

NEW JERSEY WATER SUPPLY AUTHORITY

HEARING OFFICER'S REPORT

Fiscal Year 2016 Amendments to the Schedule of
Rates, Charges and Debt Service Assessments
for the Sale of Water from the Raritan Basin System
N.J.A.C. 7:11-2.1 et seq.

ADJUSTMENT OF GENERAL RATE SCHEDULE FOR
OPERATIONS AND MAINTENANCE TO REFLECT CHANGE IN
SALES BASE AND OPERATING EXPENSES FOR FISCAL YEAR 2016

ADJUSTMENT OF DEBT SERVICE ASSESSMENT TO REFLECT
CHANGE IN SALES BASE COVERING DEBT SERVICE PAYMENTS DUE AND
REQUIRED FOR FISCAL YEAR 2016

ADJUSTMENT OF GENERAL RATE SCHEDULE FOR
CAPITAL FUND COMPONENT FOR FISCAL YEAR 2016

Effective Date: July 1, 2015

Hearing Officer: Ellsworth Havens

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I. INTRODUCTION

The New Jersey Water Supply Authority (Authority) has proposed various amendments to its Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System for Fiscal Year (FY) 2016 in a memorandum dated April 1, 2015 (Final Proposal). For the reasons set forth herein, I recommend approval of staff's Proposal.

The Authority's Board authorized proceeding with this rate setting process at its January 5, 2015 meeting through formal resolution. (Exhibit A).

As a component of the Authority's formal rate adjustment procedure, the Authority is required to provide official notice and an explanation outlining the need for the Proposal 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 proposed effective date (N.J.A.C. 7:11-2.12(a)(1)). Staff's January 2015 proposal (included in Exhibit B) was available for review on the Authority's Web site commencing on January 2, 2015.

Official Notice of the Proposal was made through advertisement in the Star Ledger, the Times (Trenton) and the Hunterdon County Democrat. A certification of publication is set forth in Exhibit C.

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

A mailing to the contractual water customers, the Secretary of State, the Division of the Ratepayer Advocate, the Board of Public Utilities and interested parties was made on December 19, 2014 and included an invitation to a pre-public hearing meeting, pursuant to N.J.A.C. 7:11-2.13(a)4, that was conducted by the Executive Director on January 9, 2015. Mr. Frank Falco of Middlesex Water Company, Warren County Freeholder Ed Smith and Messrs. David Shope, and Hank Klumpp, both pro se, were in attendance. Issues of interest raised by the participants were the Source Water Protection Land Acquisition Program and the Highlands Preservation Act. Minutes of the pre-public hearing meeting are set forth in Exhibit E.

A public hearing was conducted on February 6, 2015 at 10:00 a.m. in the Authority's Conference Room, 1851 Highway 31 in Clinton Township, Hunterdon County, New Jersey. Mr. Frank Falco of Middlesex Water Company was in attendance as were two pro se participants, Mr. David Shope of Long Valley and Mr. Hank Klumpp of Tewksbury Township. New Jersey American submitted a written statement in advance of the hearing for inclusion in the record. A

stenographic record of the proceedings was made and is attached in Exhibit F.

At the public hearing, Mr. Shope made a statement for the record in opposition to the elimination of the Source Water Protection land acquisition program by the Authority in FY2016 and discussed the impact of the Highlands Preservation Act and its impact on the value of his land. Mr. Klumpp made a statement for the records seeking an increase in the Source Water Protection Component of the rate so that the Authority can purchase additional parcels of land. New Jersey American submitted a statement indicating it had reviewed the Authority's Basis and Background Document in support of the FY2016 rates in order to ensure that the adopted charges reflect the Authority's actual operating needs. New Jersey American Water's statement is included in Exhibit G.

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

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

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

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

II. DISCUSSION

A. Staff Proposal

Staff proposes various adjustments to the N.J.A.C. 7:11-2.1 et seq. (the Rules), which are generally discussed herein and more particularly set forth in the attachments hereto.

The General Rate Schedule for O&M was last adjusted effective August 4, 2014 to fund the Authority's operating expenses of the Raritan Basin System (System) for FY2015. The FY2015 Operations and Maintenance (O&M) sales base was 182.271 million gallons per day (mgd). The Authority's O&M sales base was proposed to increase to 182.339mgd in the January 2015 Basis and Background document reflecting the addition of uninterruptible supply contracts for .031mgd with Hunterdon Medical Center, for .027mgd with Princeton University Operations and an increase in uninterruptible supply

contract from .025mgd to .035mgd with Washington Township Municipal Utilities Authority. Since the January 2015 Basis and Background document there is no change in the sales base. The O&M Component was proposed to increase by \$4.00/mg for FY2016 (\$167.00/mg to \$171.00/mg) in the January 2015 Basis and Background document. Staff recommends no change from the original proposal for a final FY2016 O&M component of \$171.00/mg.

The NJEIFP Debt Service Assessment is used to repay loans issued to the Authority for the Delaware and Raritan Canal Capital Program, specifically, a dredging program. The Authority anticipates the FY2016 sales base for the Debt Service Assessment to increase to 182.339mgd, which is no change from the recommendation included in the January 2015 Basis and Background proposal. In the January 2015 Basis and Background Statement, staff proposed \$25.00/mg for FY2016, no change from FY2015 and recommends no change in the proposal for a final FY2016 NJEIFP Debt Service Assessment of \$25.00/mg.

The Authority's Capital Fund Rate Component is used to fund the Authority's Capital Improvement Program in lieu of incurring long-term debt. In the January 2015 Basis and Background Statement, staff proposed \$33.00/mg for FY2016, an increase of \$3.00/mg from FY2015 and recommends no change in the proposal for a final FY2016 Capital Fund Component Assessment of \$33.00/mg.

The Source Water Protection Fund Component was established to fund planning initiatives and acquisitions of properties deemed critical to water quality and quantity in the Raritan Basin System. Since 2003, the Authority has purchased with its project partners, over 4,100 acres of land. The Authority has issued \$17,861,205 in bonds and loans to the Trust and the State for land acquisition. In FY2013, two parcels were acquired with cash from available Source Water Protection Fund balances for \$509,615. In the January 2015 Basis and Background Statement, staff proposed \$24.00/mg for FY2016, no change from FY2015 and recommends no change in the proposal for a final FY2016 Source Water Protection Fund Component of \$24.00/mg.

In FY2016, the Source Water Protection Fund component of the rate is anticipated to generate \$1,601,665. Of that amount, approximately \$1,300,000 is earmarked by the Authority's Board for costs associated with the land program (debt service, soft costs and administrative) and \$300,000 is earmarked for watershed protection projects. FY2010 was the first year that debt service for land exceeded the revenue generated by the \$10.50 earmarked for land. In FY2016 the annual amount of debt service on acquired land is projected to be approximately \$1,100,000. In FY2016, recurring revenue will support the entirety of debt service. Any future land acquisition will need to be evaluated in context of a long term plan and balancing rate needs for other projects.

The cumulative effect of staff's recommended base rate component changes result in an increase in the total rate in FY2016 from \$246.00/mg in FY2015 to \$253.00/mg. This reflects no change from staff's January 2015 proposal.

The Authority is proposing no other rule amendments.

B. Comment by Interested Parties / Members of the Public

On January 9, 2015, at the pre-public hearing meeting, a representative of Middlesex Water Company was in attendance as was Mr. David Shope, representing himself, Mr. Hank Klumpp, representing himself, and Warren County Freeholder Ed Smith. The Authority engaged in dialogue with the participants about the Source Water Protection Land Acquisition Program and the impact of the Highlands Preservation Act on the quality of water.

At the Public Hearing on February 6, 2015, a representative Middlesex Water was present as were Mr. David Shope and Mr. Hank Klumpp, pro se participants. Mr. Shope and Mr. Klumpp testified about the impact of the Highlands Act on the value of their property and expressed concern that the State of New Jersey has never identified a permanent source of funding to compensate Highlands landowners. Mr. Klumpp specifically asked for an increase in the Source Water Protection Fund Component of the rate so that the Authority can purchase more land in the Highlands. Mr. Shope registered opposition to the discontinuation of land acquisitions in FY2016 and asked, considering the impact of the Highlands Act on property values, what is left of the value of his land. Ms. Gates responded that Mr. Shope still owns a fee simple interest in his land. New Jersey American Water was not in attendance at the public hearing but submitted a statement in advance of the hearing for inclusion in the record. The above referenced statement is located in Exhibit G.

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

February 2, 2015 e-mail from Jean Public of Flemington, New Jersey - Jean Public submitted an e-mail indicating opposition to any increase in rates for water from the Raritan Basin System, and that governing agencies should be decreasing costs and cutting travel budgets. Jean Public stated that government salaries are higher than private sector salaries and that since the recession hit in 2008, government salaries have not been reduced. Jean Public indicated a date for the public hearing of January 9, and objected, because it was before the New Jersey Register publication date of January 20 and questioned how the public could be aware of the date (the public hearing date was published correctly in the Register for February 6). Finally, Jean Public indicates that the Authority just had a rate increase. This e-mail is contained in the FY2016 Hearing Officer's Report in Exhibit G.

January 13, 2015 correspondence from New Jersey American Water - New Jersey American Water asked a series of five questions with regard to the proposed rate. A response was provided on January 28, 2015 addressing these questions. The response included a copy of the Authority's FY2014 audit and an explanation of past audit fees. A general ledger detail report of actual capital improvement program expenses for FY2013, FY2014 and year-to-date through December 28, 2014 including a description of debt funded verses pay-as-you-go capital expenses. The Authority prepared and sent in the response actual 12-month rolling expenses as of December 31, 2014. The inquiry asked about the change in the sales base and the Authority provided information on water purchase contract changes. The inquiry included a question about using the NJEIFP dredging component to subsidize the rate and the impact on the rate when those funds were no longer available to subsidize operations. The Authority explained that when the dredging project moves forward, the impact to the O&M component of the rate would be an increase of \$25.00 per million gallons. A copy of New Jersey American's inquiry and the Authority's response is attached in Exhibit G.

On January 9, 2015 at the pre-public hearing, Warren County Freeholder Ed Smith asked whether it is within the existing authority of the NJWSA to determine the economic or asset value of its rate water supply. On January 28, 2015, the Authority sent Freeholder Smith a response to his question indicating that because the waters of the State are owned by the State of New Jersey, the asset value of untreated water is not held on the books of the Authority and the establishment of the economic value of the raw water supply is outside the purview of the NJWSA. A copy of the Authority's response to Freeholder Smith is attached in Exhibit G.

I address these comments below.

III. FINDINGS AND CONCLUSIONS

1. The public record does not contain any adverse comments concerning staff's justification for the sales base and proposed Operations and Maintenance Expense Component of the Rate. The Raritan Basin System rate was last increased on August 4, 2014 after 6 years of no increases. Each year, as a requirement of Executive Order 37 (2006) and as a matter of sound business practice, the Authority performs an analysis of the budget to identify and implement cost savings measures. The Authority continues to phase in pension and health benefit cost sharing. Managers have not received a cost-of-living increment since July of 2008 and union employees were subject to an initial 2-year wage freeze in the current contract. The Authority continues to use one-time revenue to support the operating budget in order to keep the Operations and Maintenance Expense Component of the rate

as stable as possible. The Authority has provided it's water customers and interested parties with documentation that describes the actions taken by the Authority to have kept the rate stable from FY2009 through FY2014 including deferring capital equipment needs, reducing contributions to reserves, reducing filled positions by eight and eliminating funding from another twelve vacancies. Costs continue to rise, more specifically pension and health benefit expenses, and there are fewer mechanisms available to the Authority to control those costs. I find the sales base and Operations and Expense Component of the Rate to be appropriate.¹

2. The public record does not contain any adverse comments concerning staff's justification for the adjustments to sales base and proposed NJEIFF Debt Service Assessment. Moreover, the Authority is required by its Bond Resolutions to adopt rates that fully cover its Debt Service payments. I find the FY2016 NJEIFF 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 Capital Fund Component of the Rate. I find the proposed FY2016 Capital Fund Component to be appropriate.
4. The public record does not contain any adverse comments concerning staff's justification for the Source Water Protection Fund Component of the Rate. Rather, public comment received indicates support for a further increase in the Source Water Protection Fund Component by certain interested parties for preservation of land in the Highlands Region in order to compensate landowners. The Authority has been active in purchasing parcels within the Highlands Region; the Authority owns a fee simple interest in 1,975 acres, has assisted in preserving an additional 515 acres owned by other parties and the Authority holds preservation easements on an additional 316 acres in the Highlands Region. The Authority continuously reviews its land acquisition program, both existing acquisitions and future plans, in light of available Source Water Protection Funds, current debt service outstanding and future debt service balanced against other components of the rate. The Source Water Protection Fund Component of the rate was increased significantly in FY2014 to assure that the rate supported the entirety of debt service. The O&M Component of the rate and the Capital Fund Component

¹ In recent years, the actual O&M Component adjustments have been minimized due to credits for receipts of unanticipated revenues from the sale of water in excess of contractual supplies during the previous fiscal years and other sources. It is anticipated that approximately \$1,571,000 will be available from the Rate Stabilization Fund to help offset the projected FY2016 O&M expenses. These credits obscure the full O&M Component adjustment needed and an increase in the O&M Component may be necessary in the future.

of the rate are proposed to increase by a total of \$7.00/mg in FY2016 raising the total rate from \$246/mg to \$253/mg thus making a further increase in the Source Water Protection Fund Component burdensome to the ratepayers at this time. There are sufficient revenues and surplus funds available at this time to assist with soft costs on parcel acquisitions made by our project partners. Future acquisitions by the Authority will be analyzed in context of available land to be purchased and rate impact to the customers, which is the prerogative of the Board of the New Jersey Water Supply Authority in setting out policy for the Authority. In consideration of this and the discussion contained on pages five, six and seven of this Hearing Officer's Report, I find the proposed FY2016 Source Water Protection Fund Component to be appropriate.

5. The Authority's proposed rate adjustments is affirmed in Section IV below reflecting the assessment of reasonable total rates for the preservation of the reliability of this vital supply of water for a large portion of the State's population and to enhance the Authority's fiscal position for the future issuance, when needed, of long-term debt.

IV. RECOMMENDATIONS

1. Resolution No. 2180 dated 1/5/15 authorized \$1,571,150 in unanticipated revenues for Fiscal Years ending June 30, 2014 and June 30, 2015 to be appropriated into the Rate Stabilization Fund, all of which would be used in the FY2016 budget and authorized the publication of the proposed FY2016 rates in the New Jersey Register. The resolution adopting the final rates will authorize \$1,571,150 in unanticipated revenues to be appropriated into the Rate Stabilization Fund for use in FY2016.
2. The Authority must adopt rates that fully cover its annual Operations and Maintenance expenses and Debt Service payments as required by the Bond Resolution.
3. The proposed FY2016 Operations and Maintenance Expense Component of \$171.00 per million gallons as recommended in the January 5, 2015 proposal should not be adjusted and as such no further Rule change is necessary.
4. The proposed FY2016 Debt Service Assessment for the NJEIFP of \$25.00 per million gallons as recommended in the January 5, 2015 proposal should not be adjusted and as such no further Rule change is necessary.
5. The FY2016 sales bases for the O&M Component and Debt Service Assessment of 182.339/mgd should not be adjusted relative to the original FY2016 proposal.

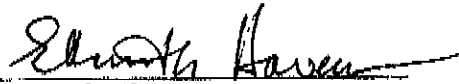
6. The proposed FY2016 Capital Fund Component of \$33.00 per million gallons as recommended in the January 5, 2015 proposal should not be adjusted and as such no further Rule change is necessary.
7. The FY2016 Source Water Protection Fund Component of \$24.00 per million gallons as recommended in the January 5, 2015 proposal should not be adjusted and as such no further Rule change is necessary.
8. The total recommended rate effective July 1, 2015 should remain the same relative to the original January 5, 2015 proposal of \$253.00 per million gallons and as such no further Rule change is necessary.

SUMMARY OF RECOMMENDED RATE ADJUSTMENTS

Component	Current Rates Per MG 8/4/14 - 6/30/15	Originally Proposed Rates Per MG 7/1/15 - 6/30/16	Recommended Rates per MG 7/1/15 - 6/30/16
Operations & Maintenance Assessment	\$167.00	\$171.00	\$171.00
NJEIFF Debt Service Assessment	\$ 25.00	\$ 25.00	\$ 25.00
Capital Fund Component	\$ 30.00	\$ 33.00	\$ 33.00
Source Water Protection Fund Component	\$ 24.00	\$ 24.00	\$ 24.00
Total Rate Per MG	\$246.00	\$253.00	\$253.00

The proposed Fiscal Year 2016 Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System, as discussed above are hereby recommended for adoption by the Authority.

Respectfully submitted,



Ellsworth Havens
Hearing Officer
April 6, 2015

Resolution Proposing Rate
Adjustments

Exhibit A

RESOLUTION OF THE NEW JERSEY WATER SUPPLY AUTHORITY

NO.: 2180

DATE OF ADOPTION: 01/05/15

TITLE: Resolution Authorizing Publication of Proposed Change in the Authority's Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin 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 2016 State fiscal year beginning on July 1; and

WHEREAS, the sales base for the Operations and Maintenance, Debt Service Assessment, Capital Fund Component and Source Water Protection Component has changed since these components were last determined; and

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

NOW THEREFORE, be it resolved that the Authority proposes to amend its Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System in the existing regulations found at N.J.A.C. 7:11-2.1 et seq. dealing with primarily the following proposed changes:

1. Amend N.J.A.C. 7:11-2.3 of the Schedule of Rates,

Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System to increase the sales base from 182.271 to 182.339 million gallons per day and increase the Operations and Maintenance Component of the rate from \$167.00 to \$171.00 per million gallons for FY2016, consistent with the Initial Proposal, for the period of July 1, 2015 through June 30, 2016; and

2. Amend N.J.A.C. 7:11-2.4(a), (b) and(c) of the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System to increase the Sales Base for the Debt Service Assessment rate from 182.271 to 182.339 million gallons per day and maintain the Debt Service Assessment Component of the rate at \$25.00 per million gallons consistent with the Initial Proposal for the period of July 1, 2015 through June 30, 2016; and

3. Amend N.J.A.C. 7:11-2.5 of the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System to increase the Capital Fund Component from \$30.00 to \$33.00 per million gallons for the period of July 1, 2015 through June 30, 2016, consistent with the Initial Proposal; and

4. Amend N.J.A.C. 7:11-2.6 of the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System to maintain the Source Water Protection Fund Component of \$24.00 per million gallons consistent with the Initial Proposal for the period July 1, 2015 to June 30, 2016; and

BE IT FURTHER RESOLVED, that the following actions are

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

1. Appropriate \$1,150 in unanticipated revenue from overdraft sales from the Operating Fund for Fiscal Years ending June 30, 2013 and June 30, 2014 into the Rate Stabilization Fund.

2. Appropriate \$1,570,000 in surplus funds from the D&R Canal Dredging Fund for the Fiscal Year ending June 30, 2015 into the Rate Stabilization Fund.

3. Apply \$1,571,150 appropriated into the Rate Stabilization Fund to the Operating Fund for Fiscal Year 2016.

Basis and Background Document in
Support of Rate Adjustment Proposal

Exhibit B

5-1

NEW JERSEY WATER SUPPLY AUTHORITY

BASIS AND BACKGROUND STATEMENT

PROPOSED AMENDMENTS TO N.J.A.C. 7:11-2.1 et seq. IN THE SCHEDULE
OF RATES, CHARGES AND DEBT SERVICE ASSESSMENTS
FOR THE SALE OF WATER FROM THE RARITAN BASIN SYSTEM

ADJUSTMENT OF GENERAL RATE SCHEDULE FOR
OPERATIONS AND MAINTENANCE TO REFLECT CHANGE IN
SALES BASE AND OPERATING EXPENSES FOR FISCAL YEAR 2016

ADJUSTMENT OF DEBT SERVICE ASSESSMENT TO REFLECT
CHANGE IN SALES BASE COVERING DEBT SERVICE PAYMENTS DUE AND
REQUIRED FOR FISCAL YEAR 2016

ADJUSTMENT OF GENERAL RATE SCHEDULE FOR
CAPITAL FUND COMPONENT FOR FISCAL YEAR 2016

Proposed Effective Date: July 1, 2015

Adopted by the Board: 1/5/2015

NEW JERSEY WATER SUPPLY AUTHORITY
PROPOSED RATE ADJUSTMENTS FOR FISCAL YEAR 2016
RARITAN BASIN SYSTEM

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- II. Report of Mercadien PC - Allocation of Headquarters General and Administrative Expenses - Audited FY2014 Expenditures

PART I - EXPLANATION OF PROPOSED REVISED RATE STRUCTURE

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

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

Summary of Proposed Adjustments

Component	Current (FY2015) Rates Per MG 8/4/2014 - 6/30/2015	Proposed (FY2016) Rates Per MG 7/1/2015 - 6/30/2016
Operations & Maintenance Assessment	\$167.00	\$171.00
NJEIFP Debt Service Assessment	25.00	25.00
Capital Fund Component	30.00	33.00
SourceWater Protection Fund Component	24.00	24.00
TOTAL RATE	\$246.00/mg	\$253.00/mg

The General Rate Schedule for Operations and Maintenance (O&M) was last adjusted effective August 4, 2014 to cover the operating expenses of the System for FY2015. The FY2015 O&M sales base was 182.271 million gallons per day (mgd). The Authority anticipates the FY2016 O&M sales base to increase to 182.339mgd to reflect the addition of uninterruptible supply contracts for .031mgd with Hunterdon Medical Center, for .027mgd with Princeton University Operations and an increase in uninterruptible supply contract with Washington Township Municipal Utilities Authority from .025mgd to .035mgd. The O&M Component is projected to increase \$4.00 per million gallons for FY2016 from \$167.00 to \$171.00.

With the allocation of appropriate Headquarters expenses and insurance costs to the Manasquan Reservoir Water Supply System, the projected operating costs for FY2016 require that an O&M Component of \$171.00 per million gallons be charged starting on July 1, 2015.

In recent fiscal years, the actual O&M Component adjustments have been minimized because of credits for receipts of unanticipated revenues from the sale of water in excess of contractual amounts, positive budget variances during the preceding fiscal years or from uses of other one-time sources of revenue. These credits continue to have the effect of obscuring the full O&M Component adjustment needed and as a result Raritan Basin System rates do not represent full cost pricing. The rate has been subsidized by an average of \$2.2 million in non-recurring (overdraft sales and depletion of reserves) revenue over the past five years. The amount available for the Rate Stabilization Fund was \$1,673,240 in FY2015 and will be only \$1,571,150 in FY2016. This decrease in revenue causes a \$1.84 per million gallon increase in the O&M component of the rate even before expense increases are considered. Overdraft sales have fallen precipitously since 2004 from a high of \$2.6 million to \$1,157 in FY2016. The balance of the rate stabilization funds used in FY2016 is derived from \$1.57 million in dredging bond debt service to be raised in FY2015 but not needed currently because the project is postponed another year. Without the use of any rate stabilization funds in FY2016, the required O&M Component of the rate would be \$199.00 per million gallons.

The Authority established the Source Water Protection Fund Component in FY2003 to protect the quality and quantity of waters in the Raritan Basin System. The Authority is proposing no increase in this component of the Rate of \$24.00 per million gallons in FY2016. The rate component supports debt service on acquired critical watershed parcels and matching dollars for watershed protection projects.

The Authority has submitted an application to the New Jersey Environmental Infrastructure Financing Program (NJEIFP) to finance the dredging of a 10.5 mile segment of the Delaware and Raritan Canal (D&R Canal) between Kingston at Lincoln Highway to Amwell Road in Franklin Township, Somerset County, New Jersey. The Authority proposes continuing the rate component of \$25.00 per million gallons to fund the debt service in FY2016.

Finally, the Authority established a "Capital Fund Component" of the rate commencing July 1, 1994. This Component is used to fund the Authority's current Capital Improvement Program without incurring long-term debt. The Capital Fund Component was increased in FY2008 from \$21.00 to \$33.00 per million gallons, funded from the 1981 Bond Act debt service savings. The rate component was reduced to \$30.00 per million gallons in FY2012 to accommodate pressure on the O&M Component in order to keep the overall rate at \$231.00 per million gallons. The Authority is proposing an increase in this component of the rate from \$30.00 to \$33.00 per million gallons in FY2016.

Table 1 on page 12 shows the increases and/or decreases for each rate component and reflects a total rate of \$253.00 per million gallons for FY2016.

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 adjustments.

A pre-public hearing on the proposed rate adjustments is scheduled at 10:00 a.m. on Friday, January 9, 2015, at the Authority's Administration Building, 1851 Highway 31, Clinton, New Jersey.

A public hearing on the proposed rate adjustments is scheduled at 10:00 a.m. on Friday, February 6, 2015 at the Authority's Administration Building, 1851 Highway 31, Clinton, New Jersey.

The New Jersey Register Comment Period is scheduled to close on March 6, 2015 and the public hearing record on the proposed rate adjustments is scheduled to close on March 16, 2015.

Final action on the rate adjustment is scheduled for the Authority's June 1, 2015 meeting. The FY2016 rate will take effect on July 1, 2015.

**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 System. In December 2008, the five member communities created the Southeast Monmouth Municipal Utilities Authority and in September 2009 purchased the Water Treatment Plant from the MCIA and the Authority continues to operate the Water Treatment Plant. The Authority 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 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 auditors provide the Authority with their findings as to the adjustment, if any, to 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 accounting firm performed the Authority's FY2014 audit. The audit included a review of the allocation factors as well as the actual audited expenditures. The appropriate adjustments have been made to the FY2016 budget based on the FY2014 audit. A copy of the Auditor's report on the allocation of the Headquarters General and Administrative costs is included in the Appendices to the rate proposal package for each System.

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

Analysis of Significant Changes in Operations and Maintenance Expenses - Raritan Basin System

Overview of Projected Operational Expenses

The Authority's proposed FY2016 Raritan Basin System Total Budget requirement, which is net of the allocation of appropriate Headquarters General and Administrative expenses to the Manasquan Water Supply System, and includes capital equipment and contribution to reserves is \$13,028,900. This is \$426,700 more than the FY2015 budget of \$12,602,200. The Capital Equipment budget of \$298,900 is \$51,600 more than the FY2015 budget of \$247,300. The proposed contributions to the Reserve for Formal Dam Inspections (\$10,000), Capital Equipment Reserve (\$150,000) and the Pumping Reserve (\$150,000) remain at FY2015 levels. There are no contributions scheduled for the Depreciation Reserve and

the Self-Insurance Reserve in FY2016. These Reserves last received a \$100,000 and \$150,000 contribution in FY2011 respectively but are sufficiently funded at the present time. There are no proposed contributions to the Operations and Maintenance Reserve, Major Rehabilitation Reserve or the Pension Reserve. The reserve for capital equipment purchases established in FY2015 requires an additional year of funding with a simultaneous direct expenditure for capital equipment because six years of stable rates from FY2009 through FY2013 caused deferral of equipment purchases which are no longer prudent. It is still the Authority's intention to fund the reserve at an annual level of \$150,000 to eliminate rate fluctuations associated with the annual change in level of capital equipment purchases once the reserve is adequately funded. All of these modifications result in a total FY2016 budget requirement of \$13,028,900 which is an increase of 3.4 percent relative to FY2015. (Page 15)

Eleven of the thirty-one FY2016 direct operating expense accounts are projected to increase, but only four accounts by \$5,000 or more relative to FY2015. Eleven of the operating expense accounts are projected to decrease relative to FY2015. The most significant projected increases in the budget occur in insurance and vehicular maintenance. In Salary and Fringe, regular salary is increasing by \$75,500; pension expense is increasing by \$11,400. Retiree health benefits are stable and assume 7 additional retirees between FY2015 and FY2016. Salaries and benefits constitute approximately 73 percent of the FY2016 operating budget, and are increasing approximately 2.7 percent relative to FY2015. The increases are in medical and prescription.

Salaries and Benefits

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

	July 2011	July 2012	July 2013	July 2014
IFPTE/CWA	0.0%	0.0%	1.00%	1.75%

The Authority did not include any cost of living adjustments in the FY2016 budget for management. The Authority is budgeting a one percent cost of living adjustment payable to union employees on July 1, 2015. The Authority is budgeting 54.3 percent of the

Salary budget for fringe benefits in FY2016, exclusive of retiree medical.

The initial estimate from the State of New Jersey for pension expense payable on April 1, 2015 is not yet available. The Authority has built in 20 percent per year growth in that expense item over actual FY2014. Since 2008, the pension bill from Treasury has increased by 98 percent. Although increases have stabilized in the last three years, there is still a level of uncertainty in this expense item because the pension system remains significantly underfunded.

Overtime Salaries and Wages

The Authority's overtime expenses are projected to decrease nominally by \$800 from \$191,400 to \$190,600 in FY2016. Overtime expenses are incurred within Security and O&M Facilities and Canal Operations principally (those areas operating within a crew or shift structure).

Retiree Health Benefits

Employees who retired with a minimum of 25 years of service prior to July 1, 1997 are entitled to paid health benefits. For those who retire after July 1, 1997, co-pay is required. The Authority is leaving retiree health benefits expense item flat in FY2016 at \$808,300. There are two known retirements in FY2015 and an additional expected in FY2016. The original estimates for FY2015 were not realized and unless there are an unusually high number of retirements in FY2016, the line item should be adequate. The Authority's estimate is based on CY2015 rates increased by 20 percent for CY2016 and blended to derive an FY2016 rate. The budget contains sufficient funds for 50 current retired employees 2 pending retirees and five potential retirees.

Other Expense

Electrical Service - The Authority's Hamden Pumping Station is utilized to pump water to the Round Valley Reservoir. The proposed budget includes a slight increase in electricity costs for the normal operation of the pumping station from \$85,800 to \$90,000 in FY2016. The Authority entered into a three-year contract for power effective June 21, 2010. The State extended the contract with the vendor two more years to June 30, 2015. The extension included a .5 cent per Kwh increase. The Authority is expecting to procure power independently from the State in the spring of 2015. A review of the market indicates the Authority may receive better pricing on its own. The pumps are in a scheduled rehabilitation cycled and will be exercised as rehabilitated pumps are put back on line. Pumping is funded from the Pumping Reserve (\$150,000 annual deposit).

Special and Professional Services

The Authority is proposing to decrease this line item from \$492,400 in FY2015 to \$477,600 in FY2016 representing a nominal realignment of United States Geological Survey gaging station costs. In other areas, pricing is stable. The line item also includes payments to the Governor's Authorities Unit, costs charged to the Authority by the Attorney General's Office for legal services provided, and the cost of the Authority's independent auditor.

Heating Fuel and Vehicular Fuel

The cost of heating fuel is expected to decrease from \$108,900 to \$106,400 and vehicular fuel is projected to decrease by \$19,800 from \$177,600 in FY2015 to \$157,800 in FY2016. The prices of fuel in FY2016 is budgeted at \$3.15 per gallon for unleaded and \$3.25 per gallon for diesel.

Insurance Program

The Authority is recommending an increase in insurance expense for FY2016 reflecting general market conditions based on the advice of the Authority's insurance broker and consultant. The market remains hardened because of a series of storms in prior years. This market change was borne out in the formal remarketing that occurred in February of 2013 which drove an underfunding of the FY2014 insurance budget. The Authority has included a \$121,200 increase in the insurance line item for FY2016 which is a 10 percent increase over budgeted FY2015.

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.

Interest Income

The projected interest earnings for FY2016 are \$35,300 based upon current rates of .25 percent for Short-term investments and 1.30 percent on the Authority's long-term investments. This represents no change relative to FY2015. (Schedule 7, page 28) At the urging of the contractual water customers, the Authority executed sweep contracts for its non-interest bearing accounts.

After analysis, the Authority reversed the contracts because of increased costs assessed against the accounts. Due to the naturally low balances in these accounts and the large number of transactions, the transaction costs outstripped the sweep interest earnings. The Authority has been urged to explore financing short term cash flow needs of high credit rated surrounding local government. The Authority is interested in exploring this option to improve investment earnings. Most of the Authority's short and long-term investments are either direct Treasury note investments or pegged to the Treasury bill.

Reserve Contributions

During FY2016 the Authority will make no contribution to the Depreciation Reserve. The Depreciation Reserve is fully funded in FY2016. (Page 15).

The Authority will contribute \$150,000 to the pumping reserve, and will do so every year, as this will be the primary funding mechanism for pump exercises and reservoir refilling requirements. The Self Insurance Reserve fund will receive no funding in FY2016. The Authority will continue funding for the Reserve for Formal Dam Inspections at \$10,000 in order to avoid future swings in the professional services accounts for expenses associated with this three-year cycle. The Authority will contribute \$150,000 to the Capital Equipment Reserve, and will do so every year, as this will be the primary funding mechanism for capital equipment purchases. When the reserve reaches the appropriate level, while equipment purchases will continue to be identified in the Basis and Background Document and approved by the Board, the direct line item will be removed from the rate and replaced by the annual appropriation.

Debt Service Assessments

New Jersey Environmental Infrastructure Financing Program Debt Service Assessment - D&R Canal Dredging

The Authority has submitted an application to the New Jersey Environmental Infrastructure Financing Program (NJEIFP) to finance the dredging of 300,000 cubic yards from a 10.5 mile segment of the Delaware and Raritan Canal (D&R Canal) between Kingston at Lincoln Highway to Amwell Road in Franklin Township, Somerset County, New Jersey. This project is expected to cost approximately \$35,000,000 and last in duration up to three years. Funding through the NJEIFP would allow a portion of the loan to be at zero interest and a portion of the loan to be at market rate with the blended rate at favorable terms. The expected closing on the bonds will be May of 2016 with the first debt service payment in

August 2016. The Authority proposes to continue the rate component of \$25.00 per million gallons in FY2016 to assure that sufficient funds are available to make debt service payments as they come due in August 2016 and every six months thereafter.

The project was originally scheduled to close in May of 2014 but was deferred two years. The sum of approximately \$1.6 million that will be collected during FY2015 will be deposited into the Rate Stabilization Fund to offset the rate requirement in FY2016.

Capital Fund Component For
Current Financing of Capital Improvement Program

During the period from 1982-1993 the Authority had invested \$62,000,000 in the Capital Improvement Program for the Raritan Basin System. Much of this effort was the direct result of inadequate investments in the facilities during the years preceding the creation of the Authority. These Capital Improvement Programs were financed through the issuance of two long-term debt obligations, the 1981 Water Supply Bond Funds and 1988 Water System Revenue Bonds.

In 1995, the Authority began preparing a rolling five-year Capital Improvement Program, which required the investment of approximately \$1,500,000 per year. Current estimates place the annual necessary investment between \$2,500,000 and \$5,500,000. In evaluating options for financing this program (and subsequent five year CIP's) the Authority looked at (1) the continuation of the practice of incurring long-term debt through the issuance of Revenue Bonds and (2) the possibility of current financing through the assessment of annual charges as part of our rate structures. The Authority concluded at the time that financing of such a small annual Capital Improvement Program based upon the issuance of long-term debt was fiscally imprudent. The Authority reevaluates this financing methodology on an annual basis.

The Authority's financial plan was predicated upon the establishment of a Capital Fund Component of \$10 per mg starting on July 1, 1994 with subsequent increases in this component of the total rate structure to \$15 per mg effective July 1, 1995 and to \$20 per mg effective July 1, 1996 and to \$25 per mg effective on July 1, 1998. Since then, the annual rate component has fluctuated between \$20 and \$35.

This level of current financing for reinvestments in plant and equipment somewhat exceeds the booked depreciation of the plant and equipment for the Raritan Basin System facilities (without the depreciation of the dams), which amounts to about \$1,900,000 per year. Any future unplanned or unanticipated major capital investment may, however, require the issuance of long-term

debt. Any future planned activity that increases the System capacity will be financed using long-term debt.

For FY2016, the Authority continues to believe the use of internally generated funds for such capital improvements is the least cost method of financing.

The Authority has determined that a Capital Fund Component of \$33.00 per million gallons, an increase of \$3.00 per million gallons, should be assessed for FY2016 to generate approximately \$2,196,000. The Authority deems these revenues sufficient to meet its capital needs for FY2016 in light of existing capital reserves and excellent contract pricing, and to ensure that sufficient funds are committed to the continuing rehabilitation of Authority assets. The Authority is expecting to raise the Capital Fund Component of the Rate to \$40.00 per million gallons in FY2017 to assure that the projected capital needs, especially for repairs to the D&R Canal, are met within the five year program.

Source Water Protection Fund Component
for the Protection of Water Quality

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

As a component of the Authority's watershed protection initiative, the Authority established the Source Water Protection Fund in August of 2001 for the purpose of protecting the quality and quantity of waters in the Raritan Basin System. The first \$5.00 per million gallons of the component is used for three purposes in cooperation with federal, State, local and nonprofit partners: (1) administrative actions associated with the acquisition of critical watershed parcels in the Raritan Highlands; (2) planning assistance to improve management of land development by municipal, county and State government to protect both water quality and flows to and within Authority facilities; and (3) water quality characterization and associated remedial projects to preserve and enhance water quality.

In light of the rapid decline in available watershed parcels, and the critical value of these parcels to the sustained supply of water in the Raritan Basin System, the Authority increased the Source Water Protection Fund by \$5.00 per million gallons in FY2004 and again by \$3.00 per million gallons in FY2006, to acquire fee and other interests in critical watershed parcels in

the System and rehabilitate properties to maximize benefit to water quality and quantity. To date, more than 3,950 acres of property have been preserved by the Authority and its partners. Some of the watershed and water quality projects include a tributary and storm water assessment of the D&R Canal to determine sediment loading, followed by an implementation project, the development of storm water management plans for a variety of tributaries in the Basin, a stream restoration project of a reach of the Mulhockaway which feeds into Spruce Run. The Authority increased the Source Water Protection Rate from \$13.00 per million gallons to \$15.00 per million gallons in FY2008 to further support direct watershed protection and restoration projects. The Authority increased the Source Water Protection Rate from \$15.00 per million gallons to \$24.00 per million gallons in FY2014 to support debt service on previously acquired critical watershed parcels. The Authority is proposing no change to this component of the Rate in FY2016.

Other Rule Amendments

There are no other rule amendments. The language supporting the overall proposal is contained beginning on page 52 of this document.

PART II - DETAILED SUPPORTING INFORMATION

TABLE 1

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM

SUMMARY OF PROPOSED FISCAL YEAR 2016 ADJUSTMENTS

BASED ON PRESENT USAGE

The rates, charges and debt service assessments listed below shall be paid for raw water diverted, withdrawn or allocated from the Raritan Basin System:

RATE COMPONENT	PRESENT	ORIGINAL PROPOSAL 12/01/14	DIFFERENCE	PERCENTAGE INCREASE (DECREASE)
O & M Assessment	\$167.00	\$171.00	+4.00	2.40%
NJEIFP Debt Service Assessment	25.00	25.00	0	0
Capital Fund Component	30.00	33.00	+3.00	10.0
Source Water Protection Component	24.00	24.00	0	0
Total Rate	\$246.00/mg	\$253.00/mg	+7.00	2.85

Table 2

New Jersey Water Supply Authority
Delaware and Raritan Canal - Spruce Run/Round Valley Reservoirs System
Rate History of
Water Charges per Million Gallons of Raw Water Daily
FY2003-FY2016

Effective Date	O&M Charge	1981 Bond Charge 7/1/86-10/30/06	1998 Bond Charge 8/1/98-11/1/13	NJEIFP Component 8/1/13-8/1/23	Capital Fund Component	Source Water Protection Component	Total Charge per MG	Percent Increase -Decrease
July 1, 2002	105.46	31.73	49.28		13.53	5.00	\$205.00	0.00%
July 1, 2003	111.68	31.62	49.15		7.55	10.00	\$210.00	2.44%
July 1, 2004	122.75	28.31	41.71		12.23	10.00	\$215.00	2.38%
July 1, 2005	111.80	28.24	41.51		20.45	13.00	\$215.00	0.00%
July 1, 2006	133.13	19.55	41.32		21.00	13.00	\$228.00	6.05%
July 1, 2007	138.71		41.29		33.00	15.00	\$228.00	0.00%
July 1, 2008	142.34		40.66		33.00	15.00	\$231.00	1.32%
July 1, 2009	142.39		40.61		33.00	15.00	\$231.00	0.00%
July 1, 2010	142.55		40.45		33.00	15.00	\$231.00	0.00%
July 1, 2011	145.66		40.34		30.00	15.00	\$231.00	0.00%
July 1, 2012	145.84		40.16		30.00	15.00	\$231.00	0.00%
July 1, 2013	152.00		0.00	25.00	30.00	24.00	\$231.00	0.00%
July 1, 2014	167.00		0.00	25.00	30.00	24.00	\$246.00	6.49%
July 1, 2015	171.00		0.00	25.00	33.00	24.00	\$253.00	2.85%

RARITAN BASIN SYTEM

SCHEDULE OF EVENTS (NJAC 7:11-2.1 et. seq.)
To become effective July 1, 2015

2014

SEPTEMBER 15 Advise Water Users of informal meeting.
NOVEMBER 14 Informal meeting with Water Users - 10:00 AM.
DECEMBER 19 Mail Official Notice to water customers, Rate Payer Advocate,
interested parties and advertise in newspapers.

2015

JANUARY 5 Board reviews and approves proposed Rates.
9 Pre-Pubic Hearing - 10:00 AM (within 45 days of Official Notice).
Deadline for responses to inquires received prior to pre-public
hearing.
20 Publication in the New Jersey Register.
26 Deadline for receipt of comments to be addressed at Public Hearing
(15 days after pre-public hearing).
FEBRUARY 6 Public Hearing Meeting. (SR Administration Building) - 10:00 AM
Deadline for responses to inquires received between
pre-public and public hearing.
23 Written responses to questions raised at Hearing (within 10
business days of the public hearing).
MARCH 16 Public Hearing record closes (25 business days after
Public Hearing).
21 NJ Register Comment Period Ends.
JUNE 1 Board approval of FY 2016 Rates and Budgets.
JULY 1 Effective date.

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM

PROPOSED

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

	ADOPTED F/Y15	PROPOSED F/Y16
Proposed Operating Expense Budget (Schedule 1)	\$12,823,900	\$13,157,000
Net Allocation of Headquarters General and Administrative Expenses to the Manasquan Water Supply System - (Schedule 5)	(779,000)	(737,000)
Proposed Total Expense Budget	\$12,044,900	\$12,420,000
Proposed Capital Equipment Budget (Note on Schedule 6)	247,300	298,900
Total Operating Expense & Capital Equipment Budgets	\$12,292,200	\$12,718,900
Contribution to Reserve Funds-Depreciation Reserve	0	0
-Reserve for Formal Dam Inspection	10,000	10,000
-Pumping Reserve	150,000	150,000
-Capital Equipment Reserve	150,000	150,000
Total Budget Requirements	\$12,602,200	\$13,028,900
<u>MISCELLANEOUS REVENUES:</u>		
Employee Housing/Land Rental	(56,000)	(56,000)
Receivable from the State of NJ and Other Reservoir Sites	(5,000)	(5,000)
Interest Earnings on Funds (Except Major Rehabilitation and Depreciation Reserve Fund) (Schedule 7)	(35,300)	(35,300)
Total Miscellaneous Revenue & Interest Income	\$ (96,300)	\$ (96,300)
<u>OTHER AVAILABLE FUNDS:</u>		
Funds Appropriated to Rate Stabilization Fund for use in F/Y2015 (Resolution #2154, dated 07/09/14)	(1,673,240)	0
Unanticipated Revenue (Schedule 8)	0	(1,571,150)
Total Other Available Funds	\$ (1,673,240)	\$ (1,571,150)
Net Amount to be paid for O & M Component	\$ 10,832,660	\$11,361,450

Note 1. This amount is net of withdrawal from Depreciation Reserve.

