NEW JERSEY WATER SUPPLY AUTHORITY

BASIS AND BACKGROUND STATEMENT

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

ADJUSTMENT OF OPERATIONS AND MAINTENANCE EXPENSE COMPONENT FOR FISCAL YEAR 2028

ADJUSTMENT OF SOURCE WATER PROTECTION FUND COMPONENT FOR FISCAL YEAR 2028

ADJUSTMENT OF DEBT SERVICE COST COMPONENTS FOR FISCAL YEAR 2028

ADJUSTMENT OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE FINANCING PROGRAM DEBT COMPONENT FOR FISCAL YEAR 2028

ADJUSTMENT OF CAPITAL FUND COMPONENT RATE FOR INITIAL AND DELAYED WATER PURCHASE CONTRACT CUSTOMERS FOR FISCAL YEAR 2028

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Contents

PART I – EXPLANATION OF PROPOSED REVISED RATE STRUCTURE 4
Overview of Rate Proposal for Fiscal Year 2028 4
Summary of Proposed Adjustments 4
Initial Water Purchase Contracts 4
New Jersey American Water Delayed Water Purchase Contracts 5
Schedule of Events 7
Distribution of Headquarters General and Administrative Costs and Insurance Costs to all Operating Systems 8
Distribution of Costs Between the Manasquan Reservoir System and the Treatment Plant/Transmission System 9
Analysis of Significant Changes in Operations and Maintenance Expenses and Sales Base - Manasquan Reservoir System 9
Insurance Program 11
Headquarters General and Administrative Expenses 11
Interest Income and Miscellaneous Revenue 11
Reserve Contributions 12
Review of Reserve Accounts 12
Source Water Protection Fund Rate Component 13
Capital Fund Component 13
Optional Water Use Schedule 14
Overdraft Service 14
Other Rule Amendments 14
PART II – DETAILED SUPPORTING INFORMATION 15
Table 1 - Summary of Proposed Fiscal Year 2028 Adjustments 15
Table 2 - Rate History of Water Charges per Million Gallons of Raw Water - Initial 16
Table 3 - Rate History of Water Charges per Million Gallons of Raw Water - Delayed 17
Proposed Schedule of Events 18
Proposed Fiscal Year 2028 Budget Summary 19
Schedule 1 - Total Operations & Maintenance Budget 20
Schedule 2 - Labor Projection 21
Schedule 3 - Reservoir System Operations and Maintenance Direct Expense Budget 22
Schedule 4 - Treatment Plant/Transmission System Operations and Maintenance Direct Expense Budget 23
Schedule 5 - Reservoir System General and Administrative Operations and Maintenance Direct Expense Budget 24
Schedule 6 - List of Category 5340 Items Recommended Service & Maintenance Contracts For Reservoir (40) 25
Schedule 7 - List of Category 5340 Items Recommended Service & Maintenance Contracts For WTP/TS (50) 26
Schedule 8 - List of Category 5340 Items Recommended Service & Maintenance Contracts For G & A (60) 27
Schedule 9 - List of Category 5380 Items Recommended Special & Professional Service For

DRAFT

Reservoir (40) 28
Schedule 10 - List of Category 5380 Items Recommended Special & Professional Services For WTP/TS (50) 29
Schedule 11 - List of Category 5380 Items Recommended Special & Professional Services For G & A (60) 30
Schedule 12 - Projected FY 2028 New Jersey Water Supply Authority Insurance Program ... 31
Schedule 13 - Recap of Allocation of Headquarters General and Administrative Expenses Charged to the Manasquan Reservoir Water Supply System 32
Schedule 14 - Proposed Capital Equipment Budget 33
Schedule 15 - July, 2025– June, 2026 Fiscal Year 2026 G&A Expenses Split 34
Schedule 16 - Estimate of Interest Income 36
Schedule 17 - Unanticipated Revenue 37
Schedule 18 - Fund Balances as of 6/30/26 38
Schedule 19 - Operations & Maintenance Expense Component and Debt Service Cost Component Sales Base 39
Schedule 20 - Operations and Maintenance Rate Component (19.443 mgd) 40
Schedule 21 - Computation of Delayed Water Purchase Debt Service Rates 41
Schedule 22 - Computation of Base Debt Service Rates 42
Schedule 23 - Bond Debt Service Coverage 43
Schedule 24 - Rehabilitation Reserve and Capital Improvement Program 44
Appendix I. Report of Mercadien PC – Allocation of Headquarters General and Administrative Expenses – FY 2028 i
Appendix II. Report of Mercadien PC – Allocation of Headquarters General and Administrative Expenses – Audited FY 2026 Expenditures ii

DRAFT

PART I – EXPLANATION OF PROPOSED REVISED RATE STRUCTURE

Overview of Rate Proposal for Fiscal Year 2028

(July 1, 2027- June 30, 2028)

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, 2027.

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

Summary of Proposed Adjustments

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

Component	Current (FY2027) Rates Per MG 7/1/2026– 6/30/2027	Proposed (FY2028) Rates Per MG 7/1/2027 – 6/30/2028
Operations & Maintenance Component	$445.82	$445.82
Source Water Protection Fund Component	15.00	15.00
NJEIFP Debt Component	24.93	24.93
Capital Fund Component	525.00	525.00
TOTAL RATE	$1,010.75/mg	$1,010.75/mg

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

Component	Current (FY2027) Rates Per MG 7/1/2026– 6/30/2027	Proposed (FY2028) Rates Per MG 7/1/2027 – 6/30/2028
Operations & Maintenance Component	$445.82	$445.82
Source Water Protection Fund Component	15.00	15.00
NJEIFP Debt Component	24.93	24.93
Capital Fund Component	200.00	200.00
Debt Service Cost Component	438.92	438.92
TOTAL RATE	$1,124.67/mg	$1,124.67/mg

The General Rate Schedule for Operations and Maintenance (O&M) was last adjusted effective July 1, 2026 to cover the operating expenses of the System for FY2027. The FY2027 sales base was 19.443 million gallons per day (mgd). The Authority anticipates that the applicable raw water O&M sales base for FY2028 will remain the same at 19.443 mgd. The initial sales base will remain the same at 15.008 mgd and the delayed sales base will remain at 4.435 mgd.

After the allocation of appropriate Headquarters General and Administrative costs to the System, the Authority anticipates $3,161,722 in O&M component revenue required during FY2028 with an O&M rate component of $445.82 per million gallons, no change from FY2027, starting on July 1, 2027 (Schedule 20). The proposed operating expense budget for FY2028 is $21 higher than FY2027 and the proposed Capital Equipment Budget, net of depreciation reserve, is $56,980 less than FY2027. In FY2028 there will be a $10,000 contribution to the Sediment Reserve Fund, a $120,000 contribution to the Renewal and Replacement Fund, a $5,000 contribution to the Formal Dam Inspection Reserve, and a $15,000 contribution to the High Voltage Testing Reserve Fund, the same as in FY2027. In FY2028 there will be no contribution to the Other Post-Employment Benefits Reserve and no Supplemental Renewal and Replacement Fund contribution. The OPEB Reserve is fully funded. See Budget Summary on page 19.

The Manasquan Reservoir system owes $86,769 to the SMMUA Water Treatment Plant and Transmission System for actual FY2026 salary and fringe expenses. This amount will be applied to the CY2027 SMMUA budget (Schedule 15).

Miscellaneous revenue and interest income in FY2028 is projected to increase by $281,040 relative to FY2027, reflecting an increase in the use of year end surplus available from FY2026 (Schedule 17), offset in part by lower interest earnings (Schedule 16). Overdraft revenue of $108,600 is available from 2026.

The System was financed with loans from the State of New Jersey and a Debt Service

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

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

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

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

The Debt Service component of the rate for the Delayed Water Purchase Contracts (DWP) will be $438.92 per million gallons, no change from FY2027. The portion of debt related to Initial Water Purchase Contracts was retired effective August 1, 2020, and the associated Debt Service component was eliminated in FY2021.

The Authority established a Source Water Protection Fund Component in FY2004 dedicating $15.00 per million gallons to protect the quality and quantity of water in the Manasquan Water Supply System. The Authority decreased the rate component by $5.00 per million gallons from $15.00 to $10.00 for this fund in FY2016. In order to cover program needs the Authority increased the rate by $5.00 per million gallons to restore the rate to $15.00 per million gallons in FY2018. The Authority recommends no change to the rate of $15.00 per million gallons in FY2028.

The Authority closed on a loan from the New Jersey Environmental Infrastructure Financing Program (NJEIFP) on May 3, 2012 to finance the construction of a building structure over the Intake Pump Station and traveling water screens to protect the infrastructure from degradation by the elements. The final interest on the loan is based on 75 percent at zero interest and 25 percent market rate with coupons up to 5 percent for an effective interest rate of .8 percent over the twenty-year life of the loans. The rate component of $24.93 per million gallons in FY2028 is required to cover debt service payments in accordance with the schedule and is no change from the FY2027 rate.

A capital fund rate component was established in the Manasquan System for Initial Water

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Purchase Contracts ($525.00/mg) and Delayed Water Purchase Contracts ($200.00/mg) in FY2021 to provide for long-term capital needs that will allow for the proper maintenance, rehabilitation and/or replacement of the system facilities. As critical structures, including dams, continue to age in the thirty-year old Manasquan System, the Authority believes it is prudent to maintain a rate component that would fund related capital needs. The Authority recommends no change to the rate of $525.00 per million gallons for Initial Water Purchase Contract customers and $200.00 per million gallons for Delayed Water Purchase Contract customers in FY2028.

For Initial Water Purchase Contract customers in FY2028, the base contract O&M Rate ($445.82), Source Water Protection Program Rate ($15.00), NJEIFP Debt Rate ($24.93) and Capital Fund Component ($525.00) comprise the total base contract rate for raw water of $1,010.75 per million gallons and represent no change in the rate relative to FY2027. This base contract rate is charged to all uninterruptible service contracts executed prior to July 1, 1990 (and renewed at July 1, 2015), the commencement date of Manasquan Reservoir System operations, and one Delayed Water Purchase contract with Shorelands Water Company (subsequently acquired by New Jersey American) executed on July 1, 2006. In order for its customers to be assessed the base contract rate on the .028 mgd delayed contract, Shorelands Water Company prepaid the net present value of the difference between the initial water purchase contracts debt service schedule and the delayed water purchase contracts debt service schedule.

The total rate for Delayed Water Purchase Contract customers in FY2028 is $1,124.67 per million gallons, representing no change relative to the FY2027 delayed water purchase rate. The O&M Component ($445.82), the Source Water Protection Fund Component ($15.00), the Debt Service Rate Component ($438.92), the NJEIFP Debt Rate ($24.93) and the Capital Fund Component ($200.00) comprise the total rate.

