2,500
11. Access Roadway Repairs.....	2,500	2,500
12. Roofing System Maintenance & Repair.....	<u>3,000</u>	<u>3,000</u>
Total Service & Maintenance Contracts.	\$ <u>21,000</u>	\$ <u>21,000</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

LIST OF CATEGORY 5340 ITEMS
RECOMMENDED SERVICE & MAINTENANCE CONTRACTS
FOR WTP/TS (50)
FISCAL YEAR 2015

	ADOPTED F/Y14	PROPOSED F/Y15
1. HVAC Service.....	\$ 1,000	\$ 1,000
2. Electrical Service Contract.....	3,000	1,000
3. Instrumentation & Control System Service & Upgrade....	3,000	1,000
4. Electrical Upgrade & Repair.....	2,000	2,000
5. Overhead Crane Service.....	1,000	1,000
6. UST Monitors Service and Upgrade.....	1,000	1,000
7. Fire & Intrusion Alarm System.....	1,700	1,200
8. Air Compressor Service.....	1,200	1,200
9. Boiler Service.....	1,500	1,500
10. Auxiliary Generator Service.....	4,000	2,500
11. Lab Equipment Service.....	2,000	2,000
12. Backflow Preventor Service.....	500	500
13. Gas-Fired Hot Water Heater Service.....	500	500
14. Instrumentation & Control Service/Upgrade (Transmission System).....	5,000	5,000
15. Electrical Upgrade & Repair (Transmission System).....	2,000	2,000
16. Meter Vault Internet Service (Transmission System)....	<u>5,400</u>	<u>5,400</u>
Total Service & Maintenance Contracts.	\$ <u>34,800</u>	\$ <u>28,800</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

LIST OF CATEGORY 5340 ITEMS
RECOMMENDED SERVICE & MAINTENANCE CONTRACTS
FOR G & A (60)
FISCAL YEAR 2015

	ADOPTED F/Y14	PROPOSED F/Y15
1. Refuse & Waste Disposal.....	\$ 2,200	\$ 2,200
2. Office Equipment/Computers.....	2,100	2,100
3. Waste Oil Disposal.....	1,600	1,600
4. Fire Extinguisher Service.....	1,100	1,100
5. UST Monitor Service.....	1,000	1,000
6. Building Maintenance.....	1,000	1,000
7. Internet Service.....	3,000	3,000
8. Janitorial Service.....	3,100	3,100
9. Vehicle Lift Inspection.....	400	400
10. Generator Service & Maintenance.....	<u>1,000</u>	<u>1,000</u>
Total Service & Maintenance Contracts	\$ <u>16,500</u>	\$ <u>16,500</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

LIST OF CATEGORY 5380 ITEMS
RECOMMENDED SPECIAL & PROFESSIONAL SERVICES
FOR RESERVOIR (40)
FISCAL YEAR 2015

	ADOPTED F/Y14	PROPOSED F/Y15
1. Laboratory Services-Water Quality Sampling.....	\$ 2,000	\$ 2,000
2. Consultant Services.....	7,000	7,000
3. Services-USGS Cooperative Agreement.....	30,800	30,800
4. Annual Trustee Fund.....	9,500	9,500
5. Dam Management-Surveying.....	2,500	2,500
6. Wetland Monitoring Management.....	1,200	1,200
7. Lake Management Consultants.....	19,500	19,500
8. Engineering Services.....	2,500	2,500
9. Financial Advisory Services.....	<u>1,000</u>	<u>1,000</u>
Total Special & Professional Services	\$ <u>76,000</u>	\$ <u>76,000</u>

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

LIST OF CATEGORY 5380 ITEMS
 RECOMMENDED SPECIAL & PROFESSIONAL SERVICES
 FOR WTP/TS (50)
 FISCAL YEAR 2015

	ADOPTED F/Y14	PROPOSED F/Y15
1. Water Quality Sampling.....	\$ 17,200	\$ 17,200
2. Residual Quality Analysis.....	500	800
3. Consultant Services.....	5,000	4,000
4. USGA Allenwood Gage-Parameters.....	9,800	10,500
5. Underground Markout Service (Transmission System).....	<u>1,600</u>	<u>1,600</u>
Total Special & Professional Services	\$ <u>34,100</u>	\$ <u>34,100</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

LIST OF CATEGORY 5380 ITEMS
RECOMMENDED SPECIAL & PROFESSIONAL SERVICES
FOR G & A (60)
FISCAL YEAR 2015

	<u>ADOPTED</u> F/Y14	<u>PROPOSED</u> F/Y15
1. Pulmonary Testing.....	\$ 1,500	\$ 1,500
2. CDL Medical Testing.....	500	500
3. EAS Service.....	700	1,200
4. Pre-Employment Physicals.....	<u>400</u>	<u>400</u>
Total Special & Professional Services	\$ <u>3,100</u>	\$ <u>3,600</u>

PROJECTED FY 2015 NEW JERSEY WATER SUPPLY AUTHORITY INSURANCE PROGRAM

Schedule 12

Type of Coverage	<u>Raritan Basin System</u>	<u>Manasquan Reservoir System</u>	<u>Manasquan Water Treatment Plant and Transmission System</u>	<u>Total Premium</u>
Property Limit \$150 million Deduct: \$100k all perils \$250k, dams, dikes, canal/\$1m flood	\$633,381	\$212,924	\$52,108	\$898,413
General/Products Liability Limit \$1 million Deduct: \$150k	\$77,425	\$7,239	\$1,503	\$86,167
Professional Environmental Consultants Liability	\$0	\$0	\$0	\$0
Environmental Impairment Liability Limit \$10 million Deduct: \$100k	\$20,435	\$1,911	\$397	\$22,743
Workers' Compensation Limit \$1 million	\$175,135	\$22,515	\$23,590	\$221,240
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	\$258,352	\$23,967	\$4,976	\$285,295
Business Automobile Limit: \$1 million G/L, \$0 pd Deduct: \$50k, G/L	\$35,455	\$6,295	\$1,441	\$43,191
Public Officials Liability Limit \$5 million/\$1million crime Deduct: \$50k/\$50k c. crime	\$47,753	\$4,464	\$4,347	\$56,564
Travel Accident Limit \$2 million	<u>\$899</u>	<u>\$84</u>	<u>\$17</u>	<u>\$1,000</u>
TOTAL:	<u>\$1,246,835</u>	<u>\$279,399</u>	<u>\$88,379</u>	<u>\$1,614,613</u>
ESTIMATE	\$1,246,800	\$279,400	\$88,400	\$1,614,600

NEW JERSEY WATER SUPPLY AUTHORITY
 RECAP OF ALLOCATION OF HEADQUARTERS
 GENERAL AND ADMINISTRATIVE EXPENSES CHARGED
 TO THE MANASQUAN RESERVOIR WATER SUPPLY SYSTEM
 FISCAL YEAR 2015 (7/1/14-6/30/15)

