

NEW JERSEY WATER SUPPLY AUTHORITY

HEARING OFFICER'S REPORT

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

ADJUSTMENT OF OPERATIONS AND MAINTENANCE EXPENSE COMPONENT TO
REFLECT NO CHANGE IN SALES BASE AND COMPONENT RATE
FOR FISCAL YEAR 2027

ADJUSTMENT OF SOURCE WATER PROTECTION FUND COMPONENT TO
REFLECT NO CHANGE IN COMPONENT RATE
FOR FISCAL YEAR 2027

ADJUSTMENT OF DEBT SERVICE COST COMPONENT TO
REFLECT BOND YEAR PAYMENTS DUE AND REQUIRED
FOR FISCAL YEAR 2027

ADJUSTMENT OF NJEIFP DEBT COMPONENT TO
REFLECT BOND YEAR PAYMENTS DUE AND REQUIRED
FOR FISCAL YEAR 2027

ADJUSTMENT OF CAPITAL FUND COMPONENT FOR INITIAL AND
DELAYED WATER PURCHASE CONTRACT CUSTOMERS TO REFLECT NO
CHANGE FOR FISCAL YEAR 2027

Effective Date: July 1, 2026

Hearing Officer: Steven Picco

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I. INTRODUCTION

Summary:

Staff has proposed amendments to the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir Water Supply System N.J.A.C. 7:11-4.1 et seq., (the "Rules") for Fiscal Year (FY) 2027 (Final Proposal). As set forth more fully below, I recommend approval of staff's Final Proposal.

Background:

The New Jersey Water Supply Authority ("Authority") has proposed amendments to its Rules to ensure it maintains an adequate revenue structure for the Authority's FY2027 operations and to adjust the Debt Service Assessment on the Manasquan Reservoir Water Supply System loans to reflect the bond year payments due.

The Authority operates and maintains the Manasquan Reservoir Water Supply System including the intake facilities located in Wall Township on Hospital Road, the Manasquan Reservoir located in Howell Township and 5¼ miles of 66-inch diameter pipeline, which connects the Intake Facilities to the Manasquan Reservoir. Thirteen publicly owned and investor-owned water utilities purchase 19.443 million gallons per day ("mgd") of untreated water effective July 1, 2017 from the Manasquan Reservoir Water Supply System.

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

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

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

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

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

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

Detailed budgets have been prepared for the Manasquan Reservoir Water Supply System and the Water Treatment Plant/Transmission System. Each System's budget has three main categories of annual operational expenses in addition to the allocation of headquarters overhead. The three categories include salaries and fringe benefits, direct operations and maintenance ("O&M") expenses, and general and administrative expenses. The Basis and Background document supplied to contractual water customers and other interested parties provides detailed information including a summary of the projected line item budget figures for general and administrative expenses and O&M expenses for FY2027.

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

The General Rate Schedule for O&M was last adjusted effective July 1, 2025 to cover the operating expenses of the System for FY2026. The FY2026 sales base was 19.443 mgd, and was projected to remain the same in FY2027 in the November 2025 Basis and Background Statement. In FY2027, the O&M rate component will remain at \$445.82, representing no change versus FY2026.

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

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

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

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

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

The 2005 Bonds were eligible for a current refunding after August 1, 2015 and on April 26, 2016 the Authority issued \$17,460,000 in Manasquan Reservoir Water Supply System Refunding Bonds, Series 2016, to refund the 2005 Bonds and the 2006 State Loan and Completion Loan Notes. The Bonds were issued at an average coupon of 3.78 percent and an economic gain of \$3.0 million. The term of the refunded bonds was not extended, for a remaining term of 15 years. The bond proceeds also fully funded the Debt Service Reserve Account and debt service coverage must remain at 120 percent through the life of the bonds. The Debt Service Cost Component of the rate for the delayed water purchase contracts will be \$438.92/mg. This reflects no change relative to the November 2025 Initial Proposal.

The Source Water Protection Fund Component of the rate for FY2027 of \$15.00/mg is no change versus FY2026, and will not change relative to staff's November 2025 proposal.

The rate component for FY2027 of \$24.93/mg for repayment of debt to the NJEIFP will not change relative to staff's November 2025 proposal.

The Authority has established a Capital Fund Rate Component to generate funds for long-term, large-scale capital improvements and/or replacements in the Manasquan system. For FY2027, this component will remain at \$525.00/mg for initial water purchase contracts and \$200.00/mg for delayed water purchase contracts, no change versus FY2026, and no change relative to staff's November 2025 proposal.

Rate Setting Procedure:

The formal rate adjustment proposal was authorized at the Authority's November 3, 2025 monthly meeting (Initial Proposal). The resolution is set forth in Exhibit A.

As a component of the formal rate adjustment procedure, the Authority provides official notice and an explanation outlining the

need for the proposed rate adjustment to all contractual water customers, the Secretary of State, the Division of the Ratepayer Advocate, the Board of Public Utilities and other interested parties at least six (6) months prior to the proposal's effective date (N.J.A.C. 7:11-4.18(a)(1)). Staff's November 2025 proposal (included in Exhibit B) was available for review on the Authority's web site on October 31, 2025.

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

Notice of the Proposal also appeared in the January 5, 2026 edition of the New Jersey Register (Exhibit D).

The mailing to the contractual water customers, the Secretary of State, the Division of the Ratepayer Advocate, the Board of Public Utilities and interested parties was made on December 23, 2025 and included an invitation to a pre-public hearing meeting, pursuant to N.J.A.C. 7:11-4.18(a)(4), that was conducted by the Director of Finance and Administration on January 8, 2026. There were no members of the public in attendance. Minutes of the pre-public hearing meeting are set forth in Exhibit E.

A public hearing was conducted on February 5, 2026 at 11:00 a.m., via the Microsoft Teams meeting platform. There were no members of the public in attendance. A stenographic record of the proceedings was made and is attached in Exhibit F.

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

The final Staff memorandum to me is dated March 17, 2026 and is set forth in Exhibit H.

A draft resolution by the Authority's Board approving the Rule proposal is set forth in Exhibit I for consideration at its May 4, 2026 meeting.

A draft resolution for the approval of the FY2027 Budget by the Authority's Board is set forth in Exhibit J.

II. DISCUSSION

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

A. Initial Water Purchase Rate.

In staff's Final Proposal, staff recommends a total rate of \$1,010.75/mg effective July 1, 2026. This reflects no change versus the FY2026 rate and remains the same relative to staff's Initial Proposal. The sales base for the initial water purchase contracts remains the same at 15.008 mgd in FY2027, and is no change from the Initial Proposal.

The O&M Component for FY2027, \$445.82/mg, reflects no change to the FY2026 rate and there is no change from the Initial Proposal. The proposed operating expense budget for FY2027 is \$346,835 more than FY2026, due primarily to increases in salary and fringe and insurance expenses. The proposed Capital Equipment Budget is \$143,548 higher than in FY2026. There is a \$10,000 contribution to the Sediment Reserve, a \$15,000 contribution to the High Voltage Testing Reserve, a \$5,000 contribution to the Formal Dam Inspection Reserve and a \$120,000 contribution to the Renewal and Replacement Fund. Interest income is expected to decrease from \$360,600 in FY2026 to \$297,300 in FY2027. Staff anticipates virtually no change in the net budget requirement for the O&M Component during FY2027, consistent with the Initial Proposal.

The FY2027 Operations and Maintenance Component will continue to be subsidized by unanticipated revenues raised in the prior fiscal year, consisting of overdraft revenues, net year-end balance, and excess debt service coverage, in the amount of \$1,275,760.

With the allocation of appropriate Headquarters General and Administrative costs to the System, the projected operating costs for FY2027 indicate that an O&M rate component of \$445.82/mg is required commencing July 1, 2026. This represents no increase relative to FY2026 and no increase relative to the Initial Proposal.

The Source Water Protection Assessment was established at \$15.00/mg on July 1, 2003, to protect the quality and quantity of

water in the Manasquan Water Supply System. The fund is used for three purposes in cooperation with State, local and nonprofit partners: (1) administrative assistance in the preservation of those properties in the Manasquan River Basin that are critical to the long-term protection of water quality and quantity in the Manasquan Reservoir Water Supply System as they may affect Authority customers; (2) improved management of land development by municipal, county and State government to protect both water quality and flows to and within Authority facilities; and (3) remedial projects to improve water quality from existing conditions. This rate component was decreased to \$10.00/mg in FY2016. To ensure adequate funding for Source Water Protection initiatives, the Source Water Protection Assessment was reinstated to \$15.00/mg in FY2018. The proposed FY2026 rate is \$15.00/mg, which represents no change relative to FY2025 and no change from the Initial Proposal.

The New Jersey Environmental Infrastructure Trust Financing Program ("NJEIFP") Debt Component was established in FY2012 at a level of \$35.42/mg to repay debt to the NJEIFP for a loan issued to construct a building structure over the intake pump station at the Manasquan Reservoir Water Supply System to protect the pumps and traveling water screens from deterioration due to exposure to the elements and extend the useful life of the equipment. The Bonds were sold in May of 2012 at terms more favorable than originally anticipated. Staff recommends no change in the rate of \$24.93/mg for FY2027, which is no change from the Initial Proposal.

A Capital Fund Component was established in the Manasquan System for initial water purchase contracts (\$525.00/mg) in FY2021 to provide for long-term capital needs that will allow for the proper maintenance, rehabilitation and/or replacement of the system facilities. Staff recommends no change in the rate of \$525.00/mg for FY2027, which is no change from the Initial Proposal.

Staff recommends amending the Rules to reflect a total initial water purchase contract rate including the O&M Component, NJEIFP Debt Component, Source Water Protection Assessment and Capital Fund Component of \$445.82/mg, \$24.93/mg, 15.00/mg and \$525.00/mg respectively equaling a total rate of \$1,010.75/mg, no change relative to FY2026 and no change from the Initial Proposal.

B. Delayed Water Purchase Rate.

Pursuant to the Authority's Bond Resolution, contracts executed subsequent to 1993 (delayed water purchase contracts) are subject to a rate equal to the O&M Component plus a Source Water

Protection Fund Component, a Debt Service Cost Component associated with the accreted bond interest for the period of 1990 through 1993, and any other debt service requirements such as the NJEIFP Debt Component and Capital Fund Component. New Jersey American Water executed delayed water purchase contracts for the purchase of 1.000 mgd, effective July 1, 2001, 1.935 mgd, effective October 1, 2002, and 1.500 mgd effective January 1, 2005.

Staff's Final Proposal makes no change to the sales base for delayed water purchase contracts effective July 1, 2001, October 1, 2002, and January 1, 2005. Staff recommends a FY2027 combined rate of \$1,124.67, which is no change from the FY2026 rate and no change from the Initial Proposal.

The proposed FY2027 Debt Service Assessment of \$438.92/mg commencing July 1, 2026, reflects no change in the rate compared to FY2026, and no change relative to the Initial Proposal.

A Capital Fund Component was established in the Manasquan System for delayed water purchase contracts (\$200.00/mg) in FY2021 to provide for long-term capital needs that will allow for the proper maintenance, rehabilitation and/or replacement of the system facilities. Staff recommends no change in the rate of \$200.00/mg for FY2027, which is no change from the Initial Proposal.

Staff recommends amending the Rules to reflect a total delayed water purchase rate including the O&M Component, Debt Service Cost Component, NJEIFP Debt Component, Source Water Protection Assessment and Capital Fund Component of \$445.82/mg, \$438.92/mg, \$24.93/mg, \$15.00/mg and \$200.00/mg respectively for a total rate of \$1,124.67/mg, which represents no change from the Initial Proposal and no change relative to FY2026.

C. Other Amendments.

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

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

The Authority Staff conducted a pre-public hearing meeting on January 8, 2026. There were no members of the public in attendance.

The Authority held a public hearing on February 5, 2026. There were no members of the public in attendance.

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

I present my findings below.

III. FINDINGS AND CONCLUSIONS

1. The public record does not contain any specific adverse comments concerning staff's justification for the sales base and proposed Operations and Maintenance Expense Component of the Rate. The Manasquan Reservoir System rate was increased on July 1, 2015 and again on July 1, 2016 to address expected losses in the sales base and a growing reliance on the use of non-recurring revenue. Prior to those adjustments, the Manasquan Reservoir System rate had not been increased since July 1, 2011. Each year, as a requirement of Executive Order 37 (2006) and as a matter of sound business practice, the Authority performs an analysis of the budget to identify and implement cost savings measures. The Authority participates in the State's power cooperative purchasing which has resulted in a significant reduction in power costs. The overall user rate decreased in FY2021 for both initial and delayed water purchase contract customers and is remaining stable in FY2027. I find the FY2027 Operations and Maintenance Expense Component of the rate and sales base to be appropriate.
2. The public record does not contain any adverse comments concerning Staff's justification for the sales base and proposed rate adjustment to the Debt Service Cost Component of the Rate Assessment. The Authority is required by its bond resolutions to adopt rates that fully cover its Debt Service payments including an additional 20 percent coverage. I find the FY2027 Debt Service Assessment and associated sales base to be appropriate.
3. The public record does not contain any adverse comments concerning Staff's justification for the Source Water Protection Fund Component of the Rate. I find the proposed FY2027 Source Water Protection Fund Component to be appropriate.

4. The public record does not contain any adverse comments concerning Staff's justification for the NJEIFP Debt Component of the Rate for FY2027 for repayment of debt to the NJEIFP. I find the FY2027 NJEIFP Debt Component to be appropriate.
5. The public record does not contain any adverse comments concerning Staff's justification for the Capital Fund Component of the Rate for FY2027. I find the FY2027 Capital Fund Component to be appropriate.
6. The Authority's proposed rate adjustments in Section IV below reflect the assessment of reasonable total rates for the preservation of the reliability of this vital supply of water for a vital portion of the State's population and to ensure that the System is adequately maintained.

IV. RECOMMENDATIONS

1. Resolution No. 2700 dated 11/3/25 authorized \$1,275,760 in unanticipated revenues to be appropriated into the Rate Stabilization Fund, all of which would be used in the FY2027 MRS budget.¹ The resolution adopting the final rates will authorize \$1,275,760 in unanticipated revenues to be appropriated into the Rate Stabilization Fund for use in FY2027.
2. The Authority must adopt rates that fully cover its annual Operations and Maintenance expenses and Debt Service payments as required by the Bond Resolution.
3. The Authority should adopt a FY2027 total initial water purchase contract rate of \$1,010.75/mg and total delayed water purchase contract rate of \$1,124.67/mg. This is consistent with the originally proposed rates and as such no further Rule change is necessary.
4. The Authority should adopt a FY2027 O&M rate component of \$445.82/mg for initial water purchase contracts and delayed water purchase contracts dated July 1, 2001, October 1, 2002, January 1, 2005 and July 1, 2006. This is consistent with the Initial Proposal and as such no further Rule change is necessary.

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

5. The Authority should adopt a FY2027 Debt Service Assessment Rate for the delayed water purchase contracts dated July 1, 2001, October 1, 2002, and January 1, 2005 of \$438.92/mg. This is consistent with the Initial Proposal and as such no further Rule change is necessary.
6. The Authority should adopt a FY2027 NJEIFP Debt Component Rate of \$24.93/mg. This is consistent with the Initial Proposal and as such no further Rule change is necessary.
7. The Authority should adopt a FY2027 rate of \$15.00/mg for the Source Water Protection Fund Component, which is unchanged from the Initial Proposal. As such no further Rule change is necessary.
8. The Authority should adopt a FY2027 Capital Fund Component of \$525.00/mg for initial water purchase contracts, which is unchanged from the Initial Proposal. As such no further Rule change is necessary.
9. The Authority should adopt a FY2027 Capital Fund Component of \$200.00/mg for delayed water purchase contracts, which is unchanged from the Initial Proposal. As such no further Rule change is necessary.
10. There is no change from the Initial Proposal to the FY2027 total O&M Component sales base of 19.443 mgd, the initial water purchase contract sales base of 15.008 mgd or the delayed water purchase contract sales base of 4.435 mgd.
11. The Authority's proposed rate adjustments reflect the assessment of reasonable total rates for the preservation of the reliability of this vital source of water for the region served by this facility.

SUMMARY OF RECOMMENDED RATE ADJUSTMENTS

Initial Water Purchase Contracts

Dated July 1, 2015 and Delayed Water Purchase Contract Dated July 1, 2006

Component	Current Rates Per MG 7/1/25-6/30/26	Initial Proposed Rates Per MG 7/1/26-6/30/27	Recommended Rates Per MG 7/1/26-6/30/27
Operations & Maintenance Expense Component	\$ 445.82	\$ 445.82	\$ 445.82
Source Water Protection Fund Component	\$ 15.00	\$ 15.00	\$ 15.00
NJEIFP Debt Component	\$ 24.93	\$ 24.93	\$ 24.93
Capital Fund Component	\$ 525.00	\$ 525.00	\$ 525.00
Total Rate	\$1,010.75/mg	\$1,010.75/mg	\$1,010.75/mg

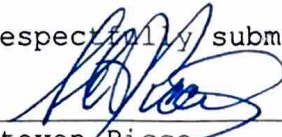
Delayed Water Purchase Contracts

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

Component	Current Rates Per MG 7/1/25-6/30/26	Initial Proposed Rates Per MG 7/1/26-6/30/27	Recommended Rates Per MG 7/1/26-6/30/27
Operations & Maintenance Expense Component	\$ 445.82	\$ 445.82	\$ 445.82
Source Water Protection Fund Component	\$ 15.00	\$ 15.00	\$ 15.00
Debt Service Cost Component	\$ 438.92	\$ 438.92	\$ 438.92
NJEIFP Debt Component	\$ 24.93	\$ 24.93	\$ 24.93
Capital Fund Component	\$ 200.00	\$ 200.00	\$ 200.00
Total Rate	\$1,124.67/mg	\$1,124.67/mg	\$1,124.67/mg

The proposed Adjustments to the "Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir Water Supply System", with an effective date of July 1, 2026 are hereby recommended for adoption by the Authority.