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**NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM
PROPOSED OPERATING EXPENSES BUDGET FISCAL YEAR 2016-DISTRIBUTED BY COST CENTER**

CODE	ACCOUNT	OFFICE EXECUTIVE DIRECTOR	FINANCIAL MANAGEMENT & ACCOUNTING	WATERSHED PROTECTION PROGRAMS	OPERATIONS MAINTENANCE & ENGINEERING	PROPOSED BUDGET FOR FY16
5110	Regular Salaries & Wages	\$122,400	\$1,175,900	\$647,300	\$3,753,100	\$5,698,700
5120	Overtime-Salaries & Wages		4,700	300	185,600	\$190,600
5130	New Positions-Salaries & Wages					
5140	Seasonal Help-Salaries & Wages					
5150	Fringe Benefits	36,700	517,000	264,200	2,265,800	\$3,083,700
5167	Retiree Health Benefits	46,900	123,000		638,400	\$808,300
5168	Workers Compensation (Self-Insured)		10,000			\$10,000
	Total Salary & Fringe Benefits	\$206,000	\$1,830,600	\$911,800	\$6,842,900	\$9,791,300
5200	On-Site Residences			6,000	35,600	\$41,600
5211	Heating Fuel				106,400	\$106,400
5220	Utilities -Electrical Service				112,500	\$112,500
5230	" -Gas Service & Water				4,700	\$4,700
5240	" -Propane				200	\$200
5250	Electricity for Pumping				90,000	\$90,000
5260	Vehicular Fuel		157,800			\$157,800
5270	Oil & Grease				6,600	\$6,600
5280	Tires				26,000	\$26,000
5290	Maintenance Supplies		600		212,700	\$213,300
5300	Maint. Supplies - Vehicular Equipment				39,000	\$39,000
5310	Major Special Vehicle Service & Repair				85,000	\$85,000
5320	Agricultural Supplies				5,000	\$5,000
5330	Maintenance of Equipment		10,400	3,500	23,900	\$37,800
5340	Service & Maintenance Contracts		33,800	3,400	144,000	\$181,200
5350	Equipment Rental		25,600		14,300	\$39,900
5360	Household-Safety & Protective Supplies	100	12,000		21,100	\$33,200
5370	Uniforms				6,300	\$6,300
5380	Special & Professional Services	25,000	200,200	109,000	143,400	\$477,600
5390	Protective Services		1,307,800			\$1,307,800
5400	Telephone		72,400			\$72,400
5410	Postage & Freight		11,000		100	\$11,100
5420	Data Processing		44,500			\$44,500
5430	Printing & Office Supplies	500	38,400	9,000	9,800	\$57,700
5440	Scientific & Photographic				500	\$500
5450	Dues & Subscriptions	14,400	8,000	1,000	15,700	\$39,100
5460	Advertising		11,000			\$11,000
5470	Travel & Subsistence	1,500	1,300	1,500	2,200	\$6,500
5480	Staff Training & Tuition Aid	500	4,000	3,500	10,800	\$18,800
5490	Fees & Permits		102,100		11,400	\$113,500
5500	In-Lieu Taxes		18,700			\$18,700
	Total Operating Expenses	\$42,000	\$2,059,600	\$136,900	\$1,127,200	\$3,365,700
	GRAND TOTAL	\$248,000	\$3,890,200	\$1,048,700	\$7,970,100	\$13,157,000

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM
COMPARATIVE STATEMENT FY2016

SCHEDULE 1A

CODE	ACCOUNT	FY'12 ACTUAL	FY'13 ACTUAL	FY'14 ACTUAL	FY'15 ADOPTED	FY'16 PROPOSED
5110	Regular Salaries & Wages	\$5,346,361	\$5,214,020	\$5,227,901	\$5,623,200	\$5,698,700
5120	Overtime-Salaries & Wages	\$272,296	\$211,797	\$186,907	\$191,400	\$190,600
5130	New positions-Salaries & Wages	\$0	\$0	\$0	\$0	\$0
5162	Retiree Unused Sick & Vacation	\$0	\$0	\$41,044	\$0	\$0
5150	Fringe Benefits	\$2,464,386	\$2,634,592	\$2,549,057	\$2,900,400	\$3,083,700
5167	Retiree Health Benefits	\$498,080	\$619,662	\$711,226	\$808,300	\$808,300
5168	Workers Comp. (Self Insured)	\$1,253	\$3,679	\$4,384	\$10,000	\$10,000
	Total Salary & Fringe	\$8,582,375	\$8,683,750	\$8,720,519	\$9,533,300	\$9,791,300
	Budget Salary & Fringe	\$9,486,700	\$8,982,500	\$9,700,250		
5200	Residences	\$83,798	\$80,172	\$85,031	\$80,000	\$41,600
5211	Heating Fuel	\$69,128	\$112,576	\$99,709	\$108,900	\$106,400
5220	Utilities -Electrical Service	\$102,110	\$104,123	\$106,609	\$112,500	\$112,500
5230	-Gas Service	\$4,396	\$4,258	\$4,980	\$4,600	\$4,700
5240	-Propane	\$72	\$102	\$520	\$200	\$200
5250	Electricity for Pumping Station	\$89,664	\$75,400	\$77,401	\$85,800	\$90,000
5260	Fuel - Vehicular	\$195,155	\$153,547	\$144,641	\$177,600	\$157,800
5270	Oil & Grease	\$10,661	\$2,829	\$5,222	\$6,600	\$6,600
5280	Tires	\$30,894	\$14,855	\$31,557	\$18,000	\$26,000
5290	Maintenance Supplies	\$189,565	\$165,264	\$161,555	\$205,200	\$213,300
5300	Maint. Supplies - Vehicular	\$46,075	\$38,258	\$51,614	\$39,000	\$39,000
5310	Major Vehicle Service & Repair	\$81,130	\$100,424	\$102,034	\$85,000	\$85,000
5320	Agricultural Supplies	\$22,996	\$1,328	\$653	\$5,500	\$5,000
5330	Maintenance Equipment	\$39,122	\$14,574	\$35,808	\$34,600	\$37,800
5340	Serv. & Maintenance Contracts	\$159,703	\$179,019	\$167,202	\$177,800	\$181,200
5350	Equipment Rental	\$79,487	\$139,944	\$60,514	\$45,100	\$39,900
5360	Household - Safety Supplies	\$32,307	\$24,137	\$26,771	\$33,100	\$33,200
5370	Uniforms	\$4,385	\$5,706	\$3,266	\$6,300	\$6,300
5380	Special & Professional Services	\$487,961	\$467,728	\$411,176	\$492,400	\$477,600
5390	Protective Services	\$989,403	\$1,047,791	\$1,133,656	\$1,186,600	\$1,307,800
5400	Telephone	\$71,109	\$70,944	\$73,113	\$72,400	\$72,400
5410	Postage & Freight Out	\$13,736	\$9,808	\$3,464	\$13,100	\$11,100
5420	Data Processing	\$48,427	\$42,660	\$36,203	\$44,500	\$44,500
5430	Printing & Office Supplies	\$41,377	\$78,749	\$56,904	\$54,500	\$57,700
5440	Scientific & Photographic	\$228	\$43	\$0	\$700	\$500
5450	Dues & Subscriptions	\$33,674	\$34,603	\$33,520	\$39,400	\$39,100
5460	Advertising & Promotional	\$2,308	\$3,269	\$5,925	\$3,500	\$11,000
5470	Travel & Subsistence	\$3,290	\$2,035	\$2,939	\$6,700	\$6,500
5480	Staff Training & Tuition Aid	\$14,749	\$13,561	\$11,220	\$16,300	\$18,800
5490	Fees & Permits	\$112,586	\$113,468	\$114,616	\$116,000	\$113,500
5500	In - Lieu Taxes	\$18,689	\$18,689	\$18,689	\$18,700	\$18,700
	Total Other Expenses	\$3,078,187	\$3,119,864	\$3,066,512	\$3,290,600	\$3,365,700
	Total Operating Expenses	\$11,660,562	\$11,803,614	\$11,787,031	\$12,823,900	\$13,157,000
	Annual Increase (Decrease)	2.58%	1.23%	-0.14%	8.80%	2.60%
	Budget -other expenses	3,104,200	3,090,900	3,077,600	3,290,600	
	ANNUAL BUDGET	\$12,590,900	\$12,073,400	\$12,777,850	\$12,823,900	

NEW JERSEY WATER SUPPLY AUTHORITY
 RARITAN BASIN SYSTEM
List of Category 5340 Items
Recommended Service & Maintenance Contracts
 FISCAL YEAR 2016

	ADOPTED <u>F/Y15</u>	PROPOSED <u>F/Y16</u>
1. Postage/Fax/Misc Machines (Dept 16)	\$ 1,000	\$ 1,000
2. HIS-Safety Software (Dept 17)	1,700	1,700
3. GO DADDY.COM-Remote Access Certificates (Dept 17)	300	300
4. WMWARE (Dept 17)	900	500
5. Sage MAS200 (Dept 17)	1,600	1,600
6. Western Technologies NJ Parcel Maps (Dept 17)	1,300	1,300
7. Sage Fixed Asset (Dept 17)	2,500	2,500
8. PV & Associates-Winslamm (Dept 17)	500	500
9. People Trak Support Technical Difference (Dept 17) ...	800	800
10. COMCAST - Cable Internet (Dept 17)	1,000	4,200
11. OSHA Software (GAO) (Dept 17)	100	100
12. Pure Host Web Hosting Administration (Dept 17)	200	200
13. Pure Host Web Hosting Watershed (Dept 17)	250	250
14. Symantec Anti-Virus Maintenance-Clinton (Dept 17)	2,400	2,400
15. Sonic Wall Software (Dept 17)	1,500	1,500
16. ESRI ArcView Maintenance-Watershed (Dept 17)	5,400	5,400
17. CU Riverware Maintenance Agreement (Dept 17)	3,400	3,400
18. McAfee Antispam (Dept 17)	1,500	1,500
19. River Morph (Dept 17)	800	800
20. DLT Solutions Autocad (Dept 17)	1,000	1,000
21. Fastrax SBPS Monitoring Software (Dept17)	900	900
22. ESRI Archview Maintenance-Clinton (Dept 17)	500	500
23. Keystone Precision-GPS Software Maint (Dept 17)	800	800

(Continued on next page)

NEW JERSEY WATER SUPPLY AUTHORITY
 RARITAN BASIN SYSTEM
List of Category 5340 Items
Recommended Service & Maintenance Contracts
 FISCAL YEAR 2016

	ADOPTED <u>F/Y15</u>	PROPOSED <u>F/Y16</u>
24. HAAS Systems-Security Alarm Software Maint (Dept 17) .	\$ 400	\$ 400
25. Clients First-Vipre Antivirus/Antispam (Dept 17)	250	250
26. Cleaning Services (Dept 20)	1,200	1,800
27. Echwood Carpet Cleaning (Dept 20)	1,500	1,500
28. Yahoo for River Friendly (Dept 20)	100	100
29. Refuse Collection (Dept 31)	11,900	11,900
30. Janitorial Service (Dept 31)	15,500	15,500
31. HVAC Service (Dept 31)	5,500	5,500
32. Electrician & Plumber Services (Dept 31)	5,000	5,000
33. Instrumentation Services (Dept 31)	4,500	4,500
34. Entry Rugs (Dept 31)	2,700	2,700
35. Carpet Cleaning (Dept 31)	2,300	2,300
36. Generator Service-Administration Building (Dept 31) ..	1,200	1,200
37. Underground Plant Location Service Notifications (Dept 31)	1,000	1,000
38. Crane Service and Inspection (Dept 31)	1,200	1,200
39. Elevator Service-SBPS (Dept 31)	2,800	2,800
40. Electrical Service-SBPS (Dept 31)	6,400	6,400
41. Floor Cleaning Maintenance-Office (Dept 32)	2,400	2,400
42. Janitorial Service (Dept 32)	7,300	7,300
43. Dumpster Service Canal Office (Dept 32)	3,000	3,000
44. Dumpster Service Route 1 (Dept 32)	28,000	28,000
45. Dumpster Service-Extra (Dept 32)	2,000	2,000

(Continued on next page)

NEW JERSEY WATER SUPPLY AUTHORITY
 RARITAN BASIN SYSTEM
List of Category 5340 Items
Recommended Service & Maintenance Contracts
 FISCAL YEAR 2016

	ADOPTED <u>F/Y15</u>	PROPOSED <u>F/Y16</u>
46. Instrumentation Testing (Dept 32)	\$ 1,000	\$ 1,000
47. Floor Mats (Dept 32)	1,000	1,000
48. Grass Mowing Service (Dept 32)	5,000	5,000
49. Boiler Service (Dept 32)	300	300
50. Wood Disposal Fees (Dept 32)	3,100	3,100
51. Generator Service-Scudders & Perdicaris (Dept 32)	3,000	3,000
52. Vac Truck Service-IFW, 10 mile PS (Dept 32)	3,900	3,900
53. Floor Mats (Dept 33)	2,300	2,300
54. Carpet Cleaning (Dept 33)	3,100	3,100
55. Welco Gas (Dept 33)	600	600
56. Parts Washer & Hazardous Removal (Dept 34)	1,000	1,000
57. Fire Extinguisher Maintenance (Dept 36)	6,000	6,000
58. Hazardous Waste Control (Dept 36)	1,500	1,500
59. Fire Alarm Testing (Dept 36)	8,000	8,000
60. Vehicle Lifts Annual Testing (Dept 36)	<u>1,500</u>	<u>1,500</u>
TOTAL	\$ <u>177,800</u>	\$ <u>181,200</u>

NEW JERSEY WATER SUPPLY AUTHORITY
 RARITAN BASIN SYSTEM
List of Category 5380 Items
Recommended Professional Services
 FISCAL YEAR 2016

	ADOPTED <u>F/Y15</u>	PROPOSED <u>F/Y16</u>
1. Services-Governor's Authorities Unit (Dept 10)	\$ 25,000	\$ 25,000
2. Consultant-C.P.A. to Conduct Annual Audit (Dept 13) ..	60,000	60,000
3. Services-GFOA Certificate Fee (Dept 13)	500	500
4. 125 Plan-Family Security Insurance Agency (Dept 13) ..	2,200	2,500
5. Services-Pre-employment Exams & Tests (Dept 14)	3,600	3,100
6. Fidelifax-Background Checks (Dept 14)	2,500	2,100
7. Medical CDL Drug Testing (Dept 14)	1,600	1,600
8. Employee Advisory Service (Dept 14)	2,800	2,800
9. Consultant-Risk Management		
To provide assistance to the Authority in the review of insurance coverage and continuation of a Comprehensive Coordinated Risk Management Program (Dept 15)	33,500	33,500
10. Insurance Broker- HRH (Dept 15)	42,000	42,000
11. GL Administrator (ESIS) (Dept 15)	2,100	2,100
12. Services-Attorney General's Office		
Assistance of Deputy Attorney General concerning a wide range of legal matters (Dept 15)	50,000	50,000
13. Water Monitoring Costs		
USGS SR @ Glen Gardner (Dept 20)	7,900	6,900

(Continued on next page)

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM
List of Category 5380 Items
Recommended Professional Services
FISCAL YEAR 2016

	ADOPTED <u>F/Y15</u>	PROPOSED <u>F/Y16</u>
14. Water Monitoring Costs USGS Mulhockaway @ Van Syckel (Dept 20)	\$ 7,100	\$ 0
15. Water Monitoring Costs USGS North Branch RR (Dept 20)	7,100	0
16. Water Monitoring Costs USGS Raritan River @ Manville (Dept 20)	40,800	41,700
17. USGS Continuous Water Quality for D&R Canal, Landing Lane (Dept 20)	32,000	31,000
18. Water Monitoring USGS Lock/Wick (Dept 20)	12,600	11,500
19. Water Monitoring USGS @ Stanton Station (Dept 20)	7,900	6,900
20. Water Monitoring-SBWA/UEWA now RHA (Dept 20)	2,000	2,000
21. Water Monitoring-SBMWA (Dept 20)	1,000	1,500
22. Dash for the Trash (Dept 20)	1,000	1,000
23. Lab Certification WPU/Water Sample Anyls (Dept 20) ...	1,000	1,000
24. NJ Invasive Species Strike Team (Dept 20)	500	300
25. Stroud Water Research Macroinvertebrates Analysis (Dept 20)	5,200	5,200
26. Services-Emergency Engineering Services (Dept 30)	2,500	2,500
27. Underground Storage Tank-CEA Report (Dept 30)	11,000	11,000
28. Underground Storage Tank-Groundwater Test (Dept 30) ..	2,500	2,500
29. Services-USGS Cooperative Agreement River Gauging Maintenance of Raritan Basin Stream Gauging Stations and the Delaware & Raritan Canal Gauging at Kingston per USGS/DWR/NJWSA Agreement (Dept 31)	 69,000	 72,000

(Continued on next page)

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM
List of Category 5380 Items
Recommended Professional Services
FISCAL YEAR 2016

	ADOPTED <u>F/Y15</u>	PROPOSED <u>F/Y16</u>
30. Services-USGS Spruce Run Gauging		
Maintenance of two stations on streams feeding Spruce Run not covered under State Cooperative Agreement (Dept 31)	\$ 18,600	\$ 17,000
31. Water Testing		
Water Testing and Sampling to comply with the Safe Water Drinking Act (Dept 31)	2,400	2,400
32. Services-Water Sampling and Testing as per NJDWR Requirements		
A) Rt 202 Stockpile Site (Dept 32)	5,000	5,000
33. Maintenance of USGS Gauges at Washington Crossing and Perdicaris Waste Gate (Dept 32)	12,000	13,500
34. Safety Suggestion Program, Poster and Promotional Materials, Safety Incentive Program (Dept 36)	9,700	9,700
35. Pulmonary Testing and Physicals (Dept 36)	5,000	5,000
36. Annual Contributions to Fire Companies and Rescue Squads (Dept 36)	1,300	1,300
37. Hepatitis Vaccinations (Dept 36)	800	800
38. Calibration for the Pota-Count Respirator (Dept 36) ..	<u>700</u>	<u>700</u>
TOTAL	\$ <u>492,400</u>	\$ <u>477,600</u>

PROJECTED FY 2016 NEW JERSEY WATER SUPPLY AUTHORITY INSURANCE PROGRAM

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

NEW JERSEY WATER SUPPLY AUTHORITY
 RECAP OF ALLOCATION OF HEADQUARTERS
 GENERAL AND ADMINISTRATIVE EXPENSES CHARGED
 TO THE MANASQUAN WATER SUPPLY SYSTEM
 FOR FISCAL YEAR 2016 (7/1/15-6/30/16)

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

NEW JERSEY WATER SUPPLY AUTHORITY
 RARITAN BASIN SYSTEM
PROPOSED CAPITAL EQUIPMENT BUDGET
 FISCAL YEAR 2016

	Description	(R) Replacement (A) Addition	Year of Purchase	Dollar Value	Depreciation Reserve
INFORMATION SYSTEMS	(1) DELL SERVER - WATERSHED	(R) EQP2146	2010	5,000	2,461
	(2) VIDEO COMPUTER SYSTEMS SECURITY	(R) EQP2087, 2112	2008, 2009	6,000	7,449
	(1) PLOTTER	(R) EQP2012	2006	4,200	5,735
FACILITIES	(1) MAGNETIC DRILL PRESS AND BITS	(A)		3,200	
	(1) POWER EXHAUST FAN - BOILERS ADMIN BLDG	(A)		4,000	
	(1) SNOWBLOWER SBPS	(A)		3,500	
	(1) GENERATOR CARPENTERS	(A)		2,500	
	(1) GUARDRAIL TENSIONER	(A)		6,000	
	(1) POWER TAKE-OFF	(R)	1964	14,000	
	(1) PRESSURE WASHER	(R) EQP1469	1994	2,200	1,116
GROUNDS	(1) NJWA-31 UTILITY 4WD W/PLOW	(R) TRN1851	2002	39,000	22,299
	(1) NJWA-34 UTILITY 4WD W/PLOW	(R) TRN1872	2003	39,000	21,574
	(1) BACKHOE 4WD	(R) TRN1706	1999	95,000	65,945
	(1) PONTOON BOAT W/TRAILER AND MOTOR	(R) EQP538	1977	32,000	3,081
	(1) FIELD TRACTOR CX-70	(R) TRN1776	2000	45,000	34,496
	(1) FIELD TRACTOR CX-75	(R) TRN1988	2005	45,000	29,034
CANAL	(1) FORK TRUCK	(R) EQP853	1988	34,000	7,300
	(1) NJWA-33 PICKUP TRUCK	(R) TRN2148	2010	30,000	17,087
	(1) NJWA-45 PICKUP TRUCK	(R) TRN2147	2010	30,000	17,087
	(1) TRACTOR & BOMFORD MOWER COMBINATION	(R) TRN1826/EQP1862	2001/2002	80,000	9,600
CANAL	(1) ALAMO FLAIL AXE MOWER HEAD	(A)		18,000	
AUTO SHOP	(1) MODIS- DIAGNOSTIC	(R) EQP1511	1995	4,000	1,496
AUTO SHOP - CANAL	(1) 10 TON FLOOR JACK	(R) EQP1287	1992	3,000	1,952
	(1) 5 TON FLOOR JACK	(R) EQP1285	under 1,000	2,000	0

	TOTAL COST	\$546,600	\$247,712
LESS AMOUNT CHARGED TO DEPRECIATION RESERVE		(247,712)	
	NET TOTAL	<u>\$298,888</u>	
LESS AMOUNT CHARGED TO CAPITAL EQUIPMENT RESERVE		\$0	
	TOTAL	\$298,888	
	AMOUNT FUNDED FOR FY2016	\$298,900	

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NEW JERSEY WATER SUPPLY AUTHORITY
 RARITAN BASIN SYSTEM
 ESTIMATE OF INTEREST INCOME FOR FISCAL YEAR 2016 BUDGET

<u>FUND/RESERVE</u>	<u>TD BANK FUNDS</u>	<u>LONG-TERM INVESTMENTS</u>
Operating	\$ 600,000	\$ 0
Reserve for O & M	500,000	1,500,000
Pumping Reserve	600,000	0
Self-Insurance Reserve	1,000	700,000
Rate Stabilization Fund	<u>\$1,000,000</u>	<u>\$ 0</u>
 Estimated Total	 \$2,701,000	 \$2,200,000
	\$ 2,701,000 x .25% =	\$ 6,752
	\$ 2,200,000 x 1.30% =	\$ 28,600
	TOTAL	<u>\$ 35,352</u>
	ESTIMATE	<u>\$ 35,300</u>

Short-Investments

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

Long-Term Investments

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

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM

UNANTICIPATED REVENUEFUNDS TO BE APPROPRIATED INTO THE RATE STABILIZATION FUND FOR FISCAL YEAR 2016

			<u>AMOUNT</u>
F/Y2014 Net Year-End Balance			\$ 0
<u>OVERDRAFTS</u>	<u>INVOICE NO.</u>	<u>BILLED</u>	<u>AMOUNT</u>
Roxiticus Golf Club	784	09/18/14	74.62
Washington Twp MUA	785	09/18/14	26.50
	785	09/18/14	<u>7.79</u>
		TOTAL	\$ 108.91
	Amount used in	FY2015	\$ 0
		NET	\$ 108.91
<u>Overdrafts Not Billed, Accrued through August 31, 2014</u>			
East Windsor MUA, Hunterdon County Golf, Somerset County Park			\$ 1,048.30
<u>Other Sources of Funds</u>			
Dredging Deferral			\$1,570,000.00
		GRAND TOTAL	<u>\$1,571,157.21</u>
		FY16 Budget	<u>\$1,571,150.00</u>

NEW JERSEY WATER SUPPLY AUTHORITY

Schedule 9

RARITAN BASIN SYSTEM

FUND BALANCES AS OF 6/30/14

** FINAL **

	REVENUE FUND	OPERATING ACCOUNT	OPERATING FUND	O & M RESERVE	LONG-TERM INVESTMENTS O & M RESERVE	TOTAL
BALANCE 6/30/14	\$1,200,178	\$465,285	\$809,869	\$2,367,495	\$1,762,155	\$6,604,983
Deduct: Accrued expenses to be paid as of 6/30/14			0			0
Deduct: June 1st billing, received			(145,148)			(145,148)
			(1,275,684)			(1,275,684)
Adjusted Balances 6/30/14	\$1,200,178	\$465,285	(\$610,963)	\$2,367,495	\$1,762,155	\$5,184,151
INCOME						
Reimbursement Manasquan						
Receipt of Headquarters Overhead Expenses for 7/10/14			160,600			160,600
Operating transfer	(1,200,000)	(460,000)	1,660,000			0
EXPENSES						
O & M Expenses - (A/P 6/30/14)						
Includes accrued Payroll and Insurance thru 6/30/14			(209,776)			(209,776)
Capital Items to be purchased by 6/30/14			(228,332)			(228,332)
Various Reserve contributions (one month)			(13,333)			(13,333)
PROJECTED BALANCE AT 6/30/14	\$178	\$5,285	\$758,196	\$2,367,495	\$1,762,155	\$4,893,320

Note 1. Unanticipated Revenues for FY 16 (overdrafts in FY 14 to be available for appropriation to Rate Stabilization for FY15/FY16)

NJ American	
Middlesex Water	8,899.23
Township of East Brunswick	2,644.49
Trump National	804.27
Village Grande at Bear Creek	629.59
Roxiticus Golf Club	419.88
Somerset County/EWMUA/Hunterd	1,048.30
Washington Township MUA	251.23
	<u>\$14,696.78</u>

Less: FY2015 O & M reserve balance (3 mos required by resolution)

(3,205,974)

Adjusted balance of funds available 6/30/14

1,687,346

Use of Available Funds

Unanticipated revenues (overdrafts in FY 14 to be available for appropriation to Rate Stabilization Fund for FY15/FY16 (Note 1)

(14,697)

Projected Net Balance

\$1,672,650

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM

PROJECTED FISCAL YEAR 2016

OPERATIONS & MAINTENANCE COMPONENT SALES BASE

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE FINANCING PROGRAM DEBT SERVICE ASSESSMENT

SALES BASE

USER	DAILY ALLOCATION (MGD)	DAYS PER YEAR		TOTAL MG/YR	ANNUALIZED SALES BASE (MGD)
Duke Farms	.075	N/A			.000
East Brunswick Twp	8.000	365		2,920.000	8.000
NJ American Water Company	126.600	365		46,209.000	126.600
Mercer County Park Commission - Golf	.132	184		24.300	.067
Middlesex Water Co.	27.000	365		9,855.000	27.000
New Brunswick, City of	10.500	365		3,832.500	10.500
North Brunswick Twp.	8.000	365		2,920.000	8.000
Princeton University	.150	365		54.750	.150
Trenton Country Club	.126	365		46.000	.126
United Water Lambertville	.490	365		178.850	.490
Ridge at Back Brook	.111	365		40.510	.111
Roxbury Water Company	.041	365		15.000	.041
Royce Brook Golf Club	.165	365		60.230	.165
Hunterdon County Golf (Heron Glen)	.079	365		28.800	.079
Raritan Valley Country Club	.012	365		4.380	.012
East Windsor Municipal Utilities Authority	.011	365		4.000	.011
Somerset County Park Commission (Neshanic Valley Golf Club)	.142	365		51.750	.142

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM

PROJECTED FISCAL YEAR 2016

OPERATIONS & MAINTENANCE COMPONENT SALES BASE

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE FINANCING PROGRAM DEBT SERVICE ASSESSMENT

SALES BASE

USER	DAILY ALLOCATION (MGD)	DAYS PER YEAR		TOTAL MG/YR	ANNUALIZED SALES BASE (MGD)
Lamington Farms LLC (Trump National Golf Club)	.170	365		62.100	.170
Morris County Municipal Utilities Authority	.079	365		28.830	.079
Applied Waste Water Management, Inc. (Mt. Olive Township)	.010	365		3.554	.010
Washington Township Municipal Utilities Authority	.035	365		12.775	.035
Borough of Glen Gardner	.008	365		2.775	.008
Roxiticus Golf Club	.046	365		16.790	.046
Hamilton Farm Golf Club	.138	365		50.400	.138
Springdale Golf Club	.098	365		35.640	.098
NJ Department of Corrections	.025	365		9.250	.025
Stonebridge Community Assoc.	.081	365		29.565	.081
Village Grande @ Bear Creek	.074	365		27.010	.074
Eastern Concrete Materials	.023	365		8.500	.023
Hunterdon Medical Center	.031	365		11.000	.031
Princeton University Operations	.027	365		9.855	.027
TOTAL SALES BASE					182.339

NEW JERSEY WATER SUPPLY AUTHORITY

RARITAN BASIN SYSTEM

OPERATIONS AND MAINTENANCE RATE COMPONENT

FISCAL YEAR 2016

Funds Required for F/Y2016 Budget

Proposed Operating Expense and Capital Budget	\$13,028,900
Less Miscellaneous Revenues & Interest Income	(96,300)
Other Available Funds	<u>(1,571,150)</u>
Net Budget Requirement	<u>\$11,361,450</u>
Less: 182,271 x 167.00 x 61 Days (Cash received in July and August for water used in May and June based on \$167.00/mg)	(1,856,795)
Additional Revenue required to cover Operations and Maintenance Expense through 6/30/16	<u>\$ 9,504,655</u>

Computation of Operations & Maintenance Rate for Fiscal Year 2016

Sales Base

Period 7/1/15 to 4/30/16 305 days x 182.339 mgd = 55,613.40mg

Required Operations & Maintenance Rate F/Y2016 $\frac{\$9,504,655}{55,613.40\text{mg}} = \$171.00/\text{mg}$

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM

DEBT SERVICE RATE COMPONENT FOR NJEIT LOAN REPAYMENT

Effective July 1, 2015, (F/Y2016, July 1, 2015-June 30, 2016)

Total due on Principal and Interest \$1,668,200/year

Debt Service Rate for NJEIT Loan = $\frac{\$1,668,200}{182.339 \text{ mgd} \times 365 \text{ days}}$ = \$25.00/mg

*This rate may be subject to future adjustments based on actual loan terms.

New Jersey Water Supply Authority
Raritan Basin System
Capital Improvement Program
Fiscal Years 2015 - 2019
11/3/14

PROJECT	ESTIMATED PROJECT COST	Period First Identified	Priority	Prior Years	Rate Assumption Per Million Gallons:				
					FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Refurbishment of the Main Pumps & Motors 1 & 6	\$ 1,300,000	2008	High	619,040	680,960				
Asset Management Plan for SBPS	\$ 220,000	2009	High	209,179	10,821				
Rehab Canal Embankment - Breach @ South Bound Brook	\$ 500,000	2014	High		500,000				
Rehab of Waste Gate ds of 10 Mile	\$ 60,000	1990	High		60,000				
Dredging between Kingston & Amwell Road	\$ 5,300,000	2006	High	1,349,882	450,118	500,000	2,000,000	500,000	
Lambertville Multi-Use Trail	\$ 300,000	2012	High	67,203	232,797				
Rehab Western Embankment Stockton Borough	\$ 5,000,000	2006	High	10,331	400,000	1,500,000	3,089,669		
Rehab Swan Creek Culvert & Aqueduct	\$ 1,922,000	2006	High	622,819	700,000	599,181			
Rehabilitation of the Cherry Tree Lane Spillway	\$ 750,000	2010	High	127	150,000	599,873			
Improvements at Canal Office	\$ 1,000,000	2010	High	47,544	952,456				
Removal of Sediment from Rt. 1 Conduit	\$ 100,000	2013	High		100,000				
Dam Improvements as recommended by TRB (preliminary eng only)	\$ 2,093,944	2013	High	93,944	2,000,000				
Rehab of the Landing Lane Spillway	\$ 900,000	2013	High		200,000	700,000			
Rehab of Upper Canal Embankment - Raven Rock to Prallsville	\$ 3,950,000	2006	Med High	74,650	125,350	1,250,000	1,250,000		
Replacement of Ice Deflectors at SBPS	\$ 100,000	2014	Med High		50,000				
Repair of Pipes at Whitehead Road	\$ 500,000	2012	Med High			500,000			
Rehabilitation Work at Washington Crossing Spillway	\$ 200,000	2012	Med High			200,000			
Rehab of Ten Mile Waste Gate	\$ 150,000	2010	Med High		150,000				
Security System Upgrade	\$ 125,000	2003	Med High		25,000	25,000	25,000	25,000	
Dredging between Landging Lane and Route 18 - engineering	\$ 5,025,000		Medium					800,000	
Rehab of the Four Mile Spillway	\$ 900,000	2007	Medium				900,000		
Dredging of Intake Pond at SBPS	\$ 600,000	2010	Medium			600,000			
Construction Bedload Stone Trap @ Wickcheokee Creek	\$ 1,000,000	1995	Medium	250			500,000	499,750	
Refurbishment of the Main Pumps & Motors 5 & 7	\$ 1,500,000	2008	Medium				300,000	1,200,000	
Roof Replacement North & South Towers	\$ 100,000	2011	Medium			100,000			
Replacement of Through the Wall HVAC Units in SRA	\$ 150,000	2011	Medium			150,000			
Rehab of Traprock Spillway	\$ 900,000	2010	Medium					900,000	
Rehab of Canal Flow Control Structures	\$ -								
Griggstown and Ten Mile Locks	\$ -	2000	Low						
Rebuild Stone Embankment at the 10 Mile Waste Gate	\$ -	1990	Low						
Rehab of Gold Run Spillway	\$ -	2008	Low						
Rehab of 6-Mile Run Culvert Headwall	\$ -	2008	Low						
Cutoff Wall in Shipetaukin Creek Guard Bank	\$ -	2005	Low						
Rehab of Culvert at Station 2550+90	\$ -	2008	Low						
Concrete Repairs at the Sullivan Way Aqueduct	\$ -	2007	Low						
Rehab of Spillway u/s of Griggstown Lock	\$ -	2010	Low						
Pipeline Evaluation - Release Pipeline	\$ -	1990's	Low						
RV Force Main	\$ -	1990's	Low						
TOTAL	\$ 30,420,944		-	3,094,969	6,787,502	5,574,054	6,064,669	4,975,000	3,924,750

Balance CIP
The estimated project costs listed includes engineering, cultural, construction and miscellaneous expenses.
Funds in CIP as of June 30, 2014 is \$14,464,185
Estimated cost for dredging of the Canal between Kingston & Amwell Road is \$35,000,000 plus engineering & Cultural Resource inspections during construction.
The cost of removal of sediment from the 202 stockpile site is included in the CIP since it will not be part of the NJEIT bonding. Engineering and cultural costs during construction will be included in loan for
Dam investigations recommended by TRB eng and installation of Piezometers. Costs of remedial work will need to be bonded. Preliminary estimate \$60 million.

14,464,185 10,055,658 7,275,855 3,776,228 1,366,270 472,438

**RARITAN BASIN SYSTEM
CAPITAL IMPROVEMENT PROGRAM
Fiscal Years 2015 – 2019
Updated – August 2014**

The following is a description of projects that are being funded from the Capital Improvement Program in Fiscal Years 2015 - 2019. Discussion also includes projects that have been delayed beyond FY 2019 due to funding.

Refurbishment of Main Pumps and Motors at SBPS

The South Branch Pumping Station (SBPS) was constructed in the 1960's to pump water into Round Valley Reservoir. The main pumps, motors and associated equipment at the station are infrequently operated. Maintenance pumping is done periodically to maintain the equipment. As the demand on Round Valley Reservoir increases, so will the need to pump water through the station.

Approximately 1.9 billion gallons of water were pumped into Round Valley Reservoir during the April – May 2009 pumping program. Lessons learned from the program demonstrated the need to repair the baseplates under the pumps and motors to prevent movement and maintain alignment between the pumps and motors.

The Authority retained Hatch Mott MacDonald (HMM) to prepare an asset management plan for the SBPS and prepare specifications for the refurbishment of the pump units. All ten pumps have similar baseplate and alignment problems, but only two (pump assemblies 1 & 6) of the ten are planned for refurbishment at the present time.

Inspections of the motors also show the deterioration of the stator winding insulation. Deterioration of the insulation of the stator windings is attributed to the age of the units and the humidity in the building. The extent of the deterioration in each unit is unknown because the entire stator cannot be inspected without full disassembly of the motors at an authorized shop. Other service requirements to the units can only be ascertained when the units are removed and disassembled.

Refurbishment of the first two pump and motor assemblies was awarded to Longo Electrical-Mechanical, Inc. of Wharton, NJ in 2013 for an amount not to exceed \$1,239,700 . Approval was authorized for allowance items specified in the bid documents for an amount not to exceed \$445,200. These allowance items are for parts needed for the pump refurbishment that cannot be determined until the units are undergoing refurbishment. To date only \$33,381.60 for the purchase of two casing rings was authorized from the allowance items.

It is anticipated that units 1 and 6 will be reinstalled and reconnected in October 2014. Refurbishment of the next two units, is currently planned for units 5 and 7, is planned for FY 2018 and 2019.

Prior to start-up of the refurbished pumps, an electrical testing program of the primary power feeding the pumps must be completed. Staff is preparing a solicitation to retain an electrical testing firm to perform the testing in September.

Repair of Canal Breach in South Bound Brook

A storm on April 30, 2014 caused damage to the Canal embankment in South Bound Brook Borough, Somerset County where the Canal runs directly adjacent to the Raritan River. The river overtopped the embankment scouring the embankment in numerous places. A breach of approximately 25 feet occurred on May 1st in the embankment immediately down-Canal of the South Bound Brook Spillway draining the Canal in the reach between the Ten Mile Lock and the South Bound Brook Lock. This situation necessitated retaining a contractor and engineer on an emergency basis to restore flow to the down-Canal water users. Emergency repairs started immediately by the IEW Construction Group under the direction of Hatch Mott MacDonald.

Repair of the breach and rehabilitation of the damaged towpath was completed by June 6th. It should be noted that flow to the down-Canal water purveyors was maintained through the entire period. Repair work included installation of buried steel sheeting for added future protection of the embankment and was coordinated with the various permitting agencies throughout the process.

The discharge pipe for the waste gate downstream of the Ten Mile Lock was also permanently sealed when the Canal level was drawn down because of the breach. The waste gate was an inoperable timber gate that leaked heavily. Failure of the structure would drain this vulnerable section of the Canal just upstream of three major water purveyors – Middlesex Water Company, New Brunswick Water Department and the East Brunswick Water Department.

The Authority took the opportunity of the reduced water levels to access the gate structure and used the services of the contractor and engineer on-site. The cost to permanently seal the inoperable gate was substantially less than restoring the inoperable and unneeded water gate. Funding for the reconstruction of the downstream headwalls is not included in this five year planning period.

Dredging between Kingston and Amwell Road

Flow in the 10.5-mile reach of the Canal between Lincoln Highway (Route 27 just east of Kingston) and Amwell Road in Franklin Township, Somerset County is being hindered by accumulated sediment. The flow restriction is aggravated by weed growth during the summer months. To compensate for these flow restrictions, the Canal is operated at a level that is higher than desirable and causes water to overtop normally dry spillways. Five major water purveyors divert water from the Canal downstream of this area including North Brunswick Township, NJ American Water, Middlesex Water Company, East Brunswick Township and the City of New Brunswick.

Staff took cross-sections in this reach during 2007 and 2008 to estimate the quantity of accumulated sediment. The cross-sections showed that approximately 250,000 yards of sediment have accumulated in the Canal and must be removed and properly disposed of.

Additionally, the US Route 202 sediment stockpile site in Delaware Township, Hunterdon County (just north of Lambertville) is reaching capacity. Removal and disposal of 45,000 cubic yards of sediment is included as part of the dredging project.

Urban Dredging Consultants Joint Venture was selected to plan the dredging program including development and execution of a proactive public participation program. A bathymetric survey was conducted to confirm the quantity of sediment to be removed. The bathymetric survey confirmed the estimated quantity to be removed. Sediment cores were taken to determine the characterization of the material to be removed.

Urban Dredging considered the following four methodologies for the proposed dredging project - mechanical excavation (in dry), mechanical dredging (in wet), hydraulic dredging with Geobags and hydraulic dredging with mechanical dewatering. All four considered methodologies have environmental concerns but hydraulic dredging methodologies reduce these concerns since the slurry would be conveyed in a pipe floating in the Canal that will carry the material to a temporary staging area for dewatering. Meetings were held between the consultant and two active dredging contractors to discuss the potential sites and dewatering techniques. It was decided to provide a performance specification for the dewatering and to allow the contractor to determine the methodology. Different contractors may be able to attain the same dryness results by either Geobags or hydraulic presses, depending on their techniques and ownership of equipment. Authority staff feels that leaving the option to the Contractor will create the best opportunity to obtain the lowest bids.

An Environmental Impact Assessment and the necessary public information meetings were held between 2010 and 2013. Five access points and the staging area have been selected and the completion of the design documents is proceeding. The one major remaining factor to be decided on is the disposal of the dredged material.

Removal of sediment from this reach is planned for FY 2016 - 2018. The application for funding through the NJ Environmental Infrastructure Trust (NJEIT) will be resubmitted in October 2015 covering the full estimated cost of the dredging and other allowable expenses currently estimated at \$40,000,000. The costs shown in the CIP include design costs and cultural resource services incurred before the loan is authorized.

Removal and disposal of 45,000 cubic yards of sediment from the US Route 202 stockpile site will not be funded through the NJEIT and is included in this CIP. The estimated cost for removal and disposal of this sediment is \$2,000,000.

Lambertville Multi-Use Trail

A 36' section of the multi-use trail between Coryell and Bridge Streets in the City of Lambertville, Hunterdon County collapsed into the Canal in 2012. The multi-use trail is on the

east side of the Canal and is a well-traveled path in the City. The area was temporarily stabilized and was covered with a tarpaulin to prevent further erosion. Repair of this section of the Canal embankment is a joint effort between the Authority and the State Park Service.

Repair of the embankment will consist of the installation of cantilevered sheeting driven from a parking lot across the Canal. All approvals required for this project have been obtained and the work effort is currently out for bid. The bid opening for the proposed repair project was August 14, 2014. It is anticipated that a recommendation for the award of a construction contract will be made at the September 8, 2014 Authority meeting and that the work should be completed before the end of 2014.