	<u>TOTAL HEADQUARTERS CHARGE</u>	<u>MANASQUAN RESERVOIR SYSTEM</u>	<u>MANASQUAN WTP/TS</u>
Budgeted-Appendix I, Page 5, amount to be charged to Manasquan System for F/Y15 (7/1/14-6/30/15)	\$ 781,349	\$ 678,114	\$ 103,235
F/Y13 Adjustment as per audited Expenditures:			
Budgeted as per rate schedule for F/Y13 (7/1/12-6/30/13). Amounts paid during F/Y13 to Raritan Basin System.	698,107	605,871	92,236
Actual allocation based upon audited expenditures F/Y13 (7/1/12-6/30/13)- Appendix II, Page 5	<u>695,956</u>	<u>604,004</u>	<u>91,952</u>
Adjustments F/Y13	\$ <u>(2,151)</u>	\$ <u>(1,867)</u>	\$ <u>(284)</u>
Net Allocation for F/Y2015 Budget	\$ <u>779,198</u>	\$ <u>676,247</u>	\$ <u>102,951</u>
Estimate	\$ <u>779,000</u>	\$ <u>676,000</u>	\$ <u>103,000</u>

Manasquan Water Supply System
PROPOSED CAPITAL EQUIPMENT BUDGET
 Fiscal Year 2015

Description	(A)Addition (R)Replacement	Year of Purchase Vehicle/Equipment	Dollar Value	%	Manasquan Reservoir	Manasquan WTP/TS	Reservoir Depreciation Reserve	WTP/TS Depreciation Reserve
(1) NJWA-57 F250 UTILTY TRUCK	(R) TRN439	2006	32,000	99/5	30,400	1,600	19,844	1,044
(1) NJWA-56 PICKUP	(R) TRN413	2004	28,000	25/75	7,000	21,000	3,648	10,945
(4) REPLACE 4 WALL HEATER/AC UNITS ADMIN BLDG	(R)		12,000	100/0	12,000	0		
(1) FRONT MOUNT MOWER	(R) EQP424		26,000	100/0	26,000	0	15,523	
(3) 1720E LOW RANGE TURBIDIMETERS 6010101	(A)		6,000	0/100	0	6,000		
(1) TRUCK MOUNTED 50 GAL TANK ELECTRIC SPRAYER	(A)		3,500	80/20	2,800	700		
(1) LABORATORY DR3900 SPECTROMETER	(R)		4,000	0/100	0	4,000		
(1) BUBLER SYSTEM FOR RIVER LEVEL @ INTAKE BLDG	(R)		8,000	100/0	8,000	0		
(1) LADDER AND PIPE RACK FOR VEHICLE 28	(A)		2,000	45/55	900	1,100		
TOTAL			121,500					
*Per Resolution #861, dated 7/12/93 Asset Definition minimum is \$1,000.						0		
Less Amount charged to Reservoir Depreciation Reserve						39,015		
Less Amount charged to WTP/TS Depreciation Reserve							11,989	
Total					48,085	22,411		
Estimate					<u>\$48,100</u>	<u>\$22,400</u>		

MANASQUAN WATER SUPPLY SYSTEM
JULY, 2012 - JUNE, 2013 FISCAL YEAR - 2013
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		5%	95%	7%	93%		
TIME SPLIT							
REGULAR	60,799.20	3,039.96	57,759.24	4,255.94	56,543.26	(1,215.98)	1,215.98
CLOTH.	550.00	27.50	522.50	38.50	511.50	(11.00)	11.00
O.T.	5,548.39	277.44	5,270.95	388.39	5,160.00	(110.95)	110.95
FRINGE	37,585.42	1,879.27	35,706.15	2,630.98	34,954.44	(751.71)	751.71
21 7335 RESERVOIR		95%	5%	99%	1%		
SYSTEM OPERATOR							
REGULAR	48,831.44	46,389.87	2,441.57	48,343.13	488.31	(1,953.26)	1,953.26
CLOTH.	550.00	522.50	27.50	544.50	5.50	(22.00)	22.00
O.T.	6,370.35	6,051.85	318.50	6,306.65	63.70	(254.60)	254.60
FRINGE	30,861.81	29,318.72	1,543.09	30,553.19	306.62	(1,234.47)	1,234.47
20 7933 PLANT OPERATOR		5%	95%	5%	95%		
TIME SPLIT							
REGULAR	59,176.00	2,958.80	56,217.20	2,958.80	56,217.20	0.00	0.00
CLOTH.	550.00	27.50	522.50	27.50	522.50	0.00	0.00
O.T.	7,636.59	381.83	7,254.76	381.83	7,254.76	0.00	0.00
FRINGE	36,714.98	1,835.77	34,879.21	1,835.75	34,879.23	0.02	(0.02)
7 8172 RESERVOIR		95%	5%	98%	2%		
SYSTEM OPERATOR							
REGULAR	53,299.52	50,634.54	2,664.98	52,233.53	1,065.99	(1,598.99)	1,598.99
CLOTH.	550.00	522.50	27.50	539.00	11.00	(16.50)	16.50
O.T.	7,330.44	6,963.93	366.51	7,183.83	146.61	(219.90)	219.90
FRINGE	33,150.58	31,493.06	1,657.52	32,487.57	663.01	(994.51)	994.51
9 12976 FAC MECHANIC II		45%	55%	48%	52%		
TIME SPLIT							
REGULAR	56,440.00	25,398.00	31,042.00	27,091.20	29,348.80	(1,693.20)	1,693.20
CLOTH.	550.00	247.50	302.50	264.00	286.00	(16.50)	16.50
O.T.	2,729.41	1,228.23	1,501.18	1,310.12	1,419.29	(81.89)	81.89
FRINGE	33,312.48	14,990.63	18,321.85	15,989.99	17,322.49	(999.36)	999.36
16 16220 FOREMAN BLDG. & GROUND MAINT		60%	40%	93%	7%		
TIME SPLIT							
REGULAR	61,336.00	36,801.60	24,534.40	57,042.48	4,293.52	(20,240.88)	20,240.88
CLOTH.	550.00	330.00	220.00	511.50	38.50	(181.50)	181.50
O.T.	1,515.98	909.59	606.39	1,409.86	106.12	(500.27)	500.27
FRINGE	34,956.37	20,973.82	13,982.55	32,509.42	2,446.95	(11,535.60)	11,535.60
12 23959 FAC. MECHANIC II		45%	55%	49%	51%		
TIME SPLIT							
REGULAR	56,236.10	25,306.24	30,929.86	27,555.69	28,680.41	(2,249.45)	2,249.45
CLOTH.	550.00	247.50	302.50	269.50	280.50	(22.00)	22.00
O.T.	469.16	211.12	258.04	229.89	239.27	(18.77)	18.77
FRINGE	32,018.23	14,408.20	17,610.03	15,688.93	16,329.30	(1,280.73)	1,280.73
8 23970 RESERVOIR SYSTEM OPERATOR		95%	5%	93%	7%		
TIME SPLIT							
REGULAR	46,684.72	44,350.48	2,334.24	43,416.79	3,267.93	933.69	(933.69)
CLOTH.	550.00	522.50	27.50	511.50	38.50	11.00	(11.00)
O.T.	7,533.58	7,156.92	376.66	7,006.23	527.35	150.69	(150.69)
FRINGE	30,490.77	28,966.22	1,524.55	28,356.42	2,134.35	609.80	(609.80)
14 26529 FOREMAN FACILITIES MAINT.		43%	57%	49%	51%		
TIME SPLIT							
REGULAR	63,377.60	27,252.37	36,125.23	31,055.02	32,322.58	(3,802.65)	3,802.65
CLOTH.	1,100.00	473.00	627.00	539.00	561.00	(66.00)	66.00
O.T.	1,862.23	800.77	1,061.46	912.49	949.74	(111.72)	111.72
FRINGE	36,581.09	15,729.87	20,851.22	17,924.73	18,656.36	(2,194.86)	2,194.86