Respectfully submitted,


 Steven Picco
 Hearing Officer
 March 17, 2026

Resolution Proposing Rate Adjustments

Exhibit A

RESOLUTION OF THE NEW JERSEY WATER SUPPLY AUTHORITY

NO.: 2700

DATE OF ADOPTION: November 3, 2025

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

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

WHEREAS, the Authority has estimated its revenue requirements for the fiscal year beginning on July 1, 2026; and

WHEREAS, the sales base for the Operations and Maintenance Expense Component, the Source Water Protection Fund Component and the NJEIFP Component has remained at 19.443 million gallons per day since these components were last determined; and

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

WHEREAS, the sales base for the Capital Fund Component for the initial water purchasers has remained at 15.008 million gallons per day since this component was last determined; and

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

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

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

1. Amend N.J.A.C. 7:11-4.3(c) of the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System to maintain a sales base of 19.443 million gallons per day and to maintain the Operations and Maintenance Expense component of \$445.82 for the period of July 1, 2026 to June 30, 2027; and
2. Amend N.J.A.C. 7:11-4.4(b) of the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System to maintain a sales base of 4.435 million gallons per day for delayed water purchase contracts and to maintain the delayed debt service rate assessment of \$438.92 per million gallons for the period of July 1, 2026 to June 30, 2027; and
3. Amend N.J.A.C. 7:11-4.5(c) of the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System to maintain the initial water purchase contract customer assessment of \$525.00 per million gallons for the period of July 1, 2026 to June 30, 2027; and

4. Amend N.J.A.C. 7:11-4.5(e) of the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System to maintain the delayed water purchase contract customer assessment of \$200.00 per million gallons for the period of July 1, 2026 to June 30, 2027; and

5. Amend N.J.A.C. 7:11-4.6(b) of the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System to maintain the source water protection rate of \$15.00 per million gallons for the period of July 1, 2026 to June 30, 2027; and

6. Amend N.J.A.C. 7:11-4.7(b) of the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System to maintain the New Jersey Environmental Infrastructure Finance Program rate of \$24.93 per million gallons for the period of July 1, 2026 to June 30, 2027.

BE IT FURTHER RESOLVED that the following actions are authorized:

1. Transfer \$86,290 in Overdraft Revenue into the General Fund (Rate Stabilization). Appropriate \$1,189,470 in prior year year-end fund balances from the Operating Fund into the Rate Stabilization Fund.

2. Apply \$1,275,760 appropriated into the General Fund (Rate Stabilization) to the Operating Fund for Fiscal Year 2027.

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

Exhibit B

NEW JERSEY WATER SUPPLY AUTHORITY

BASIS AND BACKGROUND STATEMENT

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

ADJUSTMENT OF OPERATIONS AND MAINTENANCE EXPENSE COMPONENT TO REFLECT NO CHANGE IN THE OPERATIONS AND MAINTENANCE COMPONENT RATE FOR FISCAL YEAR 2027

ADJUSTMENT OF SOURCE WATER PROTECTION FUND COMPONENT TO REFLECT NO CHANGE IN COMPONENT RATE FOR FISCAL YEAR 2027

ADJUSTMENT OF DEBT SERVICE COST COMPONENTS TO REFLECT BOND YEAR PAYMENTS DUE AND REQUIRED FOR FISCAL YEAR 2027

ADJUSTMENT OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE FINANCING PROGRAM DEBT COMPONENT TO REFLECT BOND YEAR PAYMENTS DUE AND REQUIRED FOR FISCAL YEAR 2027

ADJUSTMENT OF CAPITAL FUND COMPONENT RATE FOR INITIAL AND DELAYED WATER PURCHASE CONTRACT CUSTOMERS TO REFLECT NO CHANGE FOR FISCAL YEAR 2027

Effective Date: July 1, 2026

Approved: November 3, 2025

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PART I – EXPLANATION OF PROPOSED REVISED RATE STRUCTURE

Overview of Rate Proposal for Fiscal Year 2027

(July 1, 2026 - June 30, 2027)

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, 2026.

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

Summary of Proposed Adjustments

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

Component	Current (FY2026) Rates Per MG 7/1/2025– 6/30/2026	Proposed (FY2027) Rates Per MG 7/1/2026 – 6/30/2027
Operations & Maintenance Component	\$445.82	\$445.82
Source Water Protection Fund Component	15.00	15.00
NJEIFP Debt Component	24.93	24.93
Capital Fund Component	525.00	525.00
TOTAL RATE	\$1,010.75/mg	\$1,010.75/mg

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

Component	Current (FY2026) Rates Per MG 7/1/2025– 6/30/2026	Proposed (FY2027) Rates Per MG 7/1/2026 – 6/30/2027
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, 2025 to cover the operating expenses of the System for FY2026. The FY2026 sales base was 19.443 million gallons per day (mgd). The Authority anticipates that the applicable raw water O&M sales base for FY2027 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 \$3,161,701 in O&M component revenue required during FY2027 with an O&M rate component of \$445.82 per million gallons, no change from FY2026, starting on July 1, 2026 (Schedule 20, page 41). The proposed operating expense budget for FY2027 is \$33 lower than FY2026 and the proposed Capital Equipment Budget, net of depreciation reserve, is \$143,548 more than FY2026. In FY2027 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 FY2026. In FY2027 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 \$132,983 to the SMMUA Water Treatment Plant and Transmission System for actual FY2025 salary and fringe expenses. This amount will be applied to the CY2026 SMMUA budget (Schedule 15, pages 34-36).

Miscellaneous revenue and interest income in FY2027 is projected to increase by \$483,340 relative to FY2026, reflecting an increase in the use of year end surplus available from FY2025 (Schedule 17, page 38), offset in part by lower interest earnings (Schedule 16, page 37). Overdraft revenue of \$86,300 is available from 2025.

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

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

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

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

The Debt Service component of the rate for the Delayed Water Purchase Contracts (DWP) will be \$438.92 per million gallons, no change from FY2026. 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 FY2027.

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 FY2027 is required to cover debt service payments in accordance with the schedule and is no change from the FY2026 rate.

A capital fund rate component was established in the Manasquan System for Initial Water Purchase Contracts (\$525.00/mg) and Delayed Water Purchase Contracts (\$200.00/mg) in FY2021 to provide for long-term capital needs that will allow for the proper maintenance, rehabilitation and/or replacement of the system facilities. As critical structures, including dams, continue to age in the 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 FY2027.

For Initial Water Purchase Contract customers in FY2027, 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 FY2026. 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 FY2027 is \$1,124.67 per million gallons, representing no change relative to the FY2026 delayed water purchase rate. The O&M Component (\$445.82), the Source Water Protection Fund Component (\$15.00), the Debt Service Rate Component (\$438.92), the NJEIFP Debt Rate (\$24.93) and the Capital Fund Component (\$200.00) comprise the total rate.

Table 1 (page 15) contains a summary of the proposed base contract rate and delayed water purchase contract rate components. The proposed rates shown in Table 1 are effective July 1, 2026 through June 30, 2027. These rates are based upon the projected operating costs and reflect an estimated contracted sales base of 19.443mgd.

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

Table 3 (page 17) is a fifteen-year history of the combined delayed water purchase contract annual water rates.

Water use payments are to be made quarterly with due dates of October 10, 2026, January 10, 2027, April 10, 2027 and July 10, 2027.

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

Schedule of Events

A pre-public hearing on the proposed rate adjustment is scheduled at 11:00 a.m. on Thursday, January 8, 2026.

A public hearing on the proposed rate adjustment is scheduled at 11:00 a.m. on Thursday, February 5, 2026. The public hearing record is estimated to close on March 16, 2026.

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

The Authority will take final action on the proposed rate adjustment at its May 4, 2026 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.

An independent auditor performed the Authority's FY2025 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 FY2027 budget based on the FY2025 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, 2025. The percentages used to provide the basis for the salary allocation for FY2027 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 (page 21).

Detailed budgets have been prepared for the Manasquan Reservoir System and the Treatment Plant/Transmission System. Each System's budget has three main categories of annual operational expenses in addition to the allocation of headquarters overhead. The three categories include (a) salaries and 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 FY2027.

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 20.560mgd to 19.443mgd effective July 1, 2015 and remains at 19.443mgd for FY2027.

Overview of Projected Operational Expenses

The Authority's proposed FY2027 Manasquan Reservoir Total Expense budget is \$292,835 more than the current FY2026 budget. The allocation of Authority Headquarters General and Administrative Expenses in FY2027 is decreasing by \$54,000 versus FY2026. The Capital Equipment budget for FY2027 is \$143,548 more than FY2026. There will be no FY2027 contribution to the Depreciation Reserve account, Insurance Reserve, or Pumping Reserve. There will be a \$10,000 contribution to the Sediment Reserve, a \$5,000 contribution to the Formal Dam Inspection Reserve, and a \$15,000 contribution to the Reserve for High Voltage Testing. Formal Dam Inspections and High Voltage Testing are performed every three years and rather than raising the entire amount every third year, budget stability is created by raising one third of the cost every year. There will be a normal contribution to the Renewal and Replacement Fund of \$120,000. There will be no contribution to the reserve for other post-employment benefits (accrued sick leave payments for retirees) which was created in FY2017. Miscellaneous revenue and interest income decreases by \$63,300. Unanticipated revenue is increasing by \$483,340. These factors contribute to a flat FY2027 O&M Component requirement relative to FY2026 (\$3,161,701 vs. \$3,161,734) (Budget Summary on page 19).

Total O&M Direct Expenses are increasing by \$346,835 from FY2026, largely due to increases in salary and fringe and insurance expenses. General and Administrative Expenses allocated to the Reservoir System are increasing by \$1,326 as compared to FY2026.

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 FY2027 budget incorporates all union negotiated step increases in the current union contracts and includes 3.5% cost of living increases for both FY26 and FY27. 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 3.5% annual cost of living increase for the one member of Authority management who is not represented by a union. The Authority is budgeting 62 percent of the salary budget for fringe benefits in FY2027, exclusive of retiree medical.

Pension expense payable to the state of New Jersey on April 1, 2026 is anticipated to be approximately \$325,000 for the Manasquan System. The Authority has budgeted \$347,800 for this line item in FY2027. 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 \$188,000 in FY2027 as compared to FY2026, and the portion allocated to the Reservoir System is increasing by approximately \$42,000, based on estimated work effort on each system for all positions. In FY2027, 47 percent of total salary and fringe is allocated to the Reservoir System and 53 percent to the Treatment Plant. The number of budgeted positions in FY2027 is 27, which is the same as FY2026 (Schedule 2, page 21).

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 one additional retiree in FY2027. Centers for Medicare and Medicaid Services (CMS) estimates that national health care spending will increase at an annual rate of 5.6 percent from 2023-2032. Starting with actual 2025 premiums, the Authority has budgeted a 5.6% increase for CY2026 for retirees and 5.6% for active employees. For CY2027, a 5.6% increase was assumed for both categories. The budget contains sufficient funds for 12 retired employees.

Insurance Program

The Authority is recommending a \$87,320 increase in insurance expenses for FY2027, 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.

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 FY2027 totals \$831,000 of which \$716,000 is charged to the Manasquan Reservoir System and \$114,000 is charged to the Manasquan Water Treatment Plant (Schedule 13, page 32). The FY2027 budget also includes the reconciliation of the FY2025 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 FY2027 are \$297,300. This reflects a decrease of \$63,300 relative to FY2026 and is based upon an interest rate of 3.5 percent for short-term investments (See Schedule 16, page 37).

Reserve Contributions

Consistent with FY2026, there will be no FY2027 contribution to the Insurance Reserve or the Pumping Reserve. During FY2027, 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 FY2027. 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.

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 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 FY2027.

Reserve for Operations and Maintenance

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

An additional \$100,000 was added during FY1993 from the receipt of delinquent revenue

and resulted in full funding of this reserve. The Reserve for Operations and Maintenance Fund was fully funded as of June 30, 2016 and as a result, no contribution will be needed in FY2027.

Renewal & Replacement Reserve

The Renewal & Replacement Reserve is to be used for costs of capital improvements including repairs to facilities not covered by insurance and payment of extraordinary O&M costs. As per the terms of the project financing, this Reserve is to be funded by the excess debt service coverage revenue after the Debt Service Reserve requirement has been accumulated. An initial deposit of \$24,287 had been made into this account from overdue revenue received during FY1993. Excess annual debt service coverage amounts were later transferred into this fund. The balance in the fund as of June 30, 2025 was approximately \$4,100,000. 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, 2025 was approximately \$837,000. 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 FY2027.

Optional Water Use Schedule

The Authority continues allowing the use of an Optional Water Use Schedule. When the total of all uninterruptible supply contract diversions is equal to or less than 25mgd, the Purchaser may operate pursuant to an optional water use schedule wherein the Purchaser may divert up to 20

percent in excess of the total contracted amount for any given month.

Overdraft Service

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

Other Rule Amendments

There are no other rule amendments for FY2027.

PART II – DETAILED SUPPORTING INFORMATION

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Table 1 - Summary of Proposed Fiscal Year 2027 Adjustments

BASED ON PRESENT USAGE

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

I. July 1, 2026 to June 30, 2027

Component	Current (FY2026) Rates Per MG 7/1/2025– 6/30/2026	Proposed (FY2027) Rates Per MG 7/1/2026 – 6/30/2027
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 (1mgd), October 1, 2002 (1.935mgd), January 1, 2005 (1.500mgd):**

II. July 1, 2026 to June 30, 2027

Component	Current (FY2026) Rates Per MG 7/1/2025– 6/30/2026	Proposed (FY2027) Rates Per MG 7/1/2026 – 6/30/2027
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

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

**Table 2 - Rate History of Water Charges per Million Gallons of Raw Water - Initial
FY2007-FY2027**

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	Percent Increase (Decrease)
July 1, 2006	295.41	15	522.86			\$833.27	-6.90%
July 1, 2007	302.52	15	528.54			\$846.06	1.53%
July 1, 2008	302.52	15	566.59			\$884.11	4.50%
July 1, 2009	396.79	15	568.26			\$980.05	10.85%
July 1, 2010	396.79	15	568.69			\$980.48	0.04%
July 1, 2011	347.39	15	618.09	35.42		\$1,015.90	3.61%
July 1, 2012	345.95	15	619.53	35.42		\$1,015.90	0.00%
July 1, 2013	356.61	15	619.87	24.42		\$1,015.90	0.00%
July 1, 2014	356.61	15	619.87	24.42		\$1,015.90	0.00%
July 1, 2015	386.00	10.00	636.61	24.79		\$1,057.40	4.09%
July 1, 2016	432.87	10.00	636.61	25.10		\$1,104.58	4.46%
July 1, 2017	432.87	15.00	570.55	24.93		\$1,043.35	-5.54%
July 1, 2018	432.87	15.00	570.55	24.93		\$1,043.35	0.00%
July 1, 2019	432.87	15.00	570.55	24.93		\$1,043.35	0.00%
July 1, 2020	445.82	15.00	0.00	24.93	525.00	\$1,010.75	-3.12%
July 1, 2021	445.82	15.00	0.00	24.93	525.00	\$1,010.75	0.00%
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%

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Table 3 - Rate History of Water Charges per Million Gallons of Raw Water - Delayed
FY2007-FY2027

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

<u>Effective Date</u>	<u>O&M Charge</u>	<u>Source Water Protection</u>	<u>Debt Repayment 2/1/02-8/01/31</u>	<u>NJEIFP Debt Component</u>	<u>Capital Fund Component</u>	<u>Total Charge per MG</u>	<u>Percent Increase (Decrease)</u>
July 1, 2006	295.41	15.00	763.61			\$1,074.02	-7.75%
July 1, 2007	302.52	15.00	764.44			\$1,081.96	0.74%
July 1, 2008	302.52	15.00	762.28			\$1,079.80	-0.20%
July 1, 2009	396.79	15.00	763.24			\$1,175.03	8.82%
July 1, 2010	396.79	15.00	756.19			\$1,167.98	-0.60%
July 1, 2011	347.39	15.00	770.90	35.42		\$1,168.71	0.06%
July 1, 2012	345.95	15.00	772.12	35.42		\$1,168.49	-0.02%
July 1, 2013	356.61	15.00	772.46	24.42		\$1,168.49	0.00%
July 1, 2014	356.61	15.00	772.46	24.42		\$1,168.49	0.00%
July 1, 2015	386.00	10.00	770.07	24.79		\$1,190.86	1.91%
July 1, 2016	432.87	10.00	770.07	25.10		\$1,238.04	3.96%
July 1, 2017	432.87	15.00	664.96	24.93		\$1,137.76	-8.10%
July 1, 2018	432.87	15.00	664.96	24.93		\$1,137.76	0.00%
July 1, 2019	432.87	15.00	664.96	24.93		\$1,137.76	0.00%
July 1, 2020	445.82	15.00	438.92	24.93	200.00	\$1,124.67	-1.15%
July 1, 2021	445.82	15.00	438.92	24.93	200.00	\$1,124.67	0.00%
July 1, 2022	445.82	15.00	438.92	24.93	200.00	\$1,124.67	0.00%
July 1, 2023	445.82	15.00	438.92	24.93	200.00	\$1,124.67	0.00%
July 1, 2024	445.82	15.00	438.92	24.93	200.00	\$1,124.67	0.00%
July 1, 2025	445.82	15.00	438.92	24.93	200.00	\$1,124.67	0.00%
July 1, 2026	445.82	15.00	438.92	24.93	200.00	\$1,124.67	0.00%

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule Of Events

(NJAC 7:11-2.1 et. seq.)

To become effective July 1, 2026

2025

- SEPTEMBER 27 Advise Water Users of informal meeting.
- OCTOBER 23 Informal meeting with Water Users – 10:00 AM.
- NOVEMBER 3 Board reviews and approves proposed Rates.
- DECEMBER 16 Mail Official Notice to water customers, Rate Payer Advocate, interested parties and advertise in newspapers.

2026

- JANUARY 5 Publication in the New Jersey Register.
- 8 Pre-Public Hearing – 10:00 AM (within 45 days of Official Notice).
Deadline for responses to inquiries received prior to pre-public hearing..
- FEBRUARY 2 Deadline for receipt of comments to be addressed at Public Hearing
(15 days after pre-public hearing)
- 5 Public Hearing (Microsoft Teams) – 10:00 AM
Deadline for responses to inquiries received between pre-public and public hearing.
- 23 Written responses to questions raised at Hearing (within 10 business days of the public hearing).
- MARCH 6 NJ Register Comment Period Ends.
- 16 Public Hearing record closes (25 business days after Public Hearing).
- MAY 4 Board approval of FY2027 Rates & Budgets
- JULY 1 Effective date.