Rehabilitation of the Western Embankment, Stockton Borough

The mile long reach of the Western Embankment between the Prallsville Lock at Station 155+00 and the railroad bridge crossing over the Canal at Station 205+00 is a narrow embankment that separates the Canal from the Delaware River. It was overtopped during major storm events in 2005 and again in 2006 where the embankment breached. In 2011, Tropical Storms Irene and Lee caused severe flooding of the Delaware River. While the embankment did not breach, over 1000 linear feet of the embankment experienced slope failure on the Canal side and significant amounts of material slid into the Canal compromising the cross-sectional area of the embankment.

Emergency actions were taken to prevent a breach of the embankment. These emergency actions included placement of quarry processed blend via conveyor belt from the opposite side of the Canal due to the unsafe nature of the embankment. The quarry processed blend was put in with varying levels of compaction. While a breach was prevented, additional work on the embankment is required to reinforce the repair. The embankment does not meet minimum factors of safety during flooding events in the Delaware River resulting in the continued potential of further breaches. The embankment needs significant improvements to increase the factor of safety including the possibility of installation of sheeting the entire length of this stretch. Other alternatives to be considered include adding fill to the embankment or improvement of the stone armor of the embankment.

A professional engineering services contract was awarded in March 2014 to a team led by TranSystems. Hunter Research was selected as the Cultural Resource consultant for the project. To date, borings were taken through the embankment and preliminary meetings were held with the permitting agencies. A Schematic Design Report is expected by November 2014.

Rehabilitation of the Swan Creek Culvert & Aqueduct

The Swan Creek Aqueduct and culvert is located at approximate Station 363+00 on the Canal in the City of Lambertville, Hunterdon County. The aqueduct structure was erected to carry the Canal over Swan Creek and to act as a spillway for the Canal. An adjacent culvert conveys Swan Creek under the Canal and the former Belvedere-Delaware Railroad. The aqueduct is a concrete and masonry structure that was most recently rehabilitated in 1989. The

waste gates were replaced, some of the masonry was reconstructed and some of the existing concrete was repaired with shotcrete.

Repairs were made to the structure in 2006 following major flooding events on the Delaware River. Significant leakage occurred through the masonry wall on the southeast part of the structure where Swan Creek enters the opening under the aqueduct. A contractor was hired on an emergency basis to pump pressure grout behind the wall where a sinkhole had formed resulting from the seepage. The grout significantly slowed the leakage, but did not stop it completely. The voids left by the fallen stones still remain.

A jet grout seepage cutoff wall was constructed in April 2009 to eliminate seepage through the wingwall. Most of the seepage was stopped with the jet grout seepage cutoff wall.

The current phase to the project includes rehabilitation of masonry and concrete and replacement of the bent stem for one of the two waste gates. Work on this phase of the project is on-going.

The corrugated metal liner in the North culvert is severely corroded making it unsafe to perform repair work in the barrel. A Scope of Services is being developed to retain a consultant to design a new structural liner to guard against further deterioration and concrete spalling.

Rehabilitation of the Cherry Tree Lane Spillway

The Cherry Tree Lane Spillway is located at Station 1269+65 of the Canal approximately 650 feet upstream the intersection of Whitehead Road and the Canal in Lawrence Township. The spillway structure is located along the Canal right bank with a longitudinal centerline oriented in a northeast direction. The spillway consists of a 201 feet long concrete control overflow weir at elevation 55.5 with a central spillway crest, approximately 82 feet long, at elevation 55. The spillway discharges to a concrete apron that conveys the flow to an arched culvert under the Route 1 Highway (Trenton Freeway Section).

In general, the spillway is in poor condition. The concrete is spalled and cracked, rebar is exposed and there are significant sections that exhibit mortar loss and exposed concrete aggregate. The crest is eroded, spalling and crumbling. The downstream concrete outlet apron has large voids, is cracked and shows exposed rebar and concrete aggregate. In 2013, Canal maintenance crews backfilled a large sinkhole downstream of the spillway. It is suspected that the foundation material under the spillway structure is eroded and the outlet apron is largely undermined.

The Authority proposes rehabilitation of the spillway and the outlet discharge apron to eliminate the current Canal unwanted water spilling and the unsafe structural conditions. The spillway is still functional, but the progressive deterioration threatens its structural integrity. Failure of the spillway would adversely affect the water supply function of the Canal.

Eight Technical Proposals and Statements of Qualifications were received on May 22, 2014. It is anticipated that a recommendation for the award of a professional services contract will be made at the September 8, 2014 Authority meeting.

Improvements at the Canal Office

The Canal Office was constructed in 1992 in Ewing Township, Mercer County. Currently this facility requires rehabilitation of the roofing system, the access driveway and parking areas and the fuel dispensing system. The roofing system has developed numerous leaks that have been patched but a reroofing project is warranted. The asphalt driveway and parking area has settled in many places and drainage is a problem. The fuel dispensing system is deteriorated and needs to be replaced. The tanks for the diesel and unleaded gas storage are not affected by this situation, only the gas dispensing island and equipment need attention.

A professional services contract was awarded to Hatch Mott MacDonald in July 2011. Plans and specifications have been prepared and permit applications have been submitted to the Department of Community Affairs (DCA). The bid opening for the improvements at the Canal Office was September 4, 2014.

Removal of Sediment from Route 1 Conduit

The US Route 1 Conduit is a twin-barrel, 13' x 8' concrete box culvert constructed in the 1950s. It is approximately 6050 feet long carrying the Canal water under U.S. Route 1 from Southard Street to the north of Mulberry Street, in Trenton, NJ. This section of roadway is locally named the "Trenton Freeway."

In addition to carrying the Canal water, this conduit serves as the storm drainage outlet for the highway directly above and the 300 +/- acre area immediately west of the conduit in the City of Trenton. As a result of highway storm drains and local storm drainage pipes discharging into the westerly barrel of this enclosed section of the Canal, sediment accumulates in the conduit and interferes with its flow carrying capacity. This is a recurring problem necessitating removal of the sediment. Approximately 6,000 cubic yards of sediment were removed from the west barrel in the 1980's.

Currently, the flow carrying capacity of the conduit is again being impacted by accumulated sediment. The Authority is working with the NJDOT to develop an approach to removing the sediment that is acceptable to all involved parties. The funding included in this program is to fund some costs necessary to determine the extent of the sediment.

Dam Improvements - SR & RV Embankments

In connection with the 2013 Formal Dam Inspection, the Authority convened a Technical Review Board (TRB) composed of experts in the field of dam construction on limestone formations, evaluation of critical dam construction features and geology as they relate to dam construction. This was the first TRB assembled to review information about the construction and operation of the Round Valley Reservoir (dams were constructed in the 1960's) and the first

one in 20 years to look at operations data at Spruce Run Reservoir. The TRB recommended additional information gathering on the construction of the dams and the installation of piezometers at the three embankments at Round Valley Reservoir and additional piezometers to be installed at Spruce Run Dam. The TRB recommended that the Side Scan Sonar conducted in the mid-1980s at the Spruce Run Reservoir be repeated and that the drainage pipes at the toe of the SR Dam be visually inspected by remotely operated cameras.

The contract with Gannett Fleming was amended to oversee the performance of the work recommended by the TRB including contracting the specialty drillers for the installation of the piezometers at all four dams and performance of the Side Scan Sonar.

Rehabilitation of the Landing Lane Spillway

The Landing Lane Spillway is located immediately up-Canal of the Landing Lane Bridge in the City Of New Brunswick, Middlesex County. This spillway was rehabilitated in 1991 with the construction of a concrete cutoff wall in the Canal to control leakage from the Canal. Timber planks were installed on the concrete wall for historical appearance. The spillway was finished with hand placed stones across the crest and the river side slope. The stones were laid in a sand bed. The stones are being dislodged and the spillway crest needs to be stabilized. The planned rehabilitation will be to remove all stone from the crest, pour a concrete slab and reset the stones with ties to the concrete slab similar to the recently completed (2013) rehabilitation of the Colonial Park Spillway.

A Schematic Design Report was prepared in July 2014 and sent to the Historic Preservation Office and the Delaware and Raritan Canal Commission for approval before plans and specifications are prepared.

Rehabilitation of the Upper Canal Embankment - Raven Rock and Prallsville

Four major flood events in the Delaware River since September 2004 have overtopped the Canal embankment between the Raven Rock and Prallsville where the Canal and the River become one body of water. The embankment that separates the Canal from the River in that stretch is very narrow and is inaccessible by vehicle making maintenance a challenge. Several areas in this stretch have experienced deterioration, typically initiated by fallen trees and are exacerbated by high water events where, at times, the River and the Canal become one body of water.

Following the storms of 2011, these areas were attended to by Authority forces to prevent furtherance of the ongoing erosion. Since all of the work had to be done by hand using barges to supply materials, riprap and cement bags were used to close openings in the embankment. These temporary repairs require replacement with more substantial and historically appropriate materials.

The Authority identified eight primary locations in this reach that required investigation, design and repair. In addition to these primary locations, the consultant was charged with

inspecting the entire embankment from Raven Rock to Prallsville and identifying any other additional locations that should be considered for repair.

A professional services contract was awarded to a team led by GZA GeoEnvironmental as the engineers for the repairs of the embankment. PS&S was selected as the Cultural Resource consultant for the project.

A Final Schematic Design Report was submitted on July 2, 2014. The GZA team identified and prioritized seventeen additional areas that warrant attention. The report is being reviewed by staff and the Cultural Resource Consultant before it is submitted to the Historic Preservation Office and the Delaware and Raritan Canal Commission for Schematic Design Approval.

GZA's preliminary conceptual construction cost estimate for the eight primary damaged embankment repairs is approximately \$2.52 million. Staff will need to prioritize repairs of the eight originally noted sites and the 17 additional areas.

Replacement of Ice Deflectors at the SBPS

There are 12 steel wide flange beams set in a grout bed that function as an ice deflector at the release works of the channel of the South Branch Raritan River at the South Branch Pumping Station. The ice deflector protects the structure and the flow gates from damage from ice and trees floating down the river. They are deteriorating and need to be replaced.

Staff is preparing plans and specifications to replace the beams. Replacement of the beams is planned for the spring summer of 2015.

Repair of Pipe at Whitehead Road

A sinkhole developed in the towpath 1,600 feet up Canal from Whitehead Road in Lawrence Township. This location is 3,600 feet down Canal of the outlet of the Trenton Conduit. The sinkhole developed over a failed storm drainage pipe that goes under the Canal and US Route 1 and discharges into the Assunpink Creek. The sinkhole caused erosion in the Canal slope and the Canal path. Staff filled the sinkhole with 6" riprap and regraded the area.

The pipe was not repaired at this time and will necessitate additional planning and action. The initial step in repairing the pipe is the need to determine who is responsible for the pipe and assess the condition of the entire pipe length.

Rehabilitation Work at the Washington Crossing Spillway

The Delaware River Joint Toll Bridge Commission advised the Authority on June 6, 2013 of clear seepage coming from their historic stone bridge abutment at the Washington's Crossing Bridge. Starting late May 2013, the Authority had been operating the Canal at raised levels in that vicinity to address a flow problem in the Trenton area. The higher than normal levels of the

Canal caused the Washington Crossing spillway, which is directly adjacent to the abutment, to operate (overflow).

The concrete spillway structure has two motor operated waste gates that can be operated on site or remotely from the Canal Office. The spillway and associated waste gates were designed to help regulate the amount of water in the Canal and to provide a controlled discharge in periods of high water. The concrete spillway is approximately 152'± long and 37'± wide, consisting of two (2) concrete spillway boxes with twenty (20) 36"x40" vertical elliptical reinforced concrete pipes, and one (1) 68"x75" reinforced concrete pipe. A concrete apron in front of the 68"x 75" concrete pipe handles the flow of water coming through the pipe and the stone apron in front of the rest of the pipes protect the embankment from erosion. Hand placed stonewalls border the aprons.

As a temporary measure staff opened the waste gate associated with the spillway and was able to draw the Canal level down sufficiently to stop discharge over the spillway. The abutment seepage stopped. At that time, it was unknown if the seepage was a result of the elevated Canal levels causing increased pressure or simply the presence of the water discharging over the spillway, through the pipes below and hitting the abutment.

Authority staff placed sandbags on the spillway crest and is controlling the water level in the Canal by operating the waste gates. This temporary stopgap measure is working to eliminate the seepage. Experience from the earlier trials has shown that the seepage returns if the sandbags are removed or washed off and flow discharges from the northern most pipes. Seepage may cause damage to the spillway structure, the bridge tenders house or the bridge abutment as a result of removal of fines by piping or undermining.

Staff is continuing to monitor the situation and to investigate alternatives for controlling the flowing water.

Rehabilitation of the Ten Mile Waste Gate

The Ten Mile Waste Gate is located up-Canal of the Ten Mile Lock. It is a concrete structure with two sluice gates that are routinely adjusted to discharge flow from the Canal to the Millstone River near its confluence with the Raritan River. Canal flow in excess of that required by down-Canal water purveyors is used to augment flow in the Raritan River. The existing waste gates were installed in 1958 and are in need of replacement. One of the two gates is inoperable and the second gate is difficult to operate. Staff will prepare plans and specifications to replace these gates. Replacement of the gates is scheduled for FY 2015.

Security System Upgrade

A vulnerability assessment of the Authority's facilities was completed in 2003. This project includes continuing implementation of improvements recommended in the vulnerability assessment. Buoys will be installed around the tower at the Spruce Run Reservoir in 2014. A recommendation for the award of a construction contract for the installation of the buoys will be made at the September 8th Authority meeting.

Other protective measures are also being considered as recommended in the vulnerability assessment.

Dredging of the Canal between Landing Lane and Route 18

Approximately 70 percent of water diverted from the Canal is diverted at Route 18 in New Brunswick, Middlesex County. Sediment bars have formed just upstream of the two primary intakes from the Canal wherein the normal Canal operating level is only 18 inches above the sediment level. A decrease in the Canal operating level by more than 12 inches makes it difficult for the water purveyors to divert water. Removal of this accumulation is essential to ensure delivery to these water purveyors.

Removal of the accumulation must be carefully coordinated with the water purveyors in this reach. Development of a program will be modeled after the dredging program currently that is being developed for the Canal reach between Kinston and Amwell Road. Funds are included in this program only for engineering and cultural resource services.

Rehabilitation of the Four Mile Spillway

The Four Mile Spillway is located in the Five Mile Lock to the Route 18 section of the Canal in Franklin Township, Somerset County opposite the Rutgers Preparatory School on Easton Avenue. This 600 foot long spillway was rehabilitated in 1999 with the installation of a tremie concrete cutoff wall to eliminate leakage from the Canal. The spillway was finished with hand placed stones across the crest, the river side slope and the Canal side slope of the rehabilitated structure. The stones were laid in a mortar bed with a recess in the pointing finish.

Recent flooding events washed the cement from the mortar leaving the stones sitting in a loose sand bed. The stones are being dislodged and the spillway crest needs to be stabilized. The planned rehabilitation will be to remove all stone from the crest, pour a concrete slab and rest the stones with ties to the concrete slab similar to the recently completed rehabilitation of the Colonial Park Spillway.

Rehabilitation of the Four Mile Spillway is planned for FY 2018.

Dredging of Intake Pond at the South Branch Pumping Station

The intake pond at the South Branch Pumping Station was designed with a capacity of 21,000,000 gallons during low flow pumping periods. Sediment accumulates in the pond reducing its capacity thereby reducing the efficiency of the operation of the SBPS. Sediment was last removed from the pond in 1986 at a cost of \$265,000. Accounting for inflation, the estimated cost to remove the stone and sediment in FY 2018 – 2019 is \$600,000.

In 1986, material was removed from the pond in the dry and was stockpiled in a temporary stockpile site at the station where it is removed and used as needed. With the current flood hazard area restrictions, this stockpile site cannot be used for the proposed project.

Construction of a Bedload Stone Trap at the Wickecheoke Creek

Wickecheoke Creek enters the Canal just upstream of the Prallsville Lock Control Structure in Delaware Township, Hunterdon County. Excess flow from the Canal and the Creek are discharged over the Wickecheoke Creek spillway into the Delaware River. Investigations in the early 1990's recommended the construction of a bedload stone trap in the creek upstream of its confluence with the Canal to improve the ability to remove the bedload without disrupting the flow in the Canal.

The Authority desires to pursue construction of the structure because of the escalating need to remove bedload from the Canal at this location and the difficulty of removing the material from the Canal at this location.

Roofing Replacement at the North & South Towers

The built-up roofing at the North and South Towers at Round Valley Reservoir are approaching 30 years old, they were replaced in 1984. Replacement of these roofs is planned in FY 2017.

Replacement of the through the wall HVAC units at the Administration Building

The 26 through the wall HVAC units at the Administration Building are reaching the end of their useful life, they were replaced in 1994. Replacement parts are becoming difficult to get and the units are constantly in need of service. Replacement of the units is planned for FY 2016.

Rehabilitation of the Traprock Quarry Spillway

The Traprock Quarry Spillway between Station 1925+90 and Station 1929+20 of the Canal in Franklin Township, Somerset County located approximately $\frac{3}{4}$ mile up-Canal from Route 518 is in poor condition and warrants rehabilitation. The 330-foot long spillway was built as part of the original Canal construction in the 1830's and is part of the Canal's flood control system into the Millstone River. Engineering services are required in order to inspect the structure, prepare a schematic design, prepare a design of the approved rehabilitation alternative and provide construction management services during the rehabilitation of the structure. A cultural resource consultant is also required to perform a cultural resource investigation for the rehabilitation of the spillway and to provide observation during rehabilitation. Rehabilitation of the Traprock Spillway will be scheduled after the dredging program between the Kingston and Amwell Road is complete so the reconstructed spillway does not get damaged by the heavy equipment used to haul the sediment from the site.

Rehabilitation of Canal Flow Structures at the Griggstown and Ten Mile Locks

The Canal was converted into a water supply source in the 1940s and 1950s. This included conversion of the original locks into flow control structures with sluice gates to regulate the flow. There are nine flow control structures located along the length of the Canal that were

inspected and evaluated by Schnabel Associates in 2001 to determine the required rehabilitation. The structures include Raven Rock Lock, Prallsville Lock, Lambertville Lock, Kingston Lock, Griggstown Lock, Ten Mile Lock, South Bound Brook Lock, Five Mile Lock and the Ten Mile Waste Gate (up Canal). Based on the underwater inspections, with the exception of the gates at the Raven Rock Lock and the Kingston Lock, the gates need to be replaced. Gates at these two structures were replaced in 1989 – 1990 but are now in need of repair.

In addition to the replacement of the gates, there are a variety of repairs needed at each of the sites. The deficiencies range from minor cracking and spalling of the concrete to repair of undermining of the Locks.

The Authority plans to phase in gate replacement and structural rehabilitation based on operational priorities. This second phase of the project includes replacement of the flow control gates and other repairs at the Griggstown and Ten Mile Locks. Funding for this project is not included in this five year program.

Rehabilitation of the Gold Run Spillway

The Gold Run Spillway is located at Station 955+00 approximately 500 feet upstream of Lower Ferry Road in Ewing Township, Mercer County. The Gold Run Spillway is a concrete structure built in 1913. The concrete spillway box is approximately ± 98 feet long and ± 4 feet wide. The elevation of the spillway crest is 56.70 ft.

Fourteen (14) – 36-inch diameter concrete pipes handle the flow of water coming through the spillway. The pipes discharge on a downstream concrete apron that protects the embankment from erosion. The spillway box is leaking and needs to be replaced. Funding for this project is not included in this five year program.

Instrumentation of the D&R Canal

A computerized instrumentation system is being installed at the Canal Office to remotely monitor water levels in the Canal. Water level sensors were installed at the locks and the information will be transmitted back to the Canal Office via radio. This computerized system will enhance our ability to respond to changing water levels on a timely basis.

On-going problems with the communication of the remote units and the central processor at the Canal Office are hindering the completion and acceptance of this project. This effort has stalled by the contractor. A significant portion of the equipment provided by Ray Angelini, Inc. is outdated and cannot be used. Authority staff is working on improvements to the system including potentially changing the communication method.

Rehabilitation of the Six Mile Run Culvert Headwall

The Six Mile Run Culvert was rehabilitated in the mid-1980s. Stone-faced concrete headwalls were constructed at the inlet and outlet ends of the culverts and minor stone repair was performed in the culvert barrels. A portion of the stone facing of the downstream headwall has

dislodged from the concrete headwall during the winter of 2005 - 2006. The stone armoring above the downstream headwall needs to be restored.

Plans need to be developed to rebid this project.

Rehabilitation of the Waste Gate downstream of Ten Mile Lock

The waste gate is located at Canal Station 2599+50, approximately 600 feet downstream of the Ten Mile Lock in Franklin Township, Somerset County. The existing non-operational waste gate consists of a wooden gate structure set between guides attached to the recessed portion of a concrete inlet headwall. A 60-inch diameter concrete pipe links the gate and inlet headwall to the outlet headwall. The outlet headwall and wingwalls are constructed of stone masonry.

The outlet pipe was permanently sealed in 2014. This project encompasses reconstruction of the deteriorated stonework on the downstream side of the structure.

Installation of a Cutoff Wall in the Shipetaukin Creek Guard Bank

The Shipetaukin Creek Guard Bank, located in Lawrence Township, Mercer County, was constructed along the western side of the Canal to separate the Canal from the Lawrence Meadows and Shipetaukin Creek. The Guard Bank breached during Hurricane Floyd in September 1999 because of high water levels in the Lawrence Meadows. Typically the water level in the Lawrence Meadows, between Provinceline Road and the Route 295 Interchange is higher than the water levels in the Delaware and Raritan Canal so the breach did not cause a loss of Canal water supply.

Leakage is visible through the guard bank from the Lawrence Meadows towards the Canal. Currently, the seepage is clear indicating that soil particles are not being transported and that no piping is occurring. However, the seepage is getting progressively worse and a program is necessary to control the leakage and prevent piping and a potential failure of the embankment. This section of towpath is approximately 7,000 feet long but most of the leakage occurs in a 3,200-foot long section between Station 1477+00 and Station 1509+00. Depth of the cutoff wall will range between 8 and 18.5 feet.

It is planned that a cutoff wall will be constructed in this reach of the embankment. The cutoff wall will be either slurry concrete mix or a clay mix. The slurry concrete mix has the advantage for ease of installation but may cause permit problems.

It will be necessary to retain a consultant to obtain boring information through the guard bank to determine the recommended depth of the cutoff wall. Funding for this project is not included in this five year program.

Rehabilitation of Culvert at Station 2550+90

The unnamed culvert at Station 250+90 is located in Franklin Township, Somerset County approximately one mile east of Weston Causeway and ¼ mile east of School House Road. Boswell Underwater Engineering inspected the culvert in September 2007. The inspection identified numerous areas exhibiting missing mortar pointing and stone along both the walls and crown of the structure. Missing stone were also identified on both the upstream and downstream headwalls. They classified the culvert as being in fair condition and recommended repairs be made to the culvert barrel as well as both headwalls. Funding for this project is not included in this five year program.

Concrete Repairs at the Sullivan Way Aqueduct

The Sullivan Way Aqueduct is located in Trenton, Mercer County. The structure was constructed in the early 1900s and has been waterproofed and patched several times. The superstructure is a concrete encased steel structure constructed to carry the Canal over Sullivan Way. The concrete on the abutments is spalling and needs attention. Funding for this project is not included in this five year program.

Rehabilitation of the Spillway upstream of the Griggstown Lock

The spillway upstream of the Griggstown Lock between Station 2060+40 and Station 2064+20 of the Canal in Franklin Township, Somerset County is in poor condition and warrants rehabilitation. The 380-foot long spillway was built as part of the original Canal construction in the 1830's and is part of the Canal's flood control system into the Millstone River. Engineering services are required in order to inspect the structure, prepare a schematic design, prepare a design of the approved rehabilitation alternative and provide construction management services during the rehabilitation of the structure. A cultural resource consultant is also required to perform a cultural resource investigation for the rehabilitation of the spillway and to provide observation during rehabilitation. Rehabilitation of the spillway will be scheduled after the dredging program between the Kingston and Amwell Road is complete so the reconstructed spillway does not get damaged by the heavy equipment used to haul the sediment from the site.

Release Pipeline Evaluation and Rehabilitation

The Round Valley Release Pipeline (RVRP) conveys water from the Round Valley North Vault to the Whitehouse Release. The pipeline was also intended to convey water pumped from the planned Confluence Pumping Station back to the Reservoir. One pipe section of the 108" diameter prestressed concrete cylinder pipe ruptured in 1988 and numerous other sections were found to have broken prestressing wire that may lead to additional ruptures of the pipe sections. The RVRP was converted into a gravity release pipeline in 1996 with the installation of pressure reducing valves in the North Vault. The reduced pressure design assumes that all the prestressing wire has failed and relies on the strength of the embedded steel cylinder. It was recommended that the pipeline continue to be monitored on a regular basis.

Authority staff inspected the interior of the RVRP between June 8 and June 11, 2012. Nothing was observed to indicate imminent failure of the pipeline. Staff will continue its periodic inspection of the pipeline and take action accordingly.

Funding for this project is not included in this five year program.

Round Valley Force Main

The Round Valley Force Main is a 3.5-mile 108" diameter prestressed concrete cylinder pipe that conveys water from the South Branch Pumping Station to the South Dam at Round Valley Reservoir. The Force Main is also used for releases from the reservoir to the South Branch Raritan River.

Non-destructive testing of the Force Main was conducted in 1999. The non-destructive testing identified that the majority of the pipe sections were in very good condition. Approximately 5% of the 1,062 pipe sections exhibited anomalous readings that give rise to varying degrees of concern. One section of pipe (pipe section 42), located within the South Branch Pumping Station property, was excavated and further examined externally and internally. The examinations confirmed the results of the non-destructive testing. Instead of instituting a program to immediately replace pipe section 42 and other sections of pipe that were of concern, the Authority embarked on a program to develop a management plan to estimate the anticipated longevity of various pipe sections and prioritize pipe replacement.

Pipe section 42 was replaced in 2005 and was dismantled and tested in January 2006. Pipe section 42 was "designed" to have a double wrap of pre-stressing wire. The outer level of pre-stressing was missing and the pipe section was considered to be "severely structurally compromised." A large portion of the pre-stressing wire had significantly lower than the specified stress as determined by the strain gauge testing.

Additionally, the management plan developed in 2003 identified 4 other sections that warrant increased monitoring, pipe sections 33, 43, 48 and 617. The consultants recommended additional non-destructive testing of the entire length of the Force Main with particular emphasis on the noted sections.

Continued monitoring of the Force Main is warranted before any additional pipe sections are excavated or replaced.

Additional Projects of Undetermined Cost and Scheduling

The following two additional projects are noted as "longer term" potential projects - dredging between Amwell Road and Ten Mile Lock and dredging between Lambertville Lock and Trenton.

Dredging between Amwell Road and Ten Mile Lock Currently plans are being developed to dredge a 10.5 mile stretch of the Canal between Kingston and Amwell Road. Flow in the stretch of the Canal between Amwell Road and Ten Mile Lock is also being impeded by the

accumulation of sediment. Long term planning needs to focus on the removal of sediment from this reach.

Dredging between Lambertville Lock and Trenton Sediment was removed from this reach in the mid-1980's. Breach of the embankment at the Workhouse Spillway in 2011, drained the Canal between the Lambertville Lock and the Kingston Lock exposing sediment that has accumulated since the 1980's. While the Canal was drained, Authority staff removed sediment mounds that were the most pronounced but was unable to remove all of the mounds. Long term planning needs to focus on the removal of sediment from this reach.

PART III – PROPOSED RULE AMENDMENT

NEW JERSEY WATER SUPPLY AUTHORITY

**AMENDMENTS TO THE SCHEDULE OF RATES, CHARGES AND
DEBT SERVICE ASSESSMENTS FOR THE SALE OF WATER FROM
THE RARITAN BASIN SYSTEM**

To Become Effective July 1, 2015

The following rules and regulations can be found in the New Jersey Administrative Code under N.J.A.C. 7:11-2.1, et. seq.

7:11-2.3 General Rate Schedule for Operations and Maintenance

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

1 –7 (No change.)

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

(b) General rate schedule for operations and maintenance:

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

7:11-2.4 Debt Service Assessments

(a) (No change.)

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

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

7:11-2.5 Capital Fund Component

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

(c) Capital Fund Assessment

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

7:11-2.6 Source Water Protection Fund Component

(a) (No change.)

(b) Source Water Protection Fund Assessment

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

NEW JERSEY WATER SUPPLY AUTHORITY
(A Component Unit of the State of New Jersey)
FORECASTED COST ALLOCATION SCHEDULES
Year Ending June 30, 2016

INDEPENDENT ACCOUNTANT'S REPORT

To the Commissioners of
New Jersey Water Supply Authority

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

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

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

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

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

Messersmith, P.C.
Certified Public Accountants

October 6, 2014

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

RECLASSIFICATIONS

DEPT. #	DEPT./COST CENTER	COST CENTER COSTS	1 HEATING/ ELECTRIC	2 VEHICULAR FUEL	3 PROFESSIONAL FEES	4 INSURANCE	5 TELEPHONE	6 PERMITS	7 WORKERS' COMP.	8 IN LIEU TAXES	9 CHIEF ENGINEER SALARY & FRINGE	REVISED COST CENTER COSTS
	BUILDING HQ	\$ -	\$130,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$130,100
	TELEPHONE HQ						72,400					72,400
36	SAFETY	207,100			(5,000)							202,100
37	SECURITY	884,250										884,250
14	HUMAN RESOURCES	429,700			(4,400)				(10,000)			415,300
16	PURCHASING	552,900		(157,800)			(72,400)	(16,000)				306,700
17	INFORMATION SYSTEMS	157,200										157,200
15	CONTRACTS & RISK MGMT.	1,721,800			(33,800)	(1,246,800)		(86,100)		(18,700)		336,700
13	FINANCIAL MGMT.	949,200			(2,500)							946,700
34	AUTO SHOP	209,900		157,800				16,000				383,700
35	AUTO SHOP-CANAL	213,300										213,300
10	EXEC OFFICE	247,800	4,757									252,557
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	7,356,650	(134,857)		45,400	1,246,800		86,100	10,000	18,700	(24,914)	8,603,879
		12,929,800	0	0	0	0	0	0	0	0	(24,914)	12,904,886
40-60	MANASQUAN SYSTEM	5,347,860									24,914	5,372,764
		\$18,277,650	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,277,650

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

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

ALLOCATION BASIS

DEPT. #	DEPT. COST CENTER	REVISED COST CENTER COSTS	SQ. FT. #	# OF TELEPHONES	# OF EMPLOYEES	100 % PARTIAL O&M	# OF EMPLOYEES	# OF P.O.s	# OF COMPUTERS	MGD CONTRACTS	O&M BUDGET	# OF VEHICLES	# OF VEHICLES	TIME ESTIMATE	ALLOCATED COST CENTER COSTS
	BUILDING HQ	\$130,100	(\$130,100)												
	TELEPHONE HQ	\$72,400	0	(\$72,400)											
36	SAFETY	\$202,100	976	796	(\$203,872)										
37	SECURITY	\$884,250	4,998	3,182	16,580	(\$909,110)									
14	HUMAN RESOURCES	\$415,300	6,018	3,182	5,580	0	(\$430,060)								
16	PURCHASING	\$306,700	6,640	2,387	3,707	0	8,777	(\$328,211)							
17	INFORMATION SYSTEMS	\$157,200	1,385	796	1,853	0	4,388	9,604	(\$175,226)						
15	CONTRACTS & RISK MGMT.	\$336,700	4,323	1,591	3,707	0	8,777	9,498	6,258	(\$370,854)					
13	FINANCIAL MGMT.	\$946,700	12,596	5,569	12,974	0	30,719	8,443	28,161	0	(\$1,045,162)				
34	AUTO SHOP	\$383,700	20,514	1,991	1,853	0	4,388	16,569	6,258	0	27,049	(\$461,922)			
35	AUTO SHOP-CANAL	\$213,300	0	1,591	1,853	0	4,388	14,880	3,129	0	15,036	0	(\$254,177)		
10	EXEC OFFICE	\$252,557	17,456	5,569	1,853	0	4,388	1,900	6,258	0	17,804	0	0	(\$307,785)	
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (PARTIAL SYSTEM)	\$8,603,879	55,194	46,146	105,644	909,110	250,137	142,470	90,743	333,264	606,524	461,922	254,177	276,237	\$12,135,447
40-60	MANASQUAN SYSTEM	\$5,372,764	0	0	48,186	0	114,098	124,847	34,419	37,990	378,749	0	0	31,548	6,142,203
		\$18,277,650	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,277,650

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

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

REQUIRED STATISTICS

ALLOCATION OF:	BUILDING HQ	TELEPHONES	SAFETY	HUMAN RESOURCES	PURCHASING	INFORMATION SYSTEMS	CONTRACTS & RISK MGMT	FINANCE	AUTO SHOP	AUTO SHOP	EXEC. OFF
ALLOCATION BASIS:	SQ. FT. #	# OF TELEPHONES	# OF EMPLOYEES	# OF EMPLOYEES	# OF P.O.'S	# OF COMPUTERS	RISK MGMT CONTRACTS	FUNCTIONAL COST	# OF VEHICLES	# OF VEHICLES	TIME ESTIMATE
DEPT. #	DEPT./COST CENTER										
	BUILDING HQ										
	TELEPHONE HQ										
36	SAFETY	110	1								
37	SECURITY	563	4	9							
14	HUMAN RESOURCES	678	4	3							
16	PURCHASING	748	3	2	2						
17	INFORMATION SYSTEMS	156	1	1	91						
15	CONTRACTS & RISK MGMT.	487	2	2	90	2					
13	FINANCIAL MGMT.	1,419	7	7	80	9	0				
34	AUTO SHOP	2,311	2	1	157	2	0	\$383,700			
35	AUTO SHOP-CANAL	0	2	1	141	1	0	213,300			
10	EXEC OFFICE	1,967	7	1	18	2	0	252,557	0		
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RARTAN SYSTEM)	6,218	58	57	1,360	29	182	8,603,879	43	43	89.75
40-60	MANASQUAN SYSTEM			26	1,183	11	21	5,372,764			10.25
		14,857	91	110	98	3,110	56	203	43	43	100. %
								\$14,826,200			

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

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

COSTS	ALLOCATION BASIS					ALLOCATED COSTS
	1 TIME STUDY	2 \$ VALUE OF VEHICLES	3 \$ VALUE OF EQUIPMENT	4 TIME STUDY	5 VALUE OF WATER CONTRACTS	
<u>GENERAL & ADMINISTRATIVE</u>						
SALARIES & FRINGES	\$2,980,650					
VEHICLE RELATED	83,000	(\$83,000)				
MAINT. SUPPLIES & RELATED	72,900		(\$72,900)			
OFFICE & MISC.	51,700			(\$51,700)		
H.Q. OVERHEAD	794,353				(\$794,353)	
RESERVOIR	1,018,800		33,563	24,377	689,400	\$3,231,400
TREAT./TRANS.	1,111,900		39,337	27,323	104,953	2,881,903
	<u>\$6,113,303</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$6,113,303</u>

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

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

A. GENERAL

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

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

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

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

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

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

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

See independent accountant's report.

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

B. MANASQUAN SYSTEM ALLOCATED COST

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

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

See independent accountant's report.

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

COST ALLOCATION SCHEDULES

June 30, 2014

INDEPENDENT ACCOUNTANT'S REPORT

To the Commissioners of
New Jersey Water Supply Authority

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

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

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

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

Mercadieu, P.C.
Certified Public Accountants

October 6, 2014

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

RECLASSIFICATIONS

DEPT. #	DEPT./COST CENTER	1	2	3	4	5	6	7	8	9	REVISED COST CENTER COSTS
		HEATING/ELECTRIC	VEHICULAR FUEL	PROFESSIONAL FEES	INSURANCE	TELEPHONE	PERMITS	WORKERS' COMP.	IN LIEU TAXES	CHIEF ENGINEER SALARY & FRINGE	
	BUILDING HQ	\$81,432									81,432
	TELEPHONE HQ					\$73,113					73,113
36	SAFETY										175,790
37	SECURITY										839,879
14	HUMAN RESOURCES			(\$2,640)				(\$4,384)			839,879
16	PURCHASING		(\$144,641)			(73,113)	(\$15,843)				380,782
17	INFORMATION SYSTEMS										280,948
15	CONTRACTS & RISK MGMT.			(19,324)	(\$1,154,419)		(90,464)		(\$18,700)		170,075
13	FINANCIAL MGMT			(2,288)							274,959
34	AUTO SHOP		144,641								893,726
35	AUTO SHOP-CANAL										373,524
10	EXEC OFFICE	3,817									218,568
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	(85,249)	0	24,132	1,154,419		90,464	4,384	18,700	(25,350)	7,589,592
		0	0	0	0	0	0	0	0	(25,350)	11,591,460
40-60	MANASQUAN SYSTEM									25,350	4,398,807
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,930,267

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

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

ALLOCATION BASIS

DEPT. #	DEPT./COST CENTER	REVISED COST CENTER COSTS	SQ. FT. #	# OF TELEPHONES	# OF EMPLOYEES	100 % RARITAN C&M	# OF EMPLOYEES	# OF P.O.s	# OF COMPUTERS	MGD CONTRACTS	O&M BUDGET	# OF VEHICLES	TIME ESTIMATE	ALLOCATED COST CENTER COSTS
	BUILDING HQ	\$81,432	(\$81,432)											
	TELEPHONE HQ	\$73,113	0	(\$73,113)										
36	SAFETY	\$175,790	611	803			(\$177,204)							
37	SECURITY	\$639,879	3,128	3,214			14,368							
14	HUMAN RESOURCES	\$380,762	3,767	3,214			4,789							
16	PURCHASING	\$280,948	4,155	2,470			3,193							
17	INFORMATION SYSTEMS	\$170,075	867	803			1,596							
15	CONTRACTS & RISK MGMT.	\$274,959	2,706	1,607			3,193							
13	FINANCIAL MGMT	\$893,726	7,884	5,624			11,175							
34	AUTO SHOP	\$373,524	12,840	1,607			1,596							
35	AUTO SHOP-CANAL	\$218,566	0	1,607			1,596							
10	EXEC OFFICE	\$239,071	10,926	5,624			1,596							
20 30 31 32 33	WATERSHED, ENGINEERING & C&M (RARITAN SYSTEM)	\$7,589,593	34,547	46,600			92,595							
40-60	MANASQUAN SYSTEM	\$4,398,807	0	0			41,507							
		\$15,990,267	(\$0)	\$0	(\$0)	\$0	(\$0)	(\$0)	(\$0)	(\$0)	\$0	(\$0)	\$0	\$15,990,267

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

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

REQUIRED STATISTICS

ALLOCATION OF:	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./COST CENTER											
36		110	1								
37		563	4	9							
14		678	4	3							
16		748	3	2	2						
17		156	1	1	1	91					
15		487	2	2	2	90	2				
13		1,419	7	7	7	80	9	0			
34		2,311	2	1	1	157	2	0	\$373,524		
35		0	2	1	1	141	1	0	\$218,588		
10		1,967	7	1	1	18	2	0	239,071	0	
20 30 31 32 33		6,218	58	58	57	1,350	29	182	7,589,593	43	89.75
40-60			26	26	26	1,183	11	21	4,398,807	43	10.25
		14,657	91	111	98	3,110	56	203	\$12,819,563	43	100
											%

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

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

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

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

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

A. GENERAL

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

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

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

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

See independent accountant's report.

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

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

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

See independent accountant's report.

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

B. MANASQUAN SYSTEM ALLOCATED COST

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

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

See independent accountant's report.

Advertisement and Certification

Exhibit C



NEW JERSEY WATER SUPPLY AUTHORITY

P-2

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PROOFS OF PUBLICATION - CERTIFICATION

NEW JERSEY WATER SUPPLY AUTHORITY

PUBLIC HEARING

FRIDAY, FEBRUARY 6, 2015

ON PROPOSED AMENDMENTS TO THE
SCHEDULE OF RATES, CHARGES AND DEBT SERVICE ASSESSMENTS
FOR THE SALE OF WATER
FROM THE
RARITAN BASIN SYSTEM

TO BECOME EFFECTIVE JULY 1, 2015

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

Hunterdon County Democrat	December 25, 2014
The Star-Ledger	December 24, 2014
The Times (Trenton)	December 24, 2014

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

Beth Gates
Director Finance & Administration
February 6, 2015

NEW JERSEY WATER SUPPLY AUTHORITY

Notice of Rate Proposal - Raritan Basin System

Take notice 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 revisions to its Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System to cover the Authority's Operational and Debt Service expenses for the Authority's fiscal year which commences on July 1, 2015.

These revisions propose to amend existing regulations found at N.J.A.C. 7:11-2.1 et seq. as follows: an increase in the sales base from 182.271 to 182.339 per million gallons per day; an increase in the Operations and Maintenance Rate Component from \$167.00 per million gallons to \$171.00 per million gallons in FY2016; no change in the Debt Service Rate Component of \$25.00 per million gallons for the New Jersey Environmental Infrastructure Financing Program in FY2016; no change in the Source Water Protection Fund Component of \$24.00 per million gallons in FY2016; and an increase in the Capital Fund Component from \$30.00 per million gallons to \$33.00 per million gallons in FY2016.

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

The Authority will conduct a Pre-public Hearing meeting with its contractual water users and any interested parties at 10:00 a.m. on Friday, January 9, 2015 in the Authority's Executive Office Conference Room located at 1851 Highway 31, Clinton, New Jersey, to present and explain the rate adjustment proposal, answer questions, and provide any additional data requested in accordance with the rate making procedure specified in N.J.A.C. 7:11-2.14.

Notice is hereby given that the Authority will hold a Public Hearing on Friday, February 6, 2015 at 10:00 a.m. in the Authority's Executive Office Conference Room located at 1851 Highway 31, Clinton, New Jersey, to provide the opportunity for public comments and statements on the proposed revisions. Interested persons may present statements orally or in writing relevant to the proposed action.