Table 1 contains a summary of the proposed base contract rate and delayed water purchase contract rate components. The proposed rates shown in Table 1 are effective July 1, 2027 through June 30, 2028. These rates are based upon the projected operating costs and reflect an estimated contracted sales base of 19.443 mgd.

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

Table 3 is a twenty-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, 2027, January 10, 2028, April 10, 2028 and July 10, 2028.

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

Schedule of Events

A pre-public hearing on the proposed rate adjustment is scheduled at 11:00 a.m. on Thursday, January 7, 2027.

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A public hearing on the proposed rate adjustment is scheduled at 11:00 a.m. on Thursday, February 4, 2027. The public hearing record is estimated to close on March 15, 2027.

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

The Authority plans to take final action on the proposed rate adjustment at its April 5, 2027 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; 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.

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An independent auditor performed the Authority's FY2026 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 FY2028 budget based on the FY2026 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, 2026. The percentages used to provide the basis for the salary allocation for FY2028 were established from historical time records and estimated future workload relative to both Systems. A listing of all positions and the percentage of each position's time assigned to each of the two Systems appears on Schedule 2.

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 fringe (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 FY2028.

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

Overview of Sales Base

On July 1, 1990 the Authority placed the Manasquan Reservoir Water Supply System in operation to provide an untreated water supply for use throughout Monmouth County. Twelve of the 13 original water purchase contracts were renewed effective July 1, 2015 and expire June 30, 2040. The final customer contract, New Jersey American, consolidated the initial water purchase and delayed water purchases for a total of 12.5 mgd and has an expiration date of June 30, 2031. Of the 13 contracts, six are two-party contracts with the New Jersey Water Supply Authority. These are the five treated water customers (Wall Township and the Boroughs of Brielle, Sea Girt, Spring Lake and Spring Lake Heights) of the Southeast Monmouth Municipal Utilities Authority's water treatment plant operated by the New Jersey Water Supply Authority and the New Jersey American Contract. One is a three-party contract (Keyport Borough) among the Authority, the customer and Shorelands Water Company (subsequently acquired by New Jersey American) for the delivery of water through Shorelands' distribution system. Six contracts (the Boroughs of Avon, Belmar, Matawan, Red Bank and Lake Como, and Shorelands (recently acquired by New Jersey American) are three-party contracts among the Authority, the customers and New Jersey American for the provision of treated water from New Jersey American. The total sales base dropped from 20.560 mgd to 19.443 mgd

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effective July 1, 2015 and remains at 19.443 mgd for FY2028.

Overview of Projected Operational Expenses

The Authority's proposed FY2028 Manasquan Reservoir Total Expense budget is $384,255 more than the current FY2027 budget. The allocation of Authority Headquarters General and Administrative Expenses in FY2028 is increasing by $107,000 versus FY2026. The Capital Equipment budget for FY2027 is $56,980 less than in FY2027. There will be no FY2028 contribution to the Depreciation Reserve account, Insurance Reserve, or Pumping Reserve. There will be a $10,000 contribution to the Sediment Reserve, a $5,000 contribution to the Formal Dam Inspection Reserve, and a $15,000 contribution to the Reserve for High Voltage Testing. Formal Dam Inspections and High Voltage Testing are performed every three years and rather than raising the entire amount every third year, budget stability is created by raising one third of the cost every year. There will be a normal contribution to the Renewal and Replacement Fund of $120,000. The Authority will continue to analyze incremental contributions to the reserve for other post-employment benefits (accrued sick leave payments for retirees) which was created in FY2017. Miscellaneous revenue and interest income increases by $281,040. Unanticipated revenue is increasing by $304,740. These factors contribute to a flat FY2028 O&M Component requirement relative to FY2027 ($3,161,722 vs. $3,161,701) (Budget Summary on page 19).

Total O&M Direct Expenses are increasing by $277,255 from FY2027, largely due to increases in salary and fringe expenses. General and Administrative Expenses allocated to the Reservoir System are increasing by $1,168 as compared to FY2027.

Salaries, Overtime and Benefits

Authority employees within the Communications Workers of America (CWA), the International Federation of Professional Technical Engineers (IFPTE) and the International Brotherhood of Electrical Workers (IBEW) are currently operating under a contract that expires on June 30, 2027. The FY2028 budget incorporates all union negotiated step increases in the current union contracts and includes 3.0% cost of living increases for FY28. The IFPTE/AFL-CIO represents the Authority's Maintenance, Craft and Security Units and the CWA represents the Authority's Administrative and Clerical, Primary Level and Higher Level Supervisors Units. The IBEW represents several management employees. Also included is a 3.0% annual cost of living increase for the one member of Authority management who is not represented by a union. The Authority is budgeting 79 percent of the salary budget for fringe benefits in FY2028, exclusive of retiree medical.

Pension expense payable to the state of New Jersey on April 1, 2027 is anticipated to be approximately $347,800 for the Manasquan System. The Authority has budgeted $394,100 for this line item in FY2028. Although increases have stabilized in the last three years, there is still a level of uncertainty in this expense item because the pension system remains significantly underfunded.

Total salary and fringe is increasing by approximately $609,818 in FY2028 as compared to FY2027, and the portion allocated to the Reservoir System is increasing by approximately $210,565, based on estimated work effort on each system for all positions. In FY2028, 45 percent of total salary and fringe is allocated to the Reservoir System and 55 percent to the Treatment Plant. The

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number of budgeted positions in FY2028 is 27, which is the same as FY2027 (Schedule 2).

Active and Retiree Health Benefits

Employees who retired with a minimum of 25 years of service prior to July 1, 1997 are entitled to paid health benefits. Those who attain 25 years on or after July 1, 1997 share some portion of post-retirement health benefit costs with the employer as determined by union contract or bargaining unit agreement. The Authority is budgeting for three additional retirees in FY2028. For the 2026 plan year, the Authority, as a local government employer participating in the New Jersey State Health Benefits Program (SHBP), experienced significant, double-digit health insurance premium increases for active employees and retirees. The rate hikes were caused by several factors, including high utilization and prescription costs, plan debt repayment, anti-selection risk, and reserve funding requirements. The Authority has included an approximately 17% increase in health care premiums for CY28 based on early projections released by the state of NJ. The budget contains sufficient funds for 14 retired employees.

Insurance Program

The Authority is recommending a $30,748 decrease in insurance expenses for FY2028, reflecting general market conditions as assessed by the Authority's insurance broker/ risk consultant, and based on a recent recalculation of relative asset values. Broker services are remarketed every three years and the insurance program is renewed annually on March 1. In its 2026 renewal, the Authority realized premium savings in the property line, mainly attributed to a softening market and increased loyalty credits issued by AEGIS for incumbent customers, and in workers comp, due to the Authority's favorable loss history which resulted in a lower Experience Modification Rate.

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

Headquarters General and Administrative Expenses

Budgeted Headquarters General and Administrative Expenses in FY2028 total $955,000, of which $823,000 is charged to the Manasquan Reservoir System and $132,000 is charged to the Manasquan Water Treatment Plant (Schedule 13). The FY2028 budget also includes the reconciliation of the FY2026 actual to budget variance in this category. Headquarters charges are driven primarily by salary and fringe.

Interest Income and Miscellaneous Revenue

The projected interest earnings on reserve funds for FY2028 are $273,600. This reflects a decrease of $23,700 relative to FY2027 and is based upon an interest rate of 3.0 percent for short-term investments (See Schedule 16).

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Reserve Contributions

Consistent with FY2027, there will be no FY2028 contribution to the Insurance Reserve or the Pumping Reserve. During FY2028, the Authority will make no contributions from rate component sources to the Depreciation Reserve. Interest earnings from long-term investment accounts have historically been applied to the Depreciation Reserve and are serving to keep this reserve fully funded. There will be a $10,000 contribution to the Sediment Reserve. There will be a regular $120,000 contribution to the Renewal and Replacement Fund, a $5,000 contribution to the Reserve for Formal Dam Inspections and a $15,000 contribution to the Reserve for High Voltage Testing. Formal Dam Inspections and High Voltage Testing are performed every three years and rather than raising the entire amount every third year, budget stability is created by raising one third of the cost every year. There were two new reserve fund contributions in FY2017 which will not be funded in FY2028. There was a supplemental contribution of $350,000 to the Renewal and Replacement Fund in FY2017 that is not required in FY2027. The Authority requires a minimum balance of $2 million in the fund to cover dam emergencies, and pipeline and pump emergent repairs. Because the system is aging, there are normal maintenance expenditures included in the five-year plan that would have drawn the fund down below the $2 million requirement without the supplemental deposit. Finally, the Authority funded a reserve for other post-employment benefits (accrued sick leave) in FY2017 to ensure that sufficient funds are available to pay out sick benefits as this number is not regularly budgeted in salary and fringe. The Authority will continue to analyze this liability and fund the account accordingly.

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 $5,000 or more and a useful life in a range of from three to ten years and to cushion the impact of replacement equipment purchases in order to provide more stable rates. Depreciation Reserve should equal accumulated depreciation for this class of assets. Long-term investment earnings have been utilized to fund the Depreciation Reserve.

Self-Insurance Reserve

The Self Insurance Fund was established for the System to allow the Authority to make choices between underwritten risk and self-insurance risk in the face of increased prices in the insurance market. No contribution is being made to the fund in FY2028.

Reserve for Operations and Maintenance

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

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An additional $100,000 was added during FY1993 from the receipt of delinquent revenue and resulted in full funding of this reserve. The Reserve for Operations and Maintenance Fund was fully funded as of June 30, 2016 and as a result, no contribution will be needed in FY2028.

Renewal & Replacement Reserve

The Renewal & Replacement Reserve is to be used for costs of capital improvements including repairs to facilities not covered by insurance. 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, 2026 was approximately $4,275,000. 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 and development and implementation of projects that improve protection of water supply.

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

Whenever possible, the Authority will seek to obtain funding from other sources to augment or match its expenditures from the Source Water Protection Fund. The balance in the Source Water Protection Fund at June 30, 2026 was approximately $738,000. Because of overall rate considerations in prior years, the Authority reduced the Source Water Protection Fund Component from $15.00 per million gallons to $10.00 per million gallons in FY2016 and FY2017 and reinstated the rate to $15.00 per million gallons in FY2018 to ensure adequate funding for these initiatives. The Authority proposes no change to the rate in FY2028.