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Proposed Fiscal Year 2027 Budget Summary

(07/01/26-06/30/27)

	ADOPTED F/Y2026 <u>Reservoir Budget</u>	PROPOSED F/Y2027 <u>Reservoir Budget</u>
Proposed Operating Expense Budget (Schedule 1)	\$ 3,201,042	\$3,547,877
Allocation of Headquarters General & Administrative Expenses to the Manasquan Reservoir System (Schedule 13)	<u>\$ 770,000</u>	<u>\$ 716,000</u>
Proposed Total Expense Budget	\$ 3,971,042	\$ 4,263,877
Proposed Capital Equipment Budget (Schedule 14)	\$ 44,353	\$ 187,901
Contribution to Reserve Funds		
- Sediment Reserve	\$ 10,000	\$ 10,000
- Formal Dam Inspection Reserve	\$ 5,000	\$ 5,000
- Renewal & Replacement Fund	\$ 120,000	\$ 120,000
- High Voltage Testing Reserve	\$ 15,000	\$ 15,000
- Other Post Employment Benefits Reserve	\$ -	\$ -
- Supplemental Renewal & Replacement	\$ -	\$ -
Adjustment for F/Y25 Salary and Fringe Expenses to be paid (from)/to WTP/TS Account		\$ 132,983
Adjustment for F/Y24 Salary and Fringe Expenses to be paid (from)/to WTP/TS Account	<u>\$ 149,359</u>	<u>\$ -</u>
Total Budget Requirements	<u>\$ 4,314,754</u>	<u>\$ 4,734,761</u>
Interest Earnings on Funds (Schedule 16)	\$ (360,600)	\$ (297,300)
Unanticipated Revenue (Schedule 17)	<u>\$ (792,420)</u>	<u>\$ (1,275,760)</u>
Total Miscellaneous Revenue & Interest Income	<u>\$ (1,153,020)</u>	<u>\$ (1,573,060)</u>
Net Amount to be paid for O & M Component	<u>\$ 3,161,734</u>	<u>\$ 3,161,701</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 1 - Total Operations & Maintenance Budget
Fiscal Year 2027

	F/Y2023 Reservoir Actual	F/Y2024 Reservoir Actual	F/Y2025 Reservoir Actual	F/Y2026 Reservoir Adopted	F/Y2027 Reservoir Proposed
Salaries & Fringe Benefits (Schedule 2)	964,772	1,400,617	1,675,205	\$1,807,504	\$1,849,813
O & M Direct Expense (Schedule 3)	1,164,569	972,509	1,279,640	1,254,158	1,557,358
G&A Expenses (Schedule 5)	<u>108,584</u>	<u>116,831</u>	<u>95,398</u>	<u>139,380</u>	<u>140,706</u>
Total Operations & Maintenance Budget	\$2,237,925	2,489,957	3,050,244	\$3,201,042	\$3,547,877

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 2 - Labor Projection
Fiscal Year 2027 (7/01/26-6/30/27)

<u>TITLES</u>	SALARY	FRINGE	CLOTHING	SHIFT	TOTAL	ALLOCATION	AMOUNT	ALLOCATION	AMOUNT	
		BENEFITS	OVERTIME	ALLOWANCE		DIFFERENTIAL	RESERVOIR	RESERVOIR	WTP/TS	WTP/TS
						%		%		
Director	162,000	116,470	-	-	-	278,470	50%	139,235	50%	139,235
Project Engineer III	89,700	64,489	-	-	-	154,189	50%	77,095	50%	77,094
Water Supply Tech.	81,000	58,630	-	550	-	140,180	62%	86,912	38%	53,268
Administrative Assistant	84,800	60,966	-	-	-	145,766	47%	68,510	53%	77,256
Supervisor Technical Facilities Maint	106,800	79,723	3,540	550	-	190,613	43%	81,964	57%	108,649
Sr. Water Supply Tech.	93,000	67,643	537	550	-	161,730	35%	56,606	65%	105,124
Maintenance Worker I	57,900	42,022	-	550	-	100,472	93%	93,439	7%	7,033
Supervisor Operations	130,400	93,750	-	-	-	224,150	25%	56,038	75%	168,112
Equipment Operator	58,900	42,741	-	550	-	102,191	94%	96,060	6%	6,131
Foreman Bldg & Grounds Maint	93,000	67,643	537	550	-	161,730	85%	137,471	15%	24,259
Foreman Facilities Maintenance	89,400	68,369	5,146	550	-	163,465	47%	76,829	53%	86,636
Facilities Mechanic (3 Positions)	205,500	151,625	3,750	1,650	-	362,525	45%	163,137	55%	199,388
Supervisor Plant Operator	84,600	64,882	5,097	550	-	155,129	37%	57,398	63%	97,731
Equipment Operator	54,000	39,218	-	550	-	93,768	92%	86,267	8%	7,501
Reservoir Sys Oper./Asst RSO (5 Positions)	305,800	248,086	36,521	2,750	-	593,157	95%	563,500	5%	29,657
Plant Operator (6 Positions)	477,100	391,143	60,754	3,300	2,900	935,197	1%	9,352	99%	925,845
TOTAL: (rounded)	2,173,900	1,657,400	115,880	12,650	2,900	3,962,730		1,849,813		2,112,920

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 3 - Reservoir System Operations and Maintenance Direct Expense Budget

Proposed F/Y 2027, Adopted F/Y 2026, and Actual F/Y 2021-2025

Cost Center: Reservoir Direct

(40)

MANASQUAN WATER SUPPLY SYSTEM

RESERVOIR SYSTEM

O & M DIRECT EXPENSE BUDGET

CODE	ACCOUNT	FY '21 ACTUAL	FY '22 ACTUAL	FY '23 ACTUAL	FY '24 ACTUAL	FY '25 ACTUAL	FY '26 ADOPTED	FY '27 PROPOSED
5110	Regular Salaries & Wages							
5120	Overtime-Salaries & Wages							
5130	New positions-Salaries & Wages							
5140	Seasonal Help-Salaries & Wages							
5150	Fringe Benefits							
5160	Retiree Health Benefits							
	Total Salary, Wages & Fringe					0	0	0
5200	Residences					844	0	0
5210	Heating Fuel	805	0	900		115,153	2,000	2,000
5220	Utilities -Electrical Service	76,270	80,402	94,912	117,603	14,429	105,600	122,100
5230	-Gas Service	7,664	10,528	10,677	10,166	0	12,450	12,450
5240	-Propane					425,302	0	0
5250	Electricity for Pumping Station	239,940	250,569	393,169	256,039	0	331,500	348,000
5260	Fuel - Vehicular					0	0	0
5270	Oil & Grease					0	0	0
5280	Tires					3,106	0	0
5290	Maintenance Supplies	9,198	13,306	11,072	7,620	0	12,400	14,400
5300	Maint. Supplies - Vehicular					3,105	0	0
5310	Major Vehicle Service & Repair					0	0	0
5320	Agricultural Supplies					27,468	0	0
5330	Maintenance Equipment	40,500	41,535	55,755	61,303	24,583	56,700	60,000
5340	Serv. & Maintenance Contracts	5,742	27,789	8,994	106,228	1,444	46,650	52,050
5350	Equipment Rental	8,970	2,514	4,730	1,335	369	6,500	7,800
5360	Household - Safety Supplies	3,373	2,441	1,065	2,013	0	1,000	2,160
5370	Uniforms					66,746	0	0
5380	Special & Professional Services	80,245	119,466	59,241	46,036	506,496	66,850	232,490
5390	Protective Services	292,378	319,005	372,502	452,892	3,518	520,000	607,320
5400	Telephone	10,244	12,270	13,959	3,093	0	3,908	3,908
5410	Postage & Freight Out					0	0	0
5420	Data Processing					1,265	0	0
5430	Printing & Office Supplies	566	1,232	4,402	3,406	6,359	2,960	4,040
5440	Scientific & Photographic	781	3,028	147	8,930	0	6,140	6,140
5450	Dues & Subscriptions					317	0	0
5460	Advertising & Promotional	704	442	881	789	141	2,200	2,200
5470	Travel & Subsistence		59		88	2,711	0	0
5480	Staff Training & Tuition Aid	255		202		39,528	0	0
5490	Fees & Permits	31,840	33,260	36,166	37,800	36,756	39,000	42,000
5500	In - Lieu Taxes	36,756	36,756	36,756	36,756	0	38,300	38,300
5510	Sediment Removal		60,932	59,040		0	0	0
5520	Chemicals					0	0	0
5525	Carbon Filter Replacement					0	0	0
	Total Other Expenses	\$846,229	\$1,015,532	\$1,164,569	\$1,152,097	\$1,279,640	\$1,254,158	\$1,557,358
	Total Operating Expenses	\$846,229	\$1,015,532	\$1,164,569	\$1,152,097	\$1,279,640	\$1,254,158	\$1,557,358
	ANNUAL BUDGET	\$1,005,936	\$1,116,400	\$1,157,613	\$1,179,949	\$1,293,484	\$1,254,158	\$1,557,358

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

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

Proposed F/Y 2027, Adopted F/Y 2026, and Actual F/Y 2021-2025

Cost Center: Treat/Trans Direct
(50)

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

CODE	ACCOUNT	FY '21 ACTUAL	FY '22 ACTUAL	FY '23 ACTUAL	FY '24 ACTUAL	FY '25 ACTUAL	FY '26 ADOPTED	FY '27 PROPOSED
5110	Regular Salaries & Wages							
5120	Overtime-Salaries & Wages							
5130	New positions-Salaries & Wages							
5140	Seasonal Help-Salaries & Wages							
5150	Fringe Benefits							
5160	Retiree Health Benefits							
	Total Salary, Wages & Fringe							
5200	Residences				0	0		0
5210	Heating Fuel	6,691	3,868	906	940	7,779	5,000	5,000
5220	Utilities -Electrical Service	260,159	301,059	371,127	381,735	384,551	390,000	412,800
5230	-Gas Service	24,304	37,514	28,361	23,960	38,677	29,600	29,600
5240	-Propane				0	0	0	0
5250	Electricity for Pumping Station				0	0	0	0
5260	Fuel - Vehicular				0	0	0	0
5270	Oil & Grease	0	0	294	1,053	1,751	2,000	2,000
5280	Tires				0	0	0	0
5290	Maintenance Supplies	10,506	8,054	9,079	3,511	3,516	7,700	7,700
5300	Maint. Supplies - Vehicular				0	0	0	0
5310	Major Vehicle Service & Repair				0	0	0	0
5320	Agricultural Supplies		723		0	0	0	0
5330	Maintenance Equipment	49,941	100,640	92,771	181,764	105,482	124,300	136,300
5340	Serv. & Maintenance Contracts	18,958	43,963	41,540	53,280	37,552	37,240	46,980
5350	Equipment Rental	1,417	1,409	447	78	1,689	3,200	3,200
5360	Household - Safety Supplies	3,925	1,948	1,995	4,952	2,507	2,000	2,000
5370	Uniforms				0	0	0	0
5380	Special & Professional Services	28,170	22,713	34,496	31,864	61,106	33,200	35,000
5390	Protective Services	93,722	108,664	121,516	148,391	162,859	175,000	196,242
5400	Telephone	511	505	412	379	376	1,200	1,200
5410	Postage & Freight Out	103		7	81	0	300	300
5420	Data Processing				0	0	0	0
5430	Printing & Office Supplies	4,964	3,973	6,679	5,346	3,560	9,800	9,800
5440	Scientific & Photographic	9,491	13,741	13,982	17,290	16,501	15,000	15,000
5450	Dues & Subscriptions				0	0	0	0
5460	Advertising & Promotional	1,038	319	1,121	668	2,864	1,000	1,000
5470	Travel & Subsistence		70	190	53	209	0	0
5480	Staff Training & Tuition Aid	355	621	352	255	414	1,320	3,360
5490	Fees & Permits	5,390	6,240	4,240	11,470	5,557	8,040	8,040
5500	In - Lieu Taxes	140	140	140	140	140	400	400
5510	Residual Removal	0	46,157	30,515	4,844	5,970	16,000	16,000
5520	Water Treatment Chemicals	143,893	123,107	187,692	206,952	189,401	240,000	240,000
5525	GAC Replacement	50,000	65,962	0	157,167	247,703	95,000	240,000
5528	Reimb of O&M Capital Expenditures	9,279	5,544	18,738	62,726			
	Total Other Expenses	\$722,957	\$896,933	\$966,601	\$1,298,900	\$1,280,166	\$1,197,300	\$1,411,922
	Total Operating Expenses	\$722,957	\$896,933	\$966,601	\$1,298,900	\$1,280,166	\$1,197,300	\$1,411,922
	ANNUAL BUDGET	\$864,000	\$909,916	\$891,139	\$978,080	\$1,183,925	\$1,197,300	\$1,411,922

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 5 - Reservoir System General and Administrative Operations and Maintenance

Direct Expense Budget

Proposed F/Y 2027, Adopted F/Y 2026, and Actual F/Y 2021-2025

Cost Center: G & A

(60)

MANASQUAN WATER SUPPLY SYSTEM
GENERAL & ADMINISTRATIVE
EXPENSE BUDGET

CODE	ACCOUNT	FY '21 ACTUAL	FY '22 ACTUAL	FY '23 ACTUAL	FY '24 ACTUAL	FY '25 ACTUAL	FY '26 ADOPTED	FY '27 PROPOSED
5110	Regular Salaries & Wages	\$1,699,456	\$1,715,778	\$1,713,663	\$1,855,166	1,880,713	2,147,250	2,189,450
5120	Overtime-Salaries & Wages	64,694	85,409	91,909	81,907	95,637	115,600	115,882
5130	New positions-Salaries & Wages							
5140	Seasonal Help-Salaries & Wages							
5150	Fringe Benefits	250,181	879,808	264,014	818,191	1,086,267	1,254,050	1,365,500
5160	Retiree Health Benefits	(106,171)	174,262	195,430	195,430	243,669	252,950	286,900
5168	Workers Comp. (Self-Insured)	0	823	1,692	160		5,000	5,000
	Total Salary, Wages & Fringe	\$1,908,160	\$2,856,080	\$2,266,708	\$2,950,854	\$3,306,285	\$3,774,850	\$3,962,732
	Budget - salary and fringe							
5200	Residences					0	0	0
5210	Heating Fuel					0	0	0
5220	Utilities -Electrical Service					0	0	0
5230	-Gas Service					0	0	0
5240	-Propane					0	0	0
5250	Electricity for Pumping Station					0	0	0
5260	Fuel - Vehicular	15,990	29,005	27,497	31,570	24,469	33,600	39,960
5270	Oil & Grease	1,596	8,207	8,390	2,186	11,390	8,300	8,300
5280	Tires	3,233	4,962	9,609	5,553	4,437	12,000	12,000
5290	Maintenance Supplies	10,186	12,697	24,306	19,227	16,891	27,300	27,300
5300	Maint. Supplies - Vehicular	16,194	9,124	9,746	18,793	10,032	14,000	14,000
5310	Major Vehicle Service & Repair	45,738	20,267	25,508	32,859	17,609	35,000	35,000
5320	Agricultural Supplies	6,161	3,999	5,577	4,806	4,446	8,100	8,100
5330	Maintenance Equipment	3,641	5,383	4,539	2,526	9,017	7,100	7,100
5340	Serv. & Maintenance Contracts	16,414	25,296	22,922	20,093	16,209	25,300	25,300
5350	Equipment Rental	2,365	2,550	2,594	2,596	2,600	3,300	4,500
5360	Household - Safety Supplies	9,399	12,394	9,646	14,109	15,890	13,700	13,700
5370	Uniforms					0	0	0
5380	Special & Professional Services	8,361	7,138	8,092	5,257	1,983	10,000	10,000
5390	Protective Services					0	0	0
5400	Telephone	6,152	6,116	6,091	4,878	5,163	4,560	4,560
5410	Postage & Freight Out	685	1,435	4,090	3,704	3,653	1,200	1,200
5420	Data Processing	2,575	3,099	2,715	2,863	2,825	3,600	3,600
5430	Printing & Office Supplies	2,380	4,717	2,316	9,658	5,084	5,960	8,360
5440	Scientific & Photographic	0	0	0	0	0	300	300
5450	Dues & Subscriptions	504	302	615	90	370	3,000	3,000
5460	Advertising & Promotional	74	697	0	906	1,473	2,000	2,000
5470	Travel & Subsistence	336	152	130		176	1,000	1,000
5480	Staff Training & Tuition Aid	3,559	4,260	2,904	7,963	3,291	8,400	8,400
5490	Fees & Permits	3,089	2,241	3,322	3,890	2,844	6,500	6,500
5500	In - Lieu Taxes					0	0	0
5510	Residual Removal					0	0	0
5520	Water Treatment Chemicals					0	0	0
5525	GAC Replacement					0	0	0
	Total Other Expenses	\$158,632	\$164,042	\$180,609	\$193,527	\$159,851	\$234,220	\$244,180
	Total Operating Expenses	\$2,066,792	\$3,020,122	\$2,447,317	\$3,144,381	\$3,466,136	\$4,009,070	\$4,206,912
	Reservoir System	\$96,524	\$96,876	\$108,463	\$116,830	\$95,398	\$139,380	\$140,706
	Treatment/Transmission System	\$62,108	\$67,166	\$72,146	\$76,697	\$64,452	\$94,840	\$103,474
		\$158,632	\$164,042	\$180,609	\$193,527	\$159,851	\$234,220	\$244,180

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 2027

		<u>Adopted</u> <u>F/Y26</u>	<u>Proposed</u> <u>F/Y27</u>
1	HVAC/Dehumidifier Service	\$ 500	\$ 500
2	Instrumentation & Control System Service/Upgrade	3,000	4,800
3	Electrical Upgrade & Repair	14,000	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	3,000	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	3,000	4,000
14	Fios Fiber Optic for Security Cameras	<u>2,400</u>	<u>2,400</u>
	Total Service & Maintenance Contracts	<u>\$ 46,650</u>	<u>\$ 52,050</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

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

For WTP/TS (50)

Fiscal Year 2027

	<u>Adopted</u> <u>F/Y26</u>	<u>Proposed</u> <u>F/Y27</u>
Electrical Service Contract	\$ 2,400	\$ 2,400
Instrumentation & Control System Service & Upgrade	4,000	7,000
Electrical Upgrade & Repair	2,000	3,000
Overhead Crane Service	2,500	3,240
Fire & Intrusion Alarm Service	3,000	3,000
Boiler Service	1,440	1,440
Auxiliary Generator Service	3,000	3,000
Lab Equipment Service	3,500	3,500
UPS Battery PM Service and Batteries	3,600	3,600
Four Year Electrical Switchgear Testing Service	2,000	2,000
Internet Service	4,800	9,800
Network Routers	2,500	2,500
XLReporter Software Program Support	<u>2,500</u>	<u>2,500</u>
 Total Service & Maintenance Contracts	 <u>\$ 37,240</u>	 <u>\$ 46,980</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

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

For G & A (60)
Fiscal Year 2027

		<u>Adopted</u> F/Y26	<u>Proposed</u> F/Y27
1	Refuse & Waste Disposal	\$ 2,000	\$ 2,000
2	Office Equipment/Computers	1,800	1,800
3	Waste Oil Disposal	300	300
4	Fire Extinguisher Service	1,100	1,100
5	SCADA Service Contract	-	2,000
6	Building Maintenance	2,000	6,000
7	Internet Service	6,000	2,000
8	Janitorial Service	2,000	7,200
9	Vehicle Lift Inspection	7,200	500
10	Underground Fuel Storage Tank Service	500	2,400
		2,400	
	Total Service & Maintenance Contracts	<u>\$ 25,300</u>	<u>\$ 25,300</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

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

Reservoir (40)

Fiscal Year 2027

		Adopted F/Y26	Proposed F/Y27
1	Laboratory Services - Water Quality Sampling	\$ 240	\$ 480
3	Services-USGS Cooperative Agreement	35,000	40,400
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	8,000	168,000
	Total Special & Professional Services	\$ 66,850	\$ 232,490

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 2027

		Adopted F/Y26	Proposed F/Y27
1	Water Quality Sampling	\$ 12,900	\$ 12,900
2	Residual Quality Analysis	800	800
3	Consultant Services	4,000	4,000
4	USGA Allenwood Gage-Parameters	13,500	13,500
5	PFAS Water Quality Sampling/Analysis		2,000
6	Underground Markout Service	2,000	1,800
	Total Special & Professional Services	\$ 33,200	\$ 35,000