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

All comments should be addressed to:

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

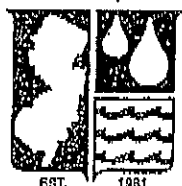
Henry S. Patterson, Executive Director
New Jersey Water Supply Authority
1851 Highway 31
Post Office Box 5196
Clinton, New Jersey 08809
info@njwsa.org

TRANSACTION REPORT

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NEW JERSEY WATER SUPPLY AUTHORITY

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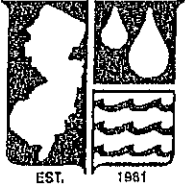
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COMMENTS:

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



NEW JERSEY WATER SUPPLY AUTHORITY

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

TELEFACSIMILE TRANSMITTAL FORM

TO: State House Media
Main Office Fax #

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Associated Press	(609) 392-3525
Bergen Record	(609) 656-5810

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

Gloucester County Times	(856) 845-5480
NJN	(609) 633-2927
N.J. Law Journal	(973) 642-0920
New York Times	(212) 556-3622
News 12	(732) 417-5155
Philadelphia Inquirer	(215) 854-5099
Newark Star Ledger	(973) 392-5845
The Trenton Times	(609) 394-2819
Radio Reporter, Kevin McArdle	(609) 406-7956

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

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COMMENTS:

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

Mr. Kevin B. Bannon
Executive Director
Mercer Cty Pk Commission
P. O. Box 8068
Trenton, NJ 08650

Mr. Richard M. Risoldi
Vice President
Middlesex Water Company
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Iselin, NJ 08830

Andre W. Zinkevich, P.E.
Applied Water Management
2 Clerico Lane
Hillsborough, NJ 08822

Mr. Timothy M. Bakels
Hamilton Farm Golf Club
1040 Pottersville Road
Gladstone, New Jersey 07934

Ms. Helen Wojtenko
Plasma Physics Laboratory
Princeton University
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Princeton, NJ 08543

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United Water Lambertville
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Lambertville, NJ 08530

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Roxiticus Golf Club
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Mendham, NJ 07945

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Chief Financial Officer
City of New Brunswick
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New Brunswick, NJ 08903

Mr. Thomas Tuttle
Trenton Country Club
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West Trenton, NJ 08628

Mr. L. Mason Neely
Chief Financial Officer
Township of East Brunswick
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East Brunswick, NJ 08816

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Business Administrator
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North Brunswick, NJ 08902

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Middlesex Water Company
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Iselin, NJ 08830

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Golf Course Superintendent
Royce Brook Golf Course
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Mr. Daniel Berardinelli
Plant Manager
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Alexei Walus
Director of Water Utility
City of New Brunswick
City Hall - 78 Bayard Street
New Brunswick, NJ 08903

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Duke Farms Foundation
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Hillsborough, NJ 08844

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Vice President & Controller
Middlesex Water Company
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Owner/General Manager
The Ridge at Back Brook
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Toby R. Shor, President
Village Grande @ Bear Creek
100 Grande Boulevard
West Windsor Twp., NJ 08550

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Div. of Ratepayer Advocate
140 E. Front St., PO Box 003
Trenton, NJ 08625

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

Ms. Susan McClure
Div. of Ratepayer Advocate
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Trenton, NJ 08625

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Vice President
Roxbury Water Company
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Succasunna, New Jersey 07876

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Stonebridge Community Assoc.
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Monroe, NJ 08831

Mr. Robert Schaefer
New Jersey American Water
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Bound Brook, NJ 08805

Mr. Oleg Kostin
New Jersey American Water
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Bound Brook, NJ 08805

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Somerset County Park Commission
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Somerville, NJ 08876

Mr. Richard Brand
East Windsor MUA
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East Windsor, NJ 08520

Mr. Tom Pepe
Director of Grounds
Trump National/Lamington Farm Club
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Bedminster, NJ 07921

Mr. Alexander Mueller
General Manager
Raritan Valley Country Club
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Bridgewater, New Jersey 08807-2409

Mr. Robert Osborne
General Manager
Raritan Valley Country Club
747 State Route 28
Bridgewater, New Jersey 08807-2409

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Eastern Concrete Materials
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Elmwood Park, NJ 07407

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Edna Mahan Corrections Facility
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Clinton, NJ 08809

Mr. Kevin Breuer
Springdale Golf Club
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Princeton, NJ 08540

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Manager of Water Division
Div. of Ratepayer Advocate
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Trenton, NJ 08625

Mr. Glen Schweizer
Executive Director
Morris County MUA
P.O. Box 370-300 Mendham Road
Mendham, NJ 07945-0370

Stanley S. Kovach, Mayor
The Borough of Glen Gardner
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Glen Gardner, NJ 08826

Claude Bertrand
Director of Facilities
Hunterdon Medical Center
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Flemington, New Jersey 08822

Hamilton Farm Golf Club
Attn: Timothy M. Bakels
1040 Pottersville Road
Gladstone, NJ 07934

Robert T. Ortego, PE
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Hunterdon County Finance Dept.
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Ringoes, NJ 08551

Mr. Paul Costic
Washington Township, MUA
P.O. Box 226, 46 E. Mill Road
Long Valley, NJ 07853

Mr. David Shope
P. O. Box 651
Long Valley, NJ 07853

Guy R. Weisser, President
Village Grande @ Bear Creek
100 Grande Boulevard
West Windsor, NJ 08550

2015 JAN 20 AM 10 23

STATE OF NEW JERSEY
HUNTERDON COUNTY

NJWSA - CLINTON NJ

.....
Jeanette Kryzimalski, of full age, being duly sworn upon her oath,

saith: that she is connected with **THE HUNTERDON**

COUNTY DEMOCRAT, a newspaper published in

Hunterdon County, New Jersey; that a notice of which the

annexed is a true copy, was published on the

25th of December A.D. 2014

in said newspaper and once a week thereafter successively,

in all week(s), viz.: upon

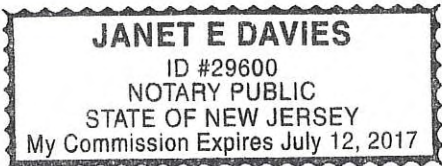
J. Kryzimalski
.....

Sworn and subscribed before me this

29th day of **December** A.D. **2014**

Janet E. Davies
.....
Notary Public

My Commission Expires:



NEW JERSEY WATER SUPPLY AUTHORITY

Notice of Rate Proposal - Raritan Basin System

Take notice 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 revisions to its Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System to cover the Authority's Operational and Debt Service expenses for the Authority's fiscal year which commences on July 1, 2015.

These revisions propose to amend existing regulations found at N.J.A.C. 7:11-2.1 et seq. as follows: an increase in the sales base from 182.271 to 182.339 per million gallons per day; an increase in the Operations and Maintenance Rate Component from \$167.00 per million gallons to \$171.00 per million gallons in FY2016; no change in the Debt Service Rate Component of \$25.00 per million gallons for the New Jersey Environmental Infrastructure Financing Program in FY2016; no change in the Source Water Protection Fund Component of \$24.00 per million gallons in FY2016; and an increase in the Capital Fund Component from \$30.00 per million gallons to \$33.00 per million gallons in FY2016.

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

The Authority will conduct a Pre-public Hearing meeting with its contractual water users and any interested parties at 10:00 a.m. on Friday, January 9, 2015 in the Authority's Executive Office Conference Room located at 1851 Highway 31, Clinton, New Jersey, to present and explain the rate adjustment proposal, answer questions, and provide any additional data requested in accordance with the rate making procedure specified in N.J.A.C. 7:11-2.14.

Notice is hereby given that the Authority will hold a Public Hearing on Friday, February 6, 2015 at 10:00 a.m. in the Authority's Executive Office Conference Room located at 1851 Highway 31, Clinton, New Jersey, to provide the opportunity for public comments and statements on the proposed revisions. Interested persons may present statements orally or in writing relevant to the proposed action.

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

All comments should be addressed to:

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

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

(Pr's fee \$59.16)

12/25/14

NEW JERSEY WATER SUPPLY AUTHORITY
 Notice of Rate Proposal - Raritan Basin System
 Take notice 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 revisions to its Schedule of Rates, Charges and Debt Service, Assessments for the Sale of Water from the Raritan Basin System to cover the Authority's Operational and Debt Service expenses for the Authority's Fiscal Year which commences on July 1, 2015.
 These revisions propose to amend existing regulations found at N.J.A.C. 7:11-2.1 et seq. as follows: an increase in the sales base from 182,271 to 182,339 per million gallons per day; an increase in the Operations and Maintenance Rate Component from \$167.00 per million gallons to \$171.00 per million gallons in FY2016; no change in the Debt Service Rate Component of \$25.00 per million gallons for the New Jersey Environmental Infrastructure Financing Program in FY2016; no change in the Source Water Protection Fund Component of \$24.00 per million gallons in FY2016; and an increase in the Capital Fund Component from \$30.00 per million gallons to \$33.00 per million gallons in FY2016.
 The proposal is scheduled to be published in the New Jersey Register dated January 20, 2015. A final version of the Basis and Background (B&B) document containing the full text of the proposed revisions to the Rate Schedule, together with supporting information is available from the New Jersey Water Supply Authority's website at <http://www.njwsa.org> or individual requests for the full text of the proposed rate adjustments should be sent to the New Jersey Water Supply Authority.
 The Authority will conduct a Pre-public Hearing meeting with its contractual water users and any interested parties at 10:00 a.m. on Friday, January 9, 2015, in the Authority's Executive Office Conference Room located at 1851 Highway 31, Clinton, New Jersey, to provide the opportunity for public comments and statements on

2015 JAN 15 AM 9 57
 NJWSA - CLINTON NJ

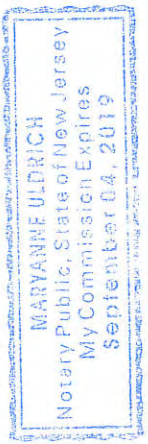
STATE OF NEW JERSEY }
 COUNTY OF ESSEX } SS

L. Labiella Deanna

Being duly sworn, according to law, on his/her oath sayeth that he/she is _____ CLERK of the Star-Ledger, in the County of Essex, and that the notice, of which the attached is a copy, was published in said paper on the _____^{24th} day of _____ and continued therein for _____ successively, at least once in each _____ for _____

Sworn to and subscribed before me this _____th day of January, 20 15

Maryanne Udlich
 NOTARY PUBLIC OF NEW JERSEY



one proposed revisions; interested persons may present statements orally or in writing relevant to the proposed action. be written comments may be submitted until March 21, 2015, at which time the public record will be closed. All comments should be addressed to: NJ Department of Environmental Protection of Regulatory Officer, G. Colin Emerle, Regulatory Office of Legal Affairs, Mail Code 401-0402, Post Office Box 402, Trenton, New Jersey 08625-0402
<http://www.nj.gov/dep/rule>
 s/comments
 Henry S. Patterson, Executive Director
 New Jersey Water Supply Authority
 1851 Highway 31
 Post Office Box 5196
 Clinton, New Jersey 08809
 info@njwsa.org \$150.80

State of New Jersey }
Mercer County } ss.

PUBLIC NOTICES PUBLIC NOTICES

NEW JERSEY WATER SUPPLY AUTHORITY
Notice of Rate Proposal - Raritan Basin System
Take notice 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 revisions to its Schedule of Rates,
Charges and Debt Service Assessments for
the Sale of Water from the Raritan Basin sys-
tem to cover the Authority's Operational and
Debt Service expenses for the Authority's fis-
cal year which commences on July 1, 2015.

These revisions propose to amend existing
regulations found at N.J.A.C. 7:11-2.1 et seq.
as follows: an increase in the sales base from
182,271 to 182,339 per million gallons per
day; an increase in the Operations and Main-
tenance Rate Component from \$167.00 per
million gallons to \$171.00 per million gallons
in FY2016; no change in the Debt Service Rate
Component of \$25.00 per million gallons for
the New Jersey Environmental Infrastructure
Financing Program in FY2016; no change in
the Source Water Protection Fund Component
of \$24.00 per million gallons in FY2016; and
an increase in the Capital Fund Component
from \$30.00 per million gallons to \$33.00 per
million gallons in FY2016.

The proposal is scheduled to be published in
the New Jersey Register dated January 20,
2015. A final version of the Basis and Back-
ground (B&B) document containing the full
text of the proposed revisions to the Rate
Schedule, together with supporting informa-
tion 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 Sup-
ply Authority.

The Authority will conduct a Pre-public Hear-
ing meeting with its contractual water users
and any interested parties at 10:00 a.m. on
Friday, January 9, 2015 in the Authority's Exe-
cutive Office Conference Room located at 1851
Highway 31, Clinton, New Jersey, to
present and explain the rate adjustment pro-
posal, answer questions, and provide any ad-
ditional data requested in accordance with
the rate making procedure specified in
N.J.A.C. 7:11-2.14.

Notice is hereby given that the Authority will
hold a Public Hearing on Friday, February 6,
2015 at 10:00 a.m. in the Authority's Exe-
cutive Office Conference Room located at 1851
Highway 31, Clinton, New Jersey, to provide
the opportunity for public comments and
statements on the proposed revisions. Inter-
ested persons may present statements orally
or in writing relevant to the proposed action.
Written comments may be submitted until
March 21, 2015 at which time the public re-
cord will be closed.

All comments should be addressed to:
NJ Department of Environmental Protection
G. Colin Emerle, Regulatory Officer
Office of Legal Affairs
Mail Code 401-04L
Post Office Box 402
Trenton, New Jersey 08625-0402
<http://www.nj.gov/dep/rules/comments>
Henry S. Patterson, Executive Director
New Jersey Water Supply Authority
1851 Highway 31
Post Office Box 5196
Clinton, New Jersey 08809
info@njwsa.org
12/24/14 Times Trenton \$45.24

Patrick J. Swann

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

December 29 2014

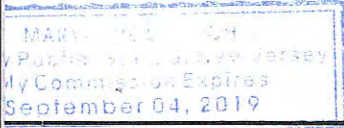
[Signature]

bed before me

January 20 15

[Signature]

Public for N.J.



New Jersey Register Notice

Exhibit D

16 et seq., as they pertain to the certification of available funds for the award of a contract by a local unit.

Housing Affordability Impact Analysis

The proposed rule amendments are not anticipated to have an impact on housing affordability as they pertain to the certification of available funds for the award of a contract by a local unit.

Smart Growth Development Impact Analysis

The proposed rule amendments pertain to the certification of available funds for the award of a contract by a local unit. As such, the amendments will have no anticipated impact on housing production in Planning Areas 1 and 2, or within designated centers, under the State Development and Redevelopment Plan despite the rule amendments' applicability Statewide.

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

SUBCHAPTER 5. CERTIFICATIONS OF AVAILABILITY OF FUNDS, AND ACCOUNTING SYSTEM REQUIREMENTS FOR LOCAL UNITS

5:30-5.4 Procedure

(a) The following procedure shall be utilized for the certification of funds when a contract is to be awarded by the governing body of the local unit:

1. The chief financial officer or certifying finance officer, as appropriate, charged with the responsibility of maintaining the financial records of the contracting unit shall certify in writing to the governing body the availability or lack thereof of adequate funds for each contract which is pending approval by the governing body. Said certification shall designate specifically the line item appropriation(s) of the official budget to which the contract will be properly charged and the maximum dollar value of the contract pending approval by the governing body, ensuring that the same funds shall not be certified as available for more than one pending contract. Said officer shall be solely responsible for the accuracy of the certification. No chief financial officer or certifying finance officer shall issue a certification of available funds unless the governing body provides the maximum dollar value of the contract.

2. No resolution authorizing the entering into of any contract pursuant to N.J.S.A. 40A:11-1 et seq. or any other law for the expenditure of public funds to a vendor shall be enacted unless it shall recite that such a certificate showing availability of funds has been provided. The resolution shall specify the exact line item appropriation(s) or ordinance which shall be charged, and the maximum dollar value of the contract.

3.-6. (No change.)

(b) (No change.)

ENVIRONMENTAL PROTECTION

(a)

**NEW JERSEY WATER SUPPLY AUTHORITY
Schedule of Rates, Charges and Debt Service
Assessments for the Sale of Water from the
Raritan Basin System**

**Proposed Amendments: N.J.A.C. 7:11-2.3, 2.4, 2.5,
and 2.6**

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

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

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

DEP Docket Number: 11-14-12.

Proposal Number: PRN 2015-011.

In accordance with N.J.A.C. 7:11-2.14(a)4, a pre-public hearing meeting concerning this proposal will be held on:

Friday, January 9, 2015, at 10:00 A.M.

New Jersey Water Supply Authority Administration Building
1851 Route 31
Clinton, New Jersey

A public hearing concerning this proposal will be held on:

Friday, February 6, 2015, at 10:00 A.M. to close of comments

New Jersey Water Supply Authority Administration Building
Executive Conference Room
1851 Route 31
Clinton, New Jersey

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

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

G. Colin Emerle, Esq.
Department of Environmental Protection
Office of Legal Affairs
Attn: DEP Docket No. 11-14-12
401 East State Street, 7th Floor
Mail Code 401-04L, P.O. Box 402
Trenton, NJ 08625-0402

and

Henry S. Patterson
Executive Director
New Jersey Water Supply Authority
Attn: DEP Docket No. 11-14-12
1851 Route 31
P.O. Box 5196
Clinton, NJ 08809

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

The agency proposal follows:

Summary

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

The Authority is proposing to amend its Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System (System), to cover expenses for Fiscal Year (FY) 2016. The Authority operates on a July 1 to June 30 Fiscal Year. The amendments to specific aspects of the rate structure proposed in this rulemaking will result in an increase to the overall rate from \$246.00 per million gallons (MG) to \$253.00 per million gallons. The Authority anticipates the rates will be adopted operative July 1, 2015.

The general rate schedule for operations and maintenance (O&M) covers the operation expenses of the System. This component, set forth at N.J.A.C. 7:11-2.3 and incorporated by reference in the stand-by charge at N.J.A.C. 7:11-2.12, was last adjusted effective August 4, 2014, when the amount was increased from \$152.00 to \$167.00 per MG. See 46 N.J.R. 474(a) and 1743(b).

The O&M rate component sales base is set forth at N.J.A.C. 7:11-2.3(a)8. The O&M rate component sales base for FY 2015 was 182.271 million gallons per day (MGD), which is expected to increase to 182.339 MGD. Projected operating costs for FY 2016 indicate that an increase in the O&M rate component, from \$167.00 to \$171.00, will be needed for FY 2016. The Authority proposes to amend N.J.A.C. 7:11-2.3(a)8 and (b) to incorporate both these changes.

At N.J.A.C. 7:11-2.4(b), the debt service assessment rate for FY 2015 was based on a sales base of 182.271 MGD. The Authority anticipates that the applicable sales base for FY 2016 will increase to 182.339 MGD. For FY 2016, no change is necessary in the debt service assessment rate

of \$25.00 per MG to repay New Jersey Environmental Infrastructure Financing Program (NJEIFP) loans issued to cover the cost of dredging a 10.5-mile stretch of the Delaware and Raritan Canal because the bonds have not been issued yet. When the bonds are issued, the rate will be adjusted to reflect the final debt service schedule.

The Authority established a Capital Fund Assessment (N.J.A.C. 7:11-2.5(c)) starting July 1, 1994. This component is used to fund the Authority's annual Capital Improvement Program, which includes projects to rehabilitate various culverts, canal embankments, and flow control structures, without incurring long-term debt. Projected capital costs for FY 2016 indicate that an increase in the Capital Fund Assessment, from \$30.00 to \$33.00 per MG, will be needed for FY 2016. The Authority proposes to amend N.J.A.C. 7:11-2.5(c) to incorporate this change.

The Authority established a Source Water Protection Fund Assessment (N.J.A.C. 7:11-2.6(b)) starting July 1, 2002. This component is based on the annual source water protection expenses to acquire and otherwise protect parcels of land critical to the preservation of system water quality and quantity. Projected costs for FY 2016 indicate that no change is necessary in the Source Water Protection Fund Assessment of \$24.00 per MG.

Social Impact

The proposed amendments will have a positive social impact. The proposed amendments represent the Authority's efforts to ensure that its regulatory programs are consistent with its statutory authority over surface and subsurface water supplies and that its rates for raw water withdrawn, diverted, or allocated from the Raritan Basin System are equitably assessed and sufficient to provide the revenues required by the Authority.

The Raritan Basin System, comprising an area of 800 square miles and including the 11 billion gallon capacity Spruce Run Reservoir in Hunterdon County, the 55 billion gallon capacity Round Valley Reservoir in Hunterdon County, and the 60-mile long Delaware and Raritan Canal in Hunterdon, Mercer, Somerset, and Middlesex Counties, provides both active and passive recreational opportunities to the public in addition to a basic raw water supply for approximately two million individuals living in central New Jersey.

Economic Impact

The proposed adjustment to the rate schedule will result in a total charge for the uninterrupted untreated water supply from the System of \$253.00 per MG for FY 2016. This is an increase of \$7.00 per MG relative to Fiscal Year 2015. The rate will continue to ensure that necessary insurance coverage is maintained for all aspects of the Authority's operations while also sustaining operations to meet and enhance the Authority's mission of managing water supply. The regulatory amendments to the Schedule of Rates and Charges are in accordance with the Authority's statutory jurisdiction over System diversions that impact safe yield. The rate impact on the average New Jersey household is anticipated to be an increase of \$1.02 per year.

Environmental Impact

The adequate financing of the Raritan River Basin System's upkeep and operation, which is provided by the proposed amendments, will result in a positive environmental impact. A properly maintained Raritan Basin System and its operations protect the water users in the Raritan River Basin.

The Raritan Basin System also provides habitat for many species of waterfowl and wildlife in an increasingly urbanized region of the State.

The Raritan Basin System is capable of supplying a dependable water supply of 241 million gallons per day throughout a re-occurrence of the worst drought on record while still maintaining adequate river flows through release of stored waters to support the ecological systems and wildlife that are dependent upon adequate stream flows in the River Basin.

The Source Water Protection Fund has a positive environmental impact by providing greater protection to water quality and quantity in the Raritan River Basin through real estate acquisitions, coordinated government land management practices, and remedial projects.

The Capital Fund Component has a positive environmental impact by assuring that sufficient funds are available to maintain the system of water delivery. Proper maintenance of the reservoirs and the Delaware and Raritan Canal ensure that statutory passing flows are maintained in the Raritan River Basin, and that the Delaware and Raritan Canal is capable of passing 100 million gallons of water daily from the Delaware River at Bulls Island to the Raritan River at Landing Lane in New Brunswick.

Federal Standards Statement

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

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

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

Jobs Impact

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

Agriculture Industry Impact

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

Regulatory Flexibility Statement

In accordance with the New Jersey Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., the Authority has determined that the proposed amendments will not impose reporting, recordkeeping, or other compliance requirements on small businesses because they affect only the rates charged to users for water purchased from the Authority. The water companies 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 no impact because there is no likelihood 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 no impact because it is not likely that the rules

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

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

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

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

1.-7. (No change.)

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

(b) General rate schedule for operations and maintenance:

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

7:11-2.4 Debt service assessments

(a) (No change.)

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

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

7:11-2.5 Capital Fund Component

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

(c) Capital Fund Assessment

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

7:11-2.6 Source Water Protection Fund Component

(a) (No change.)

(b) Source Water Protection Fund Assessment

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

(a)

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

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

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

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

DEP Docket Number: 12-14-12.

Proposal Number: PRN 2015-012.

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

Thursday, January 8, 2015, at 11:00 A.M.
 New Jersey Water Supply Authority
 Manasquan Reservoir System Administration Building
 Hospital Road
 Wall, New Jersey

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

Thursday, February 5, 2015, at 11:00 A.M. to close of comments
 New Jersey Water Supply Authority
 Manasquan Reservoir System Administration Building
 Hospital Road
 Wall, New Jersey

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

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

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

and

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

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

The agency proposal follows:

Summary

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

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

Minutes of Pre-Public Hearing
Meeting

Exhibit E

MINUTES

Pre-Public Hearing Meeting - January 9, 2015

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

The Pre-Public Hearing Meeting was called to order by Henry Patterson, Executive Director, at 10:00 a.m. in the Clinton Administration Building Conference Room.

Mr. Patterson welcomed Mr. Frank Falco representing Middlesex Water and East Brunswick Township, Mr. David Shope representing himself, Mr. Hank Klumpp representing himself and the Honorable Ed Smith, Warren County Freeholder.

Authority staff members present were Henry Patterson, Executive Director, Marc Brooks, Chief Engineer, Beth Gates, Director of Finance and Administration, and Susan Buckley, Controller.

Ms. Gates noted the purpose of the meeting is to discuss the Basis and Background document (B&B).

Ms. Gates distributed copies of the presentation and went over the Schedule of Events describing that the Authority Board authorized the proposed rates at its meeting on January 5, 2015, and the Public Hearing is on Friday, February 5, 2015. The Public Hearing Record closes on March 16, 2015 and the New Jersey Register comment period closes on March 21, 2015. On June 1, 2015 the Board will approve the Rate Schedule that will become effective for FY2016.

Ms. Gates noted that there is a proposed increase in the O&M Component of the Rate from \$167 per million gallons to \$171 per million gallons, and the Capital Fund Component will increase from \$30 per million gallons to \$33 per million gallons. The total rate in FY2016 will increase from \$246.00 to \$253.00 per million gallons.

Ms. Gates continued with a discussion of expense items which drive the Operations and Maintenance component of the rate including significant cost drivers such as health benefits and

pension costs driving a slight increase in the Operating Expense Budget due to an increase in insurance expenses, an increase in capital equipment needs and a change in funding capital equipment and a loss of Rate Stabilization Fund revenue. Ms. Gates further explained how those cost increases are offset.

Mr. Brooks and Mr. Patterson described the projects included in the Authority's five year capital improvement program.

Mr. Shope and Mr. Klumpp asked questions and received responses regarding the pump rehabilitation at the South Branch Pumping Station. Mr. Shope and Mr. Klumpp expressed disappointment that there is no increase in the Source Water Protection Component of the Rate in FY2016. Mr. Shope suggested that the Authority contact an individual who is expert in transfer development rights. Mr. Smith asked questions and received responses about the delivery of water into the Delaware River Basin from the Highlands Region and the preservation of water quality. Mr. Smith asked if it is within the existing authority of the New Jersey Water Supply Authority to determine the economic value of water vis-à-vis booking an asset. Ms. Gates indicated the Authority would research the issue and provide a response.

Mr. Patterson asked if there were any questions.

There being no further business, the meeting was adjourned at 11:50 a.m.

Transcript of Public Hearing

Exhibit F

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NEW JERSEY WATER SUPPLY AUTHORITY

IN RE:

PROPOSED ADJUSTMENTS TO THE SCHEDULE OF RATES,
CHARGES OF DEBT SERVICE ASSESSMENTS
FOR THE SALE OF WATER FROM THE
RARITAN BASIN SYSTEM
(N.J.A.C. 7:11-2)
TO BECOME EFFECTIVE JULY 1, 2015

HELD AT:

NEW JERSEY WATER SUPPLY AUTHORITY
CONFERENCE ROOM
1851 STATE HIGHWAY 31
CLINTON, N.J.,
10:00 A.M.,
FEBRUARY 6, 2015

2015 FEB 24 AM 11 17
NJWSA - CLINTON NJ

B E F O R E:

ELLSWORTH HAVENS, HEARING OFFICER

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

HENRY PATTERSON,	EXECUTIVE DIRECTOR
BETH GATES,	DIRECTOR OF FINANCE &
	ADMINISTRATION
SUSAN BUCKLEY,	CONTROLLER
MARC BROOKS,	CHIEF ENGINEER

ALSO PRESENT:

FRANK A. FALCO	MIDDLESEX WATER COMPANY
DAVID SHOPE,	PRO SE
HANK KLUMPP,	PRO SE
	JOHN F. TRAINOR, INC.
	INGRID BENNETT
	CERTIFIED SHORTHAND REPORTER
	LICENSE NO: 30X100212500

I N D E X

<u>WITNESS</u>	<u>PAGE</u>
STATEMENT BY MS. BUCKLEY:	6
STATEMENT BY NEW JERSEY AMERICAN WATER COMPANY:	18
STATEMENT BY MR. SHOPE:	19
STATEMENT BY MR. KLUMPP:	21

E X H I B I T

<u>NUMBER</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
P-1,	January 9, 2015 Pre-public Hearing Minutes, was received and marked into evidence.	5
P-2,	Certification was received and marked into evidence.	5
S-1	Basis and Background Document, dated 1-5-15 was received into evidence.	14
S-2,	Authority's Response to New Jersey American was received and marked into evidence.	16
S-3,	Statement from New Jersey American, was received and marked into evidence.	16
S-4,	Response to Freeholder Smith, dated 1-28-15, was received and marked into evidence.	16
S-5,	E-mail from Jean Public was received and marked into evidence.	16

1 MR. HAVENS: On behalf of the New Jersey
2 Water Supply Authority, I would like to welcome you
3 here this morning. My name is Ellsworth Havens. I am
4 Chairman of the Authority's Capital Projects Committee
5 and a member of the Personnel, Finance and Public
6 Participation Committees. I am serving as Hearing
7 Officer for purposes of this public hearing.
8 Several members of the Authority's staff are present
9 today and I would like to introduce them.

10 Mr. Henry Patterson is the Executive
11 Director.

12 Ms. Beth Gates is Director of Finance &
13 Administration.

14 Ms. Susan Buckley is the Controller.

15 Mr. Marc Brooks, Chief Engineer.

16 It is requested that everyone present sign
17 the roster. If you would like to make a statement
18 today, please print your name on one of the roster
19 slips and submit it to me.

20 I have received two so far. If anyone
21 else needs to, please sign in.

22 The Authority has adopted extensive rate
23 adjustment procedures found in the New Jersey
24 Administrative Code at N.J.A.C. 7:11-2.13 and 2.14,
25 which provide for close contact with our water

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

8 Official notice of the proposed rate
9 adjustments for Fiscal Year 2016 was mailed to the
10 water users and all interested parties on December 19,
11 2014 and published in the New Jersey Register on
12 January 20, 2015. On January 9, 2015 the required
13 pre-public hearing meeting with our contractual water
14 customers and interested parties was conducted.
15 Mr. Frank Falco of Middlesex Water and also
16 representing East Brunswick, Freeholder Smith of Warren
17 County, Mr. David Shope representing himself, and
18 Mr. Hank Klumpp were in attendance at the January 9,
19 2015 meeting.

20 Ms. Gates, do we have minutes from the
21 pre-public hearing meeting of January 9, 2015.

22 MS. GATES: Yes, Mr. Chairman, and I would
23 like to enter the January 9, 2015 pre-public hearing
24 minutes into the record as Exhibit P-1.

25 MR. HAVENS: Thank you, Ms. Gates. Please

1 mark the pre-public hearing minutes as Exhibit P-1.

2 ----

3 (At which time, P-1, January 9, 2015
4 Pre-public Hearing Minutes, was received and marked
5 into evidence.)

6 ----

7 MR. HAVENS: At this time, I will ask
8 Ms. Gates if we have proof of publication and mailing
9 of the notice of this public hearing to present for the
10 record?

11 MS. GATES: Yes, Mr. Chairman, we have
12 certification that Notice of this public hearing was
13 mailed to the Secretary of State, the Division of the
14 Ratepayer Advocate, the news media maintaining a press
15 office at the State House Complex, the Board of Public
16 Utilities, the Authority's Contractual Water Purchasers
17 and other interested parties on December 19, 2014 and
18 advertised in the Star Ledger, and The Times (Trenton)
19 on December 24, 2014 and the Hunterdon Democrat on
20 December 25, 2014. I would like to enter this
21 Certification into the record as Exhibit P-2.

22 MR. HAVENS: Please mark this
23 Certification as Exhibit P-2. Thank you, Ms. Gates.

24 ----

25 (At which time, P-2, Certification was

1 received and marked into evidence.)

2 -----

3 MR. HAVENS: Ms. Buckley, the Authority's
4 Controller, will now present an opening statement.

5 -----

6 STATEMENT BY MS. BUCKLEY:

7 -----

8 MS. BUCKLEY: Good Morning. The New
9 Jersey Water Supply Authority has proposed amendments
10 to its "Schedule of Rates, Charges and Debt Service
11 Assessments for the Sale of Water from the Raritan
12 Basin System" to raise sufficient revenue for the
13 Authority's Fiscal Year 2016 operations and to adjust
14 the rate component for the operations and maintenance
15 and debt service assessments in the Schedule of Rates.

16 The General Rate Schedule for Operations
17 and Maintenance was last adjusted effective August 4,
18 2014 to cover the operating expenses of the System for
19 the Authority's current Fiscal Year 2015. Although
20 operational expenses have continued to increase during
21 recent fiscal years, the actual Operations and
22 Maintenance Component adjustments have been minimized
23 because of eliminating funding from vacancies and use
24 of one time revenue either from unanticipated revenues
25 from the sale of water in excess of contractual

1 allocations during the preceding fiscal years or use of
2 other surplus funds. These credits have had the effect
3 of obscuring the full Operations and Maintenance
4 Component otherwise needed and these funds were not
5 available as a sufficient source of revenue for FY2015
6 necessitating a \$15.00 per million gallon increase in
7 the O&M Component of the rate in the current fiscal
8 year and an additional increase of \$4.00 per million
9 gallons in FY2016 which I will discuss in a moment.

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

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

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

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

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

19 After all appropriate allocations to the
20 Manasquan Water Supply System, the projected operating
21 costs for the Raritan System for Fiscal Year 2016
22 indicated that an Operations and Maintenance Component
23 of \$171.00 per million gallons (increase of \$4) would
24 be required starting on July 1, 2015. The increase is
25 attributable to a 2.6 percent increase in the Operating

1 Expense Budget, primarily fringe benefit and insurance
2 expense, an increase in capital equipment needs, and a
3 decrease in the Headquarters charge to Manasquan. The
4 impact of the expense increases and revenue reductions
5 is somewhat offset by a small increase in the sales
6 base from 182.271 million gallons per day in Fiscal
7 Year 2015 to 182.339 million gallons per day in Fiscal
8 Year 2016.

9 The Authority established a "Capital Fund
10 Component" commencing on July 1, 1994. This component
11 is used to fund the Authority's current Capital
12 Improvement Program without incurring long-term debt.
13 The Capital Fund Component assessment of \$30.00 per
14 million gallons in Fiscal Year 2015 will increase to
15 \$33.00 per million gallons in Fiscal Year 2016 based on
16 funding needs with respect to the five year Capital
17 Improvement Program.

18 The Authority established the "Source
19 Water Protection Fund" in Fiscal Year 2003 to protect
20 the quality and quantity of waters in the Raritan Basin
21 System, and dedicated \$5.00 per million gallons for
22 administrative costs associated with acquisition of
23 critical watershed parcels and watershed planning
24 programs in the Spruce Run Watershed. That component
25 was increased to \$10.00 per million gallons in Fiscal

1 Year 2004, to \$13.00 per million gallons in Fiscal Year
2 2006, to \$15.00 per million gallons in Fiscal Year 2008
3 and to \$24.00 per million gallons in Fiscal Year 2014.
4 Seventeen (\$17.00) dollars of the Source Water
5 Protection Fund component is used exclusively for
6 payment of debt service on the direct acquisition of
7 critical watershed parcels in the Raritan Basin by the
8 Authority and for contributions toward acquisition soft
9 costs by other entities. The Source Water Protection
10 Fund Component will remain at \$24.00 per million
11 gallons for Fiscal Year 2016.

12 The Authority had submitted an application
13 to the New Jersey Environmental Infrastructure
14 Financing Program (NJEIFP) to finance the dredging of
15 300,000 cubic yards from a 10.5 mile segment of the
16 Delaware and Raritan Canal (D&R Canal) between Kingston
17 at Lincoln Highway to Amwell Road in Franklin Township,
18 Somerset County, New Jersey. This project is expected
19 to cost approximately \$35,000,000 and last in duration
20 up to three years. Funding through the NJEIFP would
21 allow a portion of the loan to be at zero interest and
22 a portion of the loan to be at market rate with the
23 blended rate at favorable terms. The project has been
24 deferred and just as the debt service raised in FY2014
25 was used to support the O&M Component rate in FY2015,

1 the debt service raised in FY2015 again will be used to
2 support the O&M Component rate in FY2016. This rate
3 component will no longer be available to support
4 operations at the point in time the Authority proceeds
5 with an updated application to the NJEIFP to finance
6 the project. The Authority continues to work on siting
7 and permitting issues with respect to the dredge
8 spoils.

9 The component changes result in an
10 increase in the overall rate from \$246.00 per million
11 gallons in Fiscal Year 2015 to \$253.00 per million
12 gallons in FY2016.

13 The Authority's procedure for rate
14 adjustment is found in the New Jersey Administrative
15 Code at N.J.A.C. 7:11-2.14 ("The Regulations"). This
16 procedure became effective on April 2, 1984. The rate
17 adjustment procedures require the Authority to give
18 official notice and an explanation outlining the need
19 for proposed rate adjustments pursuant to the
20 Regulations at least six (6) months prior to the
21 proposed effective date.

22 The Authority's Commissioners formally
23 proposed the publication of the rate adjustment for
24 Fiscal Year 2016 at their regular monthly business
25 meeting on January 5, 2015. The final Basis and

1 Background Statement was posted on the Authority's
2 Website. Mr. Havens, I request that this Basis and
3 Background Document be entered into the record as
4 Exhibit S-1.

5 The Authority's rate adjustment procedures
6 provide that the contractual water customers and
7 interested parties be provided the opportunity to meet
8 with Authority staff at a pre-public hearing meeting in
9 order to be presented with an explanation of the formal
10 proposal. This pre-public hearing meeting must be
11 scheduled within forty-five (45) days after the
12 official notice of a proposed rate adjustment is sent.
13 A "Notice of Public Hearing" was mailed on December 19,
14 2014 to contractual water customers and other
15 interested parties informing them of the pre-public
16 hearing and public hearing scheduled for January 9th
17 and February 6, 2015 respectively at the Authority's
18 Clinton Administration Building.

19 Additionally, on December 24, 2014 notice
20 of the Pre-Public Hearing and this Public Hearing was
21 published in The Times (Trenton) and the Star Ledger
22 and notice was published on December 25, 2014, in the
23 Hunterdon Democrat. Notice of the proposed rate
24 adjustment and the public hearing schedule also
25 appeared in the January 20, 2015 issue of the New

1 Jersey Register. The Pre-Public hearing was conducted
2 on January 9, 2015, and a representative of Middlesex
3 Water also representing East Brunswick, was in
4 attendance in addition to a Warren County Freeholder
5 and two public attendees representing themselves.

6 The Authority's regulations state that
7 interested parties may submit written questions for
8 inclusion in the hearing record, and if submitted no
9 later than 15 days prior to the public hearing,
10 Authority staff, at today's meeting, must provide
11 answers to the questions. The Authority will also
12 provide a complete response to any questions received
13 subsequent to the 15-day deadline and up to and
14 including March 16, 2015, the closing date for the
15 hearing record. In addition, any party may direct
16 questions and follow-up to Authority staff at the
17 public hearing. In the event a response cannot be
18 immediately given today, a written response shall be
19 prepared within ten (10) business days of this public
20 hearing and a copy of that written response shall be
21 provided to all contractual water customers, the
22 Division of the Ratepayer Advocate, the Board of Public
23 Utilities and attendees at the meeting requesting the
24 same and the response shall be made a part of the
25 hearing record. Comments received after March 16, but

1 before the close of the New Jersey Register comment
2 period on March 21, 2015, will also be incorporated
3 into the record.

4 Finally, within ten (10) working days
5 after receipt of the answer, contractual water
6 customers, the Division of the Ratepayer Advocate, the
7 Board of Public Utilities and attendees will be
8 permitted to respond in writing to the answers of the
9 staff for the record.

10 After the hearing record is closed on and
11 the New Jersey Register comment period expires, a
12 Hearing Officer's report, which shall include findings
13 of fact and specific responses to all issues and
14 questions raised during the public hearing proceedings,
15 will be prepared and submitted to the entire Authority
16 prior to the Authority taking final action on the
17 proposal.

18 Mr. Havens, that concludes the Authority's
19 opening statement.

20 -----

21 (At which time, S-1 Basis and Background
22 Document, dated 1-5-15 was received into evidence.)

23 -----

24 MR. HAVENS: Thank you, Ms. Buckley.

25 Ms. Gates, have we received any written or

1 verbal communications for inclusion in the public
2 hearing record?

3 MS. GATES: Yes, Mr. Chairman, on
4 January 16, 2015, the Authority received a letter dated
5 January 13, 2015 from New Jersey American Water asking
6 a series of general questions about the FY2016 Basis
7 and Background Document. A response was sent to New
8 Jersey American dated January 28, 2015. New Jersey
9 American also submitted a one page statement for
10 inclusion in the record which describes the Company's
11 intent behind the inquiries. At the pre-public hearing
12 on January 9, 2015 a verbal question was submitted by
13 Freeholder Smith of Warren County. A response was sent
14 to Freeholder Smith dated January 28, 2015. Finally,
15 the Authority received an email through the DEP
16 rulemaking comment service from a Jean Public opposing
17 the proposed rate increase. I would like to enter the
18 letter of inquiry and the Authority's response to New
19 Jersey American as Exhibit S-2, the Statement from New
20 Jersey American as Exhibit S-3, the response to
21 Freeholder Smith dated January 28, 2015 as Exhibit S-4,
22 and the e-mail from Jean Public as Exhibit S-5.

23 MR. HAVENS: Please enter the noted
24 documents accordingly.

25 -----

1 (At which time, S-2, Authority's Response
2 to New Jersey American was received and marked into
3 evidence.)

4 -----

5 (At which time, S-3, Statement from
6 New Jersey American, was received and marked into
7 evidence.)

8 -----

9 (At which time, S-4, Response to
10 Freeholder Smith, dated 1-28-15, was received and
11 marked into evidence.)

12 -----

13 (At which time, S-5, E-mail from Jean
14 Public was received and marked into evidence.)

15 -----

16 MR. HAVENS: Ms. Gates, are there any
17 additional proposed Rule changes not associated with
18 the changes to existing Rates presented by Ms. Buckley?

19 MS. GATES: No, Mr. Chairman, there are
20 not.

21 MR. HAVENS: Thank you, Ms. Gates. Next
22 on the agenda is Authority staff answers to questions
23 raised prior to today's hearing.

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

1 MS. GATES: Yes, Mr. Chairman, as
2 previously stated, the Authority received a letter
3 dated January 13, 2015 from New Jersey American Water
4 asking a series of general questions about the FY2016
5 Basis and Background Document. More specifically,
6 New Jersey American Water asked for a copy of the
7 FY2014 audit, and asked about audit fees; they asked
8 for a recasting of operating expenses; they asked for
9 further explanations of the Capital Improvement
10 Program; they asked for a clarification on the change
11 in the sales base, and they asked a question about the
12 impact on rates when the dredging project proceeds. A
13 response was sent to New Jersey American dated
14 January 28, 2015, and we have entered these documents
15 as Exhibit S-2. A response dated January 28, 2015 to
16 Freeholder Smith's verbal inquiry about the economic
17 value of untreated water was also sent and is entered
18 as Exhibit S-4.

19 MR. HAVENS: Thank you, Ms. Gates. We are
20 now prepared to enter oral statements, written
21 statements and/or any other supporting evidence by all
22 interested parties into the record.

23 -----

24 (At which time, New Jersey American Water
25 Company's statement was entered into the record as if

1 read.)