MANASQUAN WATER SUPPLY SYSTEM
JULY, 2012 - JUNE, 2013 FISCAL YEAR - 2013
G & A EXPENSES SPLIT

EMPLOYEE NAME	TOTAL	BUDGETED %		ACTUAL % (Timesheets)		VARIANCE UNDER (OVER)		
		(40)	(50)	(40)	(50)	(40)	(50)	
		RESERVOIR	WTP/TS	RESERVOIR	WTP/TS	RESERVOIR	WTP/TS	
5 36810 MAINT. WORKER 1								
TIME SPLIT		85%	15%	99%	1%			
REGULAR	37,012.48	31,460.61	5,551.87	36,642.36	370.12	(5,181.75)	5,181.75	
CLOTH.	550.00	467.50	82.50	544.50	5.50	(77.00)	77.00	
O.T.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
FRINGE	20,892.18	17,758.37	3,133.81	20,683.26	208.92	(2,924.89)	2,924.89	
17 41950 PLANT OPERATOR								
TIME SPLIT		5%	95%	5%	95%			
REGULAR	61,857.60	3,092.88	58,764.72	3,092.88	58,764.72	0.00	0.00	
CLOTH.	550.00	27.50	522.50	27.50	522.50	0.00	0.00	
O.T.	7,697.74	384.90	7,312.84	384.89	7,312.85	0.01	(0.01)	
FRINGE	38,235.14	1,911.77	36,323.37	1,911.76	36,323.38	0.01	(0.01)	
18 47397 SUPERVISOR								
TECHNICAL ASST.		41%	59%	42%	58%			
FACILITIES MAINT.								
REGULAR	78,093.84	32,018.47	46,075.37	32,789.41	45,294.43	(780.94)	780.94	
CLOTH.	1,100.00	451.00	649.00	462.00	638.00	(11.00)	11.00	
O.T.	11,962.33	4,904.57	7,057.76	5,024.18	6,938.15	(119.61)	119.61	
FRINGE	50,247.89	20,601.64	29,646.25	21,104.11	29,143.78	(502.47)	502.47	
3 50121 SUPERVISOR								
OPERATION, MWSS		21%	79%	25%	75%			
REGULAR	82,772.00	17,382.12	65,389.88	20,693.00	62,079.00	(3,310.88)	3,310.88	
CLOTH.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
O.T.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
FRINGE	45,881.83	8,637.28	36,254.55	11,472.96	34,418.87	(1,835.68)	1,835.68	
1 50461 MANAGER, MWSS								
TIME SPLIT		60%	40%	52%	48%			
REGULAR	108,990.40	65,994.24	43,896.16	57,195.01	52,795.39	8,799.23	(8,799.23)	
CLOTH.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
O.T.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
FRINGE	60,980.57	36,588.33	24,392.24	31,709.90	29,270.67	4,878.43	(4,878.43)	
2 12165 ADMIN ASSISTANT								
TIME SPLIT		60%	40%	52%	48%			
REGULAR	55,962.80	33,577.68	22,385.12	29,100.66	26,862.14	4,477.02	(4,477.02)	
CLOTH.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
O.T.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
FRINGE	31,301.93	18,781.17	12,520.76	16,277.00	15,024.93	2,504.17	(2,504.17)	
10 51483 EQUIPMENT								
OPERATOR		73%	27%	91%	9%			
REGULAR	44,366.40	32,387.47	11,978.93	40,373.42	3,992.98	(7,985.95)	7,985.95	
CLOTH.	550.00	401.50	148.50	500.50	49.50	-9900%	9900%	
O.T.	581.28	424.33	156.95	528.96	52.32	(104.63)	104.63	
FRINGE	25,374.12	18,523.11	6,851.01	23,090.45	2,283.67	(4,567.34)	4,567.34	
19 63738 PLANT OPERATOR								
TIME SPLIT		5%	95%	5%	95%			
REGULAR	61,857.60	3,092.88	58,764.72	3,092.88	58,764.72	0.00	0.00	
CLOTH.	550.00	27.50	522.50	27.50	522.50	0.00	0.00	
O.T.	8,498.65	424.95	8,073.70	424.93	8,073.72	0.02	(0.02)	
FRINGE	38,893.97	1,944.69	36,949.28	1,944.70	36,949.27	(0.01)	0.01	
6 69555 MAINT. WORKER 1								
OPERATIONS		87%	13%	96%	4%			
REGULAR	41,288.00	35,920.56	5,367.44	39,636.48	1,651.52	(3,715.92)	3,715.92	
CLOTH.	550.00	478.50	71.50	528.00	22.00	(49.50)	49.50	
O.T.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
FRINGE	23,429.71	20,383.85	3,045.86	22,492.52	937.19	(2,108.67)	2,108.67	