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

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

For G & A (60)
 Fiscal Year 2027

		<u>Adopted</u> F/Y26	<u>Proposed</u> F/Y27
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 - Melon	2,300	2,300
5	Pre-Employment Physicals	<u>1,200</u>	<u>1,200</u>
	Total Special & Professional Services	<u>\$ 10,000</u>	<u>\$ 10,000</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 12 - Projected FY 2027 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	1,373,640	\$468,120	\$140,880	\$1,982,640
GENERAL/AUTO LIABILITY	283,440	\$50,880	\$15,240	\$349,560
POLLUTION LIABILITY	80,160	\$7,200	\$1,440	\$88,800
WORKERS COMPENSATION	152,880	\$21,360	\$22,800	\$197,040
EXCESS LIABILITY	598,200	\$53,280	\$10,560	\$662,040
MANAGEMENT LIABILITY				
:PUBLIC OFFICIALS	55,680	\$4,920	\$960	\$61,560
:CYBER RISK	14,640	\$1,320	\$240	\$16,200
:FIDELITY & CRIME				
TRAVEL ACCIDENT	2,400	\$240	\$42	\$2,682
DRONE	1,320			\$1,320
TOTAL:	\$2,562,360	\$607,320	\$192,162	\$3,361,842

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 2027 (7/1/26-6/30/27)

	Total Headquarters Charge	Manasquan Reservoir System	Manasquan WTP/TS
Budgeted-Appendix I, amount to be charged to Manasquan System for FY27 (7/1/26-6/30/27)	\$823,291	\$710,253	\$113,038
FY25 Adjustment as per audited Expenditures:			
Budgeted as per rate schedule for FY25 (7/1/24-6/30/25). Amounts paid during F/Y25 to Raritan Basin System.	\$933,000	\$805,000	\$128,000
Actual allocation based upon audited expenditures FY25 (7/1/24-6/30/25) - Appendix II	<u>\$940,804</u>	<u>\$810,902</u>	<u>\$129,902</u>
Adjustments FY25	<u>\$7,804</u>	<u>\$5,902</u>	<u>\$1,902</u>
Net Allocation for FY27 Budget	<u><u>\$831,095</u></u>	<u><u>\$716,155</u></u>	<u><u>\$114,940</u></u>
Estimate	<u>\$831,000</u>	<u>\$716,000</u>	<u>\$114,000</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 14 - Proposed Capital Equipment Budget

Fiscal Year 2027

Description	(A)Addition (R)Replacemer	Year of Purchase Vehicle/Equipment	Dollar Value	%	Manasquan Reservoir	Manasquan WTP/TS	Reservoir Depreciation Reserve	WTP/TS Depreciation Reserve
Pick Up Truck - NJWA 55	R (557)	2015	75,000	45/55	33,750	41,250		
ZTR Mower Toro Ground Master 328D	R (471)	2009	30,000	84/16	25,200	4,800	21,049	0
Fixed vertical profiler water quality sonde	A		150,000		150,000			
TOTAL			255,000		208,950	46,050	21,049	0
Less Amount charged to Reservoir Depreciation Reserve					21,049			
Less Amount charged to WTP/TS Depreciation Reserve								0
Total					187,901	46,050		
Additional Depreciation Reserve								0
Estimate					\$187,901	\$46,050		

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 15 - July, 2024– June, 2025 Fiscal Year 2025 G&A Expenses Split

			BUDGETED %		ACTUAL % (Timesheets)		VARIANCE UNDER (OVER)		
			TOTAL	(40) RESERVOIR	(50) WTP/TS	(40) RESERVOIR	(50) WTP/TS	(40) RESERVOIR	(50) WTP/TS
1		TIME SPLIT		1	0	1	0		
	ASST. RESERVOIR SYS OPERATOR	REGULAR	49,631	47,149	2,482	49,135	496	(1,985)	1,985
		CLOTH.	550	523	28	545	6	(22)	22
		O.T.	5,674	5,391	284	5,618	57	(227)	227
		FRINGE	36,774	34,935	1,839	36,406	368	(1,471)	1,471
2		TIME SPLIT		0	1	0	1		
	PLANT OPERATOR	REGULAR	79,583	796	78,788	796	78,788	0	(0)
		CLOTH.	0	0	0	0	0	0	0
		O.T.	8,817	88	8,728	88	8,728	(0)	0
		FRINGE	59,867	599	59,269	599	59,269	0	(0)
3		TIME SPLIT		0	1	0	1		
	PLANT OPERATOR	REGULAR	69,575	696	68,880	5,566	64,009	(4,870)	4,870
		CLOTH.	550	6	545	44	506	(39)	39
		O.T.	2,436	24	2,411	195	2,241	(171)	171
		FRINGE	48,752	488	48,264	3,900	44,852	(3,413)	3,413
4		TIME SPLIT		0	1	0	1		
	PLANT OPERATOR	REGULAR	78,678	787	77,891	0	78,678	787	(787)
		CLOTH.	0	0	0	0	0	0	0
		O.T.	10,293	103	10,190	0	10,293	103	(103)
		FRINGE	59,846	598	59,248	0	59,846	598	(598)
5		TIME SPLIT		0	1	0	1		
	FACILITES MECHANIC	REGULAR	57,096	25,693	31,403	27,406	29,690	(1,713)	1,713
		CLOTH.	550	248	303	264	286	(17)	17
		O.T.	549	247	302	264	286	(16)	16
		FRINGE	39,218	17,648	21,570	18,825	20,393	(1,177)	1,177
6		TIME SPLIT		1	0	1	0		
	RESERVOIR SYSTEM OPERATOR	REGULAR	48,973	46,525	2,449	48,973	0	(2,449)	2,449
		CLOTH.	550	523	28	550	0	(28)	28
		O.T.	9,362	8,894	468	9,362	0	(468)	468
		FRINGE	36,812	34,971	1,841	36,812	0	(1,841)	1,841
7		TIME SPLIT		1	0	1	0		
	PROJECT ENGINEER II	REGULAR	39,751	27,826	11,925	34,583	5,168	(6,758)	6,758
		CLOTH.	0	0	0	0	0	0	0
		O.T.	0	0	0	0	0	0	0
		FRINGE	27,842	19,489	8,353	24,222	3,619	(4,733)	4,733
8		TIME SPLIT		0	1	0	1		
	FOREMAN FACILITIES MAINT.	REGULAR	83,605	39,294	44,311	35,114	48,491	4,180	(4,180)
		CLOTH.	550	259	292	231	319	28	(28)
		O.T.	2,182	1,025	1,156	916	1,265	109	(109)
		FRINGE	59,133	27,792	31,340	24,836	34,297	2,957	(2,957)

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 15 (Continued) July, 2024 – June, 2025 Fiscal Year 2025 G&A Expenses Split

			BUDGETED %		ACTUAL % (Timesheets)		VARIANCE UNDER (OVER)	
			(40)	(50)	(40)	(50)	(40)	(50)
			RESERVOIR	WTP/TS	RESERVOIR	WTP/TS	RESERVOIR	WTP/TS
9		TIME SPLIT	1	0	1	0		
	FOREMAN	REGULAR	71,343	12,590	80,576	3,357	(9,233)	9,233
	BUILDING & GROUNDS	CLOTH.	550	83	528	22	(61)	61
	MAINT - WSA	O.T.	924	139	887	37	(102)	102
		FRINGE	58,270	8,741	55,939	2,331	(6,410)	6,410
10		TIME SPLIT	0	1	0	1		
	PLANT OPERATOR	REGULAR	62,111	61,489	3,727	58,384	(3,106)	3,106
		CLOTH.	550	545	33	517	(28)	28
		O.T.	12,998	12,868	780	12,218	(650)	650
		FRINGE	50,221	49,718	3,013	47,207	(2,511)	2,511
11		TIME SPLIT	0	1	0	1		
	SR. WATER SUPPLY	REGULAR	83,933	54,557	36,931	47,003	(7,554)	7,554
	TECH. -WSA	CLOTH.	550	358	242	308	(50)	50
		O.T.	608	395	267	340	(55)	55
		FRINGE	57,874	37,618	25,465	32,410	(5,209)	5,209
12		TIME SPLIT	0	1	0	1		
	PLANT OPERATOR	REGULAR	49,770	49,273	2,489	47,282	(1,991)	1,991
		CLOTH.	550	545	28	523	(22)	22
		O.T.	7,037	6,966	352	6,685	(281)	281
		FRINGE	38,541	38,156	1,927	36,614	(1,542)	1,542
13		TIME SPLIT	0	1	1	1		
	SUPERVISOR TECH.	REGULAR	96,403	54,950	48,202	48,202	(6,748)	6,748
	ASST. & FAC. MAINT.	CLOTH.	550	314	275	275	(39)	39
		O.T.	3,341	1,904	1,670	1,670	(234)	234
		FRINGE	68,550	39,073	34,275	34,275	(4,798)	4,798
14		TIME SPLIT	0	1	1	1		
	FAC. MECHANIC - WSA	REGULAR	57,828	31,805	28,914	28,914	(2,891)	2,891
		CLOTH.	550	303	275	275	(28)	28
		O.T.	44	24	22	22	(2)	2
		FRINGE	39,583	21,770	19,791	19,791	(1,979)	1,979
15		TIME SPLIT	1	0	1	0		
	RESERVOIR SYS	REGULAR	55,761	2,788	55,203	558	(2,230)	2,230
	OPERATOR	CLOTH.	550	28	545	6	(22)	22
		O.T.	7,156	358	7,085	72	(286)	286
		FRINGE	42,341	2,117	41,918	423	(1,694)	1,694
16		TIME SPLIT	1	1	0	1		
	DIR. MWS/D&R	REGULAR	182,889	91,444	82,300	100,589	9,144	(9,144)
	CANAL OPERATIONS	CLOTH.	0	0	0	0	0	0
		O.T.	0	0	0	0	0	0
		FRINGE	125,051	62,525	56,273	68,778	6,253	(6,253)
17		TIME SPLIT	0	1	0	1		
	ADMIN. ASSISTANT	REGULAR	76,551	40,572	35,979	40,572	0	0
		CLOTH.	0	0	0	0	0	0
		O.T.	0	0	0	0	0	0
		FRINGE	52,203	27,667	24,535	27,667	0	(0)
18		TIME SPLIT	1	0	1	0		
	ASST. RESERVOIR	REGULAR	45,085	2,254	42,830	2,254	0	0
	SYSTEM OPERATOR	CLOTH.	275	14	261	14	0	0
		O.T.	6,437	6,116	6,116	322	0	0
		FRINGE	35,297	1,765	33,532	1,765	0	(0)

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 15 (Continued) July, 2024 – June, 2025 Fiscal Year 2025 G&A Expenses Split

			BUDGETED %		ACTUAL % (Timesheets)		VARIANCE UNDER (OVER)		
			TOTAL	(40) RESERVOIR	(50) WTP/TS	(40) RESERVOIR	(50) WTP/TS	(40) RESERVOIR	(50) WTP/TS
19		TIME SPLIT		0	1	0	1		
	SUPERVISOR OPERATIONS MWSS-WSA	REGULAR	112,690	28,172	84,517	32,680	80,010	(4,508)	4,508
		CLOTH.	0	0	0	0	0	0	0
		O.T.	0	0	0	0	0	0	0
		FRINGE	76,705	19,176	57,529	22,245	54,461	(3,068)	3,068
20		TIME SPLIT		1	0	1	0		
	EQUIPMENT OPERATOR	REGULAR	25,686	23,888	1,798	25,172	514	(1,284)	1,284
		CLOTH.	550	512	39	539	11	(28)	28
		O.T.	257	239	18	252	5	(13)	13
		FRINGE	15,725	14,625	1,101	15,411	315	(786)	786
21		TIME SPLIT		0	1	0	1		
	SUPERVISING PLANT OPERATOR	REGULAR	73,113	27,052	46,061	28,514	44,599	(1,462)	1,462
		CLOTH.	550	204	347	215	336	(11)	11
		O.T.	2,926	1,083	1,843	1,141	1,785	(59)	59
		FRINGE	52,054	19,260	32,794	20,301	31,753	(1,041)	1,041
22		TIME SPLIT		1	0	1	0		
	MAINT WORKER I	REGULAR	52,383	48,192	4,191	51,335	1,048	(3,143)	3,143
		CLOTH.	550	506	44	539	11	(33)	33
		O.T.	0	0	0	0	0	0	0
		FRINGE	36,020	33,138	2,882	35,299	720	(2,161)	2,161
23		TIME SPLIT		0	1	0	1		
	PLANT OPERATOR	REGULAR	66,230	662	65,568	4,636	61,594	(3,974)	3,974
		CLOTH.	550	6	545	39	512	(33)	33
		O.T.	8,555	86	8,469	599	7,956	(513)	513
		FRINGE	50,599	506	50,093	3,542	47,057	(3,036)	3,036
24		TIME SPLIT		1	0	1	0		
	ASST. RESERVOIR SYSTEM OPER-WSA	REGULAR	51,882	49,288	2,594	50,325	1,556	(1,038)	1,038
		CLOTH.	550	523	28	534	17	(11)	11
		O.T.	5,117	4,861	256	4,964	154	(102)	102
		FRINGE	38,920	36,974	1,946	37,753	1,168	(778)	778
25		TIME SPLIT		0	1	0	1		
	FAC. MECHANIC-WSA	REGULAR	67,024	30,161	36,863	28,820	38,203	1,340	(1,340)
		CLOTH.	550	248	303	237	314	11	(11)
		O.T.	585	263	322	252	334	12	(12)
		FRINGE	46,373	20,868	25,505	19,941	26,433	927	(927)
26		TIME SPLIT		1	0	1	0		
	EQUIPMENT OPERATOR	REGULAR	46,101	43,335	2,766	44,257	1,844	(922)	922
		CLOTH.	550	517	33	528	22	(11)	11
		O.T.	340	319	20	326	14	(7)	7
		FRINGE	31,189	29,318	1,871	29,941	1,248	(624)	624
27		TIME SPLIT		1	0	1	0		
	WATER SUPPLY TECH - WSA	REGULAR	73,173	45,367	27,806	68,782	4,390	(23,415)	23,415
		CLOTH.	550	341	209	517	33	(176)	176
		O.T.	0	0	0	0	0	0	0
		FRINGE	50,147	31,091	19,056	47,139	3,009	(16,047)	16,047
			(60)	(40)	(50)	(40)	(50)	(40)	(50)
		REGULAR	1,869,438	877,424	992,013	953,246	916,192	(75,822)	75,822
		CLOTH.	11,275	6,350	4,925	6,966	4,309	(616)	616
		O.T.	95,637	38,193	57,444	41,155	54,482	(2,962)	2,962
		FRINGE	<u>1,333,907</u>	<u>620,256</u>	<u>713,651</u>	<u>673,839</u>	<u>660,068</u>	<u>(53,583)</u>	<u>53,583</u>
		GRAND TOTAL	<u>3,310,256</u>	<u>1,542,223</u>	<u>1,768,034</u>	<u>1,675,205</u>	<u>1,635,051</u>	<u>(132,983)</u>	<u>132,983</u>

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 16 - Estimate of Interest Income

Fiscal Year 2027 Budget

Fund/Reserve	TD Bank Funds		
Operating	\$6,632,842		
Reserve for O & M	604,939		
General Reserve (Rate Stabilization Fund)	833,618		
Pumping Reserve	54,794		
Self-Insurance Reserve	67,960		
Sediment Reserve	299,325		
Estimated Total	\$8,493,478		
	\$8,493,478	x3.50% =	\$297,272
		Total	\$297,272
		Estimate	\$297,300

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 17 - Unanticipated Revenue

	<u>Amount</u>										
F/Y2025 Net Year-End Balance	\$ 1,074,475										
Excess D/S Coverage FY2027	\$ 115,000										
<u>Overdraft</u>	<u>Amount</u>										
NJ American	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;"><u>Inv. Date</u></th> <th style="text-align: right; border-bottom: 1px solid black;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td style="padding-left: 20px;">Jun-25</td> <td style="text-align: right;">\$ 28,770</td> </tr> <tr> <td style="padding-left: 20px;">Sep-24</td> <td style="text-align: right;">\$ 13,087</td> </tr> <tr> <td style="padding-left: 20px;">Oct-24</td> <td style="text-align: right;">\$ 43,689</td> </tr> <tr> <td style="padding-left: 20px;">Nov-25</td> <td style="text-align: right;">\$ 740</td> </tr> </tbody> </table>	<u>Inv. Date</u>	<u>Amount</u>	Jun-25	\$ 28,770	Sep-24	\$ 13,087	Oct-24	\$ 43,689	Nov-25	\$ 740
<u>Inv. Date</u>	<u>Amount</u>										
Jun-25	\$ 28,770										
Sep-24	\$ 13,087										
Oct-24	\$ 43,689										
Nov-25	\$ 740										
Available for use in FY27	\$ 86,286										

Additional Sources

Total Available	\$ 1,275,761
Estimate for FY27	\$ 1,275,760

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 18 - Fund Balances as of 6/30/25

	REVENUE FUND	OPERATING ACCOUNT	OPERATING FUND	O & M RESERVE	LONG TERM INVESTMENTS O & M RESERVE	TOTAL
BALANCE 6/30/2025 (Does not include Debt Service payment)	\$41	\$148,087	\$6,632,842	\$604,939	\$1,012,840	\$8,398,749
Add: NJ-American, JCP&L expenses for June 2025			\$0			\$0
Deduct: Accrued expenses to be paid as of 6/30/25			(47,752)			(47,752)
Deduct: June 10th billing, received			(44,824)			(44,824)
Adjusted Balances 6/30/25	\$ 41	\$ 148,087	\$ 6,568,598	\$ 604,939	\$ 1,012,840	\$ 8,334,505
 INCOME						
Receipt of WTP/TS G&A expenses for the month of June 2025, estimated July 2025 billing			250,000			250,000
 EXPENSES						
O & M Expenses - (A/P-6/30/25) includes accrued payroll thru 6/30/25			(50,974)			(50,974)
Capital items to be purchased by 6/30/25 - estimated			(50,000)			(50,000)
Payment of Headquarters overhead expenses - to be paid 7/01			(201,250)			(201,250)
Contributions to Various Reserves- 7/25			(37,500)			(37,500)
ADJUSTED BALANCE AT 6/30/25	\$ 41	\$ 148,087	\$ 6,478,874	\$ 604,939	\$ 1,012,840	\$ 8,244,781
Less: O & M Reserve Balance (Goal is 3 months O & M Expenses as dictated by Bond Resolution)						(917,364)
Balance of projected funds available						\$ 7,327,418
 Use of Available Funds						
Unanticipated revenues (overdrafts in FY25 to be available to the General Fund for FY27) NJ American Water						\$ (86,286)
Appropriate FY25 net fund balance into the General Fund (Rate Stabilization) to be used for rate stabilization (already withdrawn earlier in FY)						-
Balance of funds to be used for future years						\$ 7,241,132