Capital Fund Component

A capital fund rate component was established in the Manasquan System for Initial Water Purchase Contracts ($525.00/mg) and Delayed Water Purchase Contracts ($200.00/mg) in FY2021

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to provide for long-term capital needs that will allow for the proper maintenance, rehabilitation and/or replacement of the system facilities. As critical structures, including dams, continue to age in the thirty-year old Manasquan System, the Authority believes it is prudent to maintain a rate component that would fund related capital needs. The Authority recommends no change to the rate of $525.00 per million gallons for Initial Water Purchase Contract customers and $200.00 per million gallons for Delayed Water Purchase Contract customers in FY2028.

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 25 mgd, the Purchaser may operate pursuant to an optional water use schedule wherein the Purchaser may divert up to 20 percent in excess of the total contracted amount for any given month.

Overdraft Service

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

Other Rule Amendments

There are no other rule amendments for FY2028.

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PART II – DETAILED SUPPORTING INFORMATION

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Table 1 - Summary of Proposed Fiscal Year 2028 Adjustments

BASED ON PRESENT USAGE

The rates, charges and debt service assessments listed below shall be paid for raw water allocated by contract from the Manasquan Reservoir System for the **base contracts effective as of July 1, 2015 (14.980 mgd), and Shorelands (.028 mgd) delayed water contract effective July 1, 2006**:

I. July 1, 2027 to June 30, 2028

Component	Current (FY2027) Rates Per MG 7/1/2026– 6/30/2027	Proposed (FY2028) Rates Per MG 7/1/2027 – 6/30/2028
Operations & Maintenance Component	$445.82	$445.82
Source Water Protection Fund Component	15.00	15.00
NJEIFP Debt Component	24.93	24.93
Capital Fund Component	525.00	525.00
TOTAL RATE	$1,010.75/mg	$1,010.75/mg

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 (1 mgd), October 1, 2002 (1.935 mgd), January 1, 2005 (1.500 mgd):**

II. July 1, 2027 to June 30, 2028

Component	Current (FY2027) Rates Per MG 7/1/2026– 6/30/2027	Proposed (FY2028) Rates Per MG 7/1/2027 – 6/30/2028
Operations & Maintenance Component	$445.82	$445.82
Source Water Protection Fund Component	15.00	15.00
NJEIFP Debt Component	24.93	24.93
Capital Fund Component	200.00	200.00
Debt Service Cost Component	438.92	438.92
TOTAL RATE	$1,124.67/mg	$1,124.67/mg

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Table 2 - Rate History of Water Charges per Million Gallons of Raw Water - Initial
FY2008-FY2028

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

Effective Date	O&M Charge	Source Water Protection	Debt Repayment 2/1/91-8/01/20	NJEIFP Debt Component	Capital Fund Component	Total Charge per MG	Increase (Decrease)
July 1, 2007	302.52	15	528.54			$846.06	1.53%
July 1, 2008	302.52	15	566.59			$884.11	4.50%
July 1, 2009	396.79	15	568.26			$980.05	10.85%
July 1, 2010	396.79	15	568.69			$980.48	0.04%
July 1, 2011	347.39	15	618.09	35.42		$1,015.90	3.61%
July 1, 2012	345.95	15	619.53	35.42		$1,015.90	0.00%
July 1, 2013	356.61	15	619.87	24.42		$1,015.90	0.00%
July 1, 2014	356.61	15	619.87	24.42		$1,015.90	0.00%
July 1, 2015	386.00	10.00	636.61	24.79		$1,057.40	4.09%
July 1, 2016	432.87	10.00	636.61	25.10		$1,104.58	4.46%
July 1, 2017	432.87	15.00	570.55	24.93		$1,043.35	-5.54%
July 1, 2018	432.87	15.00	570.55	24.93		$1,043.35	0.00%
July 1, 2019	432.87	15.00	570.55	24.93		$1,043.35	0.00%
July 1, 2020	445.82	15.00	0.00	24.93	525.00	$1,010.75	-3.12%
July 1, 2021	445.82	15.00	0.00	24.93	525.00	$1,010.75	0.00%
July 1, 2022	445.82	15.00	0.00	24.93	525.00	$1,010.75	0.00%
July 1, 2023	445.82	15.00	0.00	24.93	525.00	$1,010.75	0.00%
July 1, 2024	445.82	15.00	0.00	24.93	525.00	$1,010.75	0.00%
July 1, 2025	445.82	15.00	0.00	24.93	525.00	$1,010.75	0.00%
July 1, 2026	445.82	15.00	0.00	24.93	525.00	$1,010.75	0.00%
July 1, 2027	**445.82**	**15.00**	**0.00**	**24.93**	**525.00**	**$1,010.75**	**0.00%**

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Table 3 - Rate History of Water Charges per Million Gallons of Raw Water - Delayed
FY2008-FY2028

Delayed Water Purchaser NJ-American 1 mgd July 1, 2001
1.935 mgd October 1, 2002
1.500 mgd January 1, 2005

Effective Date	O&M Charge	Source Water Protection	Debt Repayment 2/1/91-8/01/20	NJEIFP Debt Component	Capital Fund Component	Total Charge per MG	Increase (Decrease)
July 1, 2007	302.52	15	528.54			$846.06	1.53%
July 1, 2008	302.52	15	566.59			$884.11	4.50%
July 1, 2009	396.79	15	568.26			$980.05	10.85%
July 1, 2010	396.79	15	568.69			$980.48	0.04%
July 1, 2011	347.39	15	618.09	35.42		$1,015.90	3.61%
July 1, 2012	345.95	15	619.53	35.42		$1,015.90	0.00%
July 1, 2013	356.61	15	619.87	24.42		$1,015.90	0.00%
July 1, 2014	356.61	15	619.87	24.42		$1,015.90	0.00%
July 1, 2015	386.00	10.00	636.61	24.79		$1,057.40	4.09%
July 1, 2016	432.87	10.00	636.61	25.10		$1,104.58	4.46%
July 1, 2017	432.87	15.00	570.55	24.93		$1,043.35	-5.54%
July 1, 2018	432.87	15.00	570.55	24.93		$1,043.35	0.00%
July 1, 2019	432.87	15.00	570.55	24.93		$1,043.35	0.00%
July 1, 2020	445.82	15.00	0.00	24.93	525.00	$1,010.75	-3.12%
July 1, 2021	445.82	15.00	0.00	24.93	525.00	$1,010.75	0.00%
July 1, 2022	445.82	15.00	0.00	24.93	525.00	$1,010.75	0.00%
July 1, 2023	445.82	15.00	0.00	24.93	525.00	$1,010.75	0.00%
July 1, 2024	445.82	15.00	0.00	24.93	525.00	$1,010.75	0.00%
July 1, 2025	445.82	15.00	0.00	24.93	525.00	$1,010.75	0.00%
July 1, 2026	445.82	15.00	0.00	24.93	525.00	$1,010.75	0.00%
July 1, 2027	**445.82**	**15.00**	**0.00**	**24.93**	**525.00**	**$1,010.75**	**0.00%**

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Proposed Schedule of Events
(NJAC 7:11-2.1 et. seq.)
To become effective July 1, 2027

2026

SEPTEMBER	30	Advise Water Users of informal meeting.
OCTOBER	22	Informal meeting with Water Users – 10:00 AM.
NOVEMBER	2	Board reviews and approves proposed Rates.
DECEMBER	16	Mail Official Notice to water customers, Rate Payer Advocate, interested parties and advertise in newspapers.

2027

JANUARY	4	Publication in the New Jersey Register.
	7	Pre-Public Hearing (within 45 days of Official Notice). Deadline for responses to inquiries received prior to pre-public hearing..
FEBRUARY	1	Deadline for receipt of comments to be addressed at Public Hearing (15 days after pre-public hearing)
	4	Public Hearing (Microsoft Teams) Deadline for responses to inquiries received between pre-public and public hearing.
	22	Written responses to questions raised at Hearing (within 10 business days of the public hearing).
MARCH	5	NJ Register Comment Period Ends.
	15	Public Hearing record closes (25 business days after Public Hearing).
APRIL	5	Board approval of FY2028 Rates & Budgets
JULY	1	Effective date.

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Proposed Fiscal Year 2028 Budget Summary
(07/01/27-06/30/28)

	ADOPTED FY 2027 Reservoir Budget	PROPOSED FY 2028 Reservoir Budget
Proposed Operating Expense Budget (Schedule 1)	$ 3,547,877	$3,825,132
Allocation of Headquarters General & Administrative Expenses to the Manasquan Reservoir System (Schedule 13)	$ 716,000	$ 823,000
Proposed Total Expense Budget	$ 4,263,877	$ 4,648,132
Proposed Capital Equipment Budget (Schedule 14)	$ 187,901	$ 130,921
Contribution to Reserve Funds		
- Sediment Reserve	$ 10,000	$ 10,000
- Formal Dam Inspection Reserve	$ 5,000	$ 5,000
- Renewal & Replacement Fund	$ 120,000	$ 120,000
- High Voltage Testing Reserve	$ 15,000	$ 15,000
- Other Post Employment Benefits Reserve	$ -	$ -
- Supplemental Renewal & Replacement	$ -	$ -
Adjustment for FY26/FY25 Salary and Fringe Expenses to be paid (from)/to WTP/TS Account	$ 132,983	$ 86,769
Total Budget Requirements	$ 4,734,761	$ 5,015,822
Interest Earnings on Funds (Schedule 16)	$ (297,300)	$ (273,600)
Unanticipated Revenue (Schedule 17)	$ (1,275,760)	$ (1,580,500)
Total Miscellaneous Revenue & Interest Income	$ (1,573,060)	$ (1,854,100)
Net Amount to be paid for O & M Component	$ 3,161,701	$ 3,161,722

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 1 - Total Operations & Maintenance Budget

Fiscal Year 2028

	FY2024 Reservoir Actual	FY2025 Reservoir Actual	FY2026 Reservoir Actual	FY2027 Reservoir Adopted	FY2028 Reservoir Proposed
Salaries & Fringe Benefits	1,400,617	1,675,205	1,888,273	$1,849,813	$2,060,378
O & M Direct Expense	1,152,097	1,279,640	1,482,437	$1,557,358	$1,622,880
G&A Expenses	116,830	95,398	114,937	140,706	141,874
Total Operations & Maintenance Budget	2,669,544	3,050,243	$3,485,646	$3,547,877	$3,825,132

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 2 - Labor Projection

Fiscal Year 2028 (7/01/27-6/30/28)