MANASQUAN WATER SUPPLY SYSTEM
JULY, 2012 - JUNE, 2013 FISCAL YEAR - 2013
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	
22 75370 FAC. MECHANIC-WSA			43%	57%				
TIME SPLIT					47%	53%		
REGULAR	56,874.30	24,455.95	32,418.35	26,730.92	30,143.38	(2,274.97)	2,274.97	
CLOTH.	550.00	236.50	313.50	258.50	291.50	(22.00)	22.00	
O.T.	934.41	401.80	532.61	439.17	495.24	(37.37)	37.37	
FRINGE	31,495.80	13,543.22	17,952.58	14,803.03	16,692.77	(1,259.81)	1,259.81	
26 81185 RESERVOIR SYSTEM OPERATOR			95%	5%	95%	5%		
TIME SPLIT								
REGULAR	36,577.28	34,748.42	1,828.86	34,748.42	1,828.86	0.00	0.00	
CLOTH.	275.00	261.25	13.75	261.25	13.75	0.00	0.00	
O.T.	3,933.18	3,736.52	196.66	3,736.52	196.66	0.00	0.00	
FRINGE	22,637.04	21,505.19	1,131.85	21,505.19	1,131.85	0.00	0.00	
23 87000 PLANT OPERATOR			5%	95%	6%	94%		
TIME SPLIT								
REGULAR	60,799.20	3,039.96	57,759.24	3,647.95	57,151.25	(607.99)	607.99	
CLOTH.	550.00	27.50	522.50	33.00	517.00	(5.50)	5.50	
O.T.	9,655.53	482.78	9,172.75	579.33	9,076.20	(96.55)	96.55	
FRINGE	38,873.76	1,943.68	36,930.08	2,332.43	36,541.33	(388.75)	388.75	
24 87750 RESERVOIR SYSTEM OPERATOR			95%	5%	100%	0%		
TIME SPLIT								
REGULAR	51,046.64	48,494.31	2,552.33	51,046.64	0.00	(2,552.33)	2,552.33	
CLOTH.	550.00	522.50	27.50	550.00	0.00	(27.50)	27.50	
O.T.	5,496.32	5,221.50	274.82	5,496.32	0.00	(274.82)	274.82	
FRINGE	31,230.27	29,668.77	1,561.50	31,230.27	0.00	(1,561.50)	1,561.50	
27 88313 PROJECT ENGINEER III			50%	50%	12%	88%		
TIME SPLIT								
REGULAR	49,579.20	24,789.60	24,789.60	5,949.50	43,629.70	18,840.10	(18,840.10)	
CLOTH.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
O.T.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
FRINGE	27,513.32	13,756.69	13,756.63	3,301.60	24,211.72	10,455.09	(10,455.09)	
15 88875 WATER SUPPLY TECH OPERATOR			70%	30%	44%	56%		
TIME SPLIT								
REGULAR	43,630.40	30,541.28	13,089.12	19,197.38	24,433.02	11,343.90	(11,343.90)	
CLOTH.	1,100.00	770.00	330.00	484.00	616.00	286.00	(286.00)	
O.T.	669.78	468.84	200.94	294.70	375.08	174.14	(174.14)	
FRINGE	24,987.22	17,491.06	7,496.16	10,994.38	13,992.84	6,496.68	(6,496.68)	
11 90000 SUPERVISING PLANT OPERATOR			30%	70%	36%	64%		
TIME SPLIT								
REGULAR	67,146.40	20,143.92	47,002.48	24,172.70	42,973.70	(4,028.78)	4,028.78	
CLOTH.	550.00	165.00	385.00	198.00	352.00	(33.00)	33.00	
O.T.	5,538.35	1,661.51	3,876.84	1,993.81	3,544.54	(332.30)	332.30	
FRINGE	40,599.48	12,179.84	28,419.64	14,615.81	25,983.67	(2,435.97)	2,435.97	
25 93000 PLANT OPERATOR			5%	95%	5%	95%		
TIME SPLIT								
REGULAR	57,808.00	2,890.40	54,917.60	2,890.40	54,917.60	0.00	0.00	
CLOTH.	550.00	27.50	522.50	27.50	522.50	0.00	0.00	
O.T.	8,901.36	445.08	8,456.28	445.07	8,456.29	0.01	(0.01)	
FRINGE	37,068.48	1,853.44	35,215.04	1,853.42	35,215.06	0.02	(0.02)	
13 HEAVY EQUIPMENT OPERATOR			75%	25%	75%	25%		
TIME SPLIT								
REGULAR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
CLOTH.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
O.T.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
FRINGE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	(60)	(40)	(50)	(40)	(50)	(40)	(50)	
REGULAR	1,502,843.12	706,162.61	796,680.51	724,962.59	777,880.53	(18,799.98)	18,799.98	
CLOTH.	13,475.00	6,784.25	6,690.75	7,147.25	6,327.75	(363.00)	363.00	
O.T.	104,865.06	42,538.46	62,326.60	44,477.17	60,387.89	(1,938.71)	1,938.71	
FRINGE	895,324.44	417,667.66	477,656.78	429,299.77	466,024.67	(11,632.11)	11,632.11	
GRAND TOTAL	2,516,507.62	1,173,152.98	1,343,354.64	1,205,886.78	1,310,620.84	(32,733.80)	32,733.80	

*PLANT OPERATORS ADJUSTED TO ACTUAL %'S OF 5%/95%

ORIGINAL %'S AS FOLLOWS:

C. BENNETT	1%/99%	E. OTREBA	4%/96%
R. KARECKY	2%/98%	C. ZIEGLER	4%/96%
C:\FILES\GER\IMGAEXP13			

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM
 ESTIMATE OF INTEREST INCOME
 FISCAL YEAR 2015 BUDGET

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

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

$\$635,000 \times 1.15\% = \$ 7,303$

Total \$ 10,266

Estimate \$ 10,300

Short-Investments

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

Long-Term Investments

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

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

UNANTICIPATED REVENUE

FUNDS TO BE APPROPRIATED INTO RATE STABILIZATION FUND FOR FISCAL YEAR 2015

	<u>AMOUNT</u>
F/Y2013 Net Year-End Balance	\$694,255.00

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

TOTAL AVAILABLE	<u>\$694,255.00</u>
------------------------	---------------------

ESTIMATE FOR FY15	<u>\$694,255.00</u>
--------------------------	---------------------

NEW JERSEY WATER SUPPLY AUTHORITY

Schedule 18

MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

FUND BALANCES AS OF 6/30/13

* * FINAL * *

	REVENUE FUND	OPERATING ACCOUNT	OPERATING FUND	O & M RESERVE	LONG TERM INVESTMENTS O & M RESERVE	TOTAL
BALANCE 6/30/13 (Does not include Debt Service payment)	\$103,552	\$2,451,357	\$1,420,212	\$793,163	\$400,000	\$5,168,284
Add: Adjustment for uncollected water revenues at 6/30/13			0			0
Add: NJ-American, JCP&L expenses for June 2013			40,199			40,199
Deduct: Accrued expenses to be paid as of 6/30/13			(46,386)			(46,386)
Deduct: June 10th billing, received			(1,366,517)			(1,366,517)
Adjusted Balances 6/30/13	\$103,552	\$2,451,357	\$47,508	\$793,163	\$400,000	\$3,795,580
INCOME						
Operating Transfer	(100,000)		100,000			0
Receipt of WTP/TS G&A expenses for the month of June 2013, 7/25/13 billing			140,387			140,387
EXPENSES						
O & M Expenses - (A/P-6/30/13) Includes accrued payroll and pension thru 6/30/13			(71,211)			(71,211)
Capital items to be purchased by 6/30/13			(30,835)			(30,835)
Payment of Headquarters overhead expenses - to be paid 7/01			(142,700)			(142,700)
Contributions to Various Reserves- 7/13			(33,250)			(33,250)
ADJUSTED BALANCE AT 6/30/13	\$3,552	\$2,451,357	\$9,899	\$793,163	\$400,000	\$3,657,971
Less: O & M Reserve Balance (Goal is 3 months O & M Expenses as dictated by Bond Resolution)						(759,675)
Balance of projected funds available						\$2,898,296
Use of Available Funds						
Unanticipated revenues (overdrafts in FY13 to be available to the General Fund for FY15) NJ American Water						0
Appropriate FY13 net fund balance into the General Fund (Rate Stabilization) to be used for rate stabilization						(694,255)
Balance of funds to be used for future years						\$2,204,041

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

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

PROJECTED FISCAL YEAR 2015

USER	ALLOCATION (mgd)
Avon, Borough of	0.142
Belmar, Borough of	0.650
Brielle, Borough of	0.450
Keyport, Borough of	0.458
Matawan, Borough of	0.469
New Jersey American Water	12.500
Red Bank, Borough of	0.778
Sea Girt, Borough of	0.075
Shorelands Water Company	1.928
Lake Como, Borough of	0.100
Spring Lake, Borough of	0.310
Spring Lake Heights, Borough of	0.425
Wall Township	2.275
OPERATIONS & MAINTENANCE/DEBT SERVICE SALES BASE	20.560 mgd

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY AUTHORITY
OPERATIONS AND MAINTENANCE RATE COMPONENT (20.560MGD)

FISCAL YEAR 2015

Funds Required for F/Y2015 Budget

Total Budget Requirements	\$ 3,378,866
Miscellaneous Revenues	<u>(704,555)</u>
Net Budget Requirement	\$ 2,674,311
Less - Quarterly O & M payment on July 10, 2014 (cash received in July for water used in April, May and June based on \$356.61/mg)	(667,203)
Additional Revenue required from last three (3) Quarterly payments in F/Y2015 to cover Operations & Maintenance expenses through 6/30/15	<u>\$ 2,007,108</u>

Computation of Operations & Maintenance Rate for FISCAL YEAR 2015

Required Operations & Maintenance Rate F/Y2015	<u>\$2,007,108</u>	= \$356.61/MG
	5,628.30*	

* Four (4) Quarters Sales = 20.560 MGD x 365 = 7,504.40 mg/yr.
 Rate Calculation for required revenues due for payment on
 10/10/14, 1/10/15 and 4/10/15:

Sales Base = 7,504.40 x 3/4 = 5,628.30 MG
 The same rate will apply to the payment due 7/10/15 and
 this payment will be reflected in the calculation of the
 F/Y2016 rate.