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 2027

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

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY AUTHORITY

Schedule 20 - Operations and Maintenance Rate Component (19.443mgd)
 Fiscal Year 2027

Funds Required for F/Y2027 Budget

Total Budget Requirements	\$	4,734,761
Miscellaneous Revenues	\$	(1,573,060)
Net Budget Requirement	\$	3,161,701
Less - Quarterly O&M payment on July 10, 2025 (cash received in July for water used in April, May and June of 2025 based on \$445.82/mg)	\$	(788,795)
Additional Revenue required from last three (3) Quarterly payments in F/Y2027 to cover Operations & Maintenance expenses through 6/30/27	\$	2,372,906

Computation of Operations & Maintenance Rate for Fiscal Year 2027

Required Operations & Maintenance Rate F/Y2027	$\frac{\$2,372,906}{5,322.52^*}$	=	\$	445.82/mg
--	----------------------------------	---	----	-----------

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 21 - Computation of Delayed Water Purchase Debt Service Rates

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

Delayed Debt Service

Debt Service for Fiscal Year 2027 \$ 575,213

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

Net Debt Service Obligation \$ 575,213

Coverage Requirement = Net Debt Service
 Obligation x 20% \$ 115,043

Total to be Recovered by Rates \$ 690,256

Debt Service Rate Effective 7/01/26 \$ 690,256 = \$ 426.41mg
 $365 \times 4.435/\text{mgd} = 1,618.78\text{mg}$ 1,618.78mg

Equalization Factor 12.51
\$ 438.92mg

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 22 - Computation of Base Debt Service Rates

INTAKE PUMP STATION BUILDING

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

NJEIFP Debt Service for Fiscal Year 2027	\$	176,842		
Rate Equalization Adjustment				
Debt Service Rate Effective 7/01/2026	\$	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 1.000mgd 07/01/01
 1.935mgd 10/01/02
 1.500mgd 01/01/05

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR SYSTEM

Schedule 23 - Bond Debt Service Coverage

Fiscal Year 2027
(7/1/26-6/30/27)

	Budgeted F/Y2027
<u>Revenues</u>	
Uninterruptible Water Sales	\$ 7,073,983
Interest Income	\$ 297,300
Total Revenues	\$ 7,371,283
 <u>Expenses</u>	
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

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR SYSTEM

Schedule 24 - Rehabilitation Reserve and Capital Improvement Program

Manasquan Reservoir Project Description	Renewal & Repl. Reserve	FY26	FY27	FY28	FY29	FY30+
Dam Emergency Contingency	400000					
Pipeline Replacement Under I-195	1500000					
Pumping Equipment Replacement	650000					
Replace Control Panel at Reservoir IO Building		\$ 55,000.00				
Add 6" valves to I/O tower air burst line and replace piping as necessary		\$ 75,000.00				
Paving Intake Parking Lot and Administration Parking Area		\$ 170,000.00				
Rehabilitation Pump and Motors and VFDs at Reservoir & Intake Pumping Stations		\$ 150,000.00	\$ 150,000.00			
Traveling Water Screen Rehabilitation			\$ 160,000.00	\$ 160,000.00		
SCADA System Replacment		\$ 50,000.00	\$ 50,000.00	\$ 100,000.00	\$ 50,000.00	
Security System Camera and DVR replacement			\$ 45,000.00			
Replace two Underground Fuel Storage Tanks with above ground				\$ 230,000.00		
Replace Septic System Drain Field and inlet pipe from building			\$ 150,000.00			
Rehabilitation of T2 Transformer and Oil Change			\$ 40,000.00			
Replace Pumps (#1,,3,5)			\$ 150,000.00	\$ 250,000.00	\$ 320,000.00	
Replace 2 5 KVA Breakers in Substation			\$ 55,000.00			
Replace Balance of Metal Roof on Admin Portion of RPS Building				\$ 130,000.00		
Total*	2780000	\$ 540,000.00	\$ 800,000.00	\$ 870,000.00	\$ 370,000.00	

**New Jersey Water Supply Authority
Manasquan Water Supply System**

Update of the Renewal and Replacement Reserve and Capital Improvement Program

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 2026-2031
Updated August 2025**

Introduction

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

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

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

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

Renewal and Replacement Reserve for Extraordinary Operations and Maintenance Costs

Problems with the Earthen Dam Embankments

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

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

Replacement of Pipe under Interstate Route 195

The Manasquan Reservoir fill / withdraw pipeline is a 5-1/4 mile long, 66-inch diameter prestressed concrete cylinder pipeline (PCCP) constructed in the 1980s. A 380-foot-long section of 72-inch diameter PCCP was installed beneath Interstate Route 195 during its construction for use in connection with the pipeline between the reservoir pumping station and the reservoir. This section of pipe was manufactured by Interpace Co. in the late 1970's. 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 two of the Authorities staff engineers in April of 2021 and found to be in

satisfactory condition.

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.

\$1,500,000 is included in the Renewal and Replacement Reserve to insert a 66" diameter steel pipe into the PCCP under Route 195 or to replace other sections of pipe as needed.

Replacement of Pumps or Equipment

Five (5) 600-horsepower pumps are used at the Intake Pumping Station to pump water from the Manasquan River to the 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 a Renewal & Replacement Reserve to rehabilitate or replace a single unit in case of an unforeseen failure or damage from lightning.

Furthermore, these funds could be used to rehabilitate or replace other major equipment such as a large 6000 KVA electrical transformer as well. The combined construction cost for the Intake Pumping Station and the Reservoir Pumping Station was approximately \$30,000,000 (1990 dollars). The recommended reserve of \$650,000 represents 2% of the total construction cost.

Planned Capital Improvements - Fiscal Years 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 report 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 to 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 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 motors have been in service for many years and have developed oil leaks and other problems needing attention. Rehabilitation work will extend this equipment life span and maintain reliable system operations. Three of four VFDs at the RPS are original equipment that is becoming less reliable and requires frequent repairs to remain operational. Additionally, it has become difficult to source replacement parts. Therefore replacing three RPS VFDs is the most practical solution to maintain operations.

Renovation of Traveling Water Screens

The eight traveling water screens at the Intake Pumping Station are in need of service over time. A 2015 inspection found all units to be in good condition except one, which was refurbished in 2016. In FY 2021 units #3 and #4 were rebuilt with new chains and sprocket teeth for just under \$50,000.00. Units #5 and #6 were rebuilt in FY 2023. It was determined that #1 and #8 will be in need of similar repairs and some additional underwater repair. Thus, funding is included to rehabilitate two more of the remaining seven units in 2027 and 2028.

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 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 2027. 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 are over 33 years old and it is difficult to find an insurer for buried tanks of this age. The tanks and associated leak alarms should be replaced.

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 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.

Refurbish RPS Pump #3

This pump has the most running hours of all the RPS pumps and should be refurbished.

Refurbish Intake Pump #5

Intake pump #5 will be in service for 36 years and will be in need of refurbishment as indicated by the condition of pump #3 in 2021 and pump #2 in 2022.

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 our transformers, switchgear and other equipment. It is necessary to replace this equipment before failure.

Replace the Balance of Metal Roof on the Administrative Portion of RPS Building

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

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, 2026

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

7:11-4.3 Operations and Maintenance Expense Component

(a) – (b) (No change.)

(c) Operations and Maintenance Expense Component:

<u>Effective Date</u>	<u>Rate/Million Gallons</u> (based upon a 19.443 per day sales base)
July 1, [2025] 2026	\$445.82

7:11-4.4 Debt Service Cost Component

(a) (No change.)

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

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

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/ [2025] 2026 to	(Coverage 120%)
6/30/[2026] 2027	\$438.92

(c) (No change.)

7:11-4.5 Capital Fund Component

(a) (No change.)

(b) (No change.)

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

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/[2025] 2026 to	\$525.00
6/30/[2026] 2027	

(d) (No change.)

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

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/[2025] 2026 to	\$200.00
6/30/[2026] 2027	

7:11-4.6 Source water protection fund component

(a) (No change.)

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

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/[2025]2026 to	
6/30/[2026]2027	\$15.00

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

(a) (No change.)

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

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/[2025]2026 to	
6/30/[2026]2027	\$24.93

Appendix I. Report of Mercadien PC – Allocation of Headquarters General and Administrative Expenses – FY 2027

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

FORECASTED COST ALLOCATION SCHEDULES

YEAR ENDING JUNE 30, 2027

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

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Commissioners of
New Jersey Water Supply Authority

We have performed the procedures enumerated below on the financial schedules for the fiscal year ending June 30, 2027. The Authority's management is responsible for preparing and presenting the financial schedules in accordance with the guidelines for the presentation of schedules established by the American Institute of Certified Public Accountants ("AICPA").

The Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to assist the Authority with evaluating the underlying supporting documentation to determine the accuracy of the financial schedules in connection with setting water rates for each of the three operating systems. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results are as follows:

1. We were provided with the fiscal year 2027 budgeted expenses for each of the three operating systems by the Authority's Director of Finance and Administration, who advised us that the fiscal year 2027 budgeted expenses are based upon preliminary budgets that are subject to approval by the Authority's Commissioners. We obtained these documents without any exceptions.
2. We recalculated the allocated costs on the forecasted cost allocation schedules. We found no exceptions as a result of these procedures.
3. We compared the methodologies used for cost allocation on the forecasted cost allocation schedules to the methodologies used in the Authority's cost allocation schedules for the year ended June 30, 2025, and found them to be consistent.

We were engaged by the Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, about whether the forecasted cost allocation schedules are presenting the schedules in accordance with the guidelines for the presentation of schedules established by the AICPA. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Mercadion, P.C.
Certified Public Accountants

Hamilton, New Jersey

November 19, 2025

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

**SCHEDULE OF FORECASTED COST CENTER EXPENSE RECLASSIFICATION
YEAR ENDING JUNE 30, 2027**

DEPT. #	DEPT./COST CENTER	COST CENTER COSTS	RECLASSIFICATIONS									REVISED COST CENTER COSTS
			1 HEATING/ ELECTRIC	2 VEHICULAR FUEL	3 PROFESSIONAL FEES	4 INSURANCE	5 TELEPHONE	6 PERMITS	7 WORKERS' COMP.	8 IN LIEU TAXES	9 CHIEF ENGINEER SALARY & FRINGE	
	BUILDING HQ	\$ -	\$ 81,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,000
	TELEPHONE HQ	-	-	-	-	16,000	-	-	-	-	-	16,000
36	SAFETY	230,859	-	(5,000)	-	-	-	-	-	-	-	225,859
37	SECURITY	1,341,840	-	-	-	-	-	-	-	-	-	1,341,840
14	HUMAN RESOURCES	576,390	-	(3,950)	-	-	(10,000)	-	-	-	-	562,440
16	PURCHASING	578,220	-	(147,550)	-	(16,000)	(20,000)	-	-	-	-	394,670
17	INFORMATION SYSTEMS	277,930	-	-	-	-	-	-	-	-	-	277,930
15	CONTRACTS & RISK MGMT.	3,051,052	-	(35,000)	(2,562,360)	-	-	-	(18,700)	-	-	434,992
13	FINANCIAL MGMT.	1,434,510	-	(2,725)	-	-	-	-	-	-	-	1,431,785
34	AUTO SHOP	385,480	-	147,550	-	-	20,000	-	-	-	-	553,030
35	AUTO SHOP-CANAL	288,990	-	-	-	-	-	-	-	-	-	288,990
10	EXEC OFFICE	334,344	7,173	-	-	-	-	-	-	-	-	341,517
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RARTAN SYSTEM)	10,821,660	(88,173)	46,875	2,562,360	-	-	-	18,700	(23,810)	-	13,347,412
		19,321,275	-	-	-	-	-	-	-	(23,810)	-	19,297,465
40-60	MANASQUAN SYSTEM	3,213,460	-	-	-	-	-	-	-	23,810	-	3,237,270
		\$ 22,534,735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,534,735

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

**SCHEDULE OF FORECASTED SYSTEM-WIDE ALLOCATED COSTS
YEAR ENDING JUNE 30, 2027**

DEPT. #	DEPT./COST CENTER	REVISED COST CENTER COSTS	SQ. FT. #	# OF TELEPHONES	# OF EMPLOYEES	100 % RARITAN O&M	# OF EMPLOYEES	# OF P.O.s	# OF COMPUTERS	MGD CONTRACTS	O&M BUDGET	# OF VEHICLES	# OF VEHICLES	TIME ESTIMATE	ALLOCATED COST CENTER COSTS
	BUILDING HQ	\$ 81,000	\$(81,000)												
	TELEPHONE HQ	16,000	-	\$(16,000)											
36	SAFETY	225,859	544	178	\$(226,581)										
37	SECURITY	1,341,840	3,063	533	17,580	\$(1,363,016)									
14	HUMAN RESOURCES	562,440	3,623	711	5,860	-	\$(672,634)								
16	PURCHASING	394,670	4,499	533	3,907	-	11,012	\$(414,621)							
17	INFORMATION SYSTEMS	277,930	811	178	1,953	-	5,506	18,097	\$(304,475)						
15	CONTRACTS & RISK MGMT.	434,992	2,649	356	3,907	-	11,012	8,567	8,229	\$(469,712)					
13	FINANCIAL MGMT.	1,431,785	7,730	1,067	11,720	-	33,037	7,174	24,687	-	\$(1,517,200)				
34	AUTO SHOP	553,030	12,174	356	3,907	-	11,012	17,240	8,229	-	47,222	\$(653,170)			
35	AUTO SHOP-CANAL	288,990	-	356	1,953	-	5,506	15,420	8,229	-	24,676	-	\$(345,130)		
10	EXEC OFFICE	341,517	10,698	1,422	1,953	-	5,506	1,927	8,229	-	29,162	-	-	\$(400,414)	
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	13,347,412	35,209	10,310	123,056	1,363,016	346,884	187,822	164,581	425,311	1,139,715	653,170	345,130	356,368	\$ 18,497,984
40-60	MANASQUAN SYSTEM	3,237,270	-	-	50,785	-	143,159	158,374	82,291	44,401	276,425	-	-	44,046	4,036,751
		\$ 22,534,735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,534,735

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

**SCHEDULE OF FORECASTED COST ALLOCATION FACTORS
YEAR ENDING JUNE 30, 2027**

DEPT. #	ALLOCATION OF: ALLOCATION BASIS:	REQUIRED STATISTICS											EXEC. OFF TIME ESTIMATE				
		BUILDING HQ SQ. FT. #	TELEPHONES # OF TELEPHONES	SAFETY # OF EMPLOYEES	HUMAN RESOURCES # OF EMPLOYEES	PURCHASING # OF P.O.'S	INFORMATION SYSTEMS # OF COMPUTERS	CONTRACTS & RISK MGMT MGD CONTRACTS	FINANCE O&M FUNCTIONAL COST	AUTO SHOP # OF VEHICLES	AUTO SHOP # OF VEHICLES	AUTO SHOP CANAL # OF VEHICLES					
	BUILDING HQ																
	TELEPHONE HQ																
36	SAFETY	100	1														
37	SECURITY	563	3	9													
14	HUMAN RESOURCES	666	4	3													
16	PURCHASING	827	3	2	2												
17	INFORMATION SYSTEMS	149	1	1	1	169											
15	CONTRACTS & RISK MGMT.	487	2	2	2	80			2								
13	FINANCIAL MGMT.	1,421	6	6	6	67			6								
34	AUTO SHOP	2,238	2	2	2	161			2				\$ 553,030				
35	AUTO SHOP-CANAL	-	2	1	1	144			2				288,990				
10	EXEC OFFICE	1,967	8	1	1	18			2				341,517				
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	6,473	58	63	63	1,754			40		182		13,347,412		59		89.00 %
40-60	MANASQUAN SYSTEM	-	-	26	26	1,479			20		19		3,237,270		-		11.00
		14,890	90	116	104	3,872			74		201		\$ 17,768,219		59		100 %

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

**SCHEDULE OF FORECASTED MANASQUAN SYSTEM ALLOCATED COSTS
YEAR ENDING JUNE 30, 2027**

	ALLOCATION BASIS					ALLOCATED COSTS
	1 LABOR PROJECTION	2 \$ VALUE OF VEHICLES	3 \$ VALUE OF EQUIPMENT	4 LABOR PROJECTION	5 VALUE OF WATER CONTRACTS	
COSTS						
<u>GENERAL & ADMINISTRATIVE</u>						
SALARIES & FRINGES	\$ 3,962,732	\$ (3,962,732)				
VEHICLE RELATED	109,260	\$ (109,260)				
MAINT. SUPPLIES & RELATED	86,000	-	\$ (86,000)			
OFFICE & MISC.	48,920	-	-	\$ (48,920)		
H.Q. OVERHEAD	823,291	-	-	-	\$ (823,291)	
RESERVOIR (40)	1,557,358	71,937	45,288	22,836	710,253	\$ 4,257,484
TREAT./TRANS. (50)	1,411,922	37,323	40,712	26,084	113,038	3,741,999
	<u>\$ 7,999,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,999,483</u>

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

**NOTES TO FINANCIAL SCHEDULES
YEAR ENDING JUNE 30, 2027**

NOTE 1 GENERAL

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

Raritan System

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

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

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

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

**NOTES TO FINANCIAL SCHEDULES
YEAR ENDING JUNE 30, 2027**

NOTE 1 GENERAL (CONTINUED)

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

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

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

**NOTES TO FINANCIAL SCHEDULES
YEAR ENDING JUNE 30, 2027**

NOTE 2 MANASQUAN SYSTEM ALLOCATED COST

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

1. Salaries and Fringe Benefits are allocated based on a Fiscal Year 2027 labor projection as prepared by the Authority.
2. Vehicle related expenses are allocated based on the dollar value of vehicles held by each System.
3. Maintenance Supplies and related expenses are allocated based on the dollar value of capital equipment held by each System.
4. Office and miscellaneous expenses are allocated based on a Fiscal Year 2027 labor projection prepared by the Authority.
5. Headquarters Overhead expenses are allocated based on the value of water contracts for each System.

Appendix II. Report of Mercadien PC – Allocation of Headquarters General and Administrative Expenses – Audited FY 2025 Expenditures

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

EXAMINATION REPORT AND FINANCIAL SCHEDULES

June 30, 2025

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

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INDEPENDENT ACCOUNTANTS' REPORT

To the Commissioners of
New Jersey Water Supply Authority

We have examined the conformity of the financial schedules with the cost allocation criteria set forth in Notes 1 and 2 to Financial Schedules ("Notes 1 and 2"), of the New Jersey Water Supply Authority (a component unit of the State of New Jersey and responsible party) (the "Authority"), for the year ended June 30, 2025, listed in the foregoing table of contents. The Authority's management is responsible for conformity of the financial schedules in accordance with the criteria set forth in Notes 1 and 2. Our responsibility is to express an opinion on the conformity of the financial schedules with the cost allocation criteria set forth in Notes 1 and 2, based on our examination.