TITLES	SALARY	FRINGE BENEFITS	OVERTIME	CLOTHING ALLOWANCE	SHIFT DIFFERENTIAL	TOTAL	ALLOCATION RESERVOIR %	AMOUNT RESERVOIR	ALLOCATION WTP/TS %	AMOUNT WTP/TS
Director	166,900	151,661	-	-	-	318,561	40%	127,424	60%	191,136
Project Engineer III	85,300	77,511	-	-	-	162,811	40%	65,124	60%	97,687
Water Supply Tech.	83,400	76,284	-	550	-	160,234	62%	99,345	38%	60,889
Administrative Assistant	87,300	79,329	-	-	-	166,629	47%	78,316	53%	88,313
Supervisor Technical Facilities Maint	110,000	104,014	3,916	550	-	218,480	43%	93,946	57%	124,534
Sr. Water Supply Tech.	95,700	88,001	594	550	-	184,845	35%	64,696	65%	120,149
Maintenance Worker I (2 positions)	108,800	99,865	-	1,100	-	209,765	93%	195,081	7%	14,684
Supervisor Operations	137,900	125,308	-	-	-	263,208	25%	65,802	75%	197,406
Equipment Operator	57,600	52,840	-	550	-	110,990	94%	104,331	6%	6,659
Foreman Bldg & Grounds Maint	95,700	88,001	594	550	-	184,845	85%	157,118	15%	27,727
Foreman Facilities Maintenance	92,700	89,908	5,693	550	-	188,851	47%	88,760	53%	100,091
Facilities Mechanic (3 Positions)	229,100	213,449	4,148	1,650	-	448,347	45%	201,756	55%	246,591
Supervisor Plant Operator	90,200	87,588	5,639	550	-	183,977	37%	68,071	63%	115,906
Reservoir Sys Oper./Asst RSO (5 Positions)	309,600	320,543	40,403	2,750		673,296	95%	639,631	5%	33,665
Plant Operator (6 Positions)	501,700	522,599	67,213	3,300	2,900	1,097,712	1%	10,977	99%	1,086,735
TOTAL: (rounded)	$ 2,251,900	$ 2,176,901	$ 128,200	$ 12,650	$ 2,900	$ 4,572,550		$ 2,060,378		$ 2,512,172

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 3 - Reservoir System Operations and Maintenance Direct Expense Budget

Proposed FY2028, Adopted FY2027, and Actual FY2024-2026

Cost Center: Reservoir Direct (40)						
MANASQUAN WATER SUPPLY SYSTEM						
RESERVOIR SYSTEM						
CT EXPENSE BUDGET						
		FY '24	FY '25	FY '26	FY '27	FY '28
CODE	ACCOUNT	ACTUAL	ACTUAL	ACTUAL	ADOPTED	PROPOSED
			-			
5200	Residences			-	-	-
5210	Heating Fuel		844	-	2,000	2,000
5220	Utilities -Electrical Service	117,603	115,153	143,319	122,100	141,000
5230	-Gas Service	10,166	14,429	16,507	12,450	18,000
5240	-Propane		-	-	-	-
5250	Electricity for Pumping Station	256,039	425,302	405,269	348,000	373,000
5260	Fuel - Vehicular		-	-	-	-
5270	Oil & Grease		-	537	-	-
5280	Tires		3,106	-	-	-
5290	Maintenance Supplies	7,620	-	4,840	14,400	10,000
5300	Maint. Supplies - Vehicular		3,105	-	-	-
5310	Major Vehicle Service & Repair		-	-	-	-
5320	Agricultural Supplies			735	-	-
5330	Maintenance Equipment	61,303	27,468	45,598	60,000	60,000
5340	Serv. & Maintenance Contracts	106,228	24,583	16,311	52,050	52,050
5350	Equipment Rental	1,335	1,444	4,112	7,800	9,720
5360	Household - Safety Supplies	2,013	369	420	2,160	2,160
5370	Uniforms			-	-	-
5380	Special & Professional Services	46,036	66,746	134,084	232,490	277,590
5390	Protective Services	452,892	506,496	494,722	607,320	576,572
5400	Telephone	3,093	3,518	5,041	3,908	3,908
5410	Postage & Freight Out		-	-	-	-
5420	Data Processing		1,265	-	-	-
5430	Printing & Office Supplies	3,406	6,359	2,966	4,040	4,040
5440	Scientific & Photographic	8,930	-	721	6,140	6,140
5450	Dues & Subscriptions			-	-	-
5460	Advertising & Promotional	789	317	857	2,200	2,200
5470	Travel & Subsistence	88	141	72	-	-
5480	Staff Training & Tuition Aid		2,711	2,464	-	2,500
5490	Fees & Permits	37,800	39,528	40,447	42,000	43,000
5500	In - Lieu Taxes	36,756	36,756	36,756	38,300	39,000
5510	Sediment Removal		-	126,660	-	-
5520	Chemicals		-	-	-	-
5525	Carbon Filter Replacement			-	-	-
	Total Other Expenses	$ 1,152,097	$ 1,279,640	$ 1,482,437	$ 1,557,358	$ 1,622,880
	Total Operating Expenses	$ 1,152,097	$ 1,279,640	$ 1,482,437	$ 1,557,358	$ 1,622,880
	ANNUAL BUDGET	$ 1,179,949	$ 1,293,484	$ 1,254,158	$ 1,557,358	$ 1,622,880

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

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

Proposed FY2028, Adopted FY2027, and Actual FY2024-2026

Cost Center: Treat/Trans Direct (50)						
MANASQUAN WATER SUPPLY SYSTEM						
WATER TREATMENT PLANT/TRANSMISSION SYSTEM						
O & M DIRECT EXPENSE BUDGET						
		FY '24	FY '25	FY '26	FY '27	FY '28
CODE	ACCOUNT	ACTUAL	ACTUAL	ACTUAL	ADOPTED	PROPOSED
	Total Salary, Wages & Fringe					
5200	Residences	0	0	0	0	0
5210	Heating Fuel	940	7,779	1,439	5,000	5,000
5220	Utilities -Electrical Service	381,735	384,551	400,156	412,800	429,800
5230	-Gas Service	23,960	38,677	38,969	29,600	46,000
5240	-Propane	0	0	0	0	0
5250	Electricity for Pumping Station	0	0	0	0	0
5260	Fuel - Vehicular	0	0	0	0	0
5270	Oil & Grease	1,053	1,751	3,280	2,000	3,500
5280	Tires	0	0	0	0	0
5290	Maintenance Supplies	3,511	3,516	1,772	7,700	5,000
5300	Maint. Supplies - Vehicular	0	0	0	0	0
5310	Major Vehicle Service & Repair	0	0	0	0	0
5320	Agricultural Supplies	0	0	0	0	0
5330	Maintenance Equipment	181,764	105,482	106,108	136,300	140,000
5340	Serv. & Maintenance Contracts	53,280	37,552	53,811	46,980	56,980
5350	Equipment Rental	78	1,689	1,085	3,200	3,200
5360	Household - Safety Supplies	4,952	2,507	1,893	2,000	3,000
5370	Uniforms	0	0	0	0	0
5380	Special & Professional Services	31,864	61,106	44,906	35,000	45,100
5390	Protective Services	148,391	162,859	156,468	196,242	174,650
5400	Telephone	379	376	1,470	1,200	1,200
5410	Postage & Freight Out	81	0	0	300	400
5420	Data Processing	0	0	0	0	0
5430	Printing & Office Supplies	5,346	3,560	4,915	9,800	9,800
5440	Scientific & Photographic	17,290	16,501	10,537	15,000	17,000
5450	Dues & Subscriptions	0	0	0	0	0
5460	Advertising & Promotional	668	2,864	1,238	1,000	1,600
5470	Travel & Subsistence	53	209	266	0	300
5480	Staff Training & Tuition Aid	255	414	303	3,360	3,360
5490	Fees & Permits	11,470	5,557	4,671	8,040	8,040
5500	In - Lieu Taxes	140	140	140	400	400
5510	Residual Removal	4,844	5,970	3,198	16,000	6,000
5520	Water Treatment Chemicals	206,952	189,401	194,650	240,000	220,000
5525	GAC Replacement	157,167	247,703	75,663	240,000	150,000
5528	Reimb of O&M Capital Expenditures	62,726				
	Total Other Expenses	$1,298,900	$1,280,166	$1,106,938	$1,411,922	$1,330,330
	Total Operating Expenses	$1,298,900	$1,280,166	$1,106,938	$1,411,922	$1,330,330
	ANNUAL BUDGET	$978,080	$1,183,925	$1,197,300	$1,411,922	$1,330,330

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 5 - Reservoir System General and Administrative Operations and Maintenance Direct Expense Budget

Proposed FY2028, Adopted FY2027, and Actual FY2024-2026

Cost Center: G & A (60)						
MANASQUAN WATER SUPPLY SYSTEM						
GENERAL & ADMINISTRATIVE						
EXPENSE BUDGET						
		FY '24	FY '25	FY '26	FY '27	FY '28
CODE	ACCOUNT	ACTUAL	ACTUAL	ACTUAL	ADOPTED	PROPOSED
5110	Regular Salaries & Wages	$1,855,166	$1,880,713	$2,019,410	2,189,450	2,267,450
5120	Overtime-Salaries & Wages	81,907	95,637	128,110	115,882	128,200
5130	New positions-Salaries & Wages					
5140	Seasonal Help-Salaries & Wages					
5150	Fringe Benefits	818,191	1,086,267	1,105,942	1,365,500	1,779,300
5160	Retiree Health Benefits	195,430	243,669	280,379	286,900	392,600
5168	Workers Comp. (Self-Insured)	160			5,000	5,000
	Total Salary, Wages & Fringe	$2,950,854	$3,306,285	$3,533,841	$3,962,732	$4,572,550
	Budget - salary and fringe					
5200	Residences		0	0	0	0
5210	Heating Fuel		0	0	0	0
5220	Utilities -Electrical Service		0	0	0	0
5230	-Gas Service		0	0	0	0
5240	-Propane		0	0	0	0
5250	Electricity for Pumping Station		0	0	0	0
5260	Fuel - Vehicular	31,570	24,469	26,139	39,960	35,000
5270	Oil & Grease	2,186	11,390	2,507	8,300	5,000
5280	Tires	5,553	4,437	9,311	12,000	9,000
5290	Maintenance Supplies	19,227	16,891	19,185	27,300	25,000
5300	Maint. Supplies - Vehicular	18,793	10,032	7,808	14,000	14,000
5310	Major Vehicle Service & Repair	32,859	17,609	44,903	35,000	35,000
5320	Agricultural Supplies	4,806	4,446	2,163	8,100	6,000
5330	Maintenance Equipment	2,526	9,017	17,148	7,100	20,100
5340	Serv. & Maintenance Contracts	20,093	16,209	12,930	25,300	23,500
5350	Equipment Rental	2,596	2,600	2,600	4,500	4,500
5360	Household - Safety Supplies	14,109	15,890	9,830	13,700	16,800
5370	Uniforms		0	0	0	0
5380	Special & Professional Services	5,257	1,983	11,352	10,000	12,700
5390	Protective Services		0	0	0	0
5400	Telephone	4,878	5,163	2,718	4,560	5,600
5410	Postage & Freight Out	3,704	3,653	5,187	1,200	6,000
5420	Data Processing	2,863	2,825	2,880	3,600	3,600
5430	Printing & Office Supplies	9,658	5,084	5,532	8,360	5,960
5440	Scientific & Photographic	0	0	0	300	300
5450	Dues & Subscriptions	90	370	534	3,000	1,000
5460	Advertising & Promotional	906	1,473	0	2,000	2,000
5470	Travel & Subsistence		176	648	1,000	1,000
5480	Staff Training & Tuition Aid	7,963	3,291	4,757	8,400	8,400
5490	Fees & Permits	3,890	2,844	3,084	6,500	5,000
5500	In - Lieu Taxes		-	-	-	-
5510	Residual Removal		-	-	-	-
5520	Water Treatment Chemicals		-	-	-	-
5525	GAC Replacement		-	-	-	-
	Total Other Expenses	193,527	159,851	191,216	244,180	245,460
	Total Operating Expenses	3,144,381	3,466,136	3,725,057	4,206,912	4,818,010
	Reservoir System G&A	$ 116,830	$ 95,398	114,937	$ 140,706	$ 141,874
	Treatment/Transmission System G&A	$ 76,697	$ 64,452	76,279	$ 103,474	$ 103,586
		$193,527	$159,851	191,216	$244,180	$245,460
	ANNUAL BUDGET	$3,562,427	$3,866,210	$ 4,009,070	$4,206,912	$4,818,010