SECTION II

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

COMPUTATION OF BASE DEBT SERVICE RATES

INITIAL WATER PURCHASERS (16.097MGD) - 7/01/90
 SHORELANDS DELAYED PURCHASE CONTRACT (.028mgd) - 7/01/06

Debt Service for FISCAL YEAR 2015	\$3,204,508	
Debt Service Fund Interest Income and other available resources	\$ (164,237)	
Net Debt Service Obligation	\$3,040,271	
Coverage Requirement = Net Debt Service Obligation x 20%	\$ <u>608,054</u>	
Total to be recovered by rates	\$3,648,325	
Debt Service Rate effective 7/01/14 365 x 16.125/mgd = 5,885.63mg	$\frac{\$3,648,325}{5,885.63\text{mg}}$	= \$619.87/mg

SECTION II

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

COMPUTATION OF DELAYED WATER PURCHASE DEBT SERVICE RATES

NJAW-	1.000MGD CONTRACT - 07/01/01		
	1.935MGD CONTRACT - 10/01/02		
	1.500MGD CONTRACT - 01/01/05		
Debt Service for FISCAL YEAR 2015		\$1,045,946	
Debt Service Fund Interest Income and other available resources		\$ (3,910)	
Net Debt Service Obligation		\$1,042,036	
Coverage Requirement = Net Debt Service Obligation x 20%		\$ <u>208,407</u>	
Total to be covered by rates		\$1,250,443	
Debt Service Rate effective 7/01/14 365 x 4.435/mgd = 1,618.78mg		$\frac{\$1,250,443}{1,618.78\text{mg}} = \$772.46/\text{mg}$	

SECTION II

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

COMPUTATION OF BASE DEBT SERVICE RATES

INTAKE PUMP STATION BUILDING

INITIAL WATER PURCHASERS (16.097MGD) - 7/01/90
 SHORELANDS DELAYED PURCHASE CONTRACT (.028MGD) - 7/01/06
 NJ AMERICAN DELAYED PURCHASE CONTRACT (4.435MGD)*

NJEIFP Debt Service for Fiscal Year 2015 \$ 183,257

Debt Service Rate effective 7/01/14
 365 x 20.560/mgd = 7,504.40/mg \$ $\frac{183,257}{7,504.40\text{mg}}$ = \$24.42/mg

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

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR SYSTEM
2005 BOND DEBT SERVICE COVERAGE
 FISCAL YEAR 2015
 (7/1/14-6/30/15)

	<u>Budgeted</u> <u>F/Y 2015</u>
<u>Revenues</u>	
Uninterruptible Water Sales	\$ 7,870,728
Interest Income/Other	<u>10,300</u>
Total Revenues	<u>\$ 7,881,028</u>
Prior Years Surplus	\$ <u>694,255</u>
<u>Expenses</u>	
O&M Costs	\$ 2,539,500
Overhead Allocation	<u>676,000</u>
Total O&M	<u>\$ 3,215,500</u>
Cash Available for Debt Service - A	\$ 5,359,783
Net Debt Service Expense	\$ 4,082,307
Debt Service Coverage Calculation - A/B	1.31
Cash After Debt Service A-B	\$ 1,277,476

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

Project Description	Renewal. & Rep. Reserve	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018+
Dam Emergency Contingency	\$400,000					
Pipeline Replacement Under I-195	\$950,000					
Equipment Replacement	\$650,000					
Construction of Intake Pumping Station Enclosure		*				
Fueling System Upgrade		\$60,000				
Rehabilitation Pump and Motors at Reservoir & Intake Pumping Stations		\$38,000	\$40,000	\$60,000	\$60,000	\$20,000
Security System & Fencing Upgrades			\$30,000	\$100,000		\$50,000
Replacement Capacitors				\$20,000	\$20,000	
Equipment Storage Building		\$195,000				
Replace 25% of Administration Building Roof		\$60,000				
Replace Control Panel at Reservoir IO building			50,000			
Resurface Floor in Hall and Bathrooms RPS Building			40,000			
Replace Incoming Electrical Power Breakers		\$30,000	200,000			
Renovation of Traveling Water Screens					\$80,000	\$20,000
Variable Frequency Drive Control Conversion				\$60,000		
TOTAL	\$2,000,000	\$383,000	\$360,000	\$240,000	\$160,000	\$90,000

* Financed by a Loan through the NJEIT

New Jersey Water Supply Authority
Manasquan Reservoir Water Supply System

Update
of the
Renewal and Replacement Reserve
and
Capital Improvement Program

Prepared by

Edward Buss, P.E., Chief Engineer
&
Paul McKeon, P.E., Manasquan System Manager

MANASQUAN RESERVOIR WATER SUPPLY SYSTEM
RENEWAL/REPLACEMENT RESERVE & CAPITAL IMPROVEMENT PROGRAM
Fiscal Years 2014-2018
Updated June 2013

Introduction

The New Jersey Water Supply Authority (Authority) operates and maintains the Manasquan Reservoir 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 Reservoir Water Supply System was constructed between 1987 and 1990 and commenced operation on July 1, 1990.

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

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

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

Renewal and Replacement Reserve for Extraordinary Operations and Maintenance Costs

Problems with the Earthen Dam Embankments

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

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

Replacement of Pipe under Interstate Route 195

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

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

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

The pipes under Route 195 were power washed and inspected in 2011 and found to be sound. The entire pipeline will be inspected in 2015.

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

Rehabilitation or Replacement of Pumps

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

All pumps and motors were physically inspected, vibration tested and pump efficiency tested in 2012. All are within acceptable performance tolerances. Although testing and inspection has determined that no units are needing replacement at this time, it is appropriate to include funds in a Renewal & Replacement Reserve to rehabilitate or replace a single unit in case of an unforeseen failure or damage from lightning.

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

Planned Capital Improvements - Fiscal Years 2014 - 2018

Enclosure at the Intake Pumping Station

The Intake Pumping Station was constructed without an enclosure for the equipment leaving the equipment exposed to the elements. Problems have been experienced with operating equipment that has frozen or was covered with snow. There was a need to construct a permanent building to protect the equipment.

An engineering consulting and architectural firm was retained to design a permanent building in place of the enclosure including the architectural elements and the electrical and mechanical equipment in the structure.

Construction of the steel and block building was 100 % complete as of February 2013. The building includes permanent electric trolley hoists to assist with maintenance of the pumps and traveling screens. The project was completed on budget.

Fueling System Upgrade

Current regulations regarding underground storage tanks require leak monitoring in the tank and piping and recording of the data on a prescribed basis. The existing EMCO Wheaton Leak Sensor Jr. monitoring system does not satisfy the monitoring requirements and must be replaced.