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

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our examination agreement.

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

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

Mercadien, P.C.
Certified Public Accountants

Hamilton, New Jersey

November 19, 2025

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

**SCHEDULE OF COST CENTER EXPENSE RECLASSIFICATION
YEAR ENDED JUNE 30, 2025**

DEPT. #	DEPT./COST CENTER	COST CENTER COSTS	RECLASSIFICATIONS									REVISED COST CENTER COSTS
			1	2	3	4	5	6	7	8	9	
			HEATING/ ELECTRIC	VEHICULAR FUEL	PROFESSIONAL FEES	INSURANCE	TELEPHONE	PERMITS	WORKERS' COMP.	IN LIEU TAXES	CHIEF ENGINEER SALARY & FRINGE	
	BUILDING HQ	\$ -	\$ 74,029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,029
	TELEPHONE HQ	-	-	-	-	44,496	-	-	-	-	-	44,496
36	SAFETY	225,713	-	-	-	-	-	-	-	-	-	225,713
37	SECURITY	1,150,747	-	-	-	-	-	-	-	-	-	1,150,747
14	HUMAN RESOURCES	501,227	-	-	(7,814)	-	-	-	(47)	-	-	493,366
16	PURCHASING	500,502	-	(114,551)	-	-	(44,496)	(19,182)	-	-	-	322,273
17	INFORMATION SYSTEMS	236,457	-	-	-	-	-	-	-	-	-	236,457
15	CONTRACTS & RISK MGMT.	2,468,427	-	-	(27,964)	(1,993,606)	-	-	-	(18,689)	-	418,168
13	FINANCIAL MGMT	1,246,081	-	-	(2,148)	-	-	-	-	-	-	1,243,933
34	AUTO SHOP	306,159	-	114,551	-	-	-	19,182	-	-	-	439,892
35	AUTO SHOP-CANAL	226,130	-	-	-	-	-	-	-	-	-	226,130
10	EXEC OFFICE	303,822	7,310	-	-	-	-	-	-	-	-	311,132
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (PARITAN SYSTEM)	8,864,335	(81,339)	-	37,926	1,993,606	-	-	47	18,689	(21,479)	10,811,785
		16,019,600	-	-	-	-	-	-	-	-	(21,479)	15,998,121
40-60	MANASQUAN SYSTEM	6,242,524	-	-	-	-	-	-	-	-	21,479	6,264,003
		\$ 22,262,124	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,262,124

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

**SCHEDULE OF COST ALLOCATION FACTORS
YEAR ENDED JUNE 30, 2025**

		REQUIRED STATISTICS										
DEPT. #	ALLOCATION OF:	BUILDING HQ	TELEPHONES	SAFETY	HUMAN RESOURCES	PURCHASING	INFORMATION SYSTEMS	RISK MGMT	FINANCE O&M	AUTO SHOP	AUTO SHOP	EXEC. OFF
	ALLOCATION BASIS:	SQ. FT. #	# OF TELEPHONES	# OF EMPLOYEES	# OF EMPLOYEES	# OF P.O.'S	# OF COMPUTERS	MGD CONTRACTS	FUNCTIONAL COST	# OF VEHICLES	# OF VEHICLES	TIME ESTIMATE
DEPT. #	DEPT./COST CENTER											
	BUILDING HQ											
	TELEPHONE HQ											
36	SAFETY	100	1									
37	SECURITY	563	3	9								
14	HUMAN RESOURCES	666	4	3								
16	PURCHASING	827	3	2	2							
17	INFORMATION SYSTEMS	149	1	1	1	169						
15	CONTRACTS & RISK MGMT.	487	2	2	2	80	2					
13	FINANCIAL MGMT	1,421	6	6	6	67	6	-				
34	AUTO SHOP	2,238	2	2	2	161	2	-	\$ 439,892			
35	AUTO SHOP-CANAL	-	2	1	1	144	2	-	226,130			
10	EXEC OFFICE	1,967	8	1	1	18	2	-	311,132			
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	6,472	58	63	63	1,754	40	182	10,811,785	59	59	89 %
40-60	MANASQUAN SYSTEM	-	-	26	26	1,479	20	19	6,264,003	-	-	11
		14,890	90	116	104	3,872	74	201	\$ 18,052,942	59	59	100 %

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

**SCHEDULE OF MANASQUAN SYSTEM ALLOCATED COSTS
YEAR ENDED JUNE 30, 2025**

	ALLOCATION BASIS					ALLOCATED COSTS
	1 TIME STUDY	2 \$ VALUE OF VEHICLES	3 \$ VALUE OF EQUIPMENT	4 TIME STUDY	5 VALUE OF WATER CONTRACTS	
COSTS						
<u>GENERAL & ADMINISTRATIVE</u>						
SALARIES & FRINGES	\$ 3,433,056	\$ (3,433,056)				
VEHICLE RELATED	67,936	\$ (67,936)				
MAINT. SUPPLIES & RELATED	65,052	-	\$ (65,052)			
OFFICE & MISC.	26,862	-	-	\$ (26,862)		
H.Q. OVERHEAD	939,984	-	-	-	\$ (939,984)	
RESERVOIR	1,279,695	44,729	34,256	13,610	810,902	\$ 3,922,552
TREAT./TRANS.	1,369,922	23,207	30,796	13,252	129,082	3,259,955
	<u>\$ 7,182,507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,182,507</u>

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

**NOTES TO FINANCIAL SCHEDULES
YEAR ENDED JUNE 30, 2025**

NOTE 1 GENERAL

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

Raritan System

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

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

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

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

**NOTES TO FINANCIAL SCHEDULES
YEAR ENDED JUNE 30, 2025**

NOTE 1 GENERAL (CONTINUED)

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

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

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

**NOTES TO FINANCIAL SCHEDULES
YEAR ENDED JUNE 30, 2025**

NOTE 2 MANASQUAN SYSTEM ALLOCATED COST

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

1. Salaries and Fringe Benefits are allocated based on actual time studies performed by each employee throughout Fiscal Year 2025.
2. Vehicle related expenses are allocated based on the dollar value of vehicles held by each System.
3. Maintenance Supplies and related expenses are allocated based on the dollar value of capital equipment held by each System.
4. Office and miscellaneous expenses are allocated based on the time studies performed by each employee throughout Fiscal Year 2025.
5. Headquarters Overhead expenses are allocated based on the value of water contracts for each System.

Advertisement and Certification

Exhibit C

PROOFS OF PUBLICATION - CERTIFICATION

NEW JERSEY WATER SUPPLY AUTHORITY

PUBLIC HEARING

THURSDAY, FEBRUARY 5, 2026

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

TO BECOME EFFECTIVE JULY 1, 2026

THIS IS TO CERTIFY that the attached notice of public hearing in the above matter was mailed to the Secretary of State, the Division of the Ratepayer Advocate, the Board of Public Utilities and the Authority's Contractual Water Purchasers on December 23, 2025. Notice was also advertised in the following newspapers:

Asbury Park Press	December 23, 2025
The Star-Ledger	December 23, 2025
The Trentonian	December 23, 2025

The notice of public hearing also appeared in the January 5, 2026 issue of the New Jersey Register along with the text of the proposed amendments.



Marc Brooks
Executive Director
February 10, 2026

NEW JERSEY WATER SUPPLY AUTHORITY

Notice of Rate Proposal - Manasquan Reservoir System

Take notice that pursuant to the provisions of Chapter 293 of the Laws of 1981 (N.J.S.A. 58:1B-1 et. seq.) the New Jersey Water Supply Authority has proposed no revisions to its Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System in Monmouth County, New Jersey to cover Operational and Debt Service expenses for the Authority's fiscal year which commences on July 1, 2026.

The proposed rates will constitute no change in FY2027 to the existing regulations found at N.J.A.C. 7:11-4.1 et seq. as follows: no change in the sales base of 19.443 million gallons per day applied to all contract customers in the calculation of the Operations and Maintenance Component, the Source Water Protection Component, and the NJEIFP Debt Components of the rate; no change in the Operations and Maintenance Component of \$445.82 per million gallons; no change in the NJEIFP Debt Component of \$24.93 per million gallons; no change in the Source Water Protection Fund Component of \$15.00 per million gallons; and no change in the Capital Fund Component of \$525.00 per million gallons for all initial water purchase contract customers. The Capital Fund Component sales base will be 15.008 million gallons per day for all initial water purchase contract customers. There will be no change in the Debt Service Component for all delayed water purchase contracts of \$438.92 per million gallons and no change in the Capital Fund Component of \$200.00 per million gallons. There is no change in the debt service sales base of 4.435 million gallons per day applied to all delayed water purchase contract customers. The Capital Fund Component sales base for all delayed water purchase contract customers will also be 4.435 million gallons per day.

The proposal is scheduled to be published in the New Jersey Register dated January 5, 2026. A final version of the Basis and Background (B&B) document containing the full text of the proposed Rate Schedule, together with supporting information is available from the New Jersey Water Supply Authority's website at <http://www.njwsa.org> or individual requests for the full text of the proposed rate adjustments should be sent to the New Jersey Water Supply Authority.

The Authority will conduct a Pre-public Hearing meeting with its contractual water users and any interested parties by means of

Microsoft Teams online platform and teleconference service at 11:00 a.m. on Thursday, January 8, 2026 to present and explain the rate adjustment proposal, answer questions, and provide any additional data requested in accordance with the rate making procedure specified in N.J.A.C. 7:11-4.16.

Notice is hereby given that the Authority will hold a Public Hearing by means of online platform and teleconference call on Thursday, February 5, 2026 at 11:00 a.m. to provide the opportunity for public comments and statements on the proposed revisions. Interested persons may present statements orally or in writing relevant to the proposed action.

Details for joining either meeting will be available on the Authority's website at <http://www.njwsa.org>, by request to rgreg@njwsa.org, or by calling 908-638-6121 ext. 1245.

Written comments may be submitted until March 6, 2026 at which time the public record will be closed.

All comments should be addressed to:

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

AFFIDAVIT OF PUBLICATION

Order Number : 11936367

STATE OF WISCONSIN
Brown County

Of the **Asbury Park Press**, a newspaper printed in Freehold, New Jersey and published in Neptune, in State of New Jersey and Monmouth/Ocean Counties, and of general circulation in Monmouth/Ocean Counties, who being duly sworn, deposeth and saith that the advertisement of which the annexed is a true copy, has been published in said newspaper in the issue:


12/23/2025



Legal Clerk



Notary Public State of Wisconsin County of Brown



My commission expires

DENISE ROBERTS
Notary Public
State of Wisconsin

NEW JERSEY WATER SUPPLY AUTHORITY

Notice of Rate Proposal – Manasquan Reservoir System

Take notice that pursuant to the provisions of Chapter 293 of the Laws of 1981 (N.J.S.A. 58:18-1 et. seq.) the New Jersey Water Supply Authority has proposed no revisions to its Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System in Monmouth County, New Jersey to cover Operational and Debt Service expenses for the Authority's fiscal year which commences on July 1, 2026.

The proposed rates will constitute no change in FY2027 to the existing regulations found at N.J.A.C. 7:11-4.1 et seq. as follows: no change in the sales base of 19.443 million gallons per day applied to all contract customers in the calculation of the Operations and Maintenance Component, the Source Water Protection Component, and the NJEIFP Debt Components of the rate; no change in the Operations and Maintenance Component of \$445.82 per million gallons; no change in the NJEIFP Debt Component of \$24.93 per million gallons; no change in the Source Water Protection Fund Component of \$15.00 per million gallons; and no change in the Capital Fund Component of \$525.00 per million gallons for all initial water purchase contract customers. The Capital Fund Component sales base will be 15.008 million gallons per day for all initial water purchase contract customers. There will be no change in the Debt Service Component for all delayed water purchase contracts of \$438.92 per million gallons and no change in the Capital Fund Component of \$200.00 per million gallons. There is no change in the debt service sales base of 4.435 million gallons per day applied to all delayed water purchase contract customers. The Capital Fund Component sales base for all delayed water purchase contract customers will also be 4.435 million gallons per day.

The proposal is scheduled to be published in the New Jersey Register dated January 5, 2026. A final version of the Basis and Background (B&B) document containing the full text of the proposed Rate Schedule, together with supporting information is available from the New Jersey Water Supply Authority's website at <http://www.njwsa.org> or individual requests for the full text of the proposed rate adjustments should be sent to the New Jersey Water Supply Authority.

The Authority will conduct a Pre-public Hearing meeting with its contractual water users and any interested parties by means of Microsoft Teams online platform and teleconference service at 11:00 a.m. on Thursday, January 8, 2026 to present and explain the rate adjustment proposal, answer questions, and provide any additional data requested in accordance with the rate making procedure specified in N.J.A.C. 7:11-4.16.

Notice is hereby given that the Authority will hold a Public Hearing by means of online platform and teleconference call on Thursday, February 5, 2026 at 11:00 a.m. to provide the opportunity for public comments and statements on the proposed revisions. Interested persons may present statements orally or in writing relevant to the proposed action.

Details for joining either meeting will be available on the Authority's website at <http://www.njwsa.org>, by request to rgreg@njwsa.org, or by calling 908-638-6121 ext. 1245.

Written comments may be submitted until March 6, 2026 at which time the public record will be closed.

All comments should be addressed to:

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

(\$71.28) #11936367



AD#: 0011055211

State of New Jersey,) ss
County of Middlesex)

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

Star-Ledger 12/23/2025

Maria Nunez



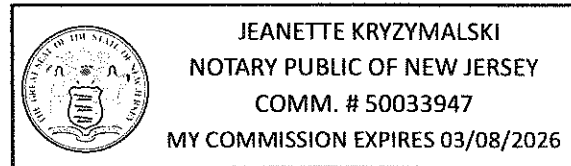
Principal Clerk of the Publisher

Sworn to and subscribed before me this 24th day of December 2025

*Jeanette
Kryczymalski*



Notary Public



Online Notary Public. This notarial act involved the use of online audio/video communication technology. Notarization facilitated by SIGNiX®

NEW JERSEY WATER SUPPLY AUTHORITY

Notice of Rate Proposal – Manasquan Reservoir System

Take notice that pursuant to the provisions of Chapter 293 of the Laws of 1981 (N.J.S.A. 58:1B-1 et. seq.) the New Jersey Water Supply Authority has proposed no revisions to its Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System in Monmouth County, New Jersey to cover Operational and Debt Service expenses for the Authority's fiscal year which commences on July 1, 2026.

The proposed rates will constitute no change in FY2027 to the existing regulations found at N.J.A.C. 7:11-4.1 et seq. as follows: no change in the sales base of 19.443 million gallons per day applied to all contract customers in the calculation of the Operations and Maintenance Component, the Source Water Protection Component, and the NJEIFP Debt Components of the rate; no change in the Operations and Maintenance Component of \$445.82 per

million gallons; no change in the NJEIFP Debt Component of \$24.93 per million gallons; no change in the Source Water Protection Fund Component of \$15.00 per million gallons; and no change in the Capital Fund Component of \$525.00 per million gallons for all initial water purchase contract customers. The Capital Fund Component sales base will be 15.008 million gallons per day for all initial water purchase contract customers. There will be no change in the Debt Service Component for all delayed water purchase contracts of \$438.92 per million gallons and no change in the Capital Fund Component of \$200.00 per million gallons. There is no change in the debt service sales base of 4.435 million gallons per day applied to all delayed water purchase contract customers. The Capital Fund Component sales base for all delayed water purchase contract customers will also be 4.435 million gallons per day.

The proposal is scheduled to be published in the New Jersey Register dated January 5, 2026. A final version of the Basis and Background (B&B) document containing the full text of the proposed Rate

Schedule, together with supporting information is available from the New Jersey Water Supply Authority's website at <http://www.njwsa.org> or individual requests for the full text of the proposed rate adjustments should be sent to the New Jersey Water Supply Authority.

The Authority will conduct a Pre-public Hearing meeting with its contractual water users and any interested parties by means of Microsoft Teams online platform and teleconference service at 11:00 a.m. on Thursday, January 8, 2026 to present and explain the rate adjustment proposal, answer questions, and provide any additional data requested in accordance with the rate making procedure specified in N.J.A.C. 7:11-4.16.

Notice is hereby given that the Authority will hold a Public Hearing by means of online platform and teleconference call on Thursday, February 5, 2026 at 11:00 a.m. to provide the opportunity for public comments and statements on the proposed revisions. Interested persons may present statements orally or in writing

relevant to the proposed action.

Details for joining either meeting will be available on the Authority's website at <http://www.njwsa.org>, by request to rgreg@njwsa.org, or by calling 908-638-6121 ext. 1245.

Written comments may be submitted until March 6, 2026 at which time the public record will be closed.

All comments should be addressed to:

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New Jersey Water Supply
Authority
1851 Highway 31
Post Office Box 5196
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12/23/25 \$132.44

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390 Eagleview Boulevard • Exton, PA 19341

NEW JERSEY WATER SUPPLY AUTH
1851 ROUTE 31
CLINTON, NJ 08809
Attention:

5460-40
171

STATE OF PENNSYLVANIA,

The undersigned _____, being duly sworn the he/she is the principal clerk of The Trentonian, published in Mercer County for the dissemination of local or transmitted news and intelligence of a general character, which are duly qualified newspapers, and the annexed hereto is a copy of certain order, notice, publication or advertisement of:

NEW JERSEY WATER SUPPLY AUTHORITY

Notice of Rate Proposal - Manasquan Reservoir System Take notice that pursuant to the provisions of Chapter 292 of the Laws of 1981 (N.J.S.A. 17:27a et seq.) the New Jersey Water Supply Authority has prepared its revisions to its Schedule of Rates, Charges and Credit Service Assessments for the Sale of Water from the Manasquan Reservoir System in Monmouth County, New Jersey to cover Operational and Debt Service expenses for the Authority's fiscal year which commences on July 1, 2025.

The proposed rates will constitute no change in FY2027 to the existing regulations found at N.J.A.C. 17:27-4.1 et seq. as follows: no change in the sales base of 12,443 million gallons per day applied to all contract customers in the calculation of the Operations and Maintenance Component, the Source Water Protection Component, and the NIGFP Debt Component of the rate; no change in the Operations and Maintenance Component of \$44.42 per million gallons; no change in the NIGFP Debt Component of \$24.81 per million gallons; no change in the Source Water Protection Fund Component of \$1.00 per million gallons; no change in the Capital Fund Component of \$25.00 per million gallons for all global water purchase contract customers. The Capital Fund Component sales base will be 15,600 million gallons per day for all global water purchase contract customers. There will be no change in the Debt Service Component for all delayed water purchase contracts of \$48.82 per million gallons and no change in the Capital Fund Component of \$29.00 per million gallons. There is no change in the cost service sales base of 4,435 million gallons per day applied to all delayed water purchase contract customers. The Capital Fund Component sales base for all delayed water purchase contract customers will also be 4,435 million gallons per day.