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 6 - List of Category 5340 Items Recommended Service & Maintenance Contracts For Reservoir (40)
Fiscal Year 2028

		Adopted FY27	Proposed FY28
1	HVAC/Dehumidifier Service	$ 500	$ 500
2	Instrumentation & Control System Service/Upgrade	4,800	4,800
3	Electrical Upgrade & Repair	15,600	15,600
4	Overhead Crane Service & Inspection	3,000	3,000
5	Fire & Intrusion Alarm Service	1,500	1,500
6	Potable Well/Septic Service	1,500	1,500
7	Fertilization-Dam Dike	3,750	3,750
8	Underground Fuel Tank Testing & Repair	2,000	2,000
9	Roadway Crack Sealing	4,000	4,000
10	Wood Debris Removal/Herbicide Treatments	2,500	2,500
11	Access Roadway Repairs	2,500	2,500
12	Roofing System Maintenance & Repair	4,000	4,000
13	Reservoir Transmission Line Clearing	4,000	4,000
14	Fios Fiber Optic for Security Cameras	2,400	2,400
	Total Service & Maintenance Contracts	$ 52,050	$ 52,050

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 7 - List of Category 5340 Items Recommended Service & Maintenance Contracts For WTP/TS (50)
Fiscal Year 2028

		Adopted FY27	Proposed FY28
1	Electrical Service Contract	$ 2,400	$ 2,400
2	Instrumentation & Control System Service & Upgrade	7,000	7,000
3	Electrical Upgrade & Repair	3,000	3,000
4	Overhead Crane Service	3,240	3,240
5	Fire & Intrusion Alarm Service	3,000	3,000
6	Boiler Service	1,440	1,440
7	Auxiliary Generator Service	3,000	3,000
8	Lab Equipment Service	3,500	3,500
9	UPS Battery PM Service and Batteries	3,600	3,600
10	Four Year Electrical Switchgear Testing Service	2,000	2,000
11	Internet Service	9,800	9,800
12	Network Routers	2,500	2,500
13	XLReporter Software Program Support	2,500	2,500
14	Ozone, Air Compressors, Chem Pumping, Em Gen		10,000
	Total Service & Maintenance Contracts	$ 46,980	$ 56,980

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 8 - List of Category 5340 Items Recommended Service & Maintenance Contracts For G & A (60)
Fiscal Year 2028

		Adopted FY27	Proposed FY28
1	Refuse & Waste Disposal	$ 2,000	$ 2,000
2	Office Equipment/Computers	1,800	
3	Waste Oil Disposal	300	300
4	Fire Extinguisher Service	1,100	1,100
5	SCADA Service Contract	2,000	2,000
6	Building Maintenance	6,000	6,000
7	Internet Service	2,000	2,000
8	Janitorial Service	7,200	7,200
9	Vehicle Lift Inspection	500	500
10	Underground Fuel Storage Tank Service	2,400	2,400
	Total Service & Maintenance Contracts	$ 25,300	$ 23,500

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 9 - List of Category 5380 Items Recommended Special & Professional Service For Reservoir (40)
Fiscal Year 2028

		Adopted FY27	Proposed FY28
1	Laboratory Services - Water Quality Sampling	480	480
2	Consultant Services - Formal Dam Inspection		27,000
3	Services-USGS Cooperative Agreement	40,400	38,500
4	Annual Trustee Fund	6,640	6,640
5	Dam Management-Surveying	120	120
6	Wetland Monitoring Management	8,000	8,000
7	Hydrilla Treatment and Water Quality Study	-	-
8	Engineering Services	4,000	4,000
9	Financial Advisory Services	4,850	4,850
10	Reservoir Algae and Wetlands Weed Treatments	168,000	188,000
	Total Special & Professional Services	$ 232,490	$ 277,590

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 10 - List of Category 5380 Items Recommended Special & Professional Services For WTP/TS (50)
Fiscal Year 2028

		Adopted FY27	Proposed FY28
1	Water Quality Sampling	$ 12,900	$ 17,500
2	Residual Quality Analysis	800	800
3	Consultant Services	4,000	10,000
4	USGS Allenwood Gage-Parameters	13,500	13,000
5	PFAS Water Quality Sampling/Analysis	2,000	2,000
6	Underground Markout Service	1,800	1,800
	Total Special & Professional Services	$ 35,000	$ 45,100

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 11 - List of Category 5380 Items Recommended Special & Professional Services For G & A (60)
Fiscal Year 2028

		Adopted FY27	Proposed FY28
1	Pulmonary Testing	$ 1,500	$ 1,500
2	CDL Medical Testing	1,000	1,000
3	EAS Service	4,000	4,000
4	The Bank of NY - Mellon	2,300	5,000
5	Pre-Employment Physicals	1,200	1,200
	Total Special & Professional Services	$ 10,000	$ 12,700

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 12 - Projected FY 2028 New Jersey Water Supply Authority Insurance Program

Policy	Raritan Basin System	Manasquan Reservoir System	Manasquan Water Treatment Plant and Transmission System	Total Premium
PROPERTY/MOBILE EQUIPMENT	1,303,721	$446,200	$133,000	$1,882,921
GENERAL/AUTO LIABILITY	325,384	$34,800	$5,600	$365,784
POLLUTION LIABILITY	26,734	$2,400	$500	$29,634
WORKERS COMPENSATION	121,148	$16,800	$18,100	$156,048
EXCESS LIABILITY	632,813	$67,500	$10,800	$711,113
MANAGEMENT LIABILITY				
:PUBLIC OFFICIALS	55,165	$5,900	$1,000	$62,065
:CYBER RISK	26,352	$2,900	$500	$29,752
:FIDELITY & CRIME			5100	$5,100
TRAVEL ACCIDENT	805	$72	$50	$927
DRONE	1,358			$1,358
TOTAL:	$2,493,480	$576,572	$174,650	$3,244,702

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

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

Fiscal Year 2028 (7/1/27-6/30/28)

	Total Headquarters Charge	Manasquan Reservoir System	Manasquan WTP/TS
Budgeted-Appendix I, amount to be charged to Manasquan System for FY28 (7/1/27-6/30/28)	$845,881	$729,742	$116,139
FY26 Adjustment as per audited Expenditures:			
Budgeted as per rate schedule for FY26 (7/1/25-6/30/26). Amounts paid during F/Y26 to Raritan Basin System.	$891,000	$770,000	$121,000
Actual allocation based upon audited expenditures FY26 (7/1/25-6/30/26) - Appendix II	$1,000,103	$862,765	$137,338
Adjustments FY26	$109,103	$92,765	$16,338
Net Allocation for FY28 Budget	$954,984	$822,507	$132,477
Estimate	$955,000	$823,000	$132,000

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 14 - Proposed Capital Equipment Budget

Fiscal Year 2028

Description	(A)Addition (R)Replacemen	Year of Purchase Vehicle/Equipment	Dollar Value	%	Manasquan Reservoir	Manasquan WTP/TS	Reservoir Depreciation Reserve	WTP/TS Depreciation Reserve
NJWA 59 - (#414) 2004 Mack Dump Truck	R (414)	2004	220,000	60/40	132,000	88,000	104,579	
Skid Steer Bobcat T770 tracked high flow or equal	A		120,000	80/20	96,000	24,000		0
Bumper Crane for NJWA27	A		15,000	50/50	7,500	7,500		
		TOTAL	355,000		235,500	119,500	104,579	0
Less Amount charged to Reservoir Depreciation Reserve					104,579			
Less Amount charged to WTP/TS Depreciation Reserve						0		
			Total		130,921	119,500		
			Additional Depreciation Reserve			0		
			Estimate		$130,921	$119,500		

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NEW JERSEY WATER SUPPLY AUTHORITY

MANASQUAN RESERVOIR WATER SUPPLY SYSTEM Schedule 15 - July, 2025– June, 2026 Fiscal Year 2026 G&A Expenses Split