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

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

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

The Authority has undertaken a multi faceted – multi year program to service all ten pumps and motors. The first phase, begun in 2003 includes the servicing of a pump at the RPS and a motor at the IPS each year. All pumps and motors were physically inspected, vibration tested and pump efficiency tested in 2011 and 2012. All are within acceptable performance tolerances. Motor rehabilitation on one unit was completed in FY2013 and rehabilitation of one motor is planned for FY2014. It is anticipated that no pump rehabilitation will be needed until FY2015. The Authority may also consider replacing one IPS pump with a 12 MGD pump and another with a 10 MGD pump when replacement becomes necessary. This will allow a closer match between the average customers' sales from the intake pool and the pump capacities.

Security System Upgrade

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

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

Replacement of Capacitors

Electrical capacitors are component parts in the variable speed electrical drive units at both the Intake Pumping Station and the Reservoir Pumping Station. During a prior visit by the field service technician from ASI Robicon Corporation, several capacitors were identified as failed parts. All fifty-three existing capacitors are reaching the end of their useful life and are recommended for replacement. Seven of the fifty-three were replaced prior to 2011 and the remaining forty six will be replaced during upcoming years. The cost to replace the remaining capacitors is approximately \$40,000. Few failures were experienced in 2012 and 2013 and a number of capacitors are on hand so the replacement has been moved back several years.

Equipment Storage Building

There is a need to provide secure under cover storage for equipment at the facility. Preliminary investigations show that a "pole-barn" type structure should be erected near the Reservoir Pumping Station. A 120' by 50' structure, providing 6000 square feet of added storage is the minimum size needed. Engineering services were contracted in 2012 for the subgrade design, utilities, building and site design. Construction bids were due in July 2013. Total project costs including the engineering, building and erection is estimated to cost \$250,000.

Replace 25% of Administration Building Roof

The eastern lower roof of the Manasquan Reservoir Administration Building has several leaks Authority personnel have been unsuccessful in patching. In consideration that the age of the roof is approaching 25 years, a new roof with a 20-year warranty is a prudent expenditure.

Replace Control Panel at Reservoir IO Building

Discrete instruments and chart recorders comprise the existing control panel in the Reservoir IO Building. Parts are no longer readily available. The equipment is 24 years old and beyond the expected life. Upgrading to a SCADA system with an improved operator interface and alarm features is desirable.

Resurface Floor in Hall and Bathrooms in the RPS Building

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

Replacing the Incoming Electrical Power Breakers

Electrical surges and cable failures in 2012 and 2013 as a result of several storms has identified the need to investigate replacing the 24 year old breakers in the incoming power substation as well as relocating the utility power meters onto a new pole at the edge of Hospital Road. The breakers have become difficult to operate. The Authority will investigate the availability and cost of installing new breakers, moving the meters and possibly replacing the electrical cabinet that houses all this equipment.

Renovation of Traveling Water Screens

The eight traveling water screens at the Intake Pumping Station are in need of service over time. The 2011 inspection found all units to be in good condition. Funding is included to install new reducers, drive sprockets, screen sections, chain guard assemblies and adapter bases on all eight units. Another inspection is planned for the autumn of 2013.

Variable Frequency Drive Control Conversion

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

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 August 4, 2014

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]):

7:11-4.4 Debt Service Cost Component

(a) (No change.)

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

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/2013 to 6/30/[2014] 2015	(Coverage 120%) \$619.87

(c) Delayed Water Purchase Surcharge will be assessed to all water purchasers who entered into a Water Purchase Contract for an uninterruptible service commencing subsequent to the System Operation Date (Delayed Water Purchase Contract). This includes a purchaser under an Initial Water Purchase Contract, which provides for an increase in the amount of 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 in lieu of the Debt Service rate set forth in (b) above.

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/2013 to 6/30/[2014] 2015	(Coverage 120%) \$772.46

(d) (No change.)

7:11-4.5 Source water protection fund component

(a) (No change.)

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

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/2013 to 6/30/[2014] 2015	\$15.00 (No change)

7:11-4.6 NJEIFP debt component

(a) (No change.)

(b) The NJEIFP debt component is as follows:

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/2013 to 6/30/[2014] 2015	\$24.42

7:11-4.13 Standby Charge

A purchaser classified under standby service shall pay a monthly minimum charge based on the capacity of the purchaser's withdrawal system as specified below. Said purchaser shall also pay for all water withdrawn during the month in excess of such monthly standby charge based on charges as set forth under N.J.A.C. 7:11-4.3, 4.4, 4.5 and 4.6.

<u>Maximum withdrawal capacity</u>	<u>Charge per month</u>
Each 1 MGD (700 GPM or fraction thereof).	[\$356.61] <u>Operations and maintenance expense component rate established in N.J.A.C. 7:11-4.4</u> plus the debt service cost component rate established in N.J.A.C. 7:11-4.4(b) plus the Source Water Protection Fund component established in N.J.A.C. 7:11-4.5 plus the NJEIFP component established in N.J.A.C. 7:11-4.6.

NEW JERSEY WATER SUPPLY AUTHORITY
FORECASTED COST ALLOCATION SCHEDULES
YEAR ENDING JUNE 30, 2015

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Commissioners of
New Jersey Water Supply Authority

At your request, we have performed certain agreed-upon procedures, as enumerated below, with respect to the accompanying forecasted cost allocation schedules of the New Jersey Water Supply Authority (the "Authority") for the fiscal year ending June 30, 2015. These procedures, which were agreed to by the Commissioners and Authority management, were performed solely to assist you in evaluating the forecasted cost allocation schedules in connection with the setting of water rates for each of the three operating systems (Raritan, Manasquan Reservoir and Manasquan Treatment Plant/Transmission). The Authority's management is responsible for the schedules. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Authority's management. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose:

1. We were provided with the fiscal year 2015 budgeted expenses for each of the three operating systems by the Authority's chief financial officer, who advised us that the fiscal year 2015 budgeted expenses are based upon preliminary budgets that are subject to approval by the Authority's Commissioners. We performed no procedures in regard to these fiscal year 2015 budgeted expenses.
2. We recalculated the allocated costs on the schedules.
3. We compared the methodologies used for cost allocation on the forecasted schedules to the methodologies used in the Authority's cost allocation schedules for the year ended June 30, 2013, and found them to be consistent.

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

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

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

Mercaderes, P.C.
Certified Public Accountants
October 7, 2013

NEW JERSEY WATER SUPPLY AUTHORITY
 SCHEDULE OF FORECASTED COST CENTER EXPENSE RECLASSIFICATION
 YEAR ENDING JUNE 30, 2015

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' COMP.	8 IN LIEU TAXES	9 CHIEF ENGINEER SALARY & FRINGE	
	BUILDING HQ	\$ -	\$130,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$130,100
	TELEPHONE HO					72,400						72,400
36	SAFETY	205,700		(5,000)								200,700
37	SECURITY	883,150										883,150
14	HUMAN RESOURCES	422,500		(4,400)						(10,000)		408,100
16	PURCHASING	576,900		(177,600)				(72,400)		(16,000)		310,900
17	INFORMATION SYSTEMS	143,300										143,300
15	CONTRACTS & RISK MGMT.	1,719,300		(63,500)		(1,246,800)				(86,100)		334,200
13	FINANCIAL MGMT.	943,600		(2,200)								941,400
34	AUTO SHOP	209,300								16,000		402,900
35	AUTO SHOP-CANAL	203,800										203,800
10	EXEC OFFICE	247,400	4,767									252,167
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	7,329,150	(134,857)	45,100	1,246,800		86,100	18,700	10,000	(14,281)		8,596,712
		12,884,100	0	0	0	0	0	0	0	0	(14,281)	12,869,819
40-60	MANASQUAN SYSTEM	5,142,250									14,281	5,156,531
		\$18,026,350	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,026,350

See accompanying notes to Financial Schedules.