The proposal is scheduled to be published in the New Jersey Register dated January 5, 2025. A final version of the Rate and Background (RB) document containing the full text of the proposed rate adjustments, together with supporting information, is available from the New Jersey Water Supply Authority's website at <http://www.njwa.org> or individual requests for the full text of the proposed rate adjustments should be sent to the New Jersey Water Supply Authority.

The Authority will conduct a Pre-public Hearing meeting with its contractual water users and any interested parties by means of Microsoft Teams online platform and teleconference service at 11:00 a.m. on Thursday, January 9, 2025 to present and explain the proposed proposal, answer questions, and provide any additional data requested in accordance with the rate making procedures specified in N.J.A.C. 17:27-4.1.

Notice is hereby given that the Authority will hold a public hearing by means of online platform and teleconference call on Thursday, February 5, 2026 at 11:00 a.m. to provide the opportunity for public comments and objections on the proposed revisions. Interested persons may present statements orally or in writing relevant to the proposed action.

Details for joining either meeting will be available on the Authority's website at <http://www.njwa.org>, by request to rate@njwa.org, or by calling 908-538-6121 ext. 114.

Written comments may be submitted until March 5, 2026 at which time the public record will be closed.

All comments should be addressed to:

Executive Director
New Jersey Water Supply Authority
1851 Highway 21
Post Office Box 5206
Clinton, New Jersey 08809
info@njwa.org
Prt 66343.00
Dec 23-24

NEW JERSEY WATER SUPPLY AUTH

Published in the following edition(s):

The Trentonian
12/23/25

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My commission expires October 7, 2029
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Sworn to the subscribed before me this 12/23/2025

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Spring Lake, NJ 07762

New Jersey Register Notice

Exhibit D

8. Any other current costs, expenses, or obligations required to be paid by the Authority [under] pursuant to the provision of any agreement or instrument relating to bonds, other indebtedness of the Authority or by law. The current sales base of [182.339] **182.308** million gallons per day has been used in setting the rate listed [in] at (b) below.

(b) General rate schedule for operations and maintenance:

<u>Period</u>	<u>Allocation</u>	<u>Rate/Million Gallons</u>
(State fiscal year unless otherwise indicated)		
State fiscal year [2026] 2027	Million Gallons per Day (MGD)	\$203.00

7:11-2.4 Debt service assessments

(a) (No change.)

(b) The following debt service assessment rate for the New Jersey Environmental Infrastructure Financing Program loans, based on a sales base of [182.339] **182.308** million gallons per day, will be applied to all customers.

<u>Period</u>	<u>Allocation</u>	<u>Rate/Million Gallons</u>
(State fiscal year unless otherwise indicated)		
State fiscal year [2026] 2027	Million Gallons per Day (MGD)	\$109.00

7:11-2.5 Capital Fund Component

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

(c) Capital Fund Assessment

<u>Period</u>	<u>Allocation</u>	<u>Rate/Million Gallons</u>
(State fiscal year unless otherwise indicated)		
State fiscal year [2026] 2027	Million Gallons per Day (MGD)	\$33.00

7:11-2.6 Source Water Protection Fund Component

(a) (No change.)

(b) Source Water Protection Fund Assessment

<u>Period</u>	<u>Allocation</u>	<u>Rate/Million Gallons</u>
(State fiscal year unless otherwise indicated)		
State fiscal year [2026] 2027	Million Gallons per Day (MGD)	\$20.00

(a)

**NEW JERSEY WATER SUPPLY AUTHORITY
Schedule of Rates, Charges, and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir Water Supply System
Proposed Amendments: N.J.A.C. 7:11-4.3, 4.4, 4.5, 4.6, and 4.7**

Authorized By: New Jersey Water Supply Authority, Shawn M. LaTourette, Chair, and Commissioner, Department of Environmental Protection.

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

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

DEP Docket Number: 09-25-12.

Proposal Number: PRN 2026-005.

In accordance with N.J.A.C. 7:11-2.14(a), the New Jersey Water Supply Authority (Authority) will hold a pre-public hearing meeting on January 8, 2026, at 11:00 A.M. and a public hearing on February 5, 2026, at 11:00 A.M. concerning this rulemaking. Both the pre-public hearing meeting and public hearing will be conducted virtually through the Authority’s video conferencing software, Microsoft Teams. Further information on accessing the pre-public hearing meeting and 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. Notice will also be sent to those who have subscribed to the Authority’s rulemaking list service (listserv). To subscribe to the listserv, go to <https://www.njwsa.org/rate-proposals.html>.

Submit comments by March 6, 2026, electronically to the Authority at info@njwsa.org. The Authority encourages electronic submittal of comments. In the alternative, comments may be submitted on paper to:

Marc Brooks
Executive Director
New Jersey Water Supply Authority
Attention: DEP Docket No. 09-25-12
1851 State Highway 31
PO Box 5196
Clinton, NJ 08809

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

The agency proposal follows:

Summary

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

The Authority is proposing to amend its Schedule of Rates, Charges, and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System (System), to cover expenses for Fiscal Year (FY) 2027. The Authority operates on a July 1 to June 30 fiscal year. The amendments to specific aspects of the rate structure proposed in this rulemaking will result in no change to the overall rate of \$1,010.75 per million gallons (MG) for initial water purchase contract customers, and no change to the overall rate of \$1,124.67 per MG for delayed water purchase contract customers. The Authority anticipates the rates will be adopted and operative July 1, 2026.

The general rate schedule for operations and maintenance (O&M) covers the operation expenses of the System. This component, set forth at N.J.A.C. 7:11-4.3, and incorporated in the standby charge at N.J.A.C. 7:11-4.13, was last adjusted operative July 1, 2020 (FY 2021), when the amount was increased from \$432.87 to \$445.82 per MG. See 48 N.J.R. 19(a); 1065(a). The Authority is proposing no change to the operations and maintenance component of \$445.82 per MG for FY 2027. The O&M component sales base of 19,443 million gallons per day (MGD) will remain the same for FY 2027.

The debt service component for FY 2026 for delayed water purchase contract customers, set forth at N.J.A.C. 7:11-4.4(c), was based on a sales base of 4.435 MGD. There is no change in the delayed water purchase sales base for FY 2027. The Authority is proposing no change to the delayed water purchase contract customer debt service component, set forth at N.J.A.C. 7:11-4.4(b), of \$438.92 for FY 2027. The rate component will continue to allow the Authority to meet coverage of 120 percent of debt service required by the Authority’s bond resolution. This rate is charged to all water purchasers who entered into a water purchase contract for uninterruptible service commencing subsequent to the System operation date.

A capital fund rate component was established in the Manasquan System in FY 2021 for initial water purchase contract customers (\$525.00 per MG) and delayed water purchase contracts (\$200.00 per MG) to provide for long-term capital needs that will allow for the proper maintenance, rehabilitation, and/or replacement of the system facilities. There will be no change in the FY 2027 rate for initial water purchase contract customers (\$525.00 per MG), at N.J.A.C. 7:11-4.5(c), which will be charged to all uninterruptible service contracts executed prior to July

1, 1990, and to those water purchasers entering delayed water purchase contracts who pre-paid the total delayed water purchase surcharge at the commencement of the contract, rather than paying it over the contract term. The FY 2027 rate for delayed water purchase contract customers (\$200.00 per MG, no change from FY 2026), found at N.J.A.C. 7:11-4.5(e), will be charged to all water purchasers who entered into a water purchase contract for uninterruptible service commencing subsequent to the System operation date.

The Authority established a Source Water Protection Fund Component (N.J.A.C. 7:11-4.5) of \$15.00 per MG starting July 1, 2003. The Source Water Protection Fund Component provides administrative cost assistance for watershed planning and land acquisitions within the Manasquan Basin critical to the long-term protection of water quality and quantity in the System. The rate was reduced from \$15.00 per MG to \$10.00 per MG for FY 2016. A rate of \$10.00 per MG and existing fund surplus were sufficient to cover program costs for FY 2016 and FY 2017. In FY 2018, the Authority increased the rate to \$15.00 per MG in order to cover program costs for FY 2018. To cover costs for FY 2027, the Authority proposes no change to the source water protection fund component rate of \$15.00 per MG, which is codified at N.J.A.C. 7:11-4.6(b).

The Authority proposes no change in the New Jersey Environmental Infrastructure Financing Program (NJEIFP) debt component of \$24.93 per MG, which is set forth at N.J.A.C. 7:11-4.7(b). The NJEIFP debt component was established to repay debt service to the New Jersey Environmental Infrastructure Trust for construction costs associated with the installation of a structure over the Manasquan Reservoir intake pump station. The debt service payment will remain stable in FY 2027, and the sales base will remain constant at 19.443 MGD for FY 2027.

For initial water purchase contract customers, the FY 2027 base contract O&M Rate (\$445.82), Source Water Protection Program Rate (\$15.00), NJEIFP Debt Rate (\$24.93), and Capital Fund Component (\$525.00) comprise the total base contract rate for raw water of \$1,010.75 per million gallons, and represents no change relative to FY 2026. This base contract rate is charged to all uninterruptible service contracts initially executed prior to July 1, 1990, 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 FY 2027 is \$1,124.67 per million gallons, representing no change relative to the FY 2026 delayed water purchase rate. The O&M Component (\$445.82), the Source Water Protection Fund Component (\$15.00), the Debt Service Rate Component (\$438.92), the NJEIFP Debt Rate (\$24.93), and the Capital Fund Component (\$200.00) comprise the total rate.

Social Impact

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

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

Economic Impact

The proposed adjustment to the rate schedule will result in no change to the overall water rate for initial water purchase contract customers and no change to the overall water rate for delayed water purchase contract customers. Based upon the average household usage of 400 gallons per day, the annual average impact per household will be \$0.00 for initial water purchase contract customers and \$0.00 for delayed water purchase contract customers. The rate will continue to ensure that necessary insurance coverage is maintained for all aspects of the Authority's operations, while also sustaining operations to meet and enhance the

Authority's mission of managing the water supply. The regulatory amendments to the Schedule of Rates and Charges are in accordance with the Authority's statutory jurisdiction over System diversions that impact safe yield.

Environmental Impact

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

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

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

Federal Standards Statement

N.J.S.A. 52:14B-1 et seq. (P.L. 1995, c. 65), requires administrative agencies that adopt, readopt, or amend any rule or regulation to which the law applies to provide a comparison with Federal law, and to provide further discussion and analysis (including a cost-benefit analysis) if the standards or requirements by the agency exceed standards or requirements imposed by Federal law.

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

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

Jobs Impact

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

Agriculture Industry Impact

In accordance with P.L. 1998, c. 48, which amends the Right to Farm Act, and in accordance with N.J.S.A. 52:14B-4(a)2, which requires that an Agriculture Industry Impact statement be included in the notice of proposal, the Authority has evaluated this rulemaking to determine the nature and extent of the impact of the proposed amendments on the agriculture industry. Agriculture is impacted to the extent that farms and other agricultural users receive water allocations from the Department of Environmental Protection and contract with the Authority for the purchase of water as a condition of the water allocation permit. The proposed amendments do not change the overall water rate for both initial water purchase contract customers and delayed water purchase contract customers. Accordingly, no impacts on the agriculture industry are anticipated.

Regulatory Flexibility Statement

In accordance with the New Jersey Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., the Authority has determined that the proposed amendments will not impose reporting, recordkeeping, or other

compliance requirements on small businesses because they only affect the rates charged to users for water purchased from the Authority. The municipalities and major water purveyors that contract to purchase water from the Authority and are impacted by these rules do not qualify as “small businesses” pursuant to N.J.S.A. 52:14B-16 et seq., because all employ more than 100 full-time employees.

Housing Affordability Impact Analysis

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

Smart Growth Development Impact Analysis

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

Racial and Ethnic Community Criminal Justice and Public Safety Impact

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

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

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

7:11-4.3 Operations and maintenance expense component

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

<u>Effective Date</u>	<u>Rate/Million Gallons</u> (based upon a 19,443 mg per day sales base)
July 1, [2025] 2026	\$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 uninterrupted service commencing subsequent to the system operation date (delayed water purchase contract). This includes a purchaser pursuant to an initial water purchase contract, which provides for an increase in the amount of uninterrupted service effective subsequent to the system operation date.
 1. The following debt service rate based on a sales base of 4.435 million gallons per day, applies to the delayed water purchase contract commencing July 1, 2001, October 1, 2002, and January 1, 2005.

<u>Period</u>	<u>Rate/Million Gallons</u> (Coverage 120 percent)
7/1/2025] 7/1/2026 to [6/30/2026] 6/30/2027	\$438.92

- (c) (No change.)

7:11-4.5 Capital fund component

- (a)-(b) (No change.)
- (c) Capital Fund Assessment—initial water purchase contract customers:

<u>Period</u>	<u>Rate/Million Gallons</u>
[7/1/2025] 7/1/2026 to [6/30/2026] 6/30/2027	\$525.00

- (d) (No change.)
- (e) Capital Fund Assessment—delayed water purchase contract customers

<u>Period</u>	<u>Rate/Million Gallons</u>
[7/1/2025] 7/1/2026 to [6/30/2026] 6/30/2027	\$200.00

7:11-4.6 Source water protection fund component

- (a) (No change.)
- (b) The source water protection fund component is as follows:

<u>Period</u>	<u>Rate/Million Gallons</u>
[7/1/2025] 7/1/2026 to [6/30/2026] 6/30/2027	\$15.00

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

- (a) (No change.)
- (b) The New Jersey Environmental Infrastructure Financing Program debt component is as follows:

<u>Period</u>	<u>Rate/Million Gallons</u>
[7/1/2025] 7/1/2026 to [6/30/2026] 6/30/2027	\$24.93

HEALTH

(a)

HEALTH SYSTEMS BRANCH

DIVISION OF CERTIFICATE OF NEED AND LICENSING

Standards for Licensure of Assisted Living Residences, Comprehensive Personal Care Homes, and Assisted Living Programs

**Definitions
Surveys**

Proposed Amendments: N.J.A.C. 8:36-1.3 and 2.4

Authorized By: Jeffrey A. Brown, Acting Commissioner, Department of Health, with the approval of the Health Care Administration Board.

Authority: N.J.S.A. 26:2H-1 et seq., particularly 26:2H-5.

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

Proposal Number: PRN 2026-003.

Submit written comments by March 6, 2026, electronically to <http://www.nj.gov/health/legal/ecomments.shtml> or by regular mail postmarked on or before March 6, 2026, to:

Kimberly E. Jenkins, Director
Office of Legal and Regulatory Compliance
Office of the Commissioner
New Jersey Department of Health
PO Box 360
Trenton, NJ 08625-0360

Minutes of Pre-Public Hearing Meeting

Exhibit E

MINUTES

Pre-Public Hearing Meeting - January 8, 2026

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, 2026

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

Authority staff members present were Susan Buckley-Director Finance and Administration, Marc Brooks-Executive Director, Anthony Colasurdo - Director Manasquan and D&R Canal, and Stephen Gates-Chief Engineer. Also in attendance was Michael Elenski from the Governor's Authority Unit.

No members of the public or customer joined the call. The meeting was therefore adjourned at 11:15am.

Transcript of Public Hearing

Exhibit F

STATE OF NEW JERSEY
WATER SUPPLY AUTHORITY
PUBLIC HEARING

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IN THE MATTER OF:

MANASQUAN RESERVOIR
WATER SUPPLY SYSTEM
-----*

DATE TAKEN: THURSDAY, FEBRUARY 5, 2026
TIME TAKEN: 11:00 A.M.

REMOTE VIA MICROSOFT TEAMS

BEFORE: STEVEN PICCO
Hearing Officer

ALSO PRESENT: MARC BROOKS
Executive Director

SUSAN BUCKLEY
Director
Finance & Administration

ANTHONY COLASURDO
Director, Manasquan Water Supply
and Canal Operations

STEPHEN GATES
Chief Engineer

J.H. BUEHRER & ASSOCIATES
202 Maple Avenue
P.O. Box 637
Island Heights, New Jersey 08732
(732) 552-4675

E X H I B I T S

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EXHIBIT	DESCRIPTION	IDENT/ID
P-1	Pre-Public Hearing Minutes of January 8th, 2026	4
P-2	Certification of Notification of Public Hearing	5
S-1	Basis and Background Statement Dated 11/3/25	16

1 MR. PICCO: On behalf of the New
2 Jersey Water Supply Authority, I would like to
3 welcome you here this morning. My name is Steven
4 Picco. I am a Commissioner on the Authority Board
5 and I am Chairman of the Authority's Audit
6 Committee and a member of the Personnel, Finance,
7 and Capital Committees. I am serving as Hearing
8 Officer for purposes of this public hearing.

9 Several members of the Authority's
10 Staff are present today and I would like to
11 introduce them. Mr. Marc Brooks is the Executive
12 Director. Ms. Susan Buckley is the Director,
13 Finance and Administration. Mr. Anthony Colasurdo
14 is the Director, Manasquan Water Supply and Canal
15 Operations. And, Mr. Stephen Gates is the Chief
16 Engineer.

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

21 The Authority has adopted extensive
22 rate adjustment procedures found in the New Jersey
23 Administrative Code at N.J.A.C. 7:11-4.17 and 4.18,
24 which provide for close contact with our water
25 customers, the State Division of the Ratepayer

1 Advocate, and other interested parties for the
2 proposal of any rate adjustment. These procedures
3 demonstrate the Authority's commitment to
4 maintaining an active dialogue with the public,
5 welcoming the input of interested parties, and
6 providing a forum for that input.

7 Official notice of the proposed rate
8 adjustments for Fiscal Year 2027 was mailed to the
9 water users and all interested parties on December
10 23rd, 2025, and published in the New Jersey
11 Register on January 5th, 2026. On January 8th,
12 2026 the required pre-public hearing meeting with
13 our contractual water customers and interested
14 parties was conducted. There were no attendees at
15 the pre-public hearing.

16 Ms. Buckley, do we have minutes from
17 the pre-public hearing meeting on January 8th,
18 2026?

19 MS. BUCKLEY: Yes, Mr. Chairman. And,
20 I would like to enter the January 8th, 2026
21 pre-public hearing minutes into the record as
22 Exhibit P-1.

23 MR. PICCO: Please mark the pre-public
24 hearing meeting minutes as Exhibit P-1.

25 (Whereupon Exhibit P-1, Pre-Public

1 Hearing Minutes of January 8th, 2026, are marked
2 for identification.)

3 MR. PICCO: At this time I will ask
4 Ms. Buckley if we have a certification of the
5 publication and the mailing of notification of this
6 public hearing to present for the record?

7 MS. BUCKLEY: Yes, Mr. Chairman, we
8 have certification that Notice of this public
9 hearing was mailed to the Secretary of State, the
10 Division of the Ratepayer Advocate, the Board of
11 Public Utilities, the Authority's Contractual Water
12 Purchasers, and other interested parties on
13 December 23rd, 2025 and advertised in the Asbury
14 Park Press, The Star Ledger, and The Trentonian on
15 December 23rd, 2025.