			BUDGETED %		ACTUAL % (Timesheets)		VARIANCE UNDER (OVER)	
			(40)	(50)	(40)	(50)	(40)	(50)
	POSITION	TOTAL	RESERVOIR	WTP/TS	RESERVOIR	WTP/TS	RESERVOIR	WTP/TS
1	TIME SPLIT		95%	5%	100%	0%		
	ASST. RESERVOIR SYS OPERATOR REGULAR	54,856	52,114	2,743	54,856	0	(2,743)	2,743
	CLOTH.	550	523	28	550	0	(28)	28
	O.T.	5,702	5,417	285	5,702	0	(285)	285
	FRINGE	48,193	45,784	2,410	48,193	0	(2,410)	2,410
2	TIME SPLIT		1%	99%	0%	100%		
	PLANT OPERATOR REGULAR	83,076	831	82,245	0	83,076	831	(831)
	CLOTH.	0	0	0	0	0	0	0
	O.T.	8,344	83	8,261	0	8,344	83	(83)
	FRINGE	71,858	719	71,139	0	71,858	719	(719)
3	TIME SPLIT		1%	99%	4%	96%		
	PLANT OPERATOR REGULAR	76,036	760	75,275	3,041	72,994	(2,281)	2,281
	CLOTH.	550	6	545	22	528	(17)	17
	O.T.	3,917	39	3,877	157	3,760	(117)	117
	FRINGE	63,912	639	63,273	2,557	61,356	(1,917)	1,917
4	TIME SPLIT		1%	99%	0%	100%		
	PLANT OPERATOR REGULAR	83,498	835	82,663	0	83,498	835	(835)
	CLOTH.	0	0	0	0	0	0	0
	O.T.	7,898	79	7,819	0	7,898	79	(79)
	FRINGE	72,389	724	71,666	0	72,389	724	(724)
5	TIME SPLIT		47%	53%	45%	55%		
	FOREMAN FACILITIES MAINTENANCE REGULAR	84,048	39,503	44,546	37,822	46,227	1,681	(1,681)
	CLOTH.	550	259	292	248	303	11	(11)
	O.T.	2,921	1,373	1,548	1,314	1,606	58	(58)
	FRINGE	69,230	32,538	36,692	31,153	38,076	1,385	(1,385)
6	TIME SPLIT		95%	5%	99%	1%		
	RESERVOIR SYSTEM OPERATOR REGULAR	63,126	59,970	3,156	62,495	631	(2,525)	2,525
	CLOTH.	550	523	28	545	6	(22)	22
	O.T.	15,959	15,161	798	15,799	160	(638)	638
	FRINGE	64,102	60,897	3,205	63,461	641	(2,564)	2,564
7	TIME SPLIT		50%	50%	40%	60%		
	DIR. MWS/D&R CANAL OPERATIONS REGULAR	152,802	76,401	76,401	61,121	91,681	15,280	(15,280)
	CLOTH.	0	0	0	0	0	0	0
	O.T.	0	0	0	0	0	0	0
	FRINGE	122,374	61,187	61,187	48,950	73,425	12,237	(12,237)
8	TIME SPLIT		85%	15%	99%	1%		
	FOREMAN BUILDING & GROUNDS MAINT - WSA REGULAR	89,606	76,165	13,441	88,710	896	(12,545)	12,545
	CLOTH.	550	468	83	545	6	(77)	77
	O.T.	3,321	2,823	498	3,288	33	(465)	465
	FRINGE	74,037	62,931	11,106	73,296	740	(10,365)	10,365
9	TIME SPLIT		1%	99%	9%	91%		
	PLANT OPERATOR REGULAR	67,496	675	66,821	6,075	61,422	(5,400)	5,400
	CLOTH.	550	6	545	50	501	(44)	44
	O.T.	12,197	122	12,075	1,098	11,099	(976)	976
	FRINGE	63,981	640	63,341	5,758	58,223	(5,118)	5,118
10	TIME SPLIT		35%	65%	41%	59%		
	SR. WATER SUPPLY TECH. -WSA REGULAR	89,606	31,362	58,244	36,739	52,868	(5,376)	5,376
	CLOTH.	550	193	358	226	325	(33)	33
	O.T.	130	45	84	53	77	(8)	8
	FRINGE	71,672	25,085	46,587	29,385	42,286	(4,300)	4,300
11	TIME SPLIT		1%	99%	6%	94%		
	PLANT OPERATOR REGULAR	69,268	693	68,575	4,156	65,112	(3,463)	3,463
	CLOTH.	550	6	545	33	517	(28)	28
	O.T.	11,461	115	11,346	688	10,773	(573)	573
	FRINGE	65,650	657	64,993	3,939	61,711	(3,282)	3,282
12	TIME SPLIT		43%	57%	50%	50%		
	SUPERVISOR TECH. ASST. & FAC. MAINT. REGULAR	102,959	44,272	58,687	51,480	51,480	(7,207)	7,207
	CLOTH.	550	237	314	275	275	(39)	39
	O.T.	4,546	1,955	2,591	2,273	2,273	(318)	318
	FRINGE	85,561	36,791	48,770	42,780	42,780	(5,989)	5,989
13	TIME SPLIT		45%	55%	47%	53%		
	FAC. MECHANIC - WSA REGULAR	56,850	25,582	31,267	26,719	30,130	(1,137)	1,137
	CLOTH.	550	248	303	259	292	(11)	11
	O.T.	0	0	0	0	0	0	0
	FRINGE	45,048	20,271	24,776	21,172	23,875	(901)	901
14	TIME SPLIT		95%	5%	97%	3%		
	RESERVOIR SYS. OPERATOR REGULAR	60,190	57,181	3,010	58,385	1,806	(1,204)	1,204
	CLOTH.	550	523	28	534	17	(11)	11
	O.T.	13,961	13,263	698	13,542	419	(279)	279
	FRINGE	59,716	56,730	2,986	57,924	1,791	(1,194)	1,194

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 15 (Continued) July, 2025 – June, 2026 Fiscal Year 2026 G&A Expenses Split

15	TIME SPLIT		47%	53%	47%	53%		
ADMIN. ASSISTANT	REGULAR	81,711	38,404	43,307	38,404	43,307	(0)	0
	CLOTH.	0	0	0	0	0	0	0
	O.T.	0	0	0	0	0	0	0
	FRINGE	65,066	30,581	34,485	30,581	34,485	0	(0)
16	TIME SPLIT		25%	75%	32%	68%		
SUPERVISOR	REGULAR	121,330	30,333	90,998	38,826	82,504	(8,493)	8,493
OPERATIONS MWSS-	CLOTH.	0	0	0	0	0	0	0
WSA	O.T.	0	0	0	0	0	0	0
	FRINGE	96,693	24,173	72,520	30,942	65,751	(6,769)	6,769
17	TIME SPLIT		94%	6%	100%	0%		
EQUIPMENT	REGULAR	50,261	47,245	3,016	50,261	0	(3,016)	3,016
OPERATOR	CLOTH.	550	517	33	550	0	(33)	33
	O.T.	3,788	3,561	227	3,788	0	(227)	227
	FRINGE	43,158	40,568	2,589	43,158	0	(2,589)	2,589
18	TIME SPLIT		37%	63%	38%	62%		
SUPERVISING PLANT	REGULAR	78,666	29,106	49,559	29,893	48,773	(787)	787
OPERATOR	CLOTH.	550	204	347	209	341	(6)	6
	O.T.	9,326	3,451	5,875	3,544	5,782	(93)	93
	FRINGE	70,260	25,996	44,264	26,699	43,561	(703)	703
19	TIME SPLIT		92%	8%	100%	0%		
MAINT WORKER I	REGULAR	55,858	51,389	4,469	55,858	0	(4,469)	4,469
	CLOTH.	550	506	44	550	0	(44)	44
	O.T.	0	0	0	0	0	0	0
	FRINGE	44,799	41,215	3,584	44,799	0	(3,584)	3,584
20	TIME SPLIT		1%	99%	13%	87%		
PLANT OPERATOR	REGULAR	68,270	683	67,587	8,875	59,395	(8,192)	8,192
	CLOTH.	550	6	545	72	479	(66)	66
	O.T.	6,822	68	6,754	887	5,936	(819)	819
	FRINGE	60,217	602	59,615	7,828	52,389	(7,226)	7,226
21	TIME SPLIT		95%	5%	100%	0%		
ASST. RESERVOIR	REGULAR	53,281	50,617	2,664	53,281	0	(2,664)	2,664
SYSTEM OPER-WSA	CLOTH.	550	523	28	550	0	(28)	28
	O.T.	4,569	4,341	228	4,569	0	(228)	228
	FRINGE	46,991	44,642	2,350	46,991	0	(2,350)	2,350
22	TIME SPLIT		45%	55%	46%	54%		
FACILITIES	REGULAR	71,907	32,358	39,549	33,077	38,830	(719)	719
MECHANIC	CLOTH.	550	248	303	253	297	(6)	6
	O.T.	367	165	202	169	198	(4)	4
	FRINGE	57,839	26,028	31,812	26,606	31,233	(578)	578
23	TIME SPLIT		70%	30%	16%	84%		
PROJECT	REGULAR	68,923	48,246	20,677	11,028	57,896	37,219	(37,219)
ENGINEER III	CLOTH.	0	0	0	0	0	0	0
	O.T.	0	0	0	0	0	0	0
	FRINGE	53,397	37,378	16,019	8,544	44,854	28,835	(28,835)
24	TIME SPLIT		62%	38%	95%	5%		
WATER SUPPLY	REGULAR	78,086	48,413	29,673	74,182	3,904	(25,768)	25,768
TECH.	CLOTH.	550	341	209	523	28	(182)	182
	O.T.	0	0	0	0	0	0	0
	FRINGE	62,435	38,709	23,725	59,313	3,122	(20,603)	20,603
25	TIME SPLIT		95%	5%	92%	8%		
ASST. RESERVOIR	REGULAR	43,123	40,966	2,156	39,673	3,450	1,294	(1,294)
SYSTEM OPER.-WSA	CLOTH.	550	523	28	506	44	17	(17)
	O.T.	9,779	9,290	489	8,997	782	293	(293)
	FRINGE	40,883	38,839	2,044	37,612	3,271	1,226	(1,226)
26	TIME SPLIT		45%	55%	45%	55%		
FACILITIES	REGULAR	58,600	26,370	32,230	26,370	32,230	0	0
MECHANIC II	CLOTH.	550	248	303	248	303	0	0
	O.T.	3,103	1,396	1,707	1,396	1,707	(0)	0
	FRINGE	49,256	22,165	27,091	22,165	27,091	0	0
27	TIME SPLIT		93%	7%	100%	0%		
MAINTENANCE	REGULAR	27,230	25,324	1,906	27,230	0	(1,906)	1,906
WORKER	CLOTH.	0	0	0	0	0	0	0
	O.T.	0	0	0	0	0	0	0
	FRINGE	21,904	20,371	1,533	21,904	0	(1,533)	1,533
		(60)	(40)	(50)	(40)	(50)	(40)	(50)
	REGULAR	1,990,661	935,798	1,054,863	978,554	1,012,107	(42,756)	42,756
	CLOTH.	11,000	6,100	4,901	6,743	4,257	(644)	644
	O.T.	128,110	62,747	65,364	67,264	60,846	(4,517)	4,517
	FRINGE	1,690,621	796,860	893,761	835,712	854,909	(38,852)	38,852
	GRAND TOTAL	3,820,392	1,801,504	2,018,888	1,888,273	1,932,119	(86,769)	86,769