2 -----

3 STATEMENT BY NEW JERSEY AMERICAN WATER COMPANY:

4 -----

5 This statement is on behalf of New Jersey
6 American Water Company on the Authority's proposed
7 annual user charges for purchased raw water from the
8 Raritan Basin for the Fiscal Year 2016. The
9 Authority's 2016 Basis and Background Statement
10 indicates a 2.85% projected increase is sought in the
11 rate to be charged effective 7/1/15, over the current
12 rate. The Company reviewed the available financial
13 records requested to ensure that the adopted charges
14 reflect as closely as possible the Authority's actual
15 operating and capital needs for Fiscal Year 2016.

16 New Jersey American's examination of the
17 Authority's Fiscal Year 2016 Basis and Background
18 Statement includes a comparison of 2016 Budget levels
19 to prior year budgets and actual historical levels of
20 individual operation and maintenance expenses, debt
21 service, miscellaneous income, cost allocations, and
22 the FY 2014 audited financial statements. In our
23 review we requested data which included the Authority's
24 audited and unaudited expenses and revenues,
25 miscellaneous income, capital funding, fund balance

1 detail, and interest income. We also respectfully
2 reserve the right to supplement these requests with any
3 additional questions, which we feel are relevant to the
4 issues at hand and that are relevant to services
5 provided by the New Jersey Water Supply
6 Authority-Raritan Basin.

7 New Jersey American Water Company
8 undertakes its review to ensure that the adopted
9 charges reflect as closely as possible the Authority's
10 actual operating and capital needs for Fiscal Year
11 2016.

12 Thank you.

13 -----

14 MR. HAVENS: Let me call on anyone who has
15 filled out a roster indicating that they want to make
16 statements.

17 We have received two requests. Mr. David
18 Shope.

19 -----

20 STATEMENT BY MR. SHOPE:

21 -----

22 MR. SHOPE: My name is David Shope, and as
23 previously stated in the informal meeting and last
24 year's rate increase as well, I object to the
25 elimination of your program for the acquisition of

1 Source Water Protection Land. Your self-stated goal
2 was 6500 acres of land for that purpose. You stopped
3 the program at 2500 acres to keep the rate flat to the
4 benefit of your rate holders and to the detriment of
5 property owners in the Raritan Basin Watershed.

6 You should reconsider this proposal, and
7 put Source Water Protection back in an active program
8 to secure additional land. It should be, again, part
9 of your rates.

10 As a land owner having water on my
11 property, it falls from the sky as it does everywhere,
12 any water that is surplus to my needs and goes to the
13 benefit of others is only a detriment to my property.
14 That's how I see it.

15 Freeholder Smith asked about the economic
16 value of untreated water. From my perspective, it has
17 a negative impact on my property value. It's a
18 detriment to my property values.

19 And this Authority's participation in the
20 crafting of the Highlands Act, as you may recall, I
21 OPRA'd this Authority record and have OPRA's going back
22 to 2003 between your staff members, Lathrop, who is a
23 Rutgers professor and at that time Dante DiPirro and
24 others on the Governor's staff. Your involvement in
25 the Highlands Act, in my mind, is documented, and for

1 you not to assume the burden of your actions on
2 property owners up here, I think quite frankly there is
3 only one word for it, it stinks, and you should really
4 reconsider the fact that you are a neighbor, and to my
5 mind you are a lousy neighbor up here. You throw your
6 weight around. It began with the Spruce Run initiative
7 spearheaded by Dan Van Abs, that's where it started and
8 it just metastasized from there. So I am not happy to
9 have you in my neighborhood.

10 With that, I will conclude my statement.

11 MR. HAVENS: Thank you very much.

12 Sir.

13 -----
14 STATEMENT BY MR. KLUMPP:

15 -----
16 MR. KLUMPP: Thank you for letting me
17 speak here today.

18 My name is Hank Klumpp. I'm a farmer in
19 Tewksbury with 150 acres in the Highlands Preservation
20 area. About 880,000 acres of land in the Highlands
21 valued at billions of dollars was taken from landowners
22 because of a poorly written Highlands Act. The Act
23 stripped many, stripped them of land investment values
24 and robbed them of their equity. Land provided, all in
25 false cry of save the water. The scientific boundaries

1 and the studies that were done by certain hydrologists
2 in Hunterdon County were not correct, but were believed
3 because certain politicians wanted to keep Hunterdon
4 apart.

5 Private scientific studies were done by
6 hydrolysis and the results were greatly different, but
7 were completely ignored because they would have rocked
8 the boat and these results would have interfered with
9 their political plans. Their plans were my farmland.

10 We were all led to believe that 5 million
11 people need water. The water that the land grabs would
12 supply. The supporter of the land grab went into
13 detail of how water was so scarce. It came just short
14 of showing children so dehydrated they could hardly
15 stand up; water, water, save the water, it can't be
16 wasted. It must be saved at all costs, even if the
17 landowners and the preservation area of the
18 Highlands Act have to pay the price.

19 Water coming from my farm in Tewksbury,
20 that was to save these thirsty people, is being used
21 with no restrictions to watering lawns, filling
22 swimming pools, watering grass on ten or more golf
23 courses. These golf courses pay \$246 for a million
24 gallons of water.

25 I have been forced to sacrifice my land

1 use and equity to provide this. It has been 11 years.
2 Does anyone see anything wrong with this?

3 I'm here today to ask you to raise the
4 price for a million gallons of water to at least \$300
5 to the people in the Highlands who have made the
6 ultimate sacrifice. You're getting the water free off
7 our land. You should compensate us.

8 Thank you very much. I appreciate your
9 time here today.

10 MR. HAVENS: Thank you. We appreciate you
11 being here.

12 MR. KLUMPP: Let me say one other thing
13 that Mr. Shope brought up, in that I believe it was
14 three or four years that the Water Authority was
15 involved in land purchase, and they had funding for
16 that. I think it went from \$3 to \$7 or something like
17 that. I don't know the exact figure, but it's in your
18 records. So it has been done, and you people were into
19 the fact that the Highlands Act, you were a supporter
20 of it. So now the landowners are holding the bag for
21 this thing, which isn't really -- it's not fair, and if
22 you have no skin in the game, you can just keep on
23 going, but we landowners up here -- I mean, it's
24 figures thrown, around it's \$15 billion, I don't know
25 whether that's true or fact, but it's billions of

1 dollars that's been lost in equity, and I can tell you
2 how it's affected our farm and our thing, I mean it's
3 ludicrous.

4 The banks don't even want to talk to you,
5 and believe it or not, farming is a business, and
6 without equity which is in our land you're out of
7 business. How can you operate a business without any
8 equity, you can't.

9 End of my statement, just think about it.
10 You seem like a well-adjusted man. Even with the good
11 eyesight, you can see the numbers.

12 MR. HAVENS: I appreciate your comments,
13 sir.

14 We will now entertain questions and - if
15 possible today - hear the responses by Authority staff.

16 Does any member of the public have
17 questions for staff?

18 Yes, sir.

19 MR. SHOPE: My name is David Shope. Could
20 you give me the response to Freeholder Smith's question
21 to you. You have indicated that you've responded to
22 him, but I don't know what the response is.

23 MS. GATES: Would you like a copy of it,
24 or do you want me to read it into the record?

25 MR. SHOPE: How about both.

1 MS. GATES: Okay.

2
3 January 28, 2015

4 The Honorable Edward J. Smith
5 Freeholder Director
6 County of Warren
7 101 Maple Avenue
8 Asbury, NJ 08802

9
10 Re: Inquiry of January 9, 2015
11 Raritan Basin FY2016 Rates Proposal Effective
12 July 1, 2015

13 Dear Freeholder Smith:

14 At the New Jersey Water Supply Authority's
15 (the "NJWSA") pre-public hearing held on January 9,
16 2015 you inquired whether "it is within the existing
17 authority of the NJWSA to determine the economic or
18 asset value of its raw water supply".

19 The NJWSA, at N.J.S.A. 58:1B-2, is
20 authorized to design, initiate, acquire, construct,
21 maintain and operate water systems. The NJWSA,
22 however, does not own the untreated water that it
23 delivers to its customers. The State of New Jersey
24 issues a permit to the NJWSA to divert water in
25 accordance with the Water Supply Management Act
(N.J.S.A. 58:1A-2) in which the Legislature found that
"... the water resources of the State are public assets
of the State held in trust for its citizens and are
essential to the health, safety, economic welfare,
recreational and aesthetic enjoyment, and general
welfare, of the people of New Jersey; that ownership of
these assets is in the State as trustee of the people..."
Further, "waters" or "waters of the State" means all
surface waters and ground waters in the State according
to the definitions outlined in the statute.
Because the State of New Jersey owns all of the waters
of the State, untreated water is not an asset owned by
the NJWSA, and therefore, the value of that asset is
not reflected on the books of the NJWSA. Accordingly,
the establishment of the economic value of the raw
water supply would be outside of the purview of the
NJWSA.

I hope you find this letter responsive. If

1 you have any other questions or concerns, please feel
2 free to contact me.

3 Sincerely,
4 Beth Gates
5 Director, Finance
6 and Administration

7 -----

8 MR. SHOPE: Thank you.

9 Let me ask you a question then, based on
10 what Ms. Gates just read, when I own my 58 acres in
11 Lebanon Township, what really do I own? What do I own?

12 MS. GATES: Is that a rhetorical question?

13 MR. SHOPE: No, it is not rhetorical at
14 all.

15 MS. GATES: You own a Fee Simple Interest
16 in your property.

17 MR. SHOPE: And the Fee Simple Interest as
18 has been proven by the Highlands Act severely modified
19 by State ownership of all water. So basic question,
20 what's left? What do I own? What's left? I have been
21 blessed by being included in the Highlands Preservation
22 area, and actually there's been a letter to another
23 victim who says essentially the residual value of the
24 land after the development rights are stripped away is
25 zero, and I could make a good case that it is actually
less than zero because the only thing I have is the

1 negative aspect of ownership and none of the positive
2 aspects of ownership, and that's why I'm here today.

3 So I'm asking you, what do I own? After
4 the State has elected in this particular area, the
5 Highlands region and most particularly the preservation
6 area, what's left and how is this not a taking? It's
7 not rhetorical at all. Banks won't lend money on it,
8 there's essentially no purchasers for the land up here,
9 and I talked to realtors about this, and this has,
10 essentially has become, if Richard Lathrop has his way,
11 a park for the future because it will be devoid of all
12 but Potemkin Village type places. It will be a park.
13 It will be a park where only those who are trapped here
14 will remain.

15 So what I do I own?

16 MR. KLUMPP: It's worthless land is what
17 he's saying.

18 MR. SHOPE: Less than worthless.

19 MR. KLUMPP: The equity issue is something
20 that --

21 MR. SHOPE: Like any asset, whether it be
22 your car, whether it be land, whether it be your house,
23 it has both positive and negative aspects of ownership.
24 It is a burden as well as an asset, and in the case of
25 the Highlands Act only the negative aspects of

1 ownership remain. The positive aspects have been
2 stripped by the State in exchange for nothing.

3 So that's where we're at up here, and it's
4 beginning to manifest itself in property values, and
5 what you will see up here, and this will please those
6 who call themselves environmentalists to no end, what
7 you're beginning to see up here is people are beginning
8 to simply abandon their property.

9 The average age of a farmer is increasing.
10 The U.S. Department of Agriculture, who does a
11 nationwide census every year, shows this. The value of
12 crops in this neck of the woods remains static, if not
13 declining. There's no economic basis up here anymore,
14 and people are beginning to get hip to this, and you
15 don't have to own property up here. If you don't want
16 to own property up here, just stop paying taxes on it.
17 People are beginning to do that. It is being sold at
18 tax sale to whoever, and towns are ending up with it.
19 Towns are ending up owning this, which takes it off
20 their tax rolls, increasing the tax burden for those
21 who remain. Nice going, guys. Thank you.

22 MR. HAVENS: Thank you.

23 After the hearing record is closed on
24 March 16, 2015, and the New Jersey Register comment
25 period closes on March 21, 2015, I, as the Hearing

1 Officer will prepare a report of my findings, based
2 solely on the record of the proceedings, which shall
3 include findings of fact and specific responses to all
4 issues and questions raised during these proceedings.
5 My Hearing Officer's report will be submitted to the
6 Authority and presented to the Authority's Board for
7 final action on the proposal. Written comments may be
8 submitted until the end of public comment period on
9 March 21, 2015.

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

13 The Authority appreciates your attendance
14 here today and the constructive comments which you have
15 offered in this proceeding.


16 This Public Hearing is adjourned.

17 ----

18 (Whereupon, the matter was concluded.)
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C E R T I F I C A T E

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4 I, INGRID BENNETT, Certified Court
5 Reporter of the State of New Jersey, do hereby swear
6 that the foregoing is a true and accurate record of the
7 live testimony taken stenographically by me; and I am
8 neither attorney nor counsel for nor related to or
9 employed by any of the parties to the action in which
10 this matter is taken; and further, that I am not a
11 relative or employee of any attorney or counsel
12 employed by the parties hereto, or financially
13 interested in the action.
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INGRID BENNETT
CERTIFIED COURT REPORTER
LICENSE NUMBER: 30X100212500

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pension costs driving a slight increase in the Operating Expense Budget due to an increase in insurance expenses, an increase in capital equipment needs and a change in funding capital equipment and a loss of Rate Stabilization Fund revenue. Ms. Gates further explained how those cost increases are offset.

Mr. Brooks and Mr. Patterson described the projects included in the Authority's five year capital improvement program.

Mr. Shope and Mr. Klumpp asked questions and received responses regarding the pump rehabilitation at the South Branch Pumping Station. Mr. Shope and Mr. Klumpp expressed disappointment that there is no increase in the Source Water Protection Component of the Rate in FY2016. Mr. Shope suggested that the Authority contact an individual who is expert in transfer development rights. Mr. Smith asked questions and received responses about the delivery of water into the Delaware River Basin from the Highlands Region and the preservation of water quality. Mr. Smith asked if it is within the existing authority of the New Jersey Water Supply Authority to determine the economic value of water vis-à-vis booking an asset. Ms. Gates indicated the Authority would research the issue and provide a response.

Mr. Patterson asked if there were any questions.

There being no further business, the meeting was adjourned at 11:50 a.m.

REGISTRATION

Public Hearing – Friday, February 6, 2015

Schedule of Rates, Charges and Debt Service Assessments
for the Sale of Water from the
Raritan Basin System

NAME

AFFILIATION - ADDRESS - TELEPHONE

DAVE STARR

SELF

HANK KLUMP

24 LOWVIEW RD. LISBOW, NJ

FRANK FALCO

MWCO / FB

Correspondence and Testimony

Exhibit G



2015 JAN 16 AM 11 07
NEW JERSEY

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

S-2

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

January 13, 2015

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

Via E-Mail and Regular Mail

Re: Raritan Basin NJWSA's Rates Effective July 1, 2016

Dear Ms. Gates:

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

- 1) Please provide your latest audit report covering the period through June 30, 2014. In addition, please list the auditor used for the year 2014 and the fees paid each of the past 2 years, including the fee for the cost center reclassification process.
- 2) Please provide your actual expenses through the Capital Improvement Program for the fiscal years 2013 and 2014, as well as July 2014 through June 2015. Please segregate the expenses by project. Please note the extent to which projects are funded by the Capital Component or debt service.
- 3) Please provide the actual operating expenses in the same format as Schedule 1 – distributed by cost center – for the 12 months rolling 12/31/14 in excel format.
- 4) On schedule 10 of the B & B, the authority noted the sales base will increase to 182.339 MGD. Please note the date the applicable customer changes in usage will be effective and what the basis is for any customer changes.
- 5) On Schedule 8 of the B and B, the Rate Stabilization Fund line item regarding the Dredging Deferral appears to be temporarily keeping rates lower. What is or will be the impact to rates once this project commences?



NEW JERSEY
AMERICAN WATER

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

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

Sincerely,

Dante M. DeStefano
Manager of Rates & Regulation

cc: Bob Schaefer

Beth Gates

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

Gentlemen,

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

Beth Gates

Beth Gates

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

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

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

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

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

Beth Gates

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

Return Receipt

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

was Bob Schaefer/NJAWC/AWWSC
received
by:

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

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

Beth Gates

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

Return Receipt

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

was Dante.DeStefano@amwater.com
received
by:

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

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



NEW JERSEY WATER SUPPLY AUTHORITY

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

January 28, 2015

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

Re: Inquiry January 13, 2015
Raritan Basin System FY2016 Rate Proposal Effective July 1, 2015

Dear Mr. DeStefano:

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

- 1) Please provide your latest audit report covering the period through June 30, 2014. In addition, please list the auditor used for the year 2014 and the fees paid each of the past 2 years, including the fee for the cost center classification process.

Audited financial statements for year ending June 30, 2014 are attached. The Auditor for FY2012 through FY2014 is Mercadien, P.C. The fees paid are as follows and the fee includes the cost of reviewing the cost center allocation, arbitrage rebate calculation and single audit of grant programs. The fee is all inclusive and fees for additional services such as the cost center reclassification process are not broken out separately.

FY12 \$60,650
FY13 \$51,429 (Audit Services Rebid)
FY14 \$63,372 (FY2012 and FY2013 Single Audits Revised)

- 2) Please provide your actual expenses through the Capital Improvement Program for the fiscal years 2013 and 2014, as well as July 2014 through June 2015. Please segregate the expenses by project. Please note the extent to which projects are funded by the Capital Component or debt service.

There are no capital projects currently funded by debt. See attachment 2 for actual CIP expenses.

Mr. Dante DeStefano
January 28, 2015
Page 2

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

Attached.

- 4) On schedule 10 of the B&B, the authority noted the sales base will increase to 182.339 MGD. Please note the date the applicable customer changes in usage will be effective and what the basis is for any customer changes.

The three contracts contributing the sales base increase are: Hunterdon Medical Center - .031mgd, effective July 1, 2014; Princeton University Operations - .027mgd, effective July 1, 2014; and Washington Township Municipal Utilities Authority - .010 increase, effective July 1, 2014. The basis for these customer changes is Water Allocation Permits issued by the Department of Environmental Protection.

- 5) On Schedule 8 of the B&B, the Rate Stabilization Fund line item regarding the Dredging Deferral appears to be temporarily keeping rates lower. What is or will be the impact to rates once this project commences?

Once this project commences, the revenue raised from the NJEIFP Debt Component will no longer subsidize the O&M Component of the rate. The impact at the current sales base, all else remaining equal, would be an increase of \$25 per million gallons in the O&M Component of the rate.

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

Sincerely,



Beth Gates
Director, Finance and Administration

BG
Enclosures

C: Robert Schaefer

INDEPENDENT AUDITORS' REPORT

To the Commissioners of
New Jersey Water Supply Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the New Jersey Water Supply Authority (the "Authority"), a component unit of the State of New Jersey, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibility (Continued)

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority as of June 30, 2014 and 2013, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A to the financial statements, in 2013 the Authority adopted new accounting guidance GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 21 through 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The other accompanying supplementary information which consists of the combining schedule of net position, combining schedule of revenue, expenses and changes in net position, the schedule of changes in cash and investments – Raritan Basin System and the schedule of changes

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Matters (Continued)

Other Supplementary Information (Continued)

in cash and investments – Manasquan Water Supply System are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information listed above is the responsibility of management and was derived from and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedule of net position, combining schedule of revenue, expenses and changes in net position, the schedule of changes in cash and investments – Raritan Basin System and schedule of changes in cash and investments – Manasquan Water Supply System are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated October 6, 2014, and October 7, 2013, for the years ended June 30, 2014 and 2013, respectively, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Marcadon, P.C.
Certified Public Accountants

October 6, 2014



MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2014

This section of the Annual Financial Report of the New Jersey Water Supply Authority (the "Authority"), a Component Unit of the State of New Jersey, presents discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2014. Please read it in conjunction with the Authority's basic financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- Operating revenue for fiscal year 2014 was \$25.8 million, a decrease over fiscal year 2013, which was the result of a 1.17% decrease in Raritan, and a .93% decrease in Manasquan sales. In the Raritan Basin System, there was no change in the rate at \$231.00 per million gallons, and the sales base increased .04%, from 182.207 million gallons per day ("mgd") to 182.281mgd. In the Manasquan Reservoir System, there was no change in the rate at \$1,015.90 per million gallons. The fiscal year 2014 sales base remained the same at 20,560mgd.
- Unrestricted cash and cash equivalents for fiscal year 2014 were \$37.3 million, a decrease of 11.19% from fiscal year 2013. Income from operations increased for the Raritan System 196.19% and decreased .83% for the Manasquan System.
- Total liabilities for fiscal year 2014 were \$85.4 million. This is a decrease of 5.84% from fiscal year 2013. The Authority continues to pay down long-term debt in both systems.
- Total operating expenses for fiscal year 2014 decreased to \$20.8 million, which represents a 4.78% decrease from fiscal year 2013. Payroll decreased .06% because of turnover savings from temporarily vacant positions. Direct operations and maintenance expenses decreased 17.76% to \$5.1 million because there were no extraordinary storm related expenses incurred during fiscal year 2014 in comparison to Superstorm Sandy in fiscal year 2013 and Tropical Storms Irene and Lee in fiscal year 2012.
- Other changes for fiscal year 2014 include the following: non-operating revenue decreased 91.72% to \$603,011; investment income increased 82.57% because of additional investments and cash was placed into long term investments. The receipt of grant program reimbursement decreased 39.02% from the previous year, and other income decreased substantially, since no additional FEMA and insurance proceeds were received.
- Non-operating expenses for fiscal year 2014 increased 1.91% to \$4.68 million. The interest component of debt service decreased 13.81% with the continued pay-down of the system debt. There was an increase in the reduction in costs to be recovered from future revenue, and the change in the rate model is outlined in Note 2 to the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the financial statements. The Authority is a self-supporting entity and follows enterprise fund accounting. The enterprise fund concept is similar to the manner in which private business enterprises are financed and operated. The Authority presents its financial statements on the accrual basis of accounting. The statements offer short and long-term financial information about the activities and operations of the Authority. The intent is that the costs of providing service to water users on a continuing basis are financed primarily through user charges. The Authority has established certain restricted "funds or accounts," as directed by internal resolution and bond indentures. In an effort to ensure compliance with the Authority's by-laws and to safeguard its assets, internal controls have been developed and implemented by management. These internal controls include policies, procedures, approved organizational structures and approved budgets for capital and operating expenditures.

FINANCIAL ANALYSIS OF THE AUTHORITY

The Authority's total net position was approximately \$121.7 million as of June 30, 2014. In fiscal year 2014, total assets decreased 2.03% to \$207 million due to a 118% decrease in costs to be recovered from future revenues, and total liabilities decreased 5.84% to \$85.4 million, due to the continued pay down of long-term debt. Total net position as of June 30, 2013, was approximately \$121 million. Total assets at June 30, 2013 increased 0.98% to \$211.4 million, and total liabilities decreased 4.94% to \$90.7 million. Changes in assets, liabilities and net position at June 30, 2014, 2013 and 2012, are summarized in the following table:

	2014	2013*	2012*	Percentage Change 2014-2013
Current assets	\$54,358,804	\$62,645,309	\$56,891,435	(13.23)%
Capital assets, net	141,155,089	143,500,274	143,988,686	(1.63)
Other non-current assets	11,554,610	5,205,823	8,268,824	1.22
Total assets	207,068,503	211,351,406	209,238,945	(2.03)
Long-term debt	75,345,060	79,269,979	84,061,155	(4.95)
Other liabilities	10,041,207	11,411,225	11,332,395	(12.01)
Total liabilities	85,386,267	90,681,204	95,393,550	(5.84)
Net position invested in capital assets, net of related debt	87,589,285	83,560,654	78,090,867	4.82
Restricted	9,084,491	12,126,909	11,924,238	(25.09)
Unrestricted	25,008,460	24,982,639	23,830,290	0.10
Total net position	\$121,682,236	\$120,670,202	\$113,845,395	0.84

*Certain balances have been reclassified to conform to current year presentation.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2014

OPERATING ACTIVITIES

The Authority operates three separate systems: the Raritan Basin System, the Manasquan Water Supply System, and the Manasquan Water Treatment Plant and Transmission System. The Manasquan Water Treatment Plant and Transmission System is owned by the Southeast Monmouth Municipal Utilities Authority, which sets the rates, and is operated and maintained by the Authority under the terms of an operating agreement. Each system must generate sufficient revenue each year to cover its own operating expenses and debt service. The following rates were adopted at the July 2014 and April 2013 Authority meetings, respectively, based on anticipated operating expenses:

	<u>Rate</u> <u>7/01/2014</u>	<u>Rate</u> <u>7/01/2013</u>	<u>Percent</u> <u>Change</u>
Raritan Basin System	\$ 231.00/mg	\$ 231.00/mg	-%
Manasquan Water Supply System			
Initial users	\$1,015.90/mg	\$1,015.90/mg	-%
Delayed water users	\$1,168.49/mg	\$1,168.49/mg	-%

The Authority's total operating revenue for fiscal year 2014 was \$25.8 million, a decrease of .33% from fiscal year 2013, due to a 1.17% decrease in Raritan and a .93% decrease in Manasquan water sales. The Authority's total operating expenses for fiscal year 2014 were \$20.8 million, a decrease of 4.78% from fiscal year 2013, because of a decrease in Raritan O&M expenses. The Authority's total operating revenue for fiscal year 2013 was \$25.9 million, a decrease of .09% from fiscal year 2012. The Authority's total operating expenses for fiscal year 2013 were \$21.8 million, a decrease of 8.89% from fiscal year 2012. The following table summarizes the changes in revenue, expenses and net position between fiscal years 2014, 2013 and 2012:



MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2014

	2014	2013	2012	Percentage Change 2014-2013
Operating revenue:				
Water sales	\$23,240,511	\$23,430,025	\$23,513,508	(0.81)%
Reimbursement of operating expenses	2,600,238	2,495,982	2,434,806	4.18
Total operating revenue	25,840,749	25,926,007	25,948,314	(0.33)
Non-operating revenue:				
State of New Jersey-Grant Programs	129,293	212,023	416,483	(39.02)
Investment income	366,678	200,837	227,964	82.57
Rental income	59,251	32,931	102,033	79.92
Other income	47,789	6,838,188	2,137,979	(99.30)
Total non-operating revenue	603,011	7,283,979	2,884,459	(91.72)
Total revenue	26,443,760	33,209,986	28,832,773	(20.37)
Operating expenses:				
Payroll	7,062,893	7,113,521	7,352,772	(0.71)
Operations and maintenance	5,132,956	6,241,134	8,501,467	(17.76)
Fringe benefits	4,212,357	4,168,585	3,762,280	1.05
Depreciation	4,342,781	4,268,953	4,301,482	1.73
Total operating expenses	20,750,987	21,792,193	23,918,001	(4.78)
Non-operating expenses:				
Interest component of debt service of the State of New Jersey	1,569,126	1,820,444	2,059,808	(13.81)
Amortization of issuance costs-D&R System Revenue Refunding Bonds, Series 1998	-	-	25,229	-
Bond Discount/Insurance Premium Expense	28,343	28,344	65,319	(.004)
Reduction in costs to be recovered from future revenue	3,083,270	2,744,198	2,547,644	12.36
Total non-operating expenses	4,680,739	4,592,986	4,698,000	1.91
Total expenses	25,431,726	26,385,179	28,616,001	(3.61)
Change in net position	1,012,034	6,824,807	216,772	(85.17)
Net position, beginning of year, as previously reported	120,670,202	114,249,113	114,032,341	5.62
Prior period adjustment	-	(403,718)	-	(100.00)
Net position, beginning of year as restated	120,670,202	113,345,395	114,032,341	5.99
Net position, end of year	\$121,682,236	\$120,670,202	\$114,249,113	.84

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Year Ended June 30, 2014

CAPITAL ASSETS AND DEBT ADMINISTRATION

At June 30, 2014, the Authority had a total of \$141,155,089 invested in the Systems that it operates: \$82,360,765 invested in the Raritan Basin System, and \$58,794,324 invested in the Manasquan System. This total amount represents a 1.63% decrease from last year.

The following table summarizes the changes in capital assets, net of depreciation, between fiscal years 2014, 2013 and 2012:

	2014	2013	2012	Percentage Change 2014-2013
Land and land rights	\$25,566,853	\$25,553,880	\$24,290,450	0.05%
Dams	49,801,005	50,598,999	51,396,994	(1.58)
Building, structures and improvements	54,900,182	58,097,172	57,647,267	(5.50)
Machinery and equipment	1,108,356	983,141	1,038,191	12.74
Construction work in progress	9,778,693	8,267,082	9,615,784	18.28
Total capital assets, net	\$141,155,089	\$143,500,274	\$143,988,686	(1.63)

More detailed information about the Authority's capital assets is presented in Note 3 to the basic financial statements.

The following table summarizes the changes in capital debt between fiscal years 2014, 2013 and 2012:

	2014	2013	2012	Percentage Change 2014-2013
Bonds payable	\$30,058,221	\$35,456,893	\$40,607,618	(15.23)%
Notes payable	33,649,796	33,652,337	33,654,736	(.01)
Loans payable	15,420,971	16,393,574	17,198,649	(5.93)
Total bonds, notes and loans payable	\$79,128,988	\$85,502,804	\$91,461,003	(7.45)

At year-end, the Authority had \$79,128,988 in bonds, notes and loans principal outstanding, compared to \$85,502,804 at June 30, 2013. This change represents a decrease of 7.45%, as shown in the above table.

More detailed information about the Authority's long-term debt is presented in Note 5 to the basic financial statements.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2014

CURRENT AND NEW BUSINESS

During fiscal year 2014, the Authority supplied water to 29 contractual customers of the Raritan Basin System, who, in turn, supplied water to approximately 1,500,000 people in central New Jersey. Two customers accounted for approximately 84% of total Raritan Basin System operating revenue. Effective July 1, 2014, there was the addition of Eastern Concrete Materials (.023mgd) and a decrease of the uninterruptible water supply contract for Roxbury Water Company from .074mgd to .041mgd. The changes decrease the sales base of the Raritan Basin System to 182.271mgd in fiscal year 2015. In addition, during fiscal year 2014, the Authority provided water to 13 contractual customers of the Manasquan Water Supply System, who provided water to approximately 250,000 people in the Monmouth County area. Three customers accounted for approximately 82% of total Manasquan System operating revenue. Effective July 1, 2014, the total sales base for the Manasquan Reservoir System remains unchanged at 20.560mgd.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the water customers, New Jersey citizens, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability as a self-supporting entity. If you have questions about this report or need additional financial information, you can contact the New Jersey Water Supply Authority at 1851 Highway 31, P.O. Box 5196, Clinton, New Jersey 08809, (908) 638-6121 or visit our website at www.njwsa.org.

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Statement of Net Position

	June 30,	
	2014	2013*
Assets		
Current assets:		
Unrestricted assets:		
Cash and cash equivalents	\$37,300,721	\$42,001,799
Unbilled sales	973,953	968,323
Accounts receivable, less allowance for doubtful accounts of \$1,000 at June 30, 2014 and 2013	1,998,218	979,511
Interest receivable	268,335	118,995
Prepaid expenses and other current assets	1,059,762	1,018,480
Costs to be recovered from future revenue	421,629	2,886,478
Total unrestricted current assets	42,022,618	47,973,586
Restricted assets:		
Cash equivalents	4,576,796	2,130,879
Investments	7,759,390	12,540,844
Total restricted current assets	12,336,186	14,671,723
Total current assets	54,358,804	62,645,309
Non-current assets:		
Investments	12,416,669	5,651,260
Costs to be recovered from future revenue	(862,059)	(445,437)
Capital assets, net	141,155,089	143,500,274
Total non-current assets	152,709,699	148,706,097
Total assets	207,068,503	211,351,406
Liabilities		
Current liabilities:		
Current portion of bonds, notes and loans payable	3,783,928	6,232,825
Accounts payable	510,386	283,150
Accrued liabilities	2,495,198	2,350,436
Unearned revenue	3,251,695	2,544,814
Total current liabilities	10,041,207	11,411,225
Non-current liabilities:		
Non-current portion of bonds, notes and loans payable	75,345,060	79,269,979
Total liabilities	85,386,267	90,681,204
Net Position		
Net investment, capital assets	87,589,285	83,560,654
Restricted for repayment of debt principal and interest	9,084,491	12,126,909
Unrestricted	25,008,460	24,982,639
Total net position	\$121,682,236	\$120,670,202

*Certain balances have been reclassified to conform to current year presentation.

See accompanying notes.

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Statement of Revenue, Expenses and Changes in Net Position

	Year Ended June 30,	
	2014	2013
Operating revenue:		
Water sales	\$23,240,511	\$23,430,025
Reimbursement of operating expenses	2,600,238	2,495,982
Total operating revenue	25,840,749	25,926,007
Operating expenses:		
Payroll	7,062,893	7,113,521
Operations and maintenance	5,132,956	6,241,134
Fringe benefits	4,212,357	4,168,585
Depreciation	4,342,781	4,268,953
Total operating expenses	20,750,987	21,792,193
Income from operations	5,089,762	4,133,814
Non-operating revenue:		
State of New Jersey – Grant Programs	129,293	212,023
Investment income	366,678	200,837
Rental income	59,251	32,931
Other income	47,789	6,838,188
Total non-operating revenue	603,011	7,283,979
Non-operating expenses:		
Interest component of debt service to the State of New Jersey	1,569,126	1,820,444
Bond Discount/Insurance Premium Expense	28,343	28,344
Reduction in costs to be recovered from future revenue	3,083,270	2,744,198
Total non-operating expenses	4,680,739	4,592,986
Change in net position	1,012,034	6,824,807
Net position, beginning of year, as previously reported	120,670,202	114,249,113
Prior period adjustment	-	(403,718)
Net position, beginning of year, as restated	120,670,202	113,845,395
Net position, end of year	\$121,682,236	\$120,670,202

See accompanying notes.

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Statement of Cash Flows

	Year Ended June 30,	
	2014	2013
Cash flows from operating activities		
Cash received from water sales	\$22,170,246	\$23,466,487
Cash received from reimbursable expenses	2,602,176	9,277,750
Cash received from rental income	36,938	35,226
Cash paid to or on behalf of employees	(11,021,532)	(10,967,156)
Cash paid to suppliers	(5,083,185)	(5,605,013)
Net cash provided by operating activities	<u>8,704,643</u>	<u>16,207,294</u>
Cash flows from noncapital financing activities		
Cash received for grant programs	129,293	212,023
Net cash provided by noncapital financing activities	<u>129,293</u>	<u>212,023</u>
Cash flows from capital and related financing activities		
Proceeds from borrowing	-	103,151
Principal paid on bonds, notes and loans	(5,892,070)	(5,185,638)
Interest paid on bonds, notes and loans	(1,650,905)	(1,874,569)
Acquisition and construction of capital assets	(1,806,775)	(717,956)
Proceeds from sale of capital assets	27,270	35,745
Net cash used in capital and related financing activities	<u>(9,322,480)</u>	<u>(7,639,267)</u>
Cash flows from investing activities		
Sale of investment securities	2,238,092	9,163,057
Purchase of investment securities	(4,222,047)	(9,077,888)
Interest received on investments	217,338	200,836
Net cash (used in) provided by investing activities	<u>(1,766,617)</u>	<u>286,005</u>
Net (decrease) increase in cash and cash equivalents	<u>(2,255,161)</u>	<u>9,066,055</u>
Cash and cash equivalents, beginning of year	44,132,678	35,066,623
Cash and cash equivalents, end of year	<u>\$41,877,517</u>	<u>\$44,132,678</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$5,089,762	\$4,133,814
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Non-cash items expensed to operations and maintenance	59,251	754,636
Cash received for operating activity included in other income	20,519	6,835,374
Depreciation	4,342,781	4,268,953
Increase (decrease) in cash from:		
Unbilled sales	(5,630)	196,703
Accounts receivable	(1,075,897)	(154,564)
Prepaid expenses and other current assets	(41,282)	(119,230)
Accounts payable	93,605	6,187
Accrued liabilities	1,331	(3,964)
Accrued payroll and taxes	220,203	289,385
Net cash provided by operating activities	<u>\$8,704,643</u>	<u>\$16,207,294</u>
Non-cash investing activities		
Decrease in fair value of investments	<u>\$(351,211)</u>	<u>\$(247,472)</u>

See accompanying notes.

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Notes to Financial Statements

I. Organization and Operations

The New Jersey Water Supply Authority (the "Authority"), a Component Unit of the State of New Jersey (the "State"), consisting of the Spruce Run/Round Valley Reservoirs Complex, the Delaware and Raritan Canal Transmission Complex (the "Raritan Basin System") and the Manasquan Reservoir Water Supply System (the "Manasquan System"), is a public body, corporate and politic, constituted as an instrumentality of the State, exercising public and essential governmental functions. The Authority was created by the New Jersey Water Supply Authority Act (the "Act") on October 7, 1981, and in connection with the Act, all water supply facilities owned or operated by the State (*i.e.*, *Raritan Basin System*) were transferred or leased to the Authority. The Act empowers the Authority to acquire, finance, construct and operate water systems and issue bonds. Members of the Authority consist of the Commissioner of the New Jersey Department of Environmental Protection ("NJDEP"), ex officio member and six public members appointed by the Governor upon the advice and consent of the New Jersey Senate. The public members represent the agricultural community, industrial water users, residential water users, private watershed associations, public finance and water resource management and distribution. The Authority prepares an annual budget that is used to establish rates and as a management tool but the budget does not constitute a legal budget or establish spending limitations.

The Authority does not have component units that should be included within its financial statements.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Authority is a component unit of the State of New Jersey and is included in their general purpose financial statements.

The accompanying basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB").

The Authority derives most of its revenue from water user charges and is considered to be an enterprise fund; accordingly, the Authority presents its financial statements on the accrual basis of accounting. In addition, the Authority has established certain restricted "funds or accounts" as directed by internal resolution and bond indentures.

In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board ("GASB") and other entities that promulgate accounting principles according to a hierarchy of sources of accounting principles. Per GASB Statement 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, priority is established as to which source of accounting principles to utilize in determining proper accounting treatment. The hierarchy is as follows: GASB Statements and Interpretations; GASB Technical Bulletins; American Institute of Certified Public Accountants ("AICPA") Industry Audit and Accounting Guides and AICPA Statements of Position, if

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Notes to Financial Statements

applicable and cleared by GASB; AICPA Practice Bulletins, if applicable and cleared by GASB; Implementation Guides published by GASB; AICPA pronouncements that are not specifically applicable to state and governmental entities; Financial Accounting Standards Board ("FASB") Statements and Interpretations; and Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure (issued on or before November 30, 1989). The Authority has elected not to follow FASB pronouncements issued after November 30, 1989. The Authority follows the hierarchy in determining accounting treatment.

Revenue

Charges for wholesale water usage are established to provide revenue sufficient for services, essential repairs and improvements to the utility plant, and repayment of debt service on certain long-term obligations used for plant construction. Sales are recognized as revenue when water is made available to customers, and the customers are billed in the following month or quarter.

The Authority distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses result from the sale of water to customers. Operating expenses include costs of providing water; administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

Capital Assets

Capital assets are stated at original cost and consist primarily of amounts expended to license, construct, acquire, complete and place into operation the projects of the Authority. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of three years. Such expenditures include labor, materials, services and indirect costs. Normal maintenance and repair costs are charged to operations and maintenance expense. Improvements and replacements are capitalized. Interest earned on long-term debt proceeds used for capital asset construction and temporarily invested during the construction period is netted against interest cost. The excess, if any, is capitalized to construction work in progress, and the portion related to completed projects is expensed. The cost of capital assets retired, net of any gain or loss on the disposal of such capital assets, is offset to accumulated depreciation. The Authority also holds several restricted easements for utility access, conservation and water rights. These easements are recorded at the lower of cost or fair market value upon acquisition.

Depreciation

Capital assets are depreciated on the straight-line basis over the estimated useful lives of the various classes of plant, as follows:

Dams	100 years
Buildings, structures and improvements	15-40 years
D&R canal dredging	20 years
Machinery and equipment	3-10 years

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Notes to Financial Statements (continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Authority considers short-term investments that have original maturities of ninety days or less to be cash equivalents.

Investments

Short-term investments and restricted investments used for construction and payment of interest consist of money market funds and U.S. Government-backed securities with various interest rates. Restricted investments are restricted under the terms of the Authority's bond indentures for the payment of debt service. All investments are carried at fair value, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Accounts Receivable

The Authority considers most of its accounts receivable to be collectible; accordingly, the change in net position is charged with an allowance for estimated uncollectible accounts based on past experience and an analysis of current accounts receivable collectability. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectible. At June 30, 2014 and 2013, accounts receivable included amounts due from the New Jersey Environmental Infrastructure Financing Program ("NJEIFF") for \$0 and \$68,131, respectively.

During fiscal years 2014 and 2013, respectively, two customers accounted for approximately 84% of total Raritan Basin System accounts receivable, and five customers accounted for approximately 88% of total Manasquan System accounts receivable.

Compensated Absences

All full-time employees accumulate vacation benefits in varying annual amounts up to a maximum allowable accumulation of two years' benefit. Unused sick leave benefits are earned by all full-time employees at a rate of 15 days per year and may be accumulated without limit. In the event of termination, an employee is reimbursed for all accumulated vacation days. Unused sick leave benefits do not vest but are payable only upon retirement up to a maximum of \$15,000. A liability is accrued in the financial statements when incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income Taxes

The Authority is exempt from federal income taxes under the Internal Revenue Code, Section 115, and from state income taxes under N.J.S.A. 27:25-16, and accordingly, no provision is recorded for federal or state income taxes.

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Notes to Financial Statements (continued)

Net Position

Net position represents the difference between assets and liabilities and is classified into three categories:

- *Net Investment; Capital Assets* – This represents capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition construction or improvement of those assets.
- *Restricted Net Position* – This represents the net position that is not accessible for general use because its use is subject to restrictions enforceable by third parties. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first and then unrestricted resources, as they are needed.
- *Unrestricted Net Position* – This represents the net position that is available for general use.

Costs to be Recovered from Future Revenue

The Authority's cost recovery rate model used to establish rates, fees and charges includes an amount for debt principal repayment (but not for depreciation on the related debt financed assets) and also includes vacation amounts paid. In accordance with FASB No. 71, the Authority has deferred the excess of current depreciation on assets financed with debt proceeds over the costs for debt principal repayment and the excess of vacation expense over vacation paid. The deferred costs will be recovered through future revenue in accordance with the rate model. The deferred amount for the years ended June 30, 2014 and 2013, were determined as follows:

	2014	2013
Raritan Basin System		
Cost excluded from rate model:		
Depreciation of debt-financed capital assets recoverable from rate payers	\$835,209	\$835,209
Excess vacation expense over vacation paid	4,430	(16,178)
	<u>839,639</u>	<u>819,031</u>
Cost included in rate model:		
Debt principal repayment	(2,600,000)	(2,465,000)
	<u>(1,760,361)</u>	<u>(1,645,969)</u>
Manasquan System		
Cost excluded from rate model:		
Depreciation of debt-financed capital assets recoverable from rate payers	1,540,854	1,540,854
Excess vacation expense over vacation paid	577	(2,874)
	<u>1,541,431</u>	<u>1,537,980</u>
Cost included in rate model:		
Debt principal repayment	(2,662,541)	(2,527,398)
	<u>(1,121,110)</u>	<u>(989,418)</u>
Total Raritan Basin and Manasquan	<u>(2,881,471)</u>	<u>(2,635,387)</u>
Balance, beginning of year	2,441,041	5,076,428
Balance, end of year	<u>\$ (440,430)</u>	<u>\$ 2,441,041</u>

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Notes to Financial Statements (continued)

As shown in the statements of revenue, expenses and changes in net position for the years ended June 30, 2014 and 2013, respectively, the costs to be recovered from future revenue of \$3,083,270 and \$2,744,198 includes a debit balance of \$196,792, and a debit balance of \$127,863 of Manasquan Water Treatment Plant deferred revenue, which is not part of the rate model, and does not include a credit balance of \$5,007 and a debit balance of \$19,052 of accrued vacation.