NEW JERSEY WATER SUPPLY AUTHORITY
 SCHEDULE OF FORECASTED SYSTEM-WIDE ALLOCATED COSTS
 YEAR ENDING JUNE 30, 2015

ALLOCATION BASIS

DEPT. #	DEPT./COST CENTER	REVISED COST CENTER COSTS	SQ. FT. #	# OF TELEPHONES	# OF EMPLOYEES	100 % RARIAN O&M	# OF EMPLOYEES	# OF P.O.'s	# OF COMPUTERS	MGD CONTRACTS	O&M BUDGET	# OF VEHICLES	# OF VEHICLES	TIME ESTIMATE	ALLOCATED COST CENTER COSTS
	BUILDING HQ	\$130,100	(\$130,100)												
	TELEPHONE HQ	\$72,400	0	(\$72,400)											
36	SAFETY	\$200,700	976	796	(\$202,472)										
37	SECURITY	\$683,150	4,998	3,162	17,030	(\$908,350)									
14	HUMAN RESOURCES	\$408,100	6,018	3,182	5,677	0	(\$422,977)								
16	PURCHASING	\$310,900	6,640	2,387	3,785	0	8,905	(\$332,617)							
17	INFORMATION SYSTEMS	\$143,300	1,395	756	1,892	0	4,452	6,005	(\$157,830)						
15	CONTRACTS & RISK MGMT.	\$334,200	4,323	1,591	3,785	0	8,905	6,685	5,350	(\$366,839)					
13	FINANCIAL MGMT.	\$941,400	12,566	5,569	13,246	0	31,167	10,401	24,076	0	(\$1,038,455)				
34	AUTO SHOP	\$402,900	20,514	1,891	1,892	0	4,452	13,188	5,350	0	28,653	0	(\$478,541)		
35	AUTO SHOP-CANAL	\$203,800	0	1,891	1,892	0	4,452	11,473	2,675	0	14,494	0	(\$240,377)		
10	EXEC OFFICE	\$252,157	17,456	5,569	1,892	0	4,452	3,002	5,350	0	17,993	0	0	(\$307,811)	
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RARIAN SYSTEM)	\$8,586,712	55,194	46,146	102,182	908,360	240,430	154,943	85,803	329,656	610,659	478,541	240,377	263,948	\$12,102,751
40-60	MANASQUAN SYSTEM	\$5,156,531	0	0	49,199	0	115,762	124,919	29,426	37,183	366,716	0	0	43,863	5,923,599
		\$18,026,350	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,026,350

See accompanying notes to Financial Schedules.

NEW JERSEY WATER SUPPLY AUTHORITY
 SCHEDULE OF FORECASTED COST ALLOCATION FACTORS
 YEAR ENDING JUNE 30, 2015

REQUIRED STATISTICS

DEPT. #	ALLOCATION OF: ALLOCATION BASIS:	BUILDING HQ SQ. FT. #	TELEPHONES # OF TELEPHONES	SAFETY # OF EMPLOYEES	HUMAN RESOURCES # OF EMPLOYEES	PURCHASING P.O.'S	INFORMATION SYSTEMS # OF COMPUTERS	CONTRACTS & RISK MGMT MGD CONTRACTS	FINANCE O&M FUNCTIONAL COST	AUTO SHOP # OF VEHICLES	AUTO SHOP CANAL # OF VEHICLES	EXEC. OFF TIME ESTIMATE
	BUILDING HQ											
	TELEPHONE HQ											
36	SAFETY	110	1									
37	SECURITY	563	4	9								
14	HUMAN RESOURCES	678	4	3								
16	PURCHASING	748	3	2	2							
17	INFORMATION SYSTEMS	156	1	1	1	56						
15	CONTRACTS & RISK MGMT.	487	2	2	2	81	2					
13	FINANCIAL MGMT.	1,419	7	7	7	97	9	0				
34	AUTO SHOP	2,311	2	1	1	123	2	0	\$402,900			
35	AUTO SHOP-CANAL	0	2	1	1	107	1	0	203,800			
10	EXEC OFFICE	1,987	7	1	1	28	2	0	262,157	0		
20 30 31 32 33	WATERSHED ENGINEERING & O&M (RAITAN SYSTEM)	6,218	58	54	54	1,445	32	182	8,686,712	43	43	85.75
40-60	MANASQUAN SYSTEM			26	26	1,165	11	21	5,156,531			14.25
		14,657	91	107	95	3,102	59	203	\$14,602,100	43	43	100 %

See accompanying notes to Financial Schedules.

NEW JERSEY WATER SUPPLY AUTHORITY
NOTES TO SCHEDULES
YEAR ENDING JUNE 30, 2015

A. GENERAL

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

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

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

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

NEW JERSEY WATER SUPPLY AUTHORITY
NOTES TO SCHEDULES
YEAR ENDING JUNE 30, 2015

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

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 computer workstations.
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
NOTES TO SCHEDULES
YEAR ENDING JUNE 30, 2015

B. MANASQUAN SYSTEM ALLOCATED COST

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

1. Salaries and Fringe Benefits are allocated based on actual time studies performed by each employee throughout Fiscal Year 2013.
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 2013.
5. Headquarters Overhead expenses are allocated based on the value of water contracts for each System.

NEW JERSEY WATER SUPPLY AUTHORITY
COST ALLOCATION SCHEDULES
YEAR ENDED JUNE 30, 2013

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Commissioners of
New Jersey Water Supply Authority

We have examined the financial schedules of New Jersey Water Supply Authority (the "Authority") for the year ended June 30, 2013, listed in the foregoing table of contents. The Authority's management is responsible for the financial schedules. Our responsibility is to express an opinion on the conformity of the financial schedules with the cost allocation criteria set forth in Note A.

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

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

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

Mercadien, P.C.
Certified Public Accountants

October 7, 2013

- AN INDEPENDENTLY OWNED MEMBER,
MCGLADREY ALLIANCE
- AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
- NEW JERSEY SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
- NEW YORK SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
- PENNSYLVANIA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
- AICPA'S PRIVATE COMPANIES PRACTICE
SECTION
- AICPA'S CENTER FOR AUDIT QUALITY
- REGISTERED WITH THE PCAOB

NEW JERSEY WATER SUPPLY AUTHORITY
 SCHEDULE OF COST CENTER EXPENSE RECLASSIFICATION
 YEAR ENDED JUNE 30, 2013

RECLASSIFICATIONS

DEPT. #	DEPT./COST CENTER	COST CENTER COSTS	1 HEATING/ ELECTRIC	2 VEHICULAR FUEL	3 PROFESSIONAL FEES	4 INSURANCE	5 TELEPHONE	6 PERMITS	7 WORKERS' COMP.	8 IN LIEU TAXES	9 CHIEF ENGINEER SALARY & FRINGE	REVISED COST CENTER COSTS
	BUILDING HQ		\$86,051									86,051
	TELEPHONE HQ						\$70,923					70,923
36	SAFETY	169,110										169,110
37	SECURITY	875,479										875,479
14	HUMAN RESOURCES	376,501			(\$2,533)				(\$3,679)			370,289
16	PURCHASING	518,233					(70,923)	(\$16,865)				276,888
17	INFORMATION SYSTEMS	148,926		(\$153,547)								148,926
15	CONTRACTS & RISK MGMT.	1,512,333			(37,425)	(\$1,073,502)		(94,631)		(\$18,689)		296,085
13	FINANCIAL MGMT	854,904			(5,372)							849,532
34	AUTO SHOP	190,907		153,547				16,865				361,319
35	AUTO SHOP-CANAL	195,904										195,904
10	EXEC OFFICE	239,981	3,495									243,476
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (PARITAN SYSTEM)	6,572,309	(89,546)		45,930	1,073,502		84,631	3,679	18,689	(13,855)	7,694,740
		11,654,567	0	0	0	0	0	0	0	0	(13,855)	11,640,732
40-60	MANASQUAN SYSTEM	4,404,938									13,855	4,418,793
		\$16,059,525	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16,059,525

See accompanying notes to Financial Schedules.