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 16 - Estimate of Interest Income
Fiscal Year 2028 Budget

Fund/Reserve		TD Bank Funds		
Operating		$6,745,084		
Reserve for O & M		604,939		
General Reserve (Rate Stabilization Fund)		1,316,595		
Pumping Reserve		54,802		
Self-Insurance Reserve		67,974		
Sediment Reserve		329,385		
Estimated Total		$9,118,779		
	$9,118,779 @	3.0%		$273,563
		Total		$273,563
		Estimate		$273,600

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 17 - Unanticipated Revenue
Fiscal Year 2028 Budget

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			Amount
F/Y2026 Net Year-End Balance			$ 1,356,900
Excess D/S Coverage FY2028			$ 115,000
Overdraft		Inv. Date	Amount
NJ American		Sep-25	$ 43,798
		Oct-25	$ 64,065
		Nov-25	$ 740
Available for use in FY28			$ 108,603
Additional Sources			
	Total Available		$ 1,580,503
	Estimate for FY28		**$ 1,580,500**

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 18 - Fund Balances as of 6/30/26

	REVENUE FUND	OPERATING ACCOUNT	OPERATING FUND	O & M RESERVE	LONG TERM INVESTMENTS O & M RESERVE	TOTAL
BALANCE 6/30/2026						
(Does not include Debt Service payment)	$44,307	$103,737	$6,745,084	$604,939	$1,015,271	$8,513,338
Deduct: Accrued expenses to be paid as of 6/30/26			($86,899)			(86,899)
Deduct: June 10th billing, received			($1,700,818)			(1,700,818)
Adjusted Balances 6/30/26	$ 44,307	$ 103,737	$ 4,985,699	$ 604,939	$ 1,015,271	$ 6,753,953
INCOME						
Receipt of WTP/TS G&A expenses for the month of June 2026, estimated July 2026 billing			250,000			250,000
EXPENSES						
O & M Expenses - (A/P-6/30/26) includes accrued payroll thru 6/30/26			(121,259)			(121,259)
Capital items to be purchased by 6/30/26 - estimated			(50,000)			(50,000)
Payment of Headquarters overhead expenses - to be paid 7/01			(192,500)			(192,500)
Contributions to Various Reserves- 7/26			(37,500)			(37,500)
ADJUSTED BALANCE AT 6/30/26	$ 44,307	$ 103,737	$ 4,834,440	$ 604,939	$ 1,015,271	$ 6,602,694
Less: O & M Reserve Balance (Goal is 3 months O & M Expenses as dictated by Bond Resolution)						(1,112,944)
Balance of projected funds available						**$ 5,489,750**
Use of Available Funds						
Unanticipated revenues (overdrafts in FY26 to be available to the General Fund for FY27) NJ American Water						(108,603)
Balance of funds to be used for future years						**$ 5,381,147**

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 19 - Operations & Maintenance Expense Component and Debt Service Cost Component Sales Base
Projected Fiscal Year 2028

USER	ALLOCATION (mgd)
Avon, Borough of	0.126
Belmar, Borough of	0.288
Brielle, Borough of	0.450
Keyport, Borough of	0.356
Matawan, Borough of	0.332
New Jersey American Water	12.500
Red Bank, Borough of	0.548
Sea Girt, Borough of	0.040
Shorelands Water Company (acquired by NJ American)	2.007
Lake Como, Borough of	0.100
Spring Lake, Borough of	0.310
Spring Lake Heights, Borough of	0.386
Wall Township	2.000
OPERATIONS & MAINTENANCE/DEBT SERVICE SALES BASE	**19.443 mgd**

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY AUTHORITY

Schedule 20 - Operations and Maintenance Rate Component (19.443 mgd)
Fiscal Year 2028 (7/1/27-6/30/28)

Funds Required for FY2028 Budget

Total Budget Requirements	$	5,015,822
Miscellaneous Revenues	$	(1,854,100)
Net Budget Requirement	$	3,161,722
Less - Quarterly O&M payment on July 10, 2026 (cash received in July for water used in April, May and June of 2026 based on $445.82/mg)	$	(788,795)
Additional Revenue required from last three (3) Quarterly payments in FY2028 to cover Operations & Maintenance expenses through 6/30/28	$	2,372,927

Computation of Operations & Maintenance Rate for Fiscal Year 2028

Required Operations & Maintenance Rate FY2028 $\frac{\$2,372,927}{5,322.52*} = \$ 445.82/mg$

* Four (4) Quarters Sales =

19.443 mgd x 365 = 7,096.70mg/yr

Rate Calculation for Required revenues due for payment on 10/10/, 1/10 and 4/10/:

Sales Base =

7,096.70 x 3/4 = 5,322.52/mg

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 21 - Computation of Delayed Water Purchase Debt Service Rates
Fiscal Year 2028 (7/1/27-6/30/28)

NJAW – 1.000 MGD CONTRACT - 07/01/01
1.935 MGD CONTRACT – 10/01/02
1.500 MGD CONTRACT – 01/01/05

Delayed Debt Service			
Debt Service for Fiscal Year 2028	$ 578,138		
Debt Service Fund Interest Income and Other Available Resources	$ -		
Net Debt Service Obligation	$ 578,138		
Coverage Requirement = Net Debt Service Obligation x 20%	$ 115,628		
Total to be Recovered by Rates	$ 693,765		
Debt Service Rate Effective 7/01/27 365 x 4.435/mgd =1,618.78mg	$ 693,765 1,618.78mg	=	$ 428.57mg
Equalization Factor			10.35
			$ 438.92mg

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 22 - Computation of Base Debt Service Rates

INTAKE PUMP STATION BUILDING
Fiscal Year 2028 (7/1/27-6/30/28)

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

NJEIFP Debt Service for Fiscal Year 2028	$ 176,842		
Rate Equalization Adjustment			
Debt Service Rate Effective 7/01/2027	$ 176,842	=	$ 24.92/mg
365 x 19.443/mgd =7,096.70mg	7,096.70mg		
Equalization Factor	$0.01		
			$ 24.93/mg

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

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR SYSTEM

Schedule 23 - Bond Debt Service Coverage
Fiscal Year 2028 (7/1/27-6/30/28)

	Budgeted F/Y2027
Revenues	
Uninterruptible Water Sales	$ 7,073,983
Interest Income	$ 297,300
Total Revenues	$ 7,371,283
Expenses	
O&M Costs	$ 3,547,877
Overhead Allocation	$ 716,000
Total O&M	$ 4,263,877
Cash Available for Debt Service - A	$ 3,107,406
Net Debt Service Expense	$ 575,213
Debt Service Coverage Calculation - A/B	5.40
Cash After Debt Service A-B	$ 2,532,193

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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR SYSTEM

Schedule 24 - Rehabilitation Reserve and Capital Improvement Program

Manasquan Reservoir Project Description	Renewal & Repl. Reserve	FY27	FY28	FY29	FY30	FY31+
Dam Emergency Contingency	Capital Fund					
Pipeline Replacement Under I-195						
Pumping Equipment Replacement						
Replace Control Panel at Reservoir IO Building		$ 55,000				
Add 6" valves to I/O tower air burst line and replace piping as neccessary		$ 150,000				
Paving Intake Parking Lot and Administration Parking Area		$ 170,000				
Rehabilitation Pump and Motors and VFDs at Reservoir & Intake Pumping Stations		$ 150,000	$ 150,000	$ 1,500,000		
Traveling Water Screen Rehabilitation			$ 160,000	$ 1,500,000		
SCADA System Replacment		$ 50,000	$ 50,000	$ 100,000	$ 50,000	
Security System Camera and DVR replacement			$ 65,000			
Replace two Underground Fuel Storage Tanks with above ground				$ 300,000		
Replace Septic System Drain Field and inlet pipe from building			$ 150,000			
Rehabilitation of T2 Transformer and Oil Change			$ 40,000			
Replace Pumps			$ 150,000	$ 250,000	$ 320,000	
Replace 2 5 KVA Breakers in Substation			$ 55,000			
Rehabilitation of the 2.4 KVA Switchgear				$ 100,000		
Replace Reservoir Admin Building Roof				$ 150,000		
Replace Metal Roof I/O Tower					$ 25,000	
Total		$ 575,000	$ 820,000	$ 3,900,000	$ 395,000	$ -
Renewal and Replacement Balance + $1.5M from CI Fund June 30, 2026	$5,812,301					
Projected Balance End of Fiscal Year with annual regular deposit		$ 5,357,301	$4,657,301	$ 877,301	$ 602,301	$ 722,301

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New Jersey Water Supply Authority
Manasquan Water Supply System

Update of the Renewal and Replacement Reserve and Capital Improvement Program

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Prepared by

Anthony Colasurdo, P.E., Director, Manasquan Water Supply System and Delaware & Raritan Canal Operations

MANASQUAN WATER SUPPLY SYSTEM
RENEWAL/REPLACEMENT RESERVE & CAPITAL IMPROVEMENT PROGRAM
Fiscal Years 2027-2031
Updated August 2026

Introduction

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

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

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

In FY21, the Authority insituted a Capital Fund Component in rates to reserve for extraordinary operations and maintenance costs as described below.

Reserve for Extraordinary Operations and Maintenance Costs

Problems with the Earthen Dam Embankments

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

Replacement of Pipe under Interstate Route 195

The Manasquan Reservoir fill / withdraw pipeline is a 5-1/4 mile long, 66-inch diameter pre-stressed 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 Co. in the late 1970s. This vintage PCCP is of concern because of the type of pre-stressing 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 tri-annually to monitor its condition. It was last inspected by Authorities staff engineers in May of 2026 and found to be in satisfactory condition.

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The entire length of the pipeline was inspected in December of 2021. The interior concrete lining was sounded with a 57-inch piece of black iron pipe with caps welded to the ends. The lining was continuously sounded for hollow regions that may be indicative of a loss of prestress and therefore exterior pipe distress. Sounding was carried out on both sides of the pipe approximately in the 2-4 o'clock range and the 8-10 o'clock range at approximately 6 to 12-inch intervals. Other features such as spalled concrete linings were noted throughout the inspection. The Manasquan Reservoir 66-inch pipeline is in good condition. The items noted during the internal inspection were minor in nature and are not indicative of pipeline distress. The reserve funded by the Capital Fund Component includes funds to insert a 66" diameter steel pipe into the PCCP under Route 195 or to replace other sections of pipe as needed.