16 I would like to enter this
17 Certification into the record as Exhibit P-2.

18 MR. PICCO: Please mark this
19 Certification as Exhibit P-2.

20 (Whereupon Exhibit P-2,
21 Certification of Notification of Public Hearing, is
22 marked for identification.)

23 MR. PICCO: Thank you, Ms. Buckley.

24 Ms. Buckley will you now present the
25 Authority's opening statement?

1 MS. BUCKLEY: Good morning. The
2 Authority is proposing to amend its Schedule of
3 Rates, Charges and Debt Service Assessments for the
4 Sale of Water from the Manasquan Reservoir System
5 (System), to cover expenses for Fiscal Year (FY)
6 2027. The Authority operates on a July 1st to June
7 30th fiscal year. The proposed amendments update
8 references to the fiscal year from FY 2026 to FY
9 2027. The overall proposed rate of \$1,010.75 per
10 MG for Initial Water Purchase Contracts (IWP)
11 represents no change versus the current rate of
12 \$1,010.75 per MG. The overall proposed rate of
13 \$1,124.67 per MG for Delayed Water Purchase
14 Contracts (DWP) represents no change versus the
15 current rate. The Authority anticipates the rates
16 will be adopted effective July 1st, 2026.

17 The General Rate Schedule for
18 Operations and Maintenance was last adjusted
19 effective July 1st, 2025 to cover the operating
20 expenses of the System for Fiscal Year 2026. For
21 the current fiscal year, there is no change in the
22 Operations and Maintenance rate of \$432.87 per MG,
23 and there is no change projected in the sales base.
24 Projected expense increases (primarily in salary,
25 fringe, and insurance expense) are being offset by

1 overdraft revenues and budget surplus from prior
2 periods, as well as excess debt service raised as a
3 requirement of the Authority's bond resolutions.

4 The Debt Service component of the rate
5 for the Delayed Water Purchase Contracts will be
6 \$438.92 per million gallons, no change from FY2026.
7 Debt service related to Delayed Water Purchase
8 Customers is essentially flat versus FY26, and the
9 debt service component reflects 120 percent debt
10 service coverage.

11 A capital fund rate component was
12 established in FY2021 in the Manasquan System for
13 Initial Water Purchase Contracts (\$525.00/mg), and
14 Delayed Water Purchase Contracts (\$200.00/mg), to
15 provide for long-term capital needs that will allow
16 for the proper maintenance, rehabilitation and/or
17 replacement of the system facilities. The
18 Authority is proposing no change to the capital
19 fund component.

20 The Authority is proposing no change
21 to the NJEIFP Debt Service and Source Water
22 Protection components of the rate.

23 The New Jersey Water Supply Authority
24 is operating, maintaining, and managing three
25 distinct systems, each with its own budget, cost

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

8 The Authority's headquarters Staff,
9 located in Clinton, provides general and
10 administrative support service for all three
11 systems. In order to equitably assess each system,
12 an outside auditing firm developed a methodology
13 for the allocation of the headquarters general and
14 administrative costs to each operating system.
15 After the close of each fiscal year, the
16 Authority's current Auditors provide their findings
17 as to the need to adjust any of the allocation
18 factors and the actual audited expenditures for the
19 fiscal year.

20 Independent auditors have reviewed the
21 Authority's Fiscal Year 2025 allocation calculation
22 that results in an adjustment to be netted against
23 the Fiscal Year 2027 budgeted allocation. A copy
24 of the Auditor's report on the allocation of the
25 headquarters' general and administrative costs is

1 included in the rate proposal package for each
2 system.

3 Insurance costs are also allocated to
4 each system based upon the recommendations of the
5 Authority's risk management consultant. Each rate
6 proposal package includes a summary table showing
7 the proposed insurance budget amounts and the
8 portions allocated to each of the three systems.

9 The total charge for the water supply
10 consists of a component to cover the costs of
11 operating and maintaining the System, a Debt
12 Service Component, Capital Fund Component, a NJEIFP
13 Debt Component, and a Source Water Protection
14 Component.

15 After all appropriate allocations from
16 the Raritan Basin System and to the Water Treatment
17 Plant and Transmission System, the projected
18 operating costs for Fiscal Year 2027 indicate that
19 an Operations and Maintenance rate component of
20 \$445.82 per million gallons will be required
21 starting July 1st, 2026. This represents no
22 increase over the prior fiscal year. The
23 Operations and Maintenance component sales base
24 remains at 19.443 million gallons per day.

25 The Debt Service Component of the

1 total rate is calculated each year to cover the
2 payments due on the outstanding debt for the
3 system. The Debt Service Assessment was
4 established effective July 1st, 1990 to cover debt
5 service payments on the initial loan of \$63,600,000
6 at an interest rate of 7.15 percent (subsequently
7 reduced to 5.93 percent in Fiscal Year 1997 for
8 payments due August 1998 and after); and, the
9 payment for the interim completion loan of
10 \$7,416,000 at an interest rate of 7.16 percent
11 (which was also later reduced to 6.24 percent in
12 Fiscal Year 1992).

13 In August of 2005, the Authority
14 refunded the current portion of the State Loan
15 Notes and the Completion Notes at an average coupon
16 of 4.83 percent, and a net present value savings of
17 \$6.187 million. The terms of the bonds was 25
18 years. The bond proceeds also fully funded the
19 Debt Service Reserve Account, and debt service
20 coverage must remain at 120 percent through the
21 life of the bonds.

22 In July of 2006, the Authority issued
23 \$90,147.57 and \$9,505.40 current State Loan Notes
24 and Completion Loan Notes respectively for a
25 delayed water purchase contract for .028 million

1 gallons per day. The debt service for the notes
2 associated with this water purchase contract was
3 paid through the Debt Service Component of the
4 initial rate and funds held in escrow by the
5 Authority, contributed by the water purchase
6 customers for this purpose.

7 In May of 2016, the Authority issued
8 \$17,460,000 of Manasquan Reservoir Water Supply
9 System Revenue Refunding Bonds which refunded the
10 2005 Manasquan Reservoir Water Supply System
11 Revenue Bonds, as well as the current State Loan
12 Notes and Completion Notes. The 2016 bonds have an
13 average coupon of 3.78 percent, and a net present
14 value savings of \$3.0 million. The term of the
15 bonds is 15 years.

16 On July 1st, 2026, the Debt Service
17 Component for Delayed Water Purchase Contracts will
18 be \$438.92 per million gallons, no change from the
19 prior fiscal year. The debt for the Initial Water
20 Purchase Contracts has been paid in full. There is
21 no change in the sales base for either Initial or
22 Delayed customers.

23 The Authority established a Source
24 Water Protection Fund Component in Fiscal Year 2004
25 dedicating \$15.00 per million gallons to protect

1 the quality and quantity of waters in the Manasquan
2 Reservoir Water Supply System. The Authority
3 reduced the Source Water Protection Component from
4 \$15.00 per million gallons to \$10.00 per million
5 gallons in Fiscal Year 2016, and the rate increased
6 to \$15.00 per million gallons in Fiscal Year 2018.
7 The Authority proposes that the rate remain the
8 same at \$15.00 per million gallons in Fiscal Year
9 2027 to adequately fund source water protection
10 efforts.

11 The Authority established the NJEIFP
12 Debt Component in FY2012 to pay debt service on
13 bonds issued in May of 2012 at 75 percent zero
14 interest and 25 percent market interest by the New
15 Jersey Environmental Infrastructure Financing
16 Program to build a structure over the Intake Pumps
17 and Traveling Water Screens. The Authority
18 proposes that this rate component remain the same
19 at \$24.93 per million gallons in Fiscal Year 2027.

20 The total proposed rate on July 1st,
21 2026, for contracts effective as of July 1st, 1990,
22 will be \$1,010.75 per million gallons, no change
23 versus the prior fiscal year. The total proposed
24 rate on July 1st, 2026 for Delayed Water Purchase
25 Contracts will be \$1,124.67 per million gallons, no

1 change versus the prior fiscal year.

2 The Authority's procedure for rate
3 adjustments is found in the New Jersey
4 Administrative Code at N.J.A.C. 7:11-4.17 and 4.18
5 ("The Regulations"). These rate adjustment
6 procedures require the Authority to give official
7 notice and an explanation outlining the need for
8 proposed rate adjustments to various entities at
9 least six (6) months prior to the proposed
10 effective date.

11 The Authority's Commissioners formally
12 proposed the publication of the rate adjustment for
13 Fiscal Year 2027 at their regular monthly business
14 meeting on November 3rd, 2025. The Basis and
15 Background Statement was posted on the Authority's
16 Website on October 31st, 2025. Mr. Picco, I
17 request that this Basis and Background Document be
18 entered into the record as Exhibit S-1.

19 The Authority's rate adjustment
20 procedures provide that the contractual water
21 customers and interested parties be provided the
22 opportunity to meet the Authority Staff at a
23 pre-public hearing meeting in order to be presented
24 with an explanation of the formal proposal. This
25 pre-public hearing meeting must be scheduled within

1 forty-five (45) days after the official notice of a
2 proposed rate adjustment is sent. A "Notice of
3 Public Hearing" was mailed on December 23rd, 2025
4 to contractual water customers and other interested
5 parties, informing them of the pre-public and
6 public hearing scheduled for January 8th and
7 February 5th, 2026 respectively, via Microsoft
8 Teams.

9 Additionally, on December 23rd, 2025,
10 notice of the Pre-Public Hearing and this Public
11 Hearing was published in the Asbury Park Press, The
12 Trentonian, and The Star Ledger. Notice of the
13 proposed rate adjustment and the public hearing
14 schedule also appeared in the January 5th, 2026
15 issue of the New Jersey Register. The Pre-Public
16 Hearing was conducted on January 8th, 2026, and
17 there were no attendees.

18 The Authority's regulations state that
19 interested parties may submit written questions for
20 inclusion in the hearing record, and if submitted
21 no later than 15 days prior to the public hearing,
22 Authority Staff, at today's meeting, must provide
23 answers to the questions. The Authority will also
24 provide a complete response to any questions
25 received subsequent to the 15-day deadline, and up

1 to and including March 16th, 2026, the closing date
2 for the hearing record. In addition, any party may
3 direct questions and follow-up to Authority Staff
4 at the public hearing. In the event a response
5 cannot be immediately given today, a written
6 response shall be prepared within ten (10) business
7 days of this public hearing; and, a copy of that
8 written response shall be provided to all
9 contractual water customers, the Division of the
10 Ratepayer Advocate, the Board of Public Utilities,
11 and the attendees at the meeting requesting the
12 same, and the response shall be made part of the
13 hearing record. Comments received before the close
14 of the New Jersey Register comment period of March
15 6th, 2026 will also be entered into the record.

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

22 After the hearing record is closed and
23 the New Jersey Register comment period expires, a
24 Hearing Officer's report, which shall include
25 findings of fact and specific responses to all

1 issues and questions raised during the public
2 hearing proceedings, will be prepared and submitted
3 to the entire Authority prior to the Authority
4 taking final action on the proposal.

5 Mr. Picco, that concludes the
6 Authority's opening statement.

7 MR. PICCO: Please mark the Basis and
8 Background Document dated 11/3/25 as Exhibit S-1.

9 (Whereupon Exhibit S-1, Basis and
10 Background Statement dated 11/3/25, is marked for
11 identification.)

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

15 MS. BUCKLEY: No, Mr. Chairman, we
16 have not.

17 MR. PICCO: Ms. Buckley, are there any
18 additional proposed Rule changes not associated
19 with the changes to existing Rates?

20 MS. BUCKLEY: No, Mr. Chairman, there
21 are not.

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

25 Ms. Buckley, has the Authority

1 received any questions prior to today's hearing?

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

4 MR. PICCO: Thank you, Ms. Buckley.

5 We are now prepared to enter oral
6 statements, written statements and/or any other
7 supporting evidence by all interested parties into
8 the record.

9 At this time I would like to invite
10 anyone who would like to make a statement to state
11 your name and affiliation.

12 Let the record reflect that I have not
13 received any statements from any member of the
14 public.

15 We will now entertain questions, and
16 if possible today, hear the responses by Authority
17 Staff. Does any member of the public have
18 questions for Staff? Hearing none.

19 After the New Jersey Register comment
20 period closes on March 6th, 2026, and the hearing
21 record is closed on March 16th, 2026, I, as the
22 Hearing Officer, will prepare a report of my
23 findings based solely on the record of the
24 proceedings, which shall include findings of fact
25 and specific responses to all issues and questions

1 raised during these proceedings. My Hearing
2 Officer's report will be submitted to the Authority
3 and presented to the Authority's Board for final
4 action on the proposal. Written comments may be
5 submitted until the end of the public comment
6 period on March 16th, 2026.

7 I anticipate that the Authority will
8 take final action on these proposed Rates at a
9 regular monthly business meeting on or before June
10 1st, 2026.

11 The Authority appreciates your
12 attendance here today. This Public Hearing is
13 adjourned.

14 (Whereupon the proceedings were
15 concluded at 11:15 a.m.)

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C E R T I F I C A T E

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3 I, CHRISTINA RESTUCCIA, a Court Reporter
4 of the State of New Jersey, CERTIFY that the
5 foregoing is a true and accurate transcript of the
6 testimony that was provided me at the time, place
7 and on the date herein before set forth.

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

12
13 

14 Notary Public of the State of New Jersey
15 My Commission expires April 24, 2029
16 #50221246
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Correspondence and Testimony

Exhibit G

NO CORRESPONDENCE RECEIVED

Staff Memorandum to Hearing Officer

Exhibit H



NEW JERSEY WATER SUPPLY AUTHORITY

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

March 17, 2026

MEMORANDUM

TO: Mr. Steven Picco
Hearing Officer

FROM: Marc Brooks, Executive Director
New Jersey Water Supply Authority

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

Please be advised that no additional comments or inquiries on the Manasquan Reservoir System FY2027 rate proposal were received by the Authority subsequent to the public hearing of February 5, 2026 so that the public comments noted for the record at the hearing (none) represent a complete picture of public input.

Staff has analyzed the budget of the original rate package for any revisions that should be considered prior to final action of the Authority at the May 4, 2026 meeting. There will be no change to any component of the rates as proposed at the November 3, 2025 Authority meeting.

The total rate (O&M plus Debt Service, NJEIFP Debt Component, Source Water Protection Component and Capital Fund Component) of \$1,010.75 per million gallons will apply to all Initial water purchase customers in FY2027 (starting July 1, 2026) and results in no change versus FY2026.

The total rate (O&M plus Debt Service, NJEIFP Debt Component, Capital Fund Component and Source Water Protection Component) of \$1,124.67 per million gallons will apply to all Delayed water purchase customers in FY2027 (starting July 1, 2026) and results in no change versus FY2026.

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM
FISCAL YEAR 2027 (7/1/26-6/30/27)

REVISIONS TO ORIGINAL RATE PACKAGE

1.	No Changes	

Draft Resolution Adopting Rate
Adjustments

Exhibit I

RESOLUTION OF THE NEW JERSEY WATER SUPPLY AUTHORITY

NO.: _____

DATE OF ADOPTION: _____

TITLE: Resolution Adopting Revisions to the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System, to become effective July 1, 2026 (regulations found at N.J.A.C. 7:11-4.1 et seq.)

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

WHEREAS, the Authority has estimated its revenue requirements for the fiscal year beginning on July 1, 2026; and

WHEREAS, by Resolution No. 2700 adopted on November 3, 2025 the Authority proposed certain revisions to the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System, to become effective July 1, 2026 (regulations found at N.J.A.C. 7:11-4.1 et seq.); and

WHEREAS, the proposal was mailed to all contractual water purchasers in December 2025, and published in the Asbury Park Press, the Star Ledger and the Trentonian on December 23, 2025, and also appeared in the New Jersey Register on January 6, 2026 with a 60-day comment period ending March 6, 2026; and

WHEREAS, a pre-public hearing meeting was conducted on the proposed amendments on January 8, 2026; and

WHEREAS, the Authority conducted a public hearing on the proposed amendments on February 5, 2026 with the record remaining open through March 16, 2026; and

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

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

NOW THEREFORE, be it resolved that the Authority adopts the Hearing Officer's Report entitled "Fiscal Year 2027 Proposed Amendments to the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System;" and

BE IT FURTHER RESOLVED, that the Authority adopts the following amendments to the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System, found at N.J.A.C. 7:11-4.1 et seq. to become effective on July 1, 2026:

1. Amend N.J.A.C. 7:11-4.3(c) of the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System to maintain a sales base of 19.443 million gallons per day and to maintain the Operations and Maintenance Expense component of \$445.82 for the period of July 1, 2026 to June 30, 2027; and
2. Amend N.J.A.C. 7:11-4.4(b) (Debt Service Component for delayed water purchase contracts) to maintain a sales base

of 4.435 million gallons per day and to maintain the rate of \$438.92 per million gallons for Delayed water purchase contracts for the period of July 1, 2026 to June 30, 2027.

3. Amend 7:11-4.5(c) (Capital Fund Assessment for Initial water purchase contract customers) to reflect the period of July 1, 2026 to June 30, 2027 and maintain the rate of \$525.00 per million gallons. Amend 7:11-4.5(e) (Capital Fund Assessment for Delayed water purchase contract customers) to reflect the period of July 1, 2026 to June 30, 2027 and maintain the rate of \$200.00 per million gallons.

4. Amend N.J.A.C. 7:11-4.6(b) (Source Water Protection Fund Component) to reflect the period of July 1, 2026 to June 30, 2027 and maintain the rate of \$15.00 per million gallons.

5. Amend N.J.A.C. 7:11-4.7(b) (NJEIFP Debt Component) to reflect the period of July 1, 2026 to June 30, 2027 and maintain the rate of \$24.93 per million gallons.

BE IT FURTHER RESOLVED that the following actions are authorized:

1. Transfer \$86,290 in Overdraft Revenue from the Operating Fund into the General Fund (Rate Stabilization). Appropriate \$1,189,470 of prior year-end fund balances from the Operating Fund into the Rate Stabilization Fund.
2. Apply \$1,275,760 appropriated into the General Fund

(Rate Stabilization) to the Operating Fund for Fiscal
Year 2027.

DRAFT

Draft Resolution Adopting FY2026
Budget

Exhibit J

RESOLUTION OF THE NEW JERSEY WATER SUPPLY AUTHORITY

NO.: _____

DATE OF ADOPTION: _____

TITLE: Resolution approving the Authority's Manasquan Reservoir System Budget for Fiscal Year 2026 (July 1, 2026 - June 30, 2027).

WHEREAS, the Executive Director proposed a budget for Fiscal Year 2027 that was provided to the Authority Members on May 4, 2026; and

WHEREAS, the Authority has previously considered the proposed budget as part of the Rate Adjustment procedure for Fiscal Year 2027, and the adopted rate schedule for Fiscal Year 2027 is based upon the proposed budget requirements in the amount of \$8,928,308 including required debt service coverage.

NOW THEREFORE, be it resolved that the Authority approves a budget of \$8,928,308 for the Fiscal Year beginning July 1, 2026 through June 30, 2027.