Accounting for Southeast Monmouth Municipal Utilities Authority Agreement

The Authority operates and maintains a Water Treatment Plant/Transmission System for the Southeast Monmouth Municipal Utilities Authority ("SMMUA"). The SMMUA is charged for budgeted operating expenses expected to be incurred by the Authority during the SMMUA's fiscal year (January 1 through December 31).

Because of the difference resulting from billing the SMMUA for budgeted expenses versus actual expenses appearing in the financial statements, the Authority includes unearned costs (actual costs exceeding SMMUA billings) or unearned revenue (SMMUA billings exceeding actual costs) in its statement of net position. These excess costs or billings will be recovered or recognized in future periods. As of June 30, 2014 and 2013, unearned revenue amounting to \$1,589,003 and \$1,392,211, respectively, was determined as follows:

	2014	2013
Reimbursement of operating expenses	\$2,602,762	\$2,497,601
Operating expenses	2,405,970	2,369,738
Unearned revenue	196,792	127,863
Balance, beginning of year	1,392,211	1,264,348
Balance, end of year	<u>\$1,589,003</u>	<u>\$1,392,211</u>

During the fiscal years ended June 30, 2006 and 2005, the Authority received \$39,966 and \$191,877, respectively. These funds are restricted for use by the SMMUA for costs associated in operating the Water Treatment Plant. As of June 30, 2014 and 2013, the amount included in unearned revenue was \$1,662,692, and \$1,152,603, respectively.

Accounting for Watershed Protection Program

For the fiscal years ended June 30, 2014 and 2013, the Authority received \$126,344 and \$224,893, respectively, from the NJDEP for the costs associated with various watershed protection studies of the Raritan Basin System. These funds are restricted to uses specifically identified in grant agreements between the Authority and NJDEP and will be recognized as revenue as the related costs are incurred. Eligible project expenses include, but are not limited to, the cost of mapping out streams and other water sources and studying and implementing best land use practices to improve water quality. As of June 30, 2014, all the funds received had been recognized as revenue.

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Notes to Financial Statements (continued)

Other Post-Employment Benefits ("OPEB") Other than Pensions

On July 1, 2007, the Authority implemented GASB No. 45, which covers accounting and financial reporting requirements for government employers, that provide post-employment benefits other than pensions. Since the Authority participates in the State's multiple-employer cost-sharing plan (Public Employees' Retirement System "PERS"), the Authority's portion of this liability and cost is calculated and recorded at the State level and included in the State's Comprehensive Annual Financial Report. The Authority records OPEB expense based on billings from the State PERS. Required financial statement disclosures are included in Note 6 of these financial statements.

3. Capital Assets

Capital assets activity for the years ended June 30, 2014 and 2013, was as follows:

	2014 Beginning Balance	Additions	Retirements	2014 Ending Balance
Capital assets not being depreciated:				
Land	\$25,553,880	\$ 12,973	\$ -	\$25,566,853
Construction work in progress	8,267,082	1,511,611	-	9,778,693
Total capital assets not being depreciated	33,820,962	1,524,584	-	35,345,546
Capital assets being depreciated:				
Dams	77,369,160	-	-	77,369,160
Building, structures and improvements	130,138,986	39,349	(82,706)	130,095,629
D & R canal dredging	21,160,274	-	-	21,160,274
Machinery and equipment	6,263,667	433,663	(133,248)	6,564,082
Total capital assets being depreciated	234,932,087	473,012	(215,954)	235,189,145
Less accumulated depreciation for:				
Dams	(26,770,161)	(797,994)	-	(27,568,155)
Building, structures and improvements	(72,041,815)	(3,236,339)	82,706	(75,195,448)
D & R canal dredging	(21,160,273)	-	-	(21,160,273)
Machinery and equipment	(5,280,526)	(308,448)	133,248	(5,455,726)
Total accumulated depreciation	(125,252,775)	(4,342,781)	215,954	(129,379,602)
Total capital assets, being depreciated, net	109,679,312	(3,869,769)	-	105,809,543
Total capital assets, net	\$143,500,274	\$(2,345,185)	\$ -	\$141,155,089

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Notes to Financial Statements (continued)

	2013 Beginning Balance	Additions	Retirements	2013 Ending Balance
Capital assets not being depreciated:				
Land	\$24,290,450	\$1,263,430	\$ -	\$25,553,880
Construction work in progress	9,615,784	2,957,817	(4,306,519)	8,267,082
Total capital assets not being depreciated	33,906,234	4,221,247	(4,306,519)	33,820,962
Capital assets being depreciated:				
Dams	77,369,160	-	-	77,369,160
Building, structures and improvements	126,574,124	3,589,214	(24,352)	130,138,986
D & R canal dredging	21,160,274	-	-	21,160,274
Machinery and equipment	6,206,788	285,688	(228,809)	6,263,667
Total capital assets being depreciated	231,310,346	3,874,902	(253,161)	234,932,087
Less accumulated depreciation for:				
Dams	(25,972,166)	(797,995)	-	(26,770,161)
Building, structures and improvements	(68,926,858)	(3,139,309)	24,352	(72,041,815)
D & R canal dredging	(21,160,273)	-	-	(21,160,273)
Machinery and equipment	(5,168,597)	(331,649)	219,720	(5,280,526)
Total accumulated depreciation	(121,227,894)	(4,268,953)	244,072	(125,252,775)
Total capital assets, being depreciated, net	110,082,452	(394,051)	(9,089)	109,679,312
Total capital assets, net	\$143,988,686	\$3,827,196	\$(4,315,608)	\$143,500,274

4. Cash, Cash Equivalents, and Investments

New Jersey statutes permit the deposit of public funds in the State of New Jersey Cash Management Fund ("NJCMF") or in institutions located in New Jersey that are insured by the Federal Deposit Insurance Corporation (the "FDIC") or by any other agencies of the United States that insure deposits. All funds of the Authority may be invested in obligations of, or guaranteed by, the U.S. Government.

The Authority's bond resolutions limit the investment of restricted assets to obligations of the U.S. Government or its agencies, investments in certain certificates of deposit of commercial banks that are members of the Federal Reserve System, investments in the NJCMF and direct and general obligations of any state that meets the minimum requirements of the resolution.

a. Cash

As of June 30, 2014 and 2013, the Authority's bank balance was 3,065,674 and \$4,483,866, respectively, of which \$250,000 was covered through the FDIC. The remaining balance of \$2,815,674 and \$4,233,866 as of June 30, 2014 and 2013, respectively, was collateralized, and the cash balance per the statement of net position is shown exclusive of outstanding checks totaling \$47,922 and \$1,086,268, respectively. The statement of net position amount includes petty cash totaling \$300, respectively as of June 30, 2014 and 2013.

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Notes to Financial Statements (continued)

b. Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a deposit policy for custodial credit risk. The Authority's bank balance of \$3,065,674 and \$4,483,866 as of June 30, 2014 and 2013, respectively, was exposed to custodial credit risk as follows:

	2014	2013
Uninsured and uncollateralized	\$ -	\$ -

c. Investments and Cash Equivalents

The Authority does not have a policy to limit interest rate risk; however, its practice is to hold investments to maturity.

As of June 30, 2014, the Authority had the following investments and cash equivalents, and maturities:

Investment and Cash Equivalent Type	Fair Value	<u>Investment Maturities (In Years)</u>	
		Less Than 1	1-5
U.S. Treasuries	\$46,618,855	\$46,618,855	\$ -
NJ G/O Bonds	12,416,669	-	12,416,669
Total	\$59,035,524	\$46,618,855	\$ 12,416,669

As of June 30, 2013, the Authority had the following investments and cash equivalents, and maturities:

Investment and Cash Equivalent Type	Fair Value	<u>Investment Maturities (In Years)</u>	
		Less Than 1	1-5
U.S. Treasuries	\$50,511,178	\$50,511,178	\$ -
NJ G/O Bonds	5,651,260	-	5,651,260
U.S. Agencies (Federal National Mortgage Association)	2,764,446	2,764,446	-
Total	\$58,926,884	\$53,275,624	\$5,651,260

Credit and Custodial Credit Risk

In order to limit exposure to credit risk, the Authority follows the investment policies set forth by the NJCMF. These policies allow investment in securities that achieve a certain rating from the three major ratings organizations as determined annually by the governing board of the NJCMF, as well as limiting investments to certain types of marketable securities.

U.S. Treasury notes are explicitly guaranteed by the U.S. government and are not subject to credit risk or custodial credit risk.

New Jersey Water Supply Authority
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Notes to Financial Statements (continued)

At June 30, 2013, the Authority held a \$2.7 million dollar investment in U.S. Government (FNMA) backed securities which are not federally insured, and are only implicitly guaranteed by the government. The Authority historically has not experienced any credit-related losses with respect to its investment in FNMA Securities. As of June 30, 2014, the Authority no longer held securities with FNMA.

The Authority entered into an agreement with PNC Bank and TD Bank to collateralize all deposits held at a market rate equal to 102% of the daily combined total of all deposits. As of June 30, 2014, all deposits were collateralized.

d. Investment Income

The following comprises investment income for the years ended June 30, 2014 and 2013, respectively:

	2014	2013
Interest earned on bank accounts and certificates of deposit	\$178,947	\$175,275
Interest earned on securities	538,942	273,034
Increase/(decrease) in fair value of securities	(351,211)	(247,472)
	\$366,678	\$200,837

5. Bonds, Notes and Loans Payable

Manasquan System

A. Notes due to State of New Jersey

The Authority has a contractual obligation to repay the following debt:

The \$63,600,000 of Manasquan Reservoir Water Supply System State Loan Notes (the "State Loan Notes") issued June 3, 1987, pursuant to the terms of the State Loan Agreement between the Authority and the State of New Jersey (the "State Loan Agreement"), from monies authorized by the 1981 bond appropriation of \$72,000,000 for construction of the Manasquan System and the \$7,416,000 of Interim Advance Notes issued September 12, 1988, from monies made available from the General Fund of the State to finance completion costs of the Manasquan System. The State Loan Notes and the Completion Loan Notes bear interest at 5.93% and 6.24%, respectively, and are collateralized by the property and revenues of the Manasquan System.

In accordance with the terms of the State Loan Agreement, the State Loan Notes are classified as either Current Debt Service Portion Notes ("Current Notes") or Deferred Debt Service Portion Notes ("Deferred Notes"). Principal of the Deferred Notes will be discharged solely by exchange for Current Notes or by the expiration of a period of forty years from the date of their issuance, which was June 3, 1987. The Deferred Notes must be exchanged for Current Notes on a pro rata basis to the extent that the Authority enters into additional long-term contracts to sell water from the Manasquan System on an annual basis. Such Current Notes are payable over a thirty-year period commencing from such date as is defined in the State Loan.

New Jersey Water Supply Authority
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Notes to Financial Statements (continued)

Interest on the Deferred Notes accreted as principal through July 31, 1993, and is not payable until they have been exchanged for Current Notes. The interest that accreted as principal through July 31, 1990, accrued interest; however, the interest that accreted for the period from August 1, 1990 through July 31, 1993, did not accrue interest. The accretion of interest to the principal amount for the Current Notes and the Deferred Notes is \$25,563,184 at June 30, 2014 and 2013.

At June 30, 2014 and 2013, the State Loan Notes and Completion Notes are summarized as follows:

<u>State Loan Notes</u>	2014	2013
Current Notes	\$74,947	\$77,251
Deferred Notes	30,365,115	30,365,115
<u>Completion Notes</u>		
Current Notes	7,957	8,194
Deferred Notes	3,201,777	3,201,777
	<u>\$33,649,796</u>	<u>\$33,652,337</u>

B. Manasquan Reservoir Water Supply System Revenue Bonds, Series 2005

On August 5, 2005, the Authority issued \$47,535,000 in Manasquan Reservoir Water Supply System Revenue Bonds, Series 2005. The proceeds, together with other monies on deposit, were used to prepay \$49,293,438 in Current Manasquan State Loan Notes and Completion Notes.

The Revenue Bonds, Series 2005, have a principal balance of \$28,900,000 at June 30, 2014, carry a bond yield of 3.95%, and mature in incremental annual principal amounts through 2031. Principal maturities for the year ending June 30, 2015, are \$2,795,000. The property and revenue of the Manasquan System are pledged as collateral for the 2005 Bonds.

The balance of the defeased current Manasquan State Loan Notes and Completion Notes is \$0.

For the years ended June 30, 2014 and 2013, interest expense on the 2005 Bonds amounted to \$1,511,500 and \$1,593,435, respectively, and the related interest income earned on the restricted investments amounted to \$274 and \$138, respectively.

C. New Jersey Environmental Infrastructure Financing Program ("NJEIFP")

The New Jersey Water Supply Authority, a Component Unit of the State of New Jersey, obtained a loan from the New Jersey Environmental Infrastructure Trust ("the Trust") for the construction of a permanent structure over the Manasquan Intake Pump Station. Under the NJEIFP, the borrowers benefit from a loan formula under which participants borrow a percentage of cost from the State Revolving Fund maintained by the NJDEP at zero interest and the remaining percentage from the Trust at the same interest rate the Trust pays on its bonds. Under the State's Smart Growth Initiative, the interest rate is equivalent to 25 percent of the lowest available rate. Each NJEIFP loan carries a 20-year life. Property and revenue of the Manasquan Reservoir System are pledged as collateral for the loans.

New Jersey Water Supply Authority
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Notes to Financial Statements (continued)

The following table summarizes the NJEIFP loan outstanding for the Manasquan Reservoir System, as of June 30, 2014:

NJEIFP Series	Date of Issuance	State Revolving Fund Original Principal	Percent	Trust Original Principal	Percent	Blended Interest Rate	Outstanding Principal	Maturity
2012B	05/03/2012	\$2,312,250	76%	\$715,000	24%	.80%	\$2,767,106	08/01/2031

Raritan System

D. D & R System Revenue Refunding Bonds, Series 1998

On August 4, 1998, the Authority issued Water System Revenue Refunding Bonds, Series 1998 (the "Refunding Bonds") in the amount of \$28,290,000. The Refunding Bonds are serial bonds of which \$0 are outstanding at June 30, 2014, and that bore interest at varying rates from 4.5% to 5.375% and matured in incremental annual principal amounts through 2014. The last principal payment of \$2,600,000 was made on November 1, 2013. The Refunding Bonds maturing on or after November 1, 2009, were subject to redemption prior to their stated maturity dates at the option of the Authority on or after November 1, 2008. The property and revenue of the Raritan System are pledged as collateral for the Refunding Bonds.

The balance of the defeased 1988 Delaware and Raritan System Revenue Bonds is \$0.

For the years ended June 30, 2014 and 2013, interest expense on the Refunding Bonds amounted to \$47,090 and \$184,395, respectively, and the related interest income earned on the restricted investments amounted to \$0 and \$53, respectively.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$6,029,573. The difference is reported with bonds payable on the statements of net position and is being charged to operations using a method that approximates the effective interest method over the shorter of the remaining life of the old debt or the life of the new debt. The economic gain was a net present value debt savings of \$4,207,590.

E. New Jersey Environmental Infrastructure Financing Program ("NJEIFP")

The New Jersey Water Supply Authority, a Component Unit of the State of New Jersey, obtained loans from the New Jersey Environmental Infrastructure Trust (the "Trust") for the acquisition of source water watershed properties critical to the Raritan Basin System. Under the NJEIFP, the borrowers benefit from a loan formula under which participants borrow a percentage of the cost from the State Revolving Fund maintained by the NJDEP at zero interest and the remaining percentage from the Trust at the same interest rate the Trust pays on its bonds. Under the State's Smart Growth Initiative, the interest rate is equivalent to 25 percent of the lowest available rate. Each NJEIFP loan carries a 20-year life, and property and revenue of the Raritan Basin System are pledged as collateral for the loans.

New Jersey Water Supply Authority
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Notes to Financial Statements (continued)

The following table summarizes the NJEIFP loans outstanding for the Raritan Basin System, as of June 30, 2014:

NJEIFP Series	Date of Issuance	State Revolving Fund Original Principal	Percent	Trust Original Principal	Percent	Blended Interest Rate	Outstanding Principal	Maturity
2003A	11/06/2003	\$627,019	75%	\$235,000	25%	1.194%	\$457,069	08/01/2023
2004A	11/04/2004	1,030,000	75%	350,000	25%	1.310%	813,945	08/01/2024
2005A	11/10/2005	2,940,974	75%	1,050,000	25%	1.251%	2,056,902	08/01/2025
2006A	11/09/2006	2,099,363	75%	745,000	25%	1.260%	1,905,736	08/01/2026
2007A	11/08/2007	1,740,563	75%	620,000	25%	1.055%	1,726,916	08/01/2027
2008A	11/06/2008	1,152,000	64%	660,000	36%	1.740%	1,443,271	08/01/2028
2010A	03/10/2010	300,493	51%	290,000	49%	1.685%	487,803	08/01/2029
2010B	12/02/2010	1,064,338	52%	990,000	48%	1.870%	1,821,023	08/01/2030
2012A	05/03/2012	1,501,455	76%	465,000	24%	.65%	1,798,765	08/01/2031
Total		\$12,456,205		\$5,405,000			\$12,511,430	

The following table summarizes the changes in bonds, notes and loans payable between fiscal years 2014, 2013 and 2012:

	Fiscal Year 2013	Less Payments, Net of Amortization	Debt Issued	Fiscal Year 2014	Due Within One Year
Bonds payable	\$35,456,893	\$5,398,671	\$ -	\$30,058,222	\$2,795,000
Notes payable	33,652,337	2,541	-	33,649,796	2,693
Loans payable	16,393,574	972,604	-	15,420,970	986,235
Total	\$85,502,804	\$6,373,816	\$ -	\$79,128,988	\$3,783,928

	Fiscal Year 2012	Less Payments, Net of Amortization	Debt Issued	Fiscal Year 2013	Due Within One Year
Bonds payable	\$40,607,618	\$5,150,725	\$ -	\$35,456,893	\$5,260,000
Notes payable	33,654,736	2,399	-	33,652,337	2,541
Loans payable	17,198,649	805,075	-	16,393,574	970,284
Total	\$91,461,003	\$5,958,199	\$ -	\$85,502,804	\$6,232,825

New Jersey Water Supply Authority
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Notes to Financial Statements (continued)

Principal and interest on aggregate maturities and bonds, notes and loans, net of unamortized bond premium, are as follows:

Year Ending June 30,	Raritan Basin System	Manasquan Reservoir System	Notes Payable Manasquan System	Manasquan System Revenue Bonds Series 2005	Totals
2015	\$1,042,482	\$172,997	\$7,553	\$4,170,125	\$5,393,157
2016	1,033,878	172,247	7,549	4,171,750	5,385,424
2017	1,076,449	176,422	7,544	4,166,125	5,426,540
2018	1,064,348	175,372	7,538	4,167,875	5,415,133
2019	1,056,425	174,172	7,533	4,161,625	5,399,755
2020-2024	5,108,520	871,985	37,565	10,498,375	16,516,445
2025-2029	3,193,609	868,535	37,362	3,591,500	7,691,006
2030-2034	576,095	478,776	22,292	2,137,125	3,214,288
Deferred Portion	-	-	33,566,892	-	33,566,892
Subtotal	14,151,806	3,090,506	33,701,828	37,064,500	88,008,640
Less amounts representing interest	1,640,376	323,400	52,032	8,164,500	10,180,308
Less unamortized deferral amount	-	-	-	257,859	257,859
Plus unamortized bond premium	92,703	49,732	-	1,416,080	1,558,515
Subtotal	12,604,133	2,816,838	33,649,796	30,058,221	79,128,988
Less:					
Current principal portion	843,663	142,572	2,693	2,795,000	3,783,928
Total	\$11,760,470	\$2,674,266	\$33,647,103	\$27,263,221	\$75,345,060

6. Employee Benefits

Pension and Retirement Plans

Full-time employees of the Authority are covered by the Public Employees' Retirement System of the State of New Jersey ("PERS"). The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of PERS and charges employers annually for their respective contributions. PERS provides retirement and disability benefits, annual cost of living adjustments and benefits to plan members and their beneficiaries. PERS is a cost-sharing, multiple-employer defined benefit plan and, as such, does not maintain separate records for each employer in the state; therefore, the actuarial data for the Authority is not available. The Division of Pensions issues a publicly available financial report for PERS, including financial statements and required supplementary information. Please refer to the State website www.state.nj.us for more information regarding the plan. The PERS financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

New Jersey Water Supply Authority
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Notes to Financial Statements (continued)

As a condition of employment, all Authority full-time employees are required to be members of PERS. PERS members can apply for a service retirement at age 60 if enrolled before November 2, 2008 (Tier 1 or Tier 2), or at age 62 if enrolled on or after November 2, 2008, but before June 28, 2011 (Tier 3 or Tier 4), or at age 65 if enrolled on or after June 28, 2011 (Tier 5) regardless of the amount of service credit earned.

Tier 1, 2 or 3: Annual Benefit = Years of Service Credit, divided by 55, times Final Average Salary (average salary of the last three years of credited service or the highest three fiscal years of credited service, whichever provides the higher benefit). Tier 4 or Tier 5: Annual Benefit = Years of Service Credit, divided by 60, times Final Average Salary (average salary of the last five years of credited service or the highest five fiscal years of credited service, whichever provides the higher benefit). Pension benefits fully vest on reaching 10 years of service. Vested employees who were enrolled prior to July 1, 2007, and who have established 25 years or more of creditable service may retire without penalty at or after age 55 and receive full retirement benefits. PERS also provides death and disability benefits. Benefits are established by State statute.

Covered Authority employees are required by PERS to contribute 6.92% of their salaries. State statute requires the Authority to contribute the remaining amounts necessary to pay benefits when due. The amount of the Authority's contribution is certified each year by PERS on the recommendation of the actuary, who makes an annual actuarial valuation. The valuation is based on a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest.

The payroll for employees covered by PERS for the years ended June 30, 2014, 2013 and 2012, was \$6,781,700, \$6,842,065 and \$6,982,324, respectively. The Authority's total payroll for the years ended June 30, 2014, 2013 and 2012, was \$7,062,893, \$7,113,521 and \$7,352,772, respectively. The actuarial contribution requirements and the contributions made for the years ended June 30, 2014, 2013 and 2012, were \$1,217,153, \$1,234,025 and \$1,289,250, respectively, which consisted of \$758,938, \$784,639 and \$856,878 from the Authority, and \$458,215, \$449,386 and \$432,372 from the employees, respectively. As required by PERS, the employer and employee contributions represented 11.20% and 6.78% of covered payroll for the year ended June 30, 2014, 11.47% and 6.56% of covered payroll for the year ended June 30, 2013, and 12.27% and 6.19% of covered payroll for the year ended June 30, 2012, respectively. Contributions were made in accordance with the actuarial funding requirement.

New Jersey Water Supply Authority
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Notes to Financial Statements (continued)

Post-Retirement Health Care Benefits

The Authority provides continued health care benefits to employees retiring after twenty-five years of service and their eligible dependents. Benefits, contributions, funding and the manner of administration are determined by the State Legislature. The Authority's portion of this liability and cost is included in the State's comprehensive annual financial report on an annual basis. As such, the liability for Authority employees is covered under the State plan. The Division of Pensions within the New Jersey Treasury Department administers the funds. Monthly, the Division of Pensions charges the Authority for its contribution. The total number of employees receiving benefits was 53, 52 and 49 at June 30, 2014, 2013 and 2012, respectively. Total cost for these post-retirement benefits, included in fringe benefits, approximated \$757,870, \$714,969 and \$599,311 for the years ended June 30, 2014, 2013 and 2012, respectively.

7. Major Water Customers

During fiscal years 2014 and 2013, the Authority supplied water to approximately 29 customers of the Raritan Basin System and 13 customers of the Manasquan System.

During fiscal years 2014 and 2013, two customers accounted for approximately 84% of total Raritan Basin System operating revenue. Three customers accounted for approximately 82% of total Manasquan System operating revenue.

8. Risk Management

The Authority carries insurance for all of its facilities, covering direct physical loss or damage and loss of revenue resulting therefrom, with such deductibles as it deems appropriate. The Authority also carries General and Umbrella Public Liability Insurance with such self-insured retainers as it deems appropriate. Automotive and Public Officials Liability coverage is also maintained with deductibles. Workers' Compensation coverage is also maintained, as required by State law. Settled claims resulting from the aforementioned risks have not exceeded insurance coverage in any of the past three fiscal years.

9. Restatement under GASB Statement No. 65

During fiscal year ended December 31, 2012, there was a change in accounting principle as a result of GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 is retroactive to the prior reporting period. The adjustment is detailed below.

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Notes to Financial Statements (continued)

	June 30, 2012		
	Previously Reported	Prior Period Adjustment	Restated
Assets			
Current assets:			
Unrestricted assets:			
Cash and cash equivalents	\$34,008,030	\$0	\$34,008,030
Unbilled sales	1,165,026	0	1,165,026
Accounts receivable, less allowance for doubtful accounts of \$1,000 at June 30, 2012	4,646,665	0	4,646,665
Interest receivable	118,994	0	118,994
Prepaid expenses and other current assets	899,250	0	899,250
Costs to be recovered from future revenue	2,616,336	0	2,616,336
Total unrestricted assets	43,454,301	0	43,454,301
Restricted assets:			
Cash equivalents	1,058,593	0	1,058,593
Investments	12,378,541	0	12,378,541
Total restricted assets	13,437,134	0	13,437,134
Total current assets	56,891,435	0	56,891,435
Non-current assets:			
Investments	5,898,732	0	5,898,732
Costs to be recovered from future revenue	2,460,092	0	2,460,092
Deferred issuance costs	403,718	(403,718)	0
Capital assets, net	143,988,686	0	143,988,686
Total non-current assets	152,751,228	(403,718)	152,347,510
Total assets	\$209,642,663	\$(403,718)	\$209,238,945
Liabilities			
Current liabilities:			
Current portion of bonds, notes and loans payable	5,884,725	0	5,884,725
Accounts payable	281,460	0	281,460
Accrued liabilities	2,138,191	0	2,138,191
Unearned revenue	1,512,896	0	1,512,896
Total current liabilities	9,817,272	0	9,817,272
Non-current liabilities:			
Long-term portion of bonds, notes and loans payable	85,576,278	0	85,576,278
Total liabilities	95,393,550	0	95,393,550
Net position			
Net investment, capital assets	78,090,867	0	78,090,867
Restricted	11,924,238	0	11,924,238
Unrestricted	24,234,008	(403,718)	23,830,290
Total net position	\$114,249,113	\$(403,718)	\$113,845,395

New Jersey Water Supply Authority
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Notes to Financial Statements (continued)

Summary Statement of Revenue, Expense and Changes in Net Position

For the Year Ended June 30, 2013

	Previously Reported	Prior Period Adjustment	Restated
Revenues	\$ 33,209,986	\$ 0	\$ 33,209,986
Expenditures			
Operating Expenses	21,792,193	0	21,792,193
Non-Operating Expenses	4,655,190	(62,204)	4,592,986
Change in Net Position	6,762,603	62,204	6,824,807
Net Position, June 30, 2012	\$114,249,113	\$(403,718)	\$113,845,395
Net Position, June 30, 2013	\$121,011,716	\$(341,514)	\$120,670,202

10. New Accounting Pronouncement

The Governmental Account Standards Board has issued Statement No. 67, "Financial Reporting for Pensions Plans" effective for financial statements for fiscal years beginning after June 15, 2013, and Statement No. 68, "Accounting and Financial Reporting for Pension Plans" effective for fiscal years beginning after June 15, 2014. The objective of the statements is to improve information about financial support for pensions and improve financial reporting and accounting by state and local governmental pension plans. Statement No. 67 requires defined benefit pension plans to present two financial statements; a statement of fiduciary net position and a statement of changes in fiduciary net position, and requires additional disclosures about pension plan investments, assumptions used for the calculation of total pension liability, and the portion of present value of projected benefit payments attributable to members' past service credit. Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows and inflows, and expenses and requires the calculation and recording of a net pension liability and subsequent allocation of the unfunded liability to individual employers participating in the plans, including a proportionate share of the actuarial valuation. Full time employees of the Authority are covered by the Public Employee's Retirement System of the State of New Jersey ("PERS") which is a cost sharing, multiple-employer defined benefit plan. As such, the Authority will receive information from the State of New Jersey for inclusion in its financial statements and disclosures. The Authority plans to implement these standards for its fiscal year ending June 30, 2015.

11. Insurance Reimbursements

Included in "Other income" on the statement of revenues, expenses and changes in net position for the year ended June 30, 2014 is \$12,115 from FEMA and for the year ended June 30, 2013, \$5,705,339 and \$1,065,278 from private insurance and FEMA, respectively. The Authority received a total of \$72,688 from FEMA for damages caused by Superstorm Sandy, \$12,115 in fiscal year 2014 and \$60,573 in fiscal year 2013. The balance of the FEMA reimbursement, in "Other income" is related to damages from Hurricane Irene and Tropical Storm Lee, which occurred in the fiscal year ended June 30, 2012. Damages were primarily incurred in waterways that the Authority

New Jersey Water Supply Authority
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Notes to Financial Statements (continued)

leases from, and maintains on behalf of, the State of New Jersey. Therefore, there was no impairment of capital assets recorded by the Authority as a result of these damages and repairs were expensed as incurred.

12. Contingencies

The Authority is party to various legal actions and disputes. Although the ultimate effect, if any, of these matters is not presently determinable, management believes that collectively they will not have a material effect on the results of operations or the financial position of the Authority.

13. Information by Business Segment

The Authority issued revenue bonds to finance the construction of various capital assets, including the construction of the reservoir systems for both the Manasquan and Raritan Basin Systems. Each of these Systems must provide sufficient revenue each year to cover its own operating expenses and debt service. Investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment. The chart represents information by Business Segment and is not consistent with the consolidated balances on the statement of net position. Summary financial information for the operating segments is presented below:

	June 30, 2014		June 30, 2013	
	Raritan Basin System	Manasquan Water Supply System	Raritan Basin System	Manasquan Water Supply System
Condensed statement of net assets				
Assets:				
Current unrestricted assets	\$28,470,578	\$13,552,040	\$35,419,136	\$12,554,450
Current restricted assets	1,684,502	10,651,684	4,884,240	9,787,483
Capital assets	82,360,765	58,794,324	83,213,060	60,287,214
Other non-current assets	(3,807,753)	15,362,363	(11,444,309)	16,650,132
Total assets	108,708,092	98,360,411	112,072,127	99,279,279
Liabilities:				
Current liabilities	2,665,915	7,375,292	4,966,616	6,444,609
Non-current liabilities	11,760,469	63,584,591	12,615,028	66,654,951
Total liabilities	14,426,384	70,959,883	17,581,644	73,099,560
Net position:				
Net investment, capital assets	69,756,633	17,832,652	67,170,320	16,390,334
Restricted for repayment of debt principal and interest	1,684,502	7,399,989	4,884,240	7,242,669
Unrestricted	23,007,458	2,001,002	22,582,548	2,400,091
Total net position	\$94,448,593	\$27,233,643	\$94,637,108	\$26,033,094

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Notes to Financial Statements (continued)

	Year Ended			
	June 30, 2014		June 30, 2013	
	Raritan Basin System	Manasquan Water Supply System	Raritan Basin System	Manasquan Water Supply System
Condensed statement of revenue, expenses and changes in net position				
Total operating revenue	\$15,369,782	\$7,870,729	\$15,552,494	\$7,877,531
Operating expenses	11,289,515	2,712,721	12,453,830	2,699,672
Depreciation	2,682,708	1,660,073	2,626,819	1,642,134
Operating income	1,397,559	3,497,935	471,845	3,535,725
Non-operating revenue	413,727	186,760	7,015,495	266,865
Non-operating expense	1,999,801	2,484,146	1,985,345	2,479,778
Change in net position	(188,515)	1,200,549	5,501,995	1,322,812
Net position, beginning of the year, as previously reported	94,637,108	26,033,094	89,168,913	25,080,200
Prior period adjustment	-	-	(33,800)	(369,918)
Net position, beginning of year, as restated	94,637,108	26,033,094	89,135,113	24,710,282
Net position, end of year	\$94,448,593	\$27,233,643	\$94,637,108	\$26,033,094
Condensed statement of cash flows				
Net cash provided by (used in):				
Operating activities	\$4,437,911	\$4,286,992	\$10,783,739	\$5,406,690
Non-capital financing activities	129,293	-	212,023	-
Capital and related financing activities	(5,397,786)	(3,944,954)	(5,144,583)	(2,477,819)
Investing activities	(1,872,198)	105,581	276,365	9,640
Net (decrease) increase in cash and cash equivalents	(2,702,780)	447,619	6,127,544	2,938,511
Beginning cash and cash equivalent balances	31,570,342	12,562,336	25,442,798	9,623,825
Ending cash and cash equivalent balances	\$28,867,562	\$13,009,955	\$31,570,342	\$12,562,336

Supplementary Information

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Combining Schedule of Net Position

June 30, 2014

	Raritan Basin System	Manasquan Reservoir System	Elimination Entries	Combined Total
Assets				
Current assets:				
Unrestricted assets:				
Cash and cash equivalents	\$27,183,060	\$10,117,661	\$ -	\$ 37,300,721
Unbilled sales	973,953	-	-	973,953
Accounts receivable, less allowance for doubtful accounts of \$1,000	243,503	1,921,600	(166,885)	1,998,218
Interest receivable	246,564	21,771	-	268,335
Prepaid expenses and other current assets	825,593	234,169	-	1,059,762
Costs to be recovered from future revenue	(835,210)	1,256,839	-	421,629
Total unrestricted assets	28,637,463	13,552,040	(166,885)	42,022,618
Restricted assets:				
Cash equivalents	1,684,502	2,892,294	-	4,576,796
Investments	-	7,759,390	-	7,759,390
Total restricted assets	1,684,502	10,651,684	-	12,336,186
Total current assets	30,321,965	24,203,724	(166,885)	54,358,804
Non-current assets:				
Investments	11,412,850	1,003,819	-	12,416,669
Costs to be recovered from future revenue	(15,220,603)	14,358,544	-	(862,059)
Capital assets, net of accumulated depreciation of \$129,379,602 at June 30, 2014	82,360,765	58,794,324	-	141,155,089
Total non-current assets	78,553,012	74,156,687	-	152,709,699
Total assets	\$108,874,977	\$98,360,411	\$(166,885)	\$207,068,503
Liabilities				
Current liabilities:				
Current portion of bonds, notes and loans payable	\$ 843,663	\$ 2,940,265	\$ -	\$ 3,783,928
Accounts payable	340,364	336,907	(166,885)	510,386
Accrued liabilities	1,481,888	1,013,310	-	2,495,198
Unearned revenue	-	3,251,695	-	3,251,695
Total current liabilities	2,665,915	7,542,177	(166,885)	10,041,207
Non-current liabilities:				
Non-current portion of bonds, notes and loans payable	11,760,469	63,584,591	-	75,345,060
Total liabilities	14,426,384	71,126,768	(166,885)	85,386,267
Net position				
Invested in capital assets, net of related debt	69,756,633	17,832,652	-	87,589,285
Restricted for repayment of debt principal and interest	1,684,502	7,399,989	-	9,084,491
Unrestricted	23,007,458	2,001,002	-	25,008,460
Total net position	\$94,448,593	\$27,233,643	\$ -	\$121,682,236

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Combining Schedule of Revenue, Expenses
and Changes in Net Position

Year Ended June 30, 2014

	Raritan Basin System	Manasquan Reservoir System	Manasquan Water Treatment Plant	Combined Total
Operating revenue:				
Water sales	\$15,369,782	\$ 7,870,729	\$ -	\$ 23,240,511
Reimbursement of operating expenses	-	-	2,600,238	2,600,238
Total operating revenue	<u>15,369,782</u>	<u>7,870,729</u>	<u>2,600,238</u>	<u>25,840,749</u>
Operating expenses:				
Payroll	5,394,633	745,209	923,051	7,062,893
Operations and maintenance (direct)	3,338,344	835,589	820,901	4,994,834
Operations and maintenance (general and administrative)	-	80,562	57,560	138,122
Fringe benefits	3,296,638	408,961	506,758	4,212,357
Headquarters overhead	(740,100)	642,400	97,700	-
Depreciation	2,682,708	1,660,073	-	4,342,781
Total operating expenses	<u>13,972,223</u>	<u>4,372,794</u>	<u>2,405,970</u>	<u>20,750,987</u>
Income from operations	<u>1,397,559</u>	<u>3,497,935</u>	<u>194,268</u>	<u>5,089,762</u>
Non-operating revenue:				
State of New Jersey – Grant Programs	129,293	-	-	129,293
Investment income	209,878	154,276	2,524	366,678
Rental income	59,251	-	-	59,251
Other income	15,305	32,484	-	47,789
Total non-operating revenue	<u>413,727</u>	<u>186,760</u>	<u>2,524</u>	<u>603,011</u>
Non-operating expenses:				
Interest component of debt service to the State of New Jersey	235,010	1,334,116	-	1,569,126
Bond discount/insurance premium expense	-	28,343	-	28,343
Costs to be recovered from future revenue	1,764,791	1,121,687	196,792	3,083,270
Total non-operating expenses	<u>1,999,801</u>	<u>2,484,146</u>	<u>196,792</u>	<u>4,680,739</u>
Change in net position	(188,515)	1,200,549	-	1,012,034
Net position, beginning of year	94,637,108	26,033,094	-	120,670,202
Net position, end of year	<u>\$94,448,593</u>	<u>\$27,233,643</u>	<u>\$ -</u>	<u>\$121,682,236</u>

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Schedule of Changes in Cash and Investments

Raritan Basin System

Year Ended June 30, 2014

	Operating Fund				
	Revenue Fund	Operating Account	Payroll Account	Operating Fund	Reserve for O&M
Cash and investments - July 1, 2013	\$7,048	\$601,265	\$30,000	\$1,187,542	\$3,267,792
Cash receipts:					
Water sales operations and maintenance	10,581,514	-	-	-	-
Water sales debt service	2,540,227	-	-	-	-
Water sales capital fund	2,030,305	-	-	-	-
Water sales source water protection fund	1,582,745	-	-	-	-
Water sales overdrafts	8,662	-	-	-	-
Rental income	37,844	-	-	-	-
Manasquan reservoir support	-	-	-	-	224,736
Headquarters overhead	-	-	-	722,100	-
Disposition of property	-	-	-	-	-
Recycling revenue	-	-	-	-	-
Sale of investment securities	-	-	-	-	-
Nonrefundable bid deposits	-	-	-	-	-
Insurance reimbursement	-	-	-	-	-
Miscellaneous expense reimbursement	1,221,681	-	-	-	250,501
Transfers:					
Contributions from operating fund	-	11,945,133	3,116,487	(21,386,679)	-
Contributions to operating fund	-	-	-	2,460,322	-
Transfers for operations	(18,918,400)	-	-	18,918,400	-
Transfers for investments	-	-	-	-	-
Distribution from reserves to operations	2,108,553	19,105	-	-	-
Investment income	-	-	-	1,760	81,812
Per resolution, Section 603:					
Investment income, transfer from	381,248	-	-	(1,823)	(81,913)
Investment income, transfer to	(381,248)	-	-	-	277,189
Unrealized gain/(loss) on fair value	-	-	-	-	(48,796)
Total cash receipts	1,193,131	11,964,238	3,116,487	714,080	703,529
Total available cash and investments	\$1,200,179	\$12,565,503	\$3,146,487	\$1,901,622	\$3,971,321

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Schedule of Changes in Cash and Investments
Raritan Basin System (continued)
Year Ended June 30, 2014

Operating Fund					
Self-Insurance Reserve	Depreciation Reserve	Pumping Reserve	Capital Improvements Investments II	Source Water Protection Fund	Subtotal
\$1,067,909	\$3,670,216	\$624,345	\$7,227,566	\$1,734,698	\$19,418,381
-	-	-	-	-	10,581,514
-	-	-	-	-	2,540,227
-	-	-	-	-	2,030,305
-	-	-	-	-	1,582,745
-	-	-	-	-	8,662
-	-	-	-	-	37,844
-	-	-	-	-	224,736
-	-	-	-	-	722,100
-	46,364	-	-	-	46,364
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,472,182
-	-	150,000	-	636,000	(5,539,059)
-	(256,543)	-	-	(30,730)	2,173,049
-	-	-	-	-	-
-	-	-	-	-	2,127,658
37,148	106,532	1,077	158,896	3,279	390,504
(37,154)	(103,987)	-	(156,250)	-	121
-	103,987	-	-	-	(72)
(22,771)	(65,278)	-	(182,861)	-	(319,706)
(22,777)	(168,925)	151,077	(180,215)	608,549	18,079,174
\$1,045,132	\$3,501,291	\$775,422	\$7,047,351	\$2,343,247	\$37,497,555

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Schedule of Changes in Cash and Investments

Raritan Basin System (continued)

Year Ended June 30, 2014

	Subtotal	Parity SWP Bond Fund	Subordinated SWP Bond Fund	Major Rehabilitation	Capital Improvement Fund	D & R Mitigation Fund
Cash and investments - July 1, 2013	\$19,418,381	\$362,972	\$567,319	\$1,180,678	\$13,882,019	\$20,060
Cash receipts:						
Water sales operations and maintenance	10,581,514	-	-	-	-	-
Water sales debt service	2,540,227	-	-	-	-	-
Water sales capital fund	2,030,305	-	-	-	-	-
Water sales source water protection fund	1,582,745	-	-	-	-	-
Water sales overdrafts	8,662	-	-	-	-	-
Rental income	37,844	-	-	-	-	-
Manasquan reservoir support	224,736	-	-	-	-	-
Headquarters overhead	722,100	-	-	-	-	-
Disposition of property	46,364	-	-	-	-	-
Recycling revenue	-	-	-	-	-	-
Sale of investment securities	-	-	-	-	-	-
Nonrefundable bid deposits	-	-	-	-	-	-
Insurance reimbursement	-	-	-	-	-	-
Miscellaneous expense reimbursement	1,472,182	-	-	-	-	-
Transfers:						
Contributions from operating fund	(5,539,059)	264,000	696,000	-	2,070,252	-
Contributions to operating fund	2,173,049	-	-	(5,520)	(1,511,816)	-
Transfers for operations	-	-	-	-	-	-
Transfers for investments	-	-	-	-	-	-
Distribution from reserves to operations	2,127,658	-	-	-	-	-
Investment income	390,504	253	437	1,909	23,658	30
Per resolution, Section 603:						
Investment income, transfer from	121	-	-	-	-	-
Investment income, transfer to	(72)	-	-	-	72	-
Unrealized gain/(loss) on fair value	(319,706)	-	-	-	-	-
Total cash receipts	18,079,174	264,253	696,437	(3,611)	582,166	30
Total available cash and investments	\$37,497,555	\$627,225	\$1,263,756	\$1,177,067	\$14,464,185	\$20,090