NEW JERSEY WATER SUPPLY AUTHORITY
 SCHEDULE OF SYSTEM-WIDE ALLOCATED COSTS
 YEAR ENDED JUNE 30, 2013

ALLOCATION BASIS

DEPT. #	DEPT./COST CENTER	REVISED COST CENTER COSTS	SQ. FT. #	# OF TELEPHONES	# OF EMPLOYEES	100 % PARTAN O&M	# OF EMPLOYEES	# OF P.O.'S	# OF COMPUTERS	MGD CONTRACTS	O&M BUDGET	# OF VEHICLES	# OF VEHICLES	TIME ESTIMATE	ALLOCATED COST CENTER COSTS
	BUILDING HQ	\$86,051													
	TELEPHONE HQ	\$70,923	0	(\$70,923)											
36	SAFETY	\$169,110	646	779	(\$170,635)										
37	SECURITY	\$876,479	3,305	3,117	14,344	(\$896,245)									
14	HUMAN RESOURCES	\$370,289	3,981	3,117	4,761	0	(\$382,168)								
16	PURCHASING	\$276,898	4,352	2,338	3,188	0	8,046	(\$294,862)							
17	INFORMATION SYSTEMS	\$148,926	916	779	1,594	0	4,023	5,323	(\$161,561)						
15	CONTRACTS & RISK MGMT.	\$298,085	2,859	1,559	3,188	0	8,046	7,699	5,477	(\$326,913)					
13	FINANCIAL MGMT	\$849,532	8,331	5,456	11,156	0	28,160	9,220	24,645	0	(\$936,500)				
34	AUTO SHOP	\$381,319	13,668	1,559	1,594	0	4,023	11,692	5,477	0	26,202	0	0	(\$230,195)	
35	AUTO SHOP-CANAL	\$195,904	0	1,559	1,594	0	4,023	10,171	2,738	0	14,206	0	0	(\$291,890)	
10	EXEC OFFICE	\$243,476	11,546	5,456	1,594	0	4,023	2,662	5,477	0	17,856	0	0		
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (PARTAN SYSTEM)	\$7,894,740	36,507	45,204	86,064	896,245	217,231	137,356	87,625	283,735	557,999	425,434	230,195	250,296	\$10,366,631
40-60	MANASQUAN SYSTEM	\$4,418,793	0	0	41,438	0	104,593	110,739	30,122	33,178	320,437	0	0	41,694	5,100,894
		\$16,059,525	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	\$16,059,525

See accompanying notes Financial Schedules.

NEW JERSEY WATER SUPPLY AUTHORITY
 SCHEDULE OF COST ALLOCATION FACTORS
 YEAR ENDED JUNE 30, 2013

REQUIRED STATISTICS

DEPT. #	ALLOCATION OF: ALLOCATION BASIS:	BUILDING HQ SQ. FT. #	TELEPHONES # OF TELEPHONES	SAFETY # OF EMPLOYEES	HUMAN RESOURCES # OF EMPLOYEES	PURCHASING # OF P.O.'S	INFORMATION SYSTEMS # OF COMPUTERS	RISK/MGMT MGD CONTRACTS	FINANCE O&M FUNCTIONAL COST	AUTO SHOP # OF VEHICLES	AUTO SHOP CANAL # OF VEHICLES	EXEC. OFF TIME ESTIMATE
36	BUILDING HQ											
	TELEPHONE HQ											
	SAFETY	110	1									
37	SECURITY	563	4	9								
14	HUMAN RESOURCES	678	4	3								
16	PURCHASING	748	3	2	2							
17	INFORMATION SYSTEMS	156	1	1	1	56						
15	CONTRACTS & RISK MGMT.	487	2	2	2	81	2					
13	FINANCIAL MGMT	1,419	7	7	7	97	9	0				
34	AUTO SHOP	2,311	2	1	1	123	2	0	\$361,319			
35	AUTO SHOP-CANAL	0	2	1	1	107	1	0	\$195,904			
10	EXEC OFFICE	1,967	7	1	1	28	2	0	243,476	0		
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RABTAN SYSTEM)	6,218	58	54	54	1,445	32	182	7,694,740	43	43	85.75
40-60	MANASQUAN SYSTEM		26	26	26	1,165	11	21	4,418,793			14.25
		14,657	81	107	95	3,102	59	203	\$12,914,232	43	43	100 %

See accompanying notes Financial Schedules.

NEW JERSEY WATER SUPPLY AUTHORITY
 SCHEDULE OF MANASQUAN SYSTEM ALLOCATED COSTS
 YEAR ENDED JUNE 30, 2013

	ALLOCATION BASIS					ALLOCATED COSTS
	1	2	3	4	5	
COSTS	TIME STUDY	\$ VALUE OF VEHICLES OF VEHICLES	\$ VALUE OF EQUIPMENT	TIME STUDY	VALUE OF WATER CONTRACTS	
GENERAL & ADMINISTRATIVE						
SALARIES & FRINGES	\$2,512,544		(\$2,512,544)			
VEHICLE RELATED	78,255	(\$78,255)				
MAINT. SUPPLIES & RELATED	43,376		(\$43,376)			
OFFICE & MISC.	31,786			(\$31,786)		
H.Q. OVERHEAD	695,956				(\$695,956)	
RESERVOIR	812,505		21,319	14,818	604,004	\$2,712,130
TREAT./TRANS.	926,473		22,057	16,968	91,952	2,388,765
	<u>\$5,100,895</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$0)</u>	<u>\$5,100,895</u>

See accompanying notes Financial Schedules.

NEW JERSEY WATER SUPPLY AUTHORITY
NOTES TO SCHEDULES
YEAR ENDED JUNE 30, 2013

A. GENERAL

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

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

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

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

NEW JERSEY WATER SUPPLY AUTHORITY
NOTES TO SCHEDULES
YEAR ENDED JUNE 30, 2013

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

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

NEW JERSEY WATER SUPPLY AUTHORITY
NOTES TO SCHEDULES
YEAR ENDED JUNE 30, 2013

B. MANASQUAN SYSTEM ALLOCATED COST

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

1. Salaries and Fringe Benefits are allocated based on actual time studies performed by each employee throughout Fiscal Year 2013.
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 2013.
5. Headquarters Overhead expenses are allocated based on the value of water contracts for each System.