Replacement of Pumps or Equipment

Five (5) 600-horsepower pumps are used at the Intake Pumping Station to pump water from the Manasquan River to the pre-sedimentation pond at the Reservoir Pumping Station. Five (5) 900-horsepower pumps are used at the Reservoir Pumping Station to pump water from the pre-sedimentation pond to the Reservoir. The estimated replacement cost for each unit, including a variable frequency drive, is $750,000. Replacement costs for the units would be dependent on the problem but would be limited to the cost of replacement.

All pumps and motors have been physically inspected, vibration-tested and pump-efficiency-tested in 2013 with retesting of some units in 2016 through 2022. The reservoir pumps typically operate only 100 hours per year and at an average speed of only 630 rpm. Therefore, wear on these units is minimal. Additionally, three pumps have been refurbished recently and only two of the five river intake pumps have significant hours of use each year. However, it is appropriate to include funds in reserve to rehabilitate or replace a single unit in case of an unforeseen failure or damage from lightning.

Furthermore, these funds could be used to rehabilitate or replace other major equipment such as a large 6000 KVA electrical transformer. The combined construction cost for the Intake Pumping Station and the Reservoir Pumping Station was approximately $30,000,000 (1990 dollars). The reserve funded by the Capital Fund Component can be used to address pump replacement/ rehabilitation needs

Planned Capital Improvements - Fiscal Years 2026-2031

Replace Control Panel at Reservoir I/O Building

The control panel at the reservoir I/O tower is 30 years old and only the reservoir dam instrumentation reports automatically. The system should be upgraded to maintain reliability of control from the central location at the top level of the I/O tower. Also, by replacing the panel with a PLC, staff will be able to combine all of the valve position information and operations on one LCD display and relay this information back to the office in Wall using the FIOS service that is now installed in the building. Presently only one of the eight electric valves can be controlled from the office in Wall Township.

Install 6” valves to I/O tower air burst lines and replace piping as necessary

Air burst lines are part of the I/O tower intake screen cleaning system. During normal operations, water can be withdrawn from the reservoir from three levels: top, middle and bottom. Air burst lines work by conveying high pressure air stored in a compressor to physically blow debris off the screen surface. Presently the air burst lines do not have any valving to prevent water under reservoir head from back filling the lines. Therefore, if there was a failure of the air burst line it could create a pathway for reservoir water to enter the I/O tower. If the failure went undetected

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for a long period of time, it could lead to substantial equipment damage and costly restoration. The valves will allow us to isolate the air burst lines from the reservoir water.

Paving Intake Parking Lot, Reservoir Turn around, Administration Parking Area

These parking and access areas are breaking apart and need to be milled and repaved. The area has 55 percent cracks that have been filled in with tar over the past five years. Many areas have low spots from settlement that results in puddling and ice patches.

Rehabilitation of large Pumps, Motors and VFDs at the IPS and RPS

The Pumps, Motors and VFDs have been in service for many years and have developed reliability issues, oil leaks, and electrical issues requiring rehabilitation. This work will extend the service life of the equipment and help maintain reliable system operations.

Three of the four Variable Frequency Drives (VFDs) at the Reservoir Pumping Station (RPS) are original equipment and have become increasingly unreliable, requiring frequent repairs to remain operational. In addition, replacement parts have become difficult to obtain. Replacing these three VFDs is the most practical solution to maintain reliable operations and provide continued control of the 900-hp reservoir pumps, which regulate the flow of water delivered from the Reservoir Pumping Station to the Reservoir.

The work typical of this type of rehabilitation project includes design engineering services; preparation of plans and specifications; permitting; replacement of three VFDs; electrical upgrades; PLC/SCADA integration; VFD programming; demolition, construction and start up services.

Renovation of Traveling Water Screens

The eight traveling water screens at the Intake Pumping Station have experienced increasing mechanical wear and reliability issues over time. A 2015 inspection found all units to be in good condition except one, which was refurbished in 2016. Subsequently, Traveling Water Screens (TWS) #3 and #4 were rehabilitated in FY 2021 with new chains and sprockets, and TWS #5 and #6 were rebuilt in FY 2023. Since then, additional deterioration has occurred. Several screens have experienced jamming, binding, worn drive chains and gearbox sprockets, and bearing wear.

The condition of underwater components cannot be fully assessed without dewatering or diver inspections. Although screens #1 through #6 are currently operational, their long-term reliability is a concern. Therefore, the Authority is performing a comprehensive evaluation of all eight traveling water screens to identify components that can be repaired versus those requiring replacement, and develop recommendations for rehabilitation, replacement, and system improvements to ensure reliable long-term operation.

SCADA System Replacement

The current SCADA system was upgraded approximately 13 years ago and there is an operational need to modernize the SCADA system due to communication problems with modern equipment and functionality issues associated with operating legacy equipment and modern equipment together. A new SCADA system can integrate years worth of PLC and equipment changes and independent control panels into a single unified platform. This would place all

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control, monitoring and data collection under one system.

Security System Replacement at the Reservoir

In response to the Public Health Security and Bioterrorism Response Act of 2002 and an Executive Order issued on July 18, 2002 by the State of New Jersey identifying critical facilities that require vulnerability assessments, the Authority 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.

A web-based, seven camera system and DVR was installed for the reservoir embankment and IO tower area in FY2017. This system will need to be replaced with similar cameras and a new DVR and software by 2028. The system at the Administration building will also need to be replaced at that time.

Replace Two Underground Fuel Storage Tanks With Above Ground Steel Tanks

The existing underground storage tanks (USTs) are over 33 years old and have exceeded their expected service life. Due to their age, it has become increasingly difficult to obtain insurance coverage for the buried tanks.

In addition, the existing tanks and associated leak detection system should be replaced to improve reliability, safety, and regulatory compliance. Therefore, funding is included to retain professional engineering services to design the removal of the two existing USTs and the installation of two new aboveground storage tanks (ASTs), including all associated and appurtenant work required to complete the project.

Because of the environmental requirements associated with UST removal, the project will also require the services of a Licensed Site Remediation Professional (LSRP) to oversee remediation activities and ensure compliance with applicable regulations.

Replace the Entire Septic System for the Administration /RPS Building

The tank and field are over 30 years old which is the expected life of a septic system. Additionally, the 1000-gallon tank is too small for the number of people using the system.

Rehabilitation of T2 Transformer and Oil Change

The transformer oil was replaced in one of the two 15 KVA breakers in 2020. The oil in the other transformer should be replaced in 2027.

Replacement of Pumps at the Intake and Reservoir Pumping Station

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

The Authority has undertaken a multi-faceted, multi-year program to service all ten pumps and motors at the intake and reservoir pump stations. The first phase, which began in 2003, includes the servicing of a pump at the RPS and a motor at the IPS each year. All pumps and motors were

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physically inspected; vibration tested and pump efficiency tested once per year. In 2016 through 2022, all were within acceptable performance tolerances. The clearwell was drained in 2023 and the bowls and impellers inspected. Three pumps had connection bolts replaced.

The typical project will begin with a comprehensive inspection and evaluation of the pumps and motors. Typical inspection items include the pump shaft, wear rings, mechanical seals, bearings, and other critical components. Shaft tolerances, motor vibration, and overall equipment condition will be assessed. Deliverables will include inspection reports documenting measurements, findings, and recommendations.

If the inspection and testing identify deficiencies, funding has been allocated to repair or replace critical wear components, including impellers, wear rings, mechanical seals, and bowl assemblies, as well as perform necessary machining, dynamic balancing, and pump performance testing.

If the initial inspection indicates more significant issues, additional work may include underwater inspections by divers, removal and replacement of piping, and complete motor or pump rehabilitation.

Replace 2 5 KVA Breakers in the Substation

The 2- 5 KVA breakers are for protection of both equipment and personnel. If the breakers become worn or damaged, they may not trip properly during a fault which can lead damage to transformers, switchgear and other equipment. It is necessary to replace this equipment before failure.

Rehabilitation of the 2.4 KVA Switchgear

The existing 2.4 kV electrical distribution equipment is aging and requires evaluation, maintenance, and replacement of critical components to maintain system reliability and ensure continued operation of the facility.

Preventive maintenance and comprehensive testing should be performed on all high-voltage electrical equipment to assess its condition and identify any additional deficiencies. In addition, the existing 2.4 kV internal (tie) transfer switch, switchgear control power transformers, and NiCad station batteries and battery charger have reached the end of their useful service lives and should be replaced.

Therefore, funding is included to retain professional services to evaluate the existing high-voltage electrical system, develop design documents for the replacement of these critical components, and prepare all associated plans, specifications, and bid documents necessary to complete the project.

Replace Reservoir Administration Building Roof

The existing metal is mostly oringinal, approximately two-thirds of the roof is original to the building construction in 1990.

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The roof has developed multiple leak locations, particularly during periods of heavy wind-driven rain. Replacement of the entire roof is necessary to maintain the integrity of the building. Therefore, funding is included for the replacement of the roof.

Repair I/O Tower Building Roof

The roof has sustained damage from storms and strong wind events. Replacement of atleast the gutter system is neccessary. The roof is original to the building construction in 1990 and should be inspected.

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PART III – PROPOSED RULE AMENDMENTS

NEW JERSEY WATER SUPPLY AUTHORITY

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

To Become Effective July 1, 2027

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

7:11-4.3 Operations and Maintenance Expense Component

(a) – (b) (No change.)

(c) Operations and Maintenance Expense Component:

Effective Date	Rate/Million Gallons (based upon a 19.443 per day sales base)
July 1, [2026]**2027**	$445.82

7:11-4.4 Debt Service Cost Component

(a) (No change.)

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

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

Period	Rate/Million Gallons
7/1/ [2026]**2027** to	(Coverage 120%)
6/30/[2027]**2028**	$438.92

(c) (No change.)

7:11-4.5 Capital Fund Component

(a) (No change.)

(b) (No change.)

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

Period	Rate/Million Gallons
7/1/[2026]**2027** to	$525.00
6/30/[2027]**2028**	

(d) (No change.)

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

Period	Rate/Million Gallons
7/1/[2026]**2027** to	$200.00
6/30/[2027]**2028**	

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7:11-4.6 Source water protection fund component

(a) (No change.)

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

Period	Rate/Million Gallons
7/1/[2026]**2027** to 6/30/[2027]**2028**	$15.00

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

(a) (No change.)

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

Period	Rate/Million Gallons
7/1/[2026]**2027** to 6/30/[2027]**2028**	$24.93

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Appendix I. Report of Mercadien PC – Allocation of Headquarters General and Administrative Expenses – FY 2028

Appendix II. Report of Mercadien PC – Allocation of Headquarters General and Administrative Expenses – Audited FY 2026 Expenditures