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Schedule of Changes in Cash and Investments
Raritan Basin System (continued)
Year Ended June 30, 2014

D & R Canal Dredging	Rate Stabilization Fund	Employment Benefit Funds	1998 Bonds Debt Service Account	1998 Bonds Debt Service Reserve	Rate Stabilization Fund	Totals
\$0	\$0	\$754,847	\$10,249	\$2,741,704	\$2,112,227	\$41,050,456
-	-	-	-	-	-	10,581,514
-	-	-	-	-	-	2,540,227
-	-	-	-	-	-	2,030,305
-	-	-	-	-	-	1,582,745
-	-	-	-	-	-	8,662
-	-	-	-	-	-	37,844
-	-	-	-	-	-	224,736
-	-	-	-	-	-	722,100
-	-	-	-	-	-	46,364
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	60	-	-	-	1,472,242
1,663,314	85,777	845,493	2,659,626	(2,741,747)	(3,656)	-
-	-	(655,713)	-	-	-	-
-	-	-	-	-	-	-
-	-	(19,105)	-	-	(2,108,553)	-
1,098	41	1,298	-	115	31	419,374
-	-	-	-	(72)	(49)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(319,706)
1,664,412	85,818	172,033	2,659,626	(2,741,704)	(2,112,227)	19,346,407
\$1,664,412	\$85,818	\$926,880	\$2,669,875	\$0	\$0	\$60,396,863

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Schedule of Changes in Cash and Investments
Raritan Basin System (continued)

Year Ended June 30, 2014

	Operating Fund				Reserve for O&M
	Revenue Fund	Operating Account	Payroll Account	Operating Fund	
Total available cash and investments	\$1,200,179	\$12,565,503	\$3,146,487	\$1,901,622	\$3,971,321
Cash disbursements:					
Payroll	-	-	3,116,487	-	-
Fringe benefits	-	41,936	-	859,580	-
Employee deferred comp. and credit union	-	668,559	-	232,173	-
Operations and maintenance	-	11,389,512	-	-	-
Prepaid insurance	-	-	-	-	-
Miscellaneous disbursements	-	-	-	-	-
Watershed Management Fund	-	-	-	-	-
Capital improvements:					
Capital assets	-	-	-	-	-
New five-year construction project	-	-	-	-	-
Purchase of investment securities	-	-	-	-	-
Principal on 1998 revenue bonds	-	-	-	-	-
Interest on 1998 revenue bonds	-	-	-	-	-
Principal on NJEIT revenue bonds	-	-	-	-	-
Interest on NJEIT revenue bonds	-	-	-	-	-
Total cash disbursements	-	12,100,007	3,116,487	1,091,753	-
Cash and investments - June 30, 2014	\$1,200,179	\$465,496	\$30,000	\$809,869	\$3,971,321
Summary of cash and investments:					
Cash	\$1,200,179	\$465,496	\$30,000	\$ -	\$ -
Short-term investments	-	-	-	809,869	2,367,495
Long-term investments	-	-	-	-	1,603,826
Restricted investments (current)	-	-	-	-	-
Total cash and investments	\$1,200,179	\$465,496	\$30,000	\$809,869	\$3,971,321

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Schedule of Changes in Cash and Investments
Raritan Basin System (continued)
Year Ended June 30, 2014

Operating Fund			Capital	Source Water	
Self-Insurance Reserve	Depreciation Reserve	Pumping Reserve	Improvements Investments II	Protection Fund	Subtotal
\$1,045,132	\$3,501,291	\$775,422	\$7,047,351	\$2,343,247	\$37,497,555
-	-	-	-	-	3,116,487
-	-	-	-	-	901,516
-	-	-	-	-	900,732
-	-	-	-	-	11,389,512
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	39,142	-	39,142
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	39,142	-	16,347,389
\$1,045,132	\$3,501,291	\$775,422	\$7,008,209	\$2,343,247	\$21,150,166
\$ -	\$ -	\$ -	\$ -	\$ -	\$1,695,675
296,680	1,374,478	775,422	74,450	2,343,247	8,041,641
748,452	2,126,813	-	6,933,759	-	11,412,850
-	-	-	-	-	-
\$1,045,132	\$3,501,291	\$775,422	\$7,008,209	\$2,343,247	\$21,150,166

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Schedule of Changes in Cash and Investments
Raritan Basin System (continued)
Year Ended June 30, 2014

	Subtotal	Parity SWP Bond Fund	Subordinated SWP Bond Fund	Major Rehabilitation	Capital Improvement Fund	D & R Mitigation Fund
Total available cash and investments	\$37,497,555	\$627,225	\$1,263,756	\$1,177,067	\$14,464,185	\$20,090
Cash disbursements:						
Payroll	3,116,487	-	-	-	-	-
Fringe benefits	901,516	-	-	-	-	-
Employee deferred comp. and credit union	900,732	-	-	-	-	-
Operations and maintenance	11,389,512	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	-
Miscellaneous disbursements	-	-	-	-	-	-
Watershed Management Fund	-	-	-	-	-	-
Capital improvements:						
Capital assets	-	-	-	-	-	-
New five-year construction project	-	-	-	-	-	-
Purchase of investment securities	39,142	-	-	-	-	-
Principal on 1998 revenue bonds	-	-	-	-	-	-
Interest on 1998 revenue bonds	-	-	-	-	-	-
Principal on NJEIT revenue bonds	-	292,983	534,727	-	-	-
Interest on NJEIT revenue bonds	-	50,621	177,329	-	-	-
Total cash disbursements	16,347,389	343,604	712,056	-	-	-
Cash and investments - June 30, 2014	\$21,150,166	\$283,621	\$551,700	\$1,177,067	\$14,464,185	\$20,090
Summary of cash and investments:						
Cash	\$1,695,675	\$ -	\$ -	\$ -	\$ -	\$ -
Short-term investments	8,041,641	283,621	551,700	1,177,067	14,464,185	20,090
Long-term investments	11,412,850	-	-	-	-	-
Restricted investments (current)	-	-	-	-	-	-
Total cash and investments	\$21,150,166	\$283,621	\$551,700	\$1,177,067	\$14,464,185	\$20,090

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Schedule of Changes in Cash and Investments
Raritan Basin System (continued)
Year Ended June 30, 2014

D & R Canal Dredging	Rate Stabilization Fund	Employment Benefit Funds	1998 Bonds Debt Service Account	1998 Bonds Debt Service Reserve	Rate Stabilization Fund	Totals
\$1,664,412	\$85,818	\$926,880	\$2,669,875	\$0	\$0	\$60,396,863
-	-	-	-	-	-	3,116,487
-	-	-	-	-	-	901,516
-	-	-	-	-	-	900,732
-	-	-	-	-	-	11,389,512
-	-	43,527	-	-	-	43,527
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	39,142
-	-	-	2,600,000	-	-	2,600,000
-	-	-	69,875	-	-	69,875
-	-	-	-	-	-	827,710
-	-	-	-	-	-	227,950
-	-	43,527	2,669,875	-	-	20,116,451
\$1,664,412	\$85,818	\$883,353	\$0	\$0	\$0	\$40,280,412
\$ -	\$ -	\$40,182	\$ -	\$ -	\$ -	\$1,735,857
1,664,412	85,818	843,171	-	-	-	27,131,705
-	-	-	-	-	-	11,412,850
-	-	-	-	-	-	-
\$1,664,412	\$85,818	\$883,353	\$0	\$0	\$0	\$40,280,412

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Schedule of Changes in Cash and Investments
Manasquan Water Supply System
Year Ended June 30, 2014

	Operating Fund				Reserve for O&M
	Revenue Fund	Operating Account	Payroll Account	Operating Fund	
Cash and investments - July 1, 2013	\$103,552	\$2,451,457	\$20,000	\$1,420,212	\$1,234,679
Cash receipts:					
Water sales operations and maintenance	2,267,730	-	-	-	-
Water sales debt service	4,137,858	-	-	-	-
Source water protection	95,653	-	-	-	-
Water sales overdrafts NJEIT	162,231	-	-	-	-
NJ-American pumping costs	-	-	-	-	218,243
Headquarters overhead	-	-	-	-	-
Reimbursement of WTP capital expenses	-	-	-	-	-
Disposition of assets	-	-	-	-	-
Sale of investment securities	-	-	-	-	-
Nonrefundable bid deposits	-	-	-	-	-
Miscellaneous reimbursement	835,541	-	-	-	18,779
Transfers:					
Contributions from operating fund	-	2,627,628	1,031,191	(8,641,337)	-
Contributions to operating fund	-	-	-	2,588,409	(1,721)
Transfers for operations	(7,203,555)	-	-	7,203,555	-
Distribution from reserves to operations	(239,630)	196,103	-	239,630	-
Investment income	-	-	-	2,254	22,421
Per resolution, Section 603:					
Investment income, transfer from	54,931	-	-	(2,266)	(22,423)
Investment income, transfer to	(54,931)	-	-	4,170	33,925
Unrealized (loss) gain on fair value	-	-	-	-	(13,012)
Total cash receipts	55,828	2,823,731	1,031,191	1,394,415	256,212
Total cash and investments	\$159,380	\$5,275,188	\$1,051,191	\$2,814,627	\$1,490,891

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Schedule of Changes in Cash and Investments
Manasquan Water Supply System (continued)
Year Ended June 30, 2014

Self- Insurance Reserve	Renewal and Replacement Account	Water Reuse & Recycling	Source Water Protection	Depreciation Reserve	Pumping Reserve	Sediment Reserve	Subtotal
\$260,002	\$3,024,148	\$29,978	\$1,367,667	\$446,547	\$163,484	\$103,298	\$10,625,024
-	-	-	-	-	-	-	2,267,730
-	-	-	-	-	-	-	4,137,858
-	-	-	-	-	-	-	95,653
-	-	-	-	-	-	-	162,231
-	-	-	-	-	-	-	218,243
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	36,399	-	-	24,030	-	-	914,749
-	122,720	-	112,568	-	-	10,000	(4,737,230)
-	(266,026)	-	(5,373)	(72,513)	-	-	2,242,776
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	196,103
11,057	5,008	45	2,307	16,492	2,049	96	61,729
(11,058)	-	-	-	(16,425)	(2,050)	(97)	612
-	-	-	-	16,425	-	-	(411)
(6,938)	-	-	-	(10,344)	(1,214)	-	(31,508)
(6,939)	(101,899)	45	109,502	(42,335)	(1,215)	9,999	5,528,535
\$253,063	\$2,922,249	\$30,023	\$1,477,169	\$404,212	\$162,269	\$113,297	\$16,153,559

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Schedule of Changes in Cash and Investments
Manasquan Water Supply System (continued)
Year Ended June 30, 2014

	Water Treatment Plant/Transmission System						
	Subtotal	Operating Account	Operating Fund	Residuals Reserve	Carbon Filter Reserve	Self-Insurance Reserve	Capital Improvement Reserve
Cash and investments - July 1, 2013	\$10,625,024	\$144,820	\$76,977	\$9,487	\$98,434	\$253,183	\$1,527,918
Cash receipts:							
Water sales operations and maintenance	2,267,730	-	-	-	-	-	-
Water sales debt service	4,137,858	-	-	-	-	-	-
Source water protection	95,653	-	-	-	-	-	-
Water sales overdrafts NJEIT	162,231	-	-	-	-	-	-
NJ-American pumping costs	218,243	-	-	-	-	-	-
Headquarters overhead	-	-	2,600,238	-	-	-	-
Reimbursement of WTP capital expenses	-	-	-	-	-	-	-
Disposition of assets	-	-	-	-	-	-	-
Sale of investment securities	-	-	-	-	-	-	-
Nonrefundable bid deposits	-	-	-	-	-	-	-
Miscellaneous reimbursement	914,749	-	728,536	-	-	-	2,452,116
Transfers:							
Contributions from operating fund	(4,737,230)	3,450,000	(4,503,137)	-	-	-	1,100,000
Contributions to operating fund	2,242,776	-	1,947,265	-	-	-	(3,486,038)
Transfers for operations	-	-	-	-	-	-	-
Distribution from reserves to operations	196,103	-	(773)	-	-	-	-
Investment income	61,729	-	443	15	89	350	1,628
Per resolution, Section 603:							
Investment income, transfer from	612	-	-	(14)	(74)	(323)	-
Investment income, transfer to	(411)	-	411	-	-	-	-
Unrealized (loss) gain on fair value	(31,508)	-	-	-	-	-	-
Total cash receipts	5,528,535	3,450,000	772,983	1	15	27	67,706
Total cash and investments	\$16,153,559	\$3,594,820	\$849,960	\$9,488	\$98,449	\$253,210	\$1,595,624

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Schedule of Changes in Cash and Investments
Manasquan Water Supply System (continued)
Year Ended June 30, 2014

NJEIT Debt Service Fund	2005 Debt Service Account	2005 Debt Service Reserve	Debt Service Account	Debt Service Reserve	Rebate Fund	General Reserve Fund	Employment Benefit Funds	Totals
\$312,861	\$3,567,199	\$3,619,684	\$19,220	\$7,965	\$149,735	\$617,245	\$244,574	\$21,274,326
-	-	-	-	-	-	-	-	2,267,730
-	-	-	-	-	-	-	-	4,137,858
-	-	-	-	-	-	-	-	95,653
-	-	-	-	-	-	-	-	162,231
-	-	-	-	-	-	-	-	218,243
-	-	-	-	-	-	-	-	2,600,238
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	4,095,401
203,893	4,239,501	-	5,067	1,268	-	-	240,638	-
-	-	(128,000)	-	-	-	(576,003)	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(195,330)	-
386	274	122,691	2	1	176	157	369	188,310
-	-	-	-	-	-	(201)	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(31,508)
204,279	4,239,775	(5,309)	5,069	1,269	176	(576,047)	45,677	13,734,156
\$517,140	\$7,806,974	\$3,614,375	\$24,289	\$9,234	\$149,911	\$41,198	\$290,251	\$35,008,482

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Schedule of Changes in Cash and Investments
Manasquan Water Supply System (continued)
Year Ended June 30, 2014

	Operating Fund				
	Revenue Fund	Operating Account	Payroll Account	Operating Fund	Reserve for O&M
Total available cash and investments	\$159,380	\$5,275,188	\$1,051,191	\$2,814,627	\$1,490,891
Cash disbursements:					
Payroll	-	-	1,031,191	-	-
Fringe benefits	-	1,797,438	-	(1,498,244)	-
Employee deferred comp. and credit union	-	153,655	-	191,744	-
Operations and maintenance	-	2,420,900	-	638,664	-
NJ-American pumping costs	-	-	-	-	-
Prepaid insurance	-	-	-	-	-
Headquarters overhead	-	-	-	624,400	-
Capital assets reservoir	-	-	-	-	-
Capital improvement program (reservoir)	-	-	-	-	-
Purchase of investment securities	-	-	-	-	-
Principal on bonds	-	-	-	-	-
Interest on bonds	-	-	-	-	-
Total cash disbursements	-	4,371,993	1,031,191	(43,436)	-
Cash and investments - June 30, 2014	\$159,380	\$903,195	\$20,000	\$2,858,063	\$1,490,891
Summary of cash and investments:					
Cash (Manasquan)	\$159,380	\$903,195	\$20,000	\$ -	\$ -
Cash (Water Treatment Plant/TS)	-	-	-	-	-
Short-term investments	-	-	-	2,858,063	1,062,387
Short-term investments (WTP/TS)	-	-	-	-	-
Long-term investments	-	-	-	-	428,504
Restricted investments (current)	-	-	-	-	-
Restricted investments (long-term)	-	-	-	-	-
Total cash and investments	\$159,380	\$903,195	\$20,000	\$2,858,063	\$1,490,891

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Schedule of Changes in Cash and Investments
Manasquan Water Supply System (continued)
Year Ended June 30, 2014

Self-Insurance Reserve	Renewal and Replacement Account	Water Reuse & Recycling	Source Water Protection	Depreciation Reserve	Pumping Reserve	Sediment Reserve	Subtotal
\$253,063	\$2,922,249	\$30,023	\$1,477,169	\$404,212	\$162,269	\$113,297	\$16,153,559
-	-	-	-	-	-	-	1,031,191
-	-	-	-	-	-	-	299,194
-	-	-	-	-	-	-	345,399
-	-	-	-	3,780	-	-	3,063,344
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	624,400
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	3,780	-	-	5,363,528
\$253,063	\$2,922,249	\$30,023	\$1,477,169	\$400,432	\$162,269	\$113,297	\$10,790,031
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,082,575
-	-	-	-	-	-	-	-
37,685	2,922,249	30,023	1,477,169	78,112	124,652	113,297	8,703,637
-	-	-	-	-	-	-	-
215,378	-	-	-	322,320	37,617	-	1,003,819
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$253,063	\$2,922,249	\$30,023	\$1,477,169	\$400,432	\$162,269	\$113,297	\$10,790,031

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Schedule of Changes in Cash and Investments
Manasquan Water Supply System (continued)
Year Ended June 30, 2014

	Water Treatment Plant/Transmission System						
	Subtotal	Operating Account	Operating Fund	Residuals Reserve	Carbon Filter Reserve	Self-Insurance Reserve	Capital Improvement Reserve
Total available cash and investments	\$16,153,559	\$3,594,820	\$849,960	\$9,488	\$98,449	\$253,210	\$1,595,624
Cash disbursements:							
Payroll	1,031,191	-	-	-	-	-	-
Fringe benefits	299,194	-	-	-	-	-	-
Employee deferred comp. and credit union	345,399	-	-	-	-	-	-
Operations and maintenance	3,063,344	3,395,199	(6,374)	-	-	-	-
NJ-American pumping costs	-	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	-	-
Headquarters overhead	624,400	-	97,700	-	-	-	-
Capital assets reservoir	-	-	-	-	-	-	-
Capital improvement program (reservoir)	-	-	-	-	-	-	22,732
Purchase of investment securities	-	-	-	-	-	-	-
Principal on bonds	-	-	-	-	-	-	-
Interest on bonds	-	-	-	-	-	-	-
Total cash disbursements	5,363,528	3,395,199	91,326	-	-	-	22,732
Cash and investments - June 30, 2014	\$10,790,031	\$199,621	\$758,634	\$9,488	\$98,449	\$253,210	\$1,572,892
Summary of cash and investments:							
Cash (Manasquan)	\$1,082,575	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash (Water Treatment Plant/TS)	-	199,621	-	-	-	-	-
Short-term investments	8,703,637	-	-	-	-	-	-
Short-term investments (WTP/TS)	-	-	758,634	9,488	98,449	253,210	1,572,892
Long-term investments	1,003,819	-	-	-	-	-	-
Restricted investments (current)	-	-	-	-	-	-	-
Restricted investments (long-term)	-	-	-	-	-	-	-
Total cash and investments	\$10,790,031	\$199,621	\$758,634	\$9,488	\$98,449	\$253,210	\$1,572,892

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Schedule of Changes in Cash and Investments
Manasquan Water Supply System (continued)
Year Ended June 30, 2014

NJGIT Debt Service	2005 Debt Service Account	2005 Debt Service Reserve	Debt Service Account	Debt Service Reserve	Rebate Fund	General Reserve Fund	Employment Benefit Funds	Totals
\$517,140	\$7,806,974	\$3,614,375	\$24,289	\$9,234	\$149,911	\$41,198	\$290,251	\$35,008,482
-	-	-	-	-	-	-	-	1,031,191
-	-	-	-	-	-	-	-	299,194
-	-	-	-	-	-	-	-	345,399
-	-	-	-	-	-	-	-	6,452,169
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	722,100
-	-	-	-	-	-	-	-	22,732
-	-	-	-	-	-	-	-	-
142,572	2,660,000	-	2,541	-	-	-	-	2,805,113
40,903	1,511,500	-	5,017	-	-	-	-	1,557,420
183,475	4,171,500	-	7,558	-	-	-	-	13,235,318
\$333,665	\$3,635,474	\$3,614,375	\$16,731	\$9,234	\$149,911	\$41,198	\$290,251	\$21,773,164
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,082,575
-	-	-	-	-	-	-	-	199,621
-	-	-	-	-	-	41,198	290,251	9,035,086
-	-	-	-	-	-	-	-	2,692,673
-	-	-	-	-	-	-	-	1,003,819
\$333,665	3,635,474	3,614,375	16,731	9,234	149,911	-	-	7,759,390
-	-	-	-	-	-	-	-	-
\$333,665	\$3,635,474	\$3,614,375	\$16,731	\$9,234	\$149,911	\$41,198	\$290,251	\$21,773,164

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Statistical Section

FINANCIAL TREND DATA

These schedules contain trend information on the Authority's financial performance over time.

Summary of Financial Information.....	2005- 2014
Summary of Raritan Basin System Water Use Contracts	2005- 2014
Summary of Manasquan Water Supply System Water Use Contracts	2005- 2014

DEBT CAPACITY DATA

The schedules present information on the Authority's current levels of outstanding debt and the ability to issue debt in the future.

Raritan Basin System Revenue Bond Coverage	2005- 2014
Manasquan System Revenue Bond Coverage	2005- 2014

REVENUE CAPACITY DATA

These schedules contain information on the Authority's most significant revenue source.

Raritan Basin System Water Charges	2000- 2015
Manasquan Water Supply System Water Charges	2000- 2015

OPERATING INFORMATION

These schedules contain operational and infrastructure data in relation to the services the Authority provides.

Spruce Run Rain Gauge	2005- 2014
West Windsor Rain Gauge	2005- 2014
Spruce Run Reservoir Storage	2005- 2014
Round Valley Reservoir Storage	2005- 2014
Manasquan System Rainfall	2005- 2014
Manasquan Reservoir Storage Data.....	2005- 2014

DEBT, ECONOMIC AND DEMOGRAPHIC INFORMATION

Bonds, Notes and Loans Payable	2014
Ten Largest State of New Jersey Employers	2003-2012
State of New Jersey Population and Employment Trends	2003-2012

General Ledger Detail Report

NJWSA-RARITAN BASIN SYSTEM (WSA)

Detail Postings for Period 01 Thru 12 Ending 6/30/2013

Account Number/Description Period Date	Journal	Source	Batch	Beginning Balance	Debit	Credit	Net Change	Ending Balance
1203-00				107,528.81				
Gauging Station at Landing Lane - CIP								107,528.81
Comments:								
1204-00				107,528.81	0.00	0.00	0.00	107,528.81
SR/RV Hydropower Projects - CIP								
12	6/30/2013	JE-000030	G/L 00001	100,353.69		100,353.69		0.00
Comments: Expense Non-Capital Construction Expense								
1205-00				100,353.69	0.00	100,353.69	100,353.69	0.00
Sluice Gates for D&R Canal - CIP								
Comments:								
1208-00				388,248.12	0.00	0.00	0.00	388,248.12
Bedload Stone Trap @ Wickecheoke Creek								
10	4/11/2013	PO-010538	P/O 02424	388,248.12	250.00			250.00
Comments: CORTES & HAY, INC. INV:13-1970								
1209-00				0.00	250.00	0.00	250.00	250.00
Remove sediment SBRR & create storate SR - CIP								
09	3/26/2013	PO-010515	P/O 02401	0.00	450.00			450.00
Comments: TREASURER, STATE OF NEW JERSEY INV:110549								
09	3/31/2013	JE-000010	G/L 00001	0.00	1,148.86			1,598.86
Comments: Month End Accrual								
10	4/3/2013	PO-010524	P/O 02410	0.00	1,148.86			2,747.72
Comments: FORESTRY SUPPLIERS, INC. INV:436431-00								
10	4/9/2013	PO-010535	P/O 02421	0.00	26.50			2,774.22
Comments: FORESTRY SUPPLIERS, INC. INV:436431-01								
10	4/9/2013	PO-010535	P/O 02421	0.00	1,391.62			4,165.84
Comments: ABBCO- AMERICAN BOOM INV:9917								
10	4/19/2013	PO-010550	P/O 02437	0.00	425.00			4,590.84
Comments: JOHN DEERE FINANCIAL INV:26120								
10	4/23/2013	PO-010554	P/O 02441	0.00	1,100.00			5,690.84
Comments: JOHN DEERE FINANCIAL INV:26116								
10	4/30/2013	JE-000010	G/L 00001	0.00		1,148.86		4,541.98
Comments: Reversal: Month End Accrual								
10	4/30/2013	JE-000010	G/L 00001	0.00	2,411.98			6,953.96

General Ledger Detail Report

NJWSA-RARITAN BASIN SYSTEM (WSA)

Detail Postings for Period 01 Thru 12 Ending 6/30/2013

Account Number/Description	Period Date	Journal	Source	Batch	Beginning Balance	Debit	Credit	Net Change	Ending Balance
Comments: Month End Accrual									
10	4/30/2013	JE-000029	G/L	00001		2,100.00			9,053.96
Comments: Reclass Permit Fees to Projects									
10	4/30/2013	JE-000029	G/L	00001		1,100.00			10,153.96
Comments: Reclass Permit Fees to Projects									
10	4/30/2013	JE-000029	G/L	00001		80.00			10,233.96
Comments: Reclass Permit Fees to Projects									
10	4/30/2013	PO-010563	P/O	02450		3,539.58			13,773.54
Comments: JOHN DEERE FINANCIAL INV:26243									
10	4/30/2013	PO-010563	P/O	02450		222.00			13,995.54
Comments: JOHNNY ON THE SPOT INV:J-1194993									
10	4/30/2013	PO-010563	P/O	02450		892.50			14,888.04
Comments: FLEMINGTON BITUMINOUS CORP. INV:8713									
10	4/30/2013	PO-010563	P/O	02450		19,004.20			33,892.24
Comments: FLEMINGTON BITUMINOUS CORP. INV:87-13									
11	5/9/2013	PO-010570	P/O	02456		760.00			34,652.24
Comments: JONATHAN GREEN INV:201913									
11	5/9/2013	PO-010570	P/O	02456		100.00			34,752.24
Comments: JONATHAN GREEN INV:201959									
11	5/9/2013	PO-010570	P/O	02456		650.00			35,402.24
Comments: JOHN DEERE FINANCIAL INV:26551									
11	5/15/2013	PO-010579	P/O	02467		1,651.96			37,054.20
Comments: TILCON NEW YORK, INC. INV:1665769									
11	5/21/2013	PO-010587	P/O	02474		350.00			37,404.20
Comments: JOHN DEERE FINANCIAL INV:26704									
11	5/21/2013	PO-010587	P/O	02474		2,279.68			39,683.88
Comments: TILCON NEW YORK, INC. INV:40613524									
11	5/30/2013	PO-010593	P/O	02482		515.07			40,198.95
Comments: TILCON NEW YORK, INC. INV:1676237									
11	5/30/2013	PO-010593	P/O	02482		100.38			40,299.33
Comments: W. W. GRAINGER, INC. INV:9144550317									
11	5/31/2013	JE-000010	G/L	00001			2,411.98		37,887.35
Comments: Reversal: Month End Accrual									
11	5/31/2013	JE-000010	G/L	00001		811.95			38,699.30
Comments: MONTH END ACCRUAL									
12	6/6/2013	PO-010605	P/O	02495		37.00			38,736.30
Comments: JOHNNY ON THE SPOT INV:J-1207186									
12	6/17/2013	PO-010620	P/O	02512		811.95			39,548.25
Comments: GEMPLERS INV:1019525361									
12	6/27/2013	PO-010638	P/O	02532		98.80			39,647.05
Comments: COURIER-NEWS INV:101773650									
12	6/27/2013	PO-010638	P/O	02532		126.50			39,773.55
Comments: JOHNNY ON THE SPOT INV:J-1208942									

General Ledger Detail Report

NJWSA-RARITAN BASIN SYSTEM (WSA)

Detail Postings for Period 01 Thru 12 Ending 6/30/2013

Account Number/Description	Period	Date	Journal	Source	Batch	Beginning Balance	Debit	Credit	Net Change	Ending Balance
12	6/30/2013		JE-000010	G/L	00001	0.00	43,334.39	811.95		38,961.60
Comments: Reversal: MONTH END ACCRUAL										
1215-00						387.00				
CANAL EMBANKMENT @ STA 84 CIP2										
Comments:										
1217-00						1,629,156.64				
REHAB OF THE PARKSIDE AVE AQUEDUCT-CIP										
11	5/31/2013		JE-000029	G/L	00001	387.00	0.00	0.00	0.00	387.00
Comments: Capitalize rehab of Parkside Ave Aqueduc										
1222-00						571,380.61				
INSTRUMENTATION @ D&R CANAL										
12	6/30/2013		JE-000030	G/L	00001	571,380.61	0.00	571,380.61	571,380.61	0.00
Comments: Expense Non Capital Construction Expense										
1232-00						559,164.09				
Rehab of the Swan Creek Aqueduct -CIP										
07	1/11/2013		PO-010434	P/O	02318		975.00			560,139.09
Comments: HUNTERDON COUNTY SOIL INV:PERN APP										
11	5/30/2013		PO-010593	P/O	02482		66.76			560,205.85
Comments: THE STAR-LEDGER INV:103580701										
11	5/30/2013		PO-010593	P/O	02482		210.64			560,416.49
Comments: THE STAR-LEDGER INV:103580532										
11	5/30/2013		PO-010593	P/O	02482		47.95			560,464.44
Comments: NJN PUBLISHING INV:2596579000										
11	5/31/2013		MC-000249	A/P	00001			210.64		560,253.80
Comments: THE STAR-LEDGER 055275										
11	5/31/2013		MC-000249	A/P	00001			66.76		560,187.04
Comments: THE STAR-LEDGER 055275										
11	5/31/2013		PO-010596	P/O	02486		210.64			560,397.68
Comments: THE STAR-LEDGER INV:3580532										
11	5/31/2013		PO-010596	P/O	02486		66.76			560,464.44
Comments: THE TIMES OF TRENTON INV:3580701										
1233-00						559,164.09	1,577.75	277.40	1,300.35	560,464.44
Rehab Colonial Park Spillway @ Stat 2459 - CIP										
Comments:										
47,009.38										

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NJWSA-RARITAN BASIN SYSTEM (WSA)

Detail Postings for Period 01 Thru 12 Ending 6/30/2013

Account Number/Description	Period Date	Journal	Source	Batch	Beginning Balance	Debit	Credit	Net Change	Ending Balance
02 8/8/2012 PO-010262 P/O 02143					400.00				47,409.38
Comments: PAULUS, SOKOLOWSKI & SARTOR INV:101268									
02 8/22/2012 PO-010279 P/O 02161					310.00				47,719.38
Comments: PAULUS, SOKOLOWSKI & SARTOR INV:101456									
03 9/25/2012 PO-010321 P/O 02204					62.89				47,782.27
Comments: NJN PUBLISHING INV:42310									
03 9/25/2012 PO-010321 P/O 02204					122.00				47,904.27
Comments: ASBURY PARK PRESS INV:101617517									
03 9/28/2012 PO-010328 P/O 02210					260.52				48,164.79
Comments: THE STAR LEDGER INV:103481311									
04 10/5/2012 PO-010336 P/O 02218					248.00				48,412.79
Comments: PAULUS, SOKOLOWSKI & SARTOR INV:101852									
04 10/25/2012 PO-010362 P/O 02244					1,240.00				49,652.79
Comments: PAULUS, SOKOLOWSKI & SARTOR INV:102097									
04 10/25/2012 PO-010362 P/O 02244					80.68				49,733.47
Comments: THE TIMES INV:-09132012									
07 1/31/2013 PO-010453 P/O 02337					101,646.00				151,379.47
Comments: ADAMSVILLE MAINTENANCE, INC. INV:7844									
08 2/7/2013 PO-010459 P/O 02344					73.00				151,452.47
Comments: FRANKLIN TOWNSHIP CLERK INV:PERMIT									
08 2/12/2013 PO-010464 P/O 02348					73.00				151,525.47
Comments: SOMERSET COUNTY CLERK INV:REC. FEE									
08 2/14/2013 MC-000238 A/P 00001							73.00		151,452.47
Comments: FRANKLIN TOWNSHIP CLERK 054650									
08 2/20/2013 PO-010472 P/O 02356					6,054.75				157,507.22
Comments: FRENCH & PARELLO INV:89978									
08 2/27/2013 PO-010480 P/O 02364					664.00				158,171.22
Comments: PAULUS, SOKOLOWSKI & SARTOR INV:103299									
09 3/4/2013 PO-010487 P/O 02371					161,994.60				320,165.82
Comments: ADAMSVILLE MAINTENANCE, INC. INV:7881									
09 3/26/2013 PO-010515 P/O 02401					2,105.09				322,270.91
Comments: PAULUS, SOKOLOWSKI & SARTOR INV:103722									
10 4/3/2013 PO-010524 P/O 02410					163,485.40				485,756.31
Comments: ADAMSVILLE MAINTENANCE, INC. INV:7889									
10 4/3/2013 PO-010524 P/O 02410					2,360.00				488,116.31
Comments: FRENCH & PARELLO INV:90427									
10 4/30/2013 PO-010563 P/O 02450					558.00				488,674.31
Comments: PAULUS, SOKOLOWSKI & SARTOR INV:103963									
10 4/30/2013 PO-010565 P/O 02452					130,094.00				618,768.31
Comments: ADAMSVILLE MAINTENANCE, INC. INV:7911									
11 5/23/2013 PO-010590 P/O 02479					6,140.00				624,908.31
Comments: FRENCH & PARELLO INV:90857									
11 5/23/2013 PO-010590 P/O 02479					868.00				625,776.31

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Account Number/Description	Period Date	Journal	Source	Batch	Beginning Balance	Debit	Credit	Net Change	Ending Balance
Comments: PAULUS, SOKOLOWSKI & SARTOR INV:104321									
12	6/5/2013	PO-010603	P/O	02492		116,568.00			742,344.31
Comments: ADAMSVILLE MAINTENANCE, INC. INV:7923									
12	6/21/2013	PO-010626	P/O	02518		918.00			743,262.31
Comments: PAULUS, SOKOLOWSKI & SARTOR INV:104589									
12	6/30/2013	PO-010647	P/O	02540		2,799.41			746,061.72
Comments: FRENCH & PARELLO INV:91240									
1235-00					47,009.38	699,125.34	73.00	699,052.34	746,061.72
Catholic Protection for RVFM & RP - CIP					94,325.04				
11	5/31/2013	JE-000029	G/L	00001			94,325.04		0.00
Comments: Capitalize Catholic Protection for RV									
1237-00					94,325.04	0.00	94,325.04	94,325.04	0.00
Rehab Six Mile Clvrt Station 2298+17 CIP					82,901.27				
12	6/30/2013	JE-000030	G/L	00001			82,901.27		0.00
Comments: Expense Non Capital Construction Expense									
1239-00					82,901.27	0.00	82,901.27	82,901.27	0.00
Dredging - Kingston Sta 1862-Amwell CIP					921,019.43				
06	12/4/2012	PO-010396	P/O	02278		57,444.45			978,463.88
Comments: URBAN DREDGING CONSULTANTS JV INV:360003									
06	12/4/2012	PO-010396	P/O	02278		37,369.66			1,015,833.54
Comments: URBAN DREDGING CONSULTANTS JV INV:112020									
06	12/14/2012	PO-010407	P/O	02290		344.70			1,016,178.24
Comments: URS CORPORATION INV:5341466									
06	12/27/2012	AP-003738	A/P	02639		15.50			1,016,193.74
Comments: MARC BROOKS /IN: 12/11/12									
07	1/7/2013	PO-010429	P/O	02313		8,304.90			1,024,498.64
Comments: URBAN DREDGING CONSULTANTS JV INV:360003									
07	1/30/2013	PO-010447	P/O	02331		1,553.62			1,026,052.26
Comments: URS CORPORATION INV:5379010									
08	2/20/2013	PO-010472	P/O	02356		1,373.95			1,027,426.21
Comments: URS CORPORATION INV:5410561									
09	3/6/2013	PO-010493	P/O	02377		77,085.86			1,104,512.07
Comments: URBAN DREDGING CONSULTANTS JV INV:360003									
09	3/19/2013	PO-010506	P/O	02391		2,426.77			1,106,938.84
Comments: URS CORPORATION INV:5439409									
10	4/30/2013	PO-010563	P/O	02450		2,203.70			1,109,142.54
Comments: URS CORPORATION INV:5480986									

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Account Number/Description	Perfod Date	Journal	Source	Batch	Beginning Balance	Debit	Credit	Net Change	Ending Balance
10	4/30/2013	PO-010563	P/O	02450		52,059.07			1,161,201.61
Comments: URBAN DREDGING CONSULTANTS JV INV:28									
11	5/10/2013	PO-010572	P/O	02459		71.40			1,161,273.01
Comments: HOME NEWS TRIBUNE INV:101726516									
11	5/10/2013	PO-010572	P/O	02459		79.00			1,161,352.01
Comments: COURIER-NEWS INV:101726757									
11	5/10/2013	PO-010572	P/O	02459		215.28			1,161,567.29
Comments: THE STAR-LEDGER INV:103568329									
11	5/16/2013	AP-003765	AVP	02668		17.67			1,161,584.96
Comments: EDWARD BUSS /IN: 05/13/13									
11	5/30/2013	PO-010593	P/O	02482		1,905.92			1,163,490.88
Comments: URS CORPORATION INV:5510644									
12	6/17/2013	PO-010620	P/O	02512		919.35			1,164,410.23
Comments: URS CORPORATION INV:5543335									
12	6/27/2013	PO-010638	P/O	02532		4,000.00			1,168,410.23
Comments: TREASURER, STATE OF NJ INV:FLOOD PER									
1240-00					921,019.43	247,390.80	0.00	247,390.80	1,168,410.23
Asset Management SBPS - CIP					198,606.08				
04	10/25/2012	PO-010362	P/O	02244		615.90			199,221.98
Comments: HATCH MOTT MACDONALD INV:IV00153201									
09	3/19/2013	PO-010506	P/O	02391		1,117.23			200,339.21
Comments: HATCH MOTT MACDONALD INV:164189									
10	4/4/2013	PO-010527	P/O	02412		1,025.17			201,364.38
Comments: HATCH MOTT MACDONALD INV:165235									
12	6/30/2013	PO-010647	P/O	02540		4,142.59			205,506.97
Comments: HATCH MOTT MACDONALD INV:167789									
1242-00					198,606.08	6,900.89	0.00	6,900.89	205,506.97
Rehab of Drainage System at RV Dike-CIP					121,316.75				
11	5/31/2013	JE-000029	G/L	00001			121,316.75		0.00
Comments: Capitalize rehab of drainage system @ RV									
1246-00					121,316.75	0.00	121,316.75	121,316.75-	0.00
Rehab of Pump Assembly 1&6 @ SBPS - CIP					0.00				
11	5/10/2013	PO-010572	P/O	02459		51.69			51.69
Comments: NJN PUBLISHING INV:45653									
11	5/10/2013	PO-010572	P/O	02459		68.50			120.19
Comments: THE TIMES of TRENTON INV:103569633									
11	5/10/2013	PO-010572	P/O	02459		140.36			260.55

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Comments: THE STAR-LEDGER INV:103569448					0.00	260.55	0.00	260.55	260.55
1247-00					1,722,315.80				
Rehab Workhouse & Rooster Coop Spillways - CIP						144.10			1,722,459.90
02	8/23/2012	PO-010283	P/O	02165					
Comments: MERCER COUNTY SOIL INV:20104333HT						1,105.00			1,723,564.90
10	4/30/2013	PO-010563	P/O	02450					
Comments: HUNTER RESEARCH, INC. INV:04302013					1,722,315.80	1,249.10	0.00	1,249.10	1,723,564.90
1251-00					64,467.11				
CFO Roof, Paving, & Fuel Disp Unit CIP									64,467.11
Comments:					64,467.11	0.00	0.00	0.00	64,467.11
1252-00					0.00				
CIP Rehab of Multi-Use trail Station 353-354						53.55			53.55
03	9/25/2012	PO-010321	P/O	02204					
Comments: NJN PUBLISHING INV:42310						62.12			115.67
03	9/25/2012	PO-010321	P/O	02204					
Comments: THE TIMES INV:103490363						216.44			332.11
03	9/28/2012	PO-010328	P/O	02210					
Comments: THE STAR LEDGER INV:103481311						3,393.00			3,725.11
10	4/30/2013	PO-010563	P/O	02450					
Comments: HATCH MOTT MACDONALD INV:1V00166197						8,407.10			12,132.21
11	5/23/2013	PO-010590	P/O	02479					
Comments: HATCH MOTT MACDONALD INV:167939						1,771.90			13,904.11
12	6/21/2013	PO-010626	P/O	02518					
Comments: HATCH MOTT MACDONALD INV:169740					0.00	13,904.11	0.00	13,904.11	13,904.11
1254-00					0.00				
Reconstruct Embankment Raven Rock & Prallsvi CIP						203.64			203.64
06	12/31/2012	JE-000010	G/L	00001					
Comments: Month End Accrual						71.40			275.04
07	1/7/2013	PO-010429	P/O	02313					
Comments: THE TIMES INV:103509122						132.24			407.28
07	1/7/2013	PO-010429	P/O	02313					
Comments: THE STAR LEDGER INV:103509056						105.00			512.28
07	1/17/2013	PO-010437	P/O	02321					
Comments: ASBURY PARK PRESS INV:0101637734						66.62			578.90
07	1/30/2013	PO-010447	P/O	02331					

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Comments: NJN PUBLISHING INV:044168									
07	1/30/2013	PO-010447	P/O	02331		219.92			798.82
Comments: THE STAR LEDGER INV:103536205									
07	1/31/2013	JE-000010	G/L	00001			203.64		595.18
Comments: Reversal: Month End Accrual									
07	1/31/2013	PO-010453	P/O	02337		76.04			671.22
Comments: THE TIMES INV:103536233									
1269-00									
Trash Rack Installation @ SR-MRP									
11	5/31/2013	JE-000029	G/L	00001	161,963.74		161,963.74		0.00
Comments: Capitalize Trash Rack Installation									
1291-00									
D&R CANAL RT BNK @ STA 122 CIP									
11	5/31/2013	JE-000029	G/L	00001	161,963.74	0.00	161,963.74	161,963.74	0.00
Comments: Capitalize D&R Right Bank @ Station 122									
1293-00									
CIP Stabilizatr of Canal @ Station 156 & 207									
10	4/8/2013	PO-010532	P/O	02417	0.00	54.49			54.49
Comments: NJN PUBLISHING INV:45309									
10	4/9/2013	PO-010535	P/O	02421		120.64			175.13
Comments: THE STAR LEDGER INV:103561767									
10	4/11/2013	PO-010538	P/O	02424		63.28			238.41
Comments: THE TIMES INV:103561793									
10	4/30/2013	JE-000010	G/L	00001		195.56			433.97
Comments: Month End Accrual									
11	5/9/2013	PO-010570	P/O	02456		195.56			629.53
Comments: THE STAR-LEDGER INV:103574952									
11	5/10/2013	PO-010572	P/O	02459		67.92			697.45
Comments: THE TIMES of TRENTON INV:10375379									
11	5/14/2013	PO-010577	P/O	02464		53.55			751.00
Comments: NJN PUBLISHING INV:45888									
11	5/31/2013	JE-000010	G/L	00001			195.56		555.44
Comments: Reversal: Month End Accrual									
Report Total:					8,092,475.02	1,015,618.79	4,088,851.59	3,073,232.80	5,019,242.22

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Account Number/Description Period Date Journal Source Batch	Beginning Balance	Debit	Credit	Net Change	Ending Balance
1203-00 Gauging Station at Landing Lane - CIP /	107,528.81				107,528.81
Comments:					
1205-00 Sluice Gates for D&R Canal - CIP /	388,248.12				388,248.12
Comments:					
1208-00 Bedload Stone Trap @ Wickecheoke Creek /	250.00				250.00
Comments:					
1209-00 Remove sediment SBRR & create storate SR - CIP 01 7/10/2013 PO-010655 P/O 02549 Comments: JOHNNY ON THE SPOT INV:1213835 01 7/31/2013 JE-000010 G/L 00001 Comments: MONTH END ACCRUAL 02 8/7/2013 PO-010684 P/O 02578 Comments: JOHNNY ON THE SPOT INV:J-1221104 02 8/22/2013 PO-010699 P/O 02595 Comments: JOHN DEERE FINANCIAL INV:27204A 02 8/29/2013 PO-010704 P/O 02600 Comments: JONATHAN GREEN INV:205131 02 8/31/2013 JE-000010 G/L 00001 Comments: Reversal: MONTH END ACCRUAL 03 9/13/2013 PO-010716 P/O 02612 Comments: RENTAL CENTER USA INV:135452 03 9/17/2013 PO-010720 P/O 02616 Comments: W. W. GRAINGER, INC. INV:9240511825	250.00	114.70 12,000.00 141.31 21,600.00 923.50	0.00 0.00 12,000.00	0.00 0.00 0.00	250.00 38,961.60 39,076.30 51,076.30 51,217.61 72,817.61 73,741.11 61,741.11 61,859.11 62,554.06 62,554.06
1215-00 CANAL EMBANKMENT @ STA 84 CIP2 /	387.00				387.00
Comments:					
	387.00	0.00	0.00	0.00	387.00

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1226-00				0.00				
SECURITY & UPGRADES								
12	6/20/2014	PO-011013	P/O 02928		47.02			47.02
Comments: NJN PUBLISHING INV:52363								
12	6/27/2014	PO-011019	P/O 02934		64.44			111.46
Comments: THE TIMES OF TRENTON INV:IO3740750								
				0.00	111.46	0.00	111.46	111.46
1229-00				0.00				
REHAB SPILLWAY @ STATN 26 CIP								
08	2/27/2014	PO-010871	P/O 02777		2,719.77			2,719.77
Comments: FRENCH & PARELLO INV:93784								
09	3/31/2014	4B-000004	G/L 00001			2,719.77		0.00
Comments: Doc: Cash Recpt 03/31/14 MRS Invoice								
11	5/29/2014	PO-010989	P/O 02902		1,369.46			1,369.46
Comments: FRENCH & PARELLO INV:94873								
				0.00	4,089.23	2,719.77	1,369.46	1,369.46
1232-00				560,464.44				
Rehab of the Swan Creek Aqueduct -CIP								
03	9/30/2013	JE-000010	G/L 00001		24,660.00			585,124.44
Comments: Month End Accrual								
04	10/9/2013	PO-010748	P/O 02645		24,660.00			609,784.44
Comments: ADAMSVILLE MAINTENANCE, INC. INV:1								
04	10/31/2013	JE-000010	G/L 00001			24,660.00		585,124.44
Comments: Reversal: Month End Accrual								
06	12/6/2013	PO-010802	P/O 02706		14,931.00			600,055.44
Comments: ADAMSVILLE MAINTENANCE, INC. INV:2								
07	1/31/2014	PO-010844	P/O 02750		7,700.00			607,755.44
Comments: FRENCH & PARELLO INV:93446								
08	2/20/2014	PO-010864	P/O 02770		725.00			608,480.44
Comments: FRENCH & PARELLO INV:93755								
08	2/27/2014	PO-010871	P/O 02777		2,040.00			610,520.44
Comments: HUNTER RESEARCH, INC. INV:13067/1								
12	6/17/2014	PO-011009	P/O 02924		1,450.00			611,970.44
Comments: FRENCH & PARELLO INV:95070								
				560,464.44	76,166.00	24,660.00	51,506.00	611,970.44
1233-00				746,061.72				
Rehab Colonial Park Spillway @ Stat 2459 - CIP								
01	7/2/2013	PO-010650	P/O 02545		150,740.00			896,801.72
Comments: ADAMSVILLE MAINTENANCE, INC. INV:7949								
01	7/19/2013	PO-010663	P/O 02558		589.00			897,390.72

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Comments: PAULUS, SOKOLOWSKI & SARTOR INV:104963									
01	7/19/2013	PO-010663	P/O	02558		21,730.00			919,120.72
Comments: ADAMSVILLE MAINTENANCE, INC. INV:7953									
01	7/19/2013	PO-010663	P/O	02558		41,748.00			960,868.72
Comments: ADAMSVILLE MAINTENANCE, INC. INV:7955									
02	8/15/2013	PO-010694	P/O	02589		2,578.65			963,447.37
Comments: FRENCH & PARELLO INV:91704									
03	9/24/2013	PO-010728	P/O	02625		89.74			963,537.11
Comments: PAULUS, SOKOLOWSKI & SARTOR INV:105772									
03	9/26/2013	PO-010732	P/O	02629		982.00			964,519.11
Comments: PAULUS, SOKOLOWSKI & SARTOR INV:105381									
					746,061.72	218,457.39	0.00	218,457.39	964,519.11
1239-00					1,168,410.23				
Dredging - Kingston Sta 1862-Amwell CjP									
01	7/24/2013	PO-010666	P/O	02561		753.50			1,169,163.73
Comments: URS CORPORATION INV:5575911									
02	8/15/2013	PO-010694	P/O	02589		733.50			1,169,897.23
Comments: URS CORPORATION INV:5603819									
02	8/15/2013	PO-010694	P/O	02589		120,804.77			1,290,702.00
Comments: URS CORPORATION INV:5603819									
02	8/15/2013	PO-010694	P/O	02589		18,363.56			1,309,065.56
Comments: URS CORPORATION INV:5603819									
03	9/30/2013	JE-000010	G/L	00001					1,327,429.12
Comments: Month End Accrual									
04	10/9/2013	PO-010748	P/O	02645		18,363.56			1,345,792.68
Comments: URS CORPORATION INV:5699648									
04	10/31/2013	JE-000010	G/L	00001			18,363.56		1,364,156.24
Comments: Reversal: Month End Accrual									
05	11/18/2013	PO-010784	P/O	02687		537.58			1,364,693.82
Comments: URS CORPORATION INV:5699648									
06	12/13/2013	PO-010807	P/O	02711		5,143.55			1,369,837.37
Comments: URS CORPORATION INV:5699648									
08	2/20/2014	PO-010864	P/O	02770		254.49			1,370,091.86
Comments: URS CORPORATION INV:5788701									
09	3/19/2014	PO-010888	P/O	02794		18,324.32			1,388,416.18
Comments: URS CORPORATION INV:5788701									
10	4/30/2014	JE-000010	G/L	00001		9,562.71			1,397,978.89
Comments: Monthly Accrual									
11	5/6/2014	PO-010967	P/O	02881		9,562.71			1,407,541.60
Comments: URS CORPORATION INV:5788701									
11	5/31/2014	JE-000010	G/L	00001			9,562.71		1,417,104.31
Comments: Reverse: Month End Accrual									
12	6/30/2014	JE-000010	G/L	00001		6,597.50			1,423,701.81
Comments: Month End Accrual									

General Ledger Detail Report

NJWSA-RARITAN BASIN SYSTEM (WSA)

Detail Postings for Period 01 Thru 12 Ending 6/30/2014

Account Number/Description	Period Date	Journal	Source	Batch	Beginning Balance	Debit	Credit	Net Change	Ending Balance
1240-00					1,168,410.23	209,001.75	27,926.27	181,075.48	1,349,485.71
Asset Management SBPS - CIP					205,506.97				
08 2/20/2014 PO-010864 P/O 02770						2,015.66			207,522.63
Comments: HATCH MOTT MACDONALD INV:184095									
09 3/14/2014 PO-010884 P/O 02790						1,276.16			208,798.79
Comments: HATCH MOTT MACDONALD INV:185578									
10 4/15/2014 PO-010933 P/O 02841						410.63			209,209.42
Comments: HATCH MOTT MACDONALD INV:187194									
1246-00					260.55				
Rehab of Pump Assembly 1&6 @ SBPS - CIP									
02 8/8/2013 PO-010686 P/O 02581						6,198.50			6,459.05
Comments: TREASURER, STATE OF NEW JERSEY INV:08/06									
05 11/26/2013 PO-010793 P/O 02696						202,378.50			208,837.55
Comments: LONGO INV:1									
08 2/19/2014 PO-010861 P/O 02767						150,186.15			359,023.70
Comments: LONGO INV:77189B									
09 3/27/2014 PO-010913 P/O 02821						280,016.10			639,039.80
Comments: LONGO INV:3									
11 5/16/2014 PO-010976 P/O 02889						89,238.20			728,278.00
Comments: LONGO INV:77189D									
1247-00					260.55	728,017.45	0.00	728,017.45	728,278.00
Rehab Workhouse & Rooster Coop Spillways - CIP					1,723,564.90				
Comments:									1,723,564.90
1251-00					64,467.11				
CFO Roof, Paving, & Fuel Disp Unit CIP									
12 6/30/2014 JE-000010 G/L 00001						0.00	0.00	0.00	1,723,564.90
Comments: Month End Accrual									
1252-00					64,467.11	14,678.14	0.00	14,678.14	79,145.25
CIP Rehab of Multi-Use trail Station 353-354									
01 7/19/2013 PO-010663 P/O 02558						14,678.14			79,145.25
Comments: HATCH MOTT MACDONALD INV:171629									
01 7/30/2013 PO-010672 P/O 02568									
Comments: HUNTER RESEARCH, INC. INV:13001									

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NJWSA-RARITAN BASIN SYSTEM (WSA)

Detail Postings for Period 01 Thru 12 Ending 6/30/2014

Account Number/Description	Period Date	Journal	Source	Batch	Beginning Balance	Debit	Credit	Net Change	Ending Balance
02	8/15/2013	PO-010694	P/O	02589		6,032.00			28,269.11
Comments: HATCH MOTT MACDONALD INV:173362									
02	8/31/2013	JE-000003	G/L	00001			13,968.50		14,300.61
Comments: WATER, RENTAL & MISC. BILLING									
03	9/10/2013	PO-010714	P/O	02610		3,965.00			18,265.61
Comments: HUNTER RESEARCH, INC. INV:13001/2									
03	9/30/2013	PO-010734	P/O	02631		565.50			18,831.11
Comments: HATCH MOTT MACDONALD INV:175111									
04	10/17/2013	PO-010754	P/O	02651		1,244.10			20,075.21
Comments: HATCH MOTT MACDONALD INV:176961									
07	1/29/2014	PO-010842	P/O	02747		3,952.00			24,027.21
Comments: HATCH MOTT MACDONALD INV:182391									
08	2/27/2014	PO-010871	P/O	02777		18,145.40			42,172.61
Comments: HATCH MOTT MACDONALD INV:184111									
09	3/19/2014	PO-010888	P/O	02794		11,162.00			53,334.61
Comments: HATCH MOTT MACDONALD INV:185652									
10	4/30/2014	JE-000010	G/L	00001		9,104.00			62,438.61
Comments: Monthly Accrual									
11	5/6/2014	PO-010967	P/O	02881		9,104.00			71,542.61
Comments: HATCH MOTT MACDONALD INV:187420									
11	5/31/2014	JE-000010	G/L	00001			9,104.00		62,438.61
Comments: Reverse: Month End Accrual									
					13,904.11	71,607.00	23,072.50	48,534.50	62,438.61
					671.22				
1254-00	Restrict Embknmt Raven Rock & Prallsvl CIP								
05	11/30/2013	JE-000010	G/L	00001		9,924.00			10,595.22
Comments: Month End Accrual									
06	12/5/2013	PO-010800	P/O	02704		9,924.00			20,519.22
Comments: GZA INV:677921									
06	12/17/2013	PO-010810	P/O	02714		1,765.34			22,284.56
Comments: PAULUS, SOKOLOWSKI & SARTOR INV:106447									
06	12/30/2013	PO-010817	P/O	02721		5,528.48			27,813.04
Comments: PAULUS, SOKOLOWSKI & SARTOR INV:106735									
06	12/30/2013	PO-010817	P/O	02721		24,165.00			51,978.04
Comments: GZA INV:0677688									
06	12/31/2013	JE-000010	G/L	00001			9,924.00		42,054.04
Comments: Reversal: Month End Accrual									
07	1/29/2014	PO-010842	P/O	02747		1,878.20			43,932.24
Comments: PAULUS, SOKOLOWSKI & SARTOR INV:107146									
07	1/29/2014	PO-010842	P/O	02747		9,617.00			53,549.24
Comments: GZA INV:0679325									
08	2/20/2014	PO-010864	P/O	02770		5,570.00			59,119.24

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NJWSA-RARITAN BASIN SYSTEM (WSA)

Detail Postings for Period 01 Thru 12 Ending 6/30/2014

Account Number/Description	Period Date	Journal	Source	Batch	Beginning Balance	Debit	Credit	Net Change	Ending Balance
Comments: GZA INV:0680323									
08	2/26/2014	PO-010867	P/O	02773		240.00			59,359.24
Comments: PAULUS, SOKOLOWSKI & SARTOR INV:107435									
09	3/31/2014	PO-010918	P/O	02825		15,590.00			74,949.24
Comments: GZA INV:0681506									
10	4/22/2014	PO-010942	P/O	02850		330.00			75,279.24
Comments: PAULUS, SOKOLOWSKI & SARTOR INV:108131									
10	4/30/2014	PO-010959	P/O	02871		6,890.00			82,169.24
Comments: GZA INV:0685738									
					671.22	91,422.02	9,924.00	81,498.02	82,169.24
1256-00	0.00								
Rehab of Cherry Tree Ln 1269+65 - CIP									
10	4/24/2014	PO-010954	P/O	02866		61.02			61.02
Comments: NJN PUBLISHING INV:051350									
10	4/24/2014	PO-010954	P/O	02866		65.89			126.91
Comments: THE TIMES OF TRENTON INV:3717677									
					0.00	126.91	0.00	126.91	126.91
1258-00	0.00								
RV & SR Embankment Study - CIP									
12	6/13/2014	PO-011006	P/O	02920		83,944.94			83,944.94
Comments: GANNETT FLEMING COMPANIES INV:057909A2									
12	6/30/2014	JE-000010	G/L	00001		3,712.00			87,656.94
Comments: Month End Accrual									
					0.00	87,656.94	0.00	87,656.94	87,656.94
1293-00	555.44								
CIP Stabilizatin of Canal @ Station 156 & 207									
10	4/15/2014	PO-010933	P/O	02841		900.00			1,455.44
Comments: HUNTER RESEARCH, INC. INV:13060/1									
10	4/30/2014	PO-010959	P/O	02871		3,833.17			5,288.61
Comments: TRANSYSTEMS CORPORATION INV:1-04/23/14									
11	5/22/2014	PO-010983	P/O	02896		1,614.32			6,902.93
Comments: TRANSYSTEMS CORPORATION INV:5/9/14-2									
12	6/24/2014	PO-011016	P/O	02931		5,041.92			11,944.85
Comments: TRANSYSTEMS CORPORATION INV:3 6/16/14									
					555.44	11,389.41	0.00	11,389.41	11,944.85
					5,019,242.22	1,552,018.61	100,302.54	1,451,716.07	6,470,958.29
Report Total:									

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NJWSA-RARITAN BASIN SYSTEM (WSA)

Detail Postings for Period 01 Thru 07 Ending 1/31/2015

Account Number/Description Period Date Journal Source Batch	Beginning Balance	Debit	Credit	Net Change	Ending Balance
1203-00 Gauging Station at Landing Lane - CIP /	107,528.81				
Comments:					107,528.81
1205-00 Sluice Gates for D&R Canal - CIP /	107,528.81	0.00	0.00	0.00	107,528.81
Comments:	388,248.12				388,248.12
1208-00 Bedload Stone Trap @ Wickecheoke Creek /	388,248.12	0.00	0.00	0.00	388,248.12
Comments:	250.00				250.00
1209-00 Remove sediment SBRR & create storate SR - CIP /	250.00	0.00	0.00	0.00	250.00
Comments:	62,554.06				62,554.06
1215-00 CANAL EMBANKMENT @ STA 84 CIP2 /	62,554.06	0.00	0.00	0.00	62,554.06
Comments:	387.00				387.00
1226-00 SECURITY & UPGRADES 01 7/29/2014 PO-011054 P/O 02971 Comments: NJ ADVANCE MEDIA INV:103740273	387.00	0.00	0.00	0.00	387.00
Comments:	111.46				111.46
1229-00 REHAB SPILLWAY @ STATN 26 CIP /	111.46	122.96	0.00	122.96	234.42
Comments:	1,369.46				1,369.46
Comments:	1,369.46	0.00	0.00	0.00	1,369.46

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NJWSA-RARITAN BASIN SYSTEM (WSA)

Detail Postings for Period 01 Thru 07 Ending 1/31/2015

Account Number/Description	Period Date	Journal	Source	Batch	Beginning Balance	Debit	Credit	Net Change	Ending Balance
1232-00					611,970.44				
Rehab of the Swan Creek Aqueduct -CIP	01	7/31/2014	JE-000010	G/L		4,075.00			616,045.44
Comments: Month End Accrual									
02	8/6/2014	PO-011066	P/O	02985		4,075.00			620,120.44
Comments: FRENCH & PARELLO INV:95482									
02	8/31/2014	JE-000010	G/L	00001			4,075.00		616,045.44
Comments: Reversal: Month End Accrual									
02	8/31/2014	JE-000010	G/L	00001		25,677.00			641,722.44
Comments: Month End Accrual									
03	9/4/2014	PO-011096	P/O	03018		25,677.00			667,399.44
Comments: ADAMSVILLE MAINTENANCE, INC. INV:8246									
03	9/17/2014	PO-011108	P/O	03030		4,075.00			671,474.44
Comments: FRENCH & PARELLO INV:96226									
03	9/26/2014	PO-011128	P/O	03049		117,264.18			788,738.62
Comments: ADAMSVILLE MAINTENANCE, INC. INV:8275									
03	9/30/2014	JE-000010	G/L	00001			25,677.00		763,061.62
Comments: Reversal: Month End Accrual									
04	10/30/2014	PO-011165	P/O	03091		510.00			763,571.62
Comments: HUNTER RESEARCH, INC. INV:13037/2									
04	10/30/2014	PO-011165	P/O	03091		68,335.25			831,906.87
Comments: ADAMSVILLE MAINTENANCE, INC. INV:8288									
05	11/6/2014	AP-003873	A/P	02786		445.00			832,351.87
Comments: HUNTERDON COUNTY SOIL /IN: 13-17-001									
05	11/30/2014	JE-000010	G/L	00001		43,104.75			875,456.62
Comments: Month End Accrual									
06	12/10/2014	PO-011200	P/O	03127		43,104.75			918,561.37
Comments: ADAMSVILLE MAINTENANCE, INC. INV:6									
06	12/30/2014	PO-011219	P/O	03148		595.00			919,156.37
Comments: HUNTER RESEARCH, INC. INV:13067/3									
06	12/31/2014	JE-000010	G/L	00001			43,104.75		876,051.62
Comments: Reversal: Month End Accrual									
					611,970.44	336,937.93	72,856.75	264,081.18	876,051.62
1233-00					964,519.11				964,519.11
Rehab Colonial Park Spillway @ Stat 2459 - CIP									
Comments:									
					964,519.11	0.00	0.00	0.00	964,519.11
1239-00					1,349,485.71				1,349,485.71
Dredging - Kingston Sta 1862-Armwell CIP									
01	7/10/2014	PO-011035	P/O	02951		6,597.50			1,356,083.21

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Detail Postings for Period 01 Thru 07 Ending 1/31/2015

Account Number/Description	Period Date	Journal	Source	Batch	Beginning Balance	Debit	Credit	Net Change	Ending Balance
Comments: URBAN DREDGING CONSULTANTS JV INV:360004									
01	7/31/2014	JE-000010	G/L	00001	1,349,485.71		6,597.50		1,349,485.71
Comments: Reversal: Month End Accrual									
03	9/7/2014	PO-011108	P/O	03030		25,112.97			1,374,598.68
Comments: URBAN DREDGING CONSULTANTS JV INV:360004									
1240-00					209,209.42				
Asset Management SBPS - CIP									
Comments:									
1246-00					728,278.00				
Rehab of Pump Assembly 1&6 @ SBPS - CIP									
01	7/30/2014	PO-011056	P/O	02973		144,390.45			872,668.45
Comments: LONGO INV:5									
1247-00					1,723,564.90				
Rehab Workhouse & Rooster Coop Spillways - CIP									
Comments:									
1251-00					79,145.25				
CFO Roof, Paving, & Fuel Disp Unit CIP									
01	7/10/2014	PO-011035	P/O	02951		11,196.29			90,341.54
Comments: HATCH MOTT MACDONALD INV:192422									
01	7/10/2014	PO-011035	P/O	02951		3,481.85			93,823.39
Comments: HATCH MOTT MACDONALD INV:191963									
01	7/24/2014	PO-011049	P/O	02966		900.00			94,723.39
Comments: TREASURER, STATE OF NEW JERSEY INV:140558									
01	7/29/2014	PO-011054	P/O	02971		4,562.00			99,285.39
Comments: TREASURER STATE OF NEW JERSEY INV:PLAN R									
01	7/29/2014	PO-011054	P/O	02971		1,775.00			101,060.39
Comments: MERCER COUNTY SOIL INV:PLAN CERT.									
01	7/31/2014	JE-000010	G/L	00001			14,678.14		86,382.25
Comments: Reversal: Month End Accrual									
01	7/31/2014	JE-000010	G/L	00001		12,182.62			98,564.87
Comments: Month End Accrual									
02	8/6/2014	PO-011066	P/O	02985		12,182.62			110,747.49
Comments: HATCH MOTT MACDONALD INV:193986									
02	8/26/2014	PO-011087	P/O	03009		69.08			110,816.57

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Detail Postings for Period 01 Thru 07 Ending 1/31/2015

Account Number/Description	Perfod Date	Journal	Source	Batch	Beginning Balance	Debit	Credit	Net Change	Ending Balance
Comments: THE TIMES OF TRENTON INV:103767346									
02	8/26/2014	PO-011087	P/O	03009		7,563.97			118,380.54
Comments: HATCH MOTT MACDONALD INV:195276									
02	8/26/2014	PO-011087	P/O	03009		2,294.36			120,674.90
Comments: HATCH MOTT MACDONALD INV:194963									
02	8/29/2014	PO-011090	P/O	03012		735.50			121,410.40
Comments: QC LABORATORIES INV:1634300									
02	8/31/2014	JE-000010	G/L	00001			12,182.62		109,227.78
Comments: Reversal: Month End Accrual									
03	9/25/2014	PO-011121	P/O	03044		5,689.45			114,917.23
Comments: HATCH MOTT MACDONALD INV:196962									
03	9/30/2014	JE-000010	G/L	00001		1,889.62			116,806.85
Comments: Month End Accrual									
04	10/3/2014	PO-011138	P/O	03064		1,889.62			118,696.47
Comments: HATCH MOTT MACDONALD INV:197161									
04	10/31/2014	JE-000010	G/L	00001			1,889.62		116,806.85
Comments: Reversal: Month End Accrual									
05	11/19/2014	AP-003875	A/P	02788		5,298.50			122,105.35
Comments: NEW JERSEY DEPT OF LABOR AND /IN: 11/12/									
05	11/21/2014	AP-003877	A/P	02791		5,298.50			127,403.85
Comments: TREASURER, STATE OF NEW JERSEY /IN: 11/1									
05	11/21/2014	MC-000259	A/P	00001			5,298.50		122,105.35
Comments: NEW JERSEY DEPT OF LABOR AND 058039									
05	11/28/2014	PO-011192	P/O	03117		832.00			122,937.35
Comments: QC LABORATORIES INV:1661917									
05	11/30/2014	JE-000010	G/L	00001		1,313.61			124,250.96
Comments: Month End Accrual									
06	12/12/2014	PO-011204	P/O	03132		1,313.61			125,564.57
Comments: HATCH MOTT MACDONALD INV:201763									
06	12/31/2014	JE-000010	G/L	00001			1,313.61		124,250.96
Comments: Reversal: Month End Accrual									
06	12/31/2014	PO-011223	P/O	03154		832.00			125,082.96
Comments: QC LABORATORIES INV:1668265									
07	1/8/2015	PO-011226	P/O	03157		19,080.00			144,162.96
Comments: SCOZZARI BUILDERS, INC. INV:1									
07	1/15/2015	PO-011230	P/O	03161		14,175.00			158,337.96
Comments: SCOZZARI BUILDERS, INC. INV:2									
07	1/15/2015	PO-011230	P/O	03161		2,008.24			160,346.20
Comments: HATCH MOTT MACDONALD INV:203496									
07	1/23/2015	PO-011239	P/O	03171		750.00			161,096.20
Comments: MASTER LOCATORS INV:20605									
07	1/31/2015	JE-000010	G/L	00001			19,080.00		142,016.20
Comments: Reversal: Month End Accrual									

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Account Number/Description	Period Date	Journal	Source	Batch	Beginning Balance	Debit	Credit	Net Change	Ending Balance
1252-00					79,145.25	117,313.44	54,442.49	62,870.95	142,016.20
CIP Rehab of Multi-Use trail Station 353-354					62,438.61				
01 7/16/2014 PO-011040 P/O 02957						103.85			62,542.46
Comments: ASBURY PARK PRESS INV:0102100453									
01 7/31/2014 JE-000010 G/L 00001						285.52			62,827.98
Comments: Month End Accrual									
02 8/6/2014 PO-011066 P/O 02985						69.08			62,897.06
Comments: THE TIMES OF TRENTON INV:103754693									
02 8/6/2014 PO-011066 P/O 02985						216.44			63,113.50
Comments: NJ ADVANCE MEDIA INV:103754652									
02 8/31/2014 JE-000010 G/L 00001							285.52		62,827.98
Comments: Reversal: Month End Accrual									
04 10/8/2014 PO-011142 P/O 03068						9,880.00			72,707.98
Comments: HATCH MOTT MACDONALD INV:194445									
05 11/26/2014 PO-011187 P/O 03113						450.00			73,157.98
Comments: HUNTER RESEARCH, INC. INV:13001/3									
06 12/30/2014 PO-011219 P/O 03148						7,480.00			80,637.98
Comments: HATCH MOTT MACDONALD INV:198152									
07 1/8/2015 PO-011226 P/O 03157						161,573.70			242,211.68
Comments: ADAMSVILLE MAINTENANCE, INC. INV:8342									
07 1/8/2015 PO-011226 P/O 03157						360.00			242,571.68
Comments: HUNTER RESEARCH, INC. INV:13001/4									
07 1/8/2015 PO-011226 P/O 03157						122.28			242,693.96
Comments: HATCH MOTT MACDONALD INV:199992									
07 1/8/2015 PO-011226 P/O 03157						299.00			242,992.96
Comments: HATCH MOTT MACDONALD INV:201911									
07 1/15/2015 PO-011230 P/O 03161						3,736.85			246,729.81
Comments: HATCH MOTT MACDONALD INV:203707									
07 1/31/2015 JE-000010 G/L 00001							162,354.98		84,374.83
Comments: Reversal: Month End Accrual									
1254-00					62,438.61	184,576.72	162,640.50	21,936.22	84,374.83
Reconstrct Embnkmt Raven Rock & Prallsvl CIP					82,169.24				
01 7/24/2014 PO-011049 P/O 02966						5,624.00			87,793.24
Comments: GZA INV:689402									
04 10/22/2014 PO-011156 P/O 03082						2,559.00			90,352.24
Comments: PAULUS, SOKOLOWSKI & SARTOR INV:109583									
04 10/22/2014 PO-011158 P/O 03084						180.00			90,532.24
Comments: PAULUS, SOKOLOWSKI & SARTOR INV:110045									
					82,169.24	8,363.00	0.00	8,363.00	90,532.24

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Detail Postings for Period 01 Thru 07 Ending 1/31/2015

Account Number/Description	Period	Date	Journal	Source	Batch	Beginning Balance	Debit	Credit	Net Change	Ending Balance
1256-00						126.91				
Rehab of Cherry Tree Ln 1269+65 - CIP	03	9/18/2014	PO-011112	P/O	03035		136.88			263.79
Comments: THE STAR-LEDGER INV:03717878										
	07	1/8/2015	PO-011226	P/O	03157		10,369.35			10,633.14
Comments: JOHNSON MIRMIRAN & THOMPSON INV:169492										
	07	1/15/2015	AP-003886	A/P	02800		25,000.00			35,633.14
Comments: KYLE CONTI CONSTRUCTION LLC /IN: 14-005-										
	07	1/23/2015	PO-011239	P/O	03171		25,541.55			61,174.69
Comments: JOHNSON MIRMIRAN & THOMPSON INV:2										
	07	1/31/2015	JE-000010	G/L	00001			10,369.35		50,805.34
Comments: Reversal: Month End Accrual										
						126.91	61,047.78	10,369.35	50,678.43	50,805.34
1258-00						87,656.94				
RV & SR Embankment Study - CIP	01	7/31/2014	JE-000010	G/L	00001			3,712.00		83,944.94
Comments: Reversal: Month End Accrual										
	02	8/26/2014	PO-011087	P/O	03009		3,510.00			87,454.94
Comments: HD SUPPLY WATERWORKS, LTD INV:C752534										
	03	9/25/2014	PO-011121	P/O	03044		750.00			88,204.94
Comments: MASTER LOCATORS INV:19373										
	03	9/30/2014	JE-000028	G/L	00001		3,712.00			91,916.94
Comments: Relass Geosystems										
	03	9/30/2014	JE-000028	G/L	00001		1,820.00			93,736.94
Comments: Relass Geosystems										
	04	10/8/2014	PO-011142	P/O	03068		100.00			93,836.94
Comments: TREASURER, INV:PERMIT										
	04	10/14/2014	MC-000258	A/P	00001			100.00		93,736.94
Comments: TREASURER, 057853										
	05	11/28/2014	PO-011192	P/O	03117		1,807.86			95,544.80
Comments: GEOKIN INV:44309										
	05	11/28/2014	PO-011192	P/O	03117		127.98			95,672.78
Comments: GEOKIN INV:44469										
	06	12/30/2014	PO-011219	P/O	03148		377,419.62			473,092.40
Comments: GANNETT FLEMING COMPANIES INV:57909A3										
						87,656.94	389,247.46	3,812.00	385,435.46	473,092.40
1293-00						11,944.85				
CIP Stabilizatin of Canal @ Station 156 & 207	01	7/29/2014	PO-011054	P/O	02971		38,766.53			50,711.38
Comments: TRANSSYSTEMS CORPORATION INV:7/11/14-4										

General Ledger Detail Report

NJWSA-RARITAN BASIN SYSTEM (WSA)

Detail Postings for Period 01 Thru 07 Ending 1/31/2015

Account Number/Description	Period Date	Journal	Source	Batch	Beginning Balance	Debit	Credit	Net Change	Ending Balance
01	7/31/2014	JE-000010	G/L	00001		720.00			51,431.38
Comments: Month End Accrual									
02	8/6/2014	PO-011066	P/O	02985		720.00			52,151.38
Comments: HUNTER RESEARCH, INC. INV:13060/2									
02	8/31/2014	JE-000010	G/L	00001			720.00		51,431.38
Comments: Reversal: Month End Accrual									
03	9/24/2014	PO-011118	P/O	03041		51,555.63			102,987.01
Comments: TRANSYSTEMS CORPORATION INV:P70813-5									
03	9/24/2014	PO-011118	P/O	03041		485.01			103,472.02
Comments: TRANSYSTEMS CORPORATION INV:P70813-6									
04	10/30/2014	PO-011169	P/O	03096		9,480.90			112,952.92
Comments: TRANSYSTEMS CORPORATION INV:7-10/20/14									
05	11/26/2014	PO-011187	P/O	03113		11,653.21			124,606.13
Comments: TRANSYSTEMS CORPORATION INV:8 11/18/14									
06	12/30/2014	PO-011219	P/O	03148		10,339.52			134,945.65
Comments: TRANSYSTEMS CORPORATION INV:7081300149									
Report Total:					11,944.85	123,720.80	720.00	123,000.80	134,945.65
					6,470,958.29	1,397,431.01	311,438.59	1,085,992.42	7,556,950.71

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM
ACTUAL OPERATING EXPENSES January 1, 2014 through December 31, 2014 - DISTRIBUTED BY COST CENTER

CODE	ACCOUNT	Cost Center 10 OFFICE EXECUTIVE DIRECTOR	Cost Centers 13-17 FINANCIAL MANAGEMENT & ACCOUNTING	Cost Center 20 WATERSHED PROTECTION PROGRAMS	Cost Centers 30-37 OPERATIONS MAINTENANCE & ENGINEERING	ACTUAL EXPENSES 1/1/2014-12/31/2014
5110	Regular Salaries & Wages	\$121,897	\$1,107,272	\$607,521	\$3,406,587	\$5,243,276
5120	Overtime-Salaries & Wages		2,479	298	169,878	172,655
5130	New Positions-Salaries & Wages					0
5140	Seasonal Help-Salaries & Wages					0
5150	Fringe Benefits	33,664	461,233	227,673	1,832,962	2,555,531
5167	Retiree Health Benefits	45,700	105,092		583,004	733,796
5168	Workers Compensation (Self-Insured)		4,358			4,358
	Total Salary & Fringe Benefits	\$201,262	\$1,680,433	\$835,492	\$5,992,430	\$8,709,616
5200	On-Site Residences			42,222	52,160	\$94,382
5211	Heating Fuel				62,610	\$62,610
5220	Utilities -Electrical Service				94,928	\$94,928
5230	" -Gas Service & Water				4,568	\$4,568
5240	" -Propane				353	\$353
5250	Electricity for Pumping				74,490	\$74,490
5260	Vehicular Fuel		143,372			\$143,372
5270	Oil & Grease				4,485	\$4,485
5280	Tires				29,967	\$29,967
5290	Maintenance Supplies		582	167	158,877	\$159,626
5300	MaInt. Supplies - Vehicular Equipment				51,880	\$51,880
5310	Major Special Vehicle Service & Repair				129,949	\$129,949
5320	Agricultural Supplies			3,132	2,418	\$5,550
5330	Maintenance of Equipment		17,933		18,257	\$36,190
5340	Service & Maintenance Contracts		33,812	892	143,608	\$178,312
5350	Equipment Rental		26,288		33,882	\$60,170
5360	Household-Safety & Protective Supplies		9,916		13,458	\$23,374
5370	Uniforms				4,277	\$4,277
5380	Special & Professional Services	20,531	182,601	237,257	121,985	\$562,373
5390	Protective Services		1,181,404			\$1,181,404
5400	Telephone		70,394			\$70,394
5410	Postage & Freight		5,982	156		\$6,138
5420	Data Processing		37,733			\$37,733
5430	Printing & Office Supplies	444	38,375	11,397	12,040	\$62,256
5440	Scientific & Photographic				995	\$995
5450	Dues & Subscriptions	13,117	6,195	798	14,538	\$34,648
5460	Advertising		3,690			\$3,690
5470	Travel & Subsistence	175	553	1,078	851	\$2,657
5480	Staff Training & Tuition Aid		771	945	4,891	\$6,607
5490	Fees & Permits		105,835	44	16,000	\$121,879
5500	In-Lieu Taxes		18,689			\$18,689
	Total Operating Expenses	\$34,267	\$1,884,124	\$298,088	\$1,051,467	\$3,267,947
	GRAND TOTAL	\$235,529	\$3,564,557	\$1,133,580	\$7,043,898	\$11,977,563

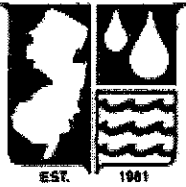
**New Jersey Water Supply Authority – Raritan Basin, Public Hearing Statement of
New Jersey American Water Company**

This statement is on behalf of New Jersey American Water Company on the Authority's proposed annual user charges for purchased raw water from the Raritan Basin for the Fiscal Year 2016. The Authority's 2016 Basis and Background Statement indicates a 2.85% projected increase is sought in the rate to be charged effective 7/1/15, over the current rate. The Company reviewed the available financial records requested to ensure that the adopted charges reflect as closely as possible the Authority's actual operating and capital needs for Fiscal Year 2016.

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

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

Thank You.



NEW JERSEY WATER SUPPLY AUTHORITY

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

January 28, 2015

The Honorable Edward J. Smith
Freeholder Director
County of Warren
101 Maple Avenue
Asbury, NJ 08802

Re: Inquiry of January 9, 2015
Raritan Basin FY2016 Rates Proposal Effective July 1, 2015

Dear Freeholder Smith:

At the New Jersey Water Supply Authority's (the "NJWSA") pre-public hearing held on January 9, 2015 you inquired whether "it is within the existing authority of the NJWSA to determine the economic or asset value of its raw water supply".

The NJWSA, at N.J.S.A. 58:1B-2, is authorized to design, initiate, acquire, construct, maintain and operate water systems. The NJWSA, however, does not own the untreated water that it delivers to its customers. The State of New Jersey issues a permit to the NJWSA to divert water in accordance with the Water Supply Management Act (N.J.S.A. 58:1A-2) in which the Legislature found that "... the water resources of the State are public assets of the State held in trust for its citizens and are essential to the health, safety, economic welfare, recreational and aesthetic enjoyment, and general welfare, of the people of New Jersey; that ownership of these assets is in the State as trustee of the people..." Further, "waters" or "waters of the State" means all surface waters and ground waters in the State according to the definitions outlined in the statute.

Because the State of New Jersey owns all of the waters of the State, untreated water is not an asset owned by the NJWSA, and therefore, the value of that asset is not reflected on the books of the NJWSA. Accordingly, the establishment of the economic value of the raw water supply would be outside of the purview of the NJWSA.

I hope you find this letter responsive. If you have any other questions or concerns, please feel free to contact me.

Sincerely,

Beth Gates

Director, Finance and Administration

Beth Gates

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From: info
Sent: Monday, February 02, 2015 1:50 PM
To: Beth Gates
Subject: FW: DEP Dkt. No. 11-14-12, NJWSA-Raritan Basin

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

From: DEP rulemakingcomments [mailto:rulemakingcomments@dep.nj.gov]
Sent: Monday, February 02, 2015 1:35 PM
To: DEP rulemakingcomments
Cc: JEANPUBLIC1@YAHOO.COM
Subject: DEP Dkt. No. 11-14-12, NJWSA-Raritan Basin

**** Electronic Rulemaking Comment ****

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

Rule Proposal: DEP Dkt. No. 11-14-12, NJWSA-Raritan Basin

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

Staff Memorandum to Hearing Officer

Exhibit H



NEW JERSEY WATER SUPPLY AUTHORITY

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

April 1, 2015

M E M O R A N D U M

TO: Mr. Ellsworth Havens
Hearing Officer

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

SUBJECT: Proposed adjustments to the Schedule of Rates, Charges and
Debt Service Assessments for the Sale of Water from the
Raritan Basin System (N.J.A.C. 7:11-2.1, et seq.)

Please be advised that no additional comments or inquiries on the Raritan Basin System FY2016 rate proposal were received by the Authority subsequent to the public hearing of February 6, 2015 so that the public comments noted for the record at the hearing represent a complete picture of public input.

Staff has analyzed the budget of the original rate package for any revisions that can be considered prior to final action of the Authority at the June 1, 2015 meeting. The attached Exhibit (A) reflects no recommended revisions to the original proposed rate package as presented at the Authority meeting held on January 5, 2015, and adopted by resolution number 2180, dated 01/05/15. Because of there are no revisions to the original rate package, there will be no change to the O & M rate component of the rates as proposed at the January 5, 2015 Authority meeting.

The total rate (O&M plus Debt Service, Capital Fund, and Source Water Protection Component) of \$253.00 per million gallons will apply to all customers in FY2016 (starting July 1, 2015) and results in a 2.85 percent increase from FY2015.

enclosures

EXHIBIT A

NEW JERSEY WATER SUPPLY AUTHORITY

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

REVISIONS OF ORIGINAL RATE PACKAGE

1. No Changes	

PART II - DETAILED SUPPORTING INFORMATION

TABLE 1

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM

SUMMARY OF PROPOSED FISCAL YEAR 2016 ADJUSTMENTS

BASED ON PRESENT USAGE

The rates, charges and debt service assessments listed below shall be paid for raw water diverted, withdrawn or allocated from the Raritan Basin System:

RATE COMPONENT	PRESENT	ORIGINAL PROPOSAL 12/01/14	DIFFERENCE	PERCENTAGE INCREASE (DECREASE)
O & M Assessment	\$167.00	\$171.00	+4.00	2.40%
NJEIFP Debt Service Assessment	25.00	25.00	0	0
Capital Fund Component	30.00	33.00	+3.00	10.0
Source Water Protection Component	24.00	24.00	0	0
Total Rate	\$246.00/mg	\$253.00/mg	+7.00	2.85

Table 2

New Jersey Water Supply Authority
Delaware and Raritan Canal - Spruce Run/Round Valley Reservoirs System
Rate History of
Water Charges per Million Gallons of Raw Water Daily
FY2003-FY2016

Effective Date	O&M Charge	1981 Bond Charge 7/1/86-10/30/06	1998 Bond Charge 8/1/98-11/1/13	NJEIFP Component 8/1/13-8/1/23	Capital Fund Component	Source Water Protection Component	Total Charge per MG	Percent Increase -Decrease
July 1, 2002	105.46	31.73	49.28		13.53	5.00	\$205.00	0.00%
July 1, 2003	111.68	31.62	49.15		7.55	10.00	\$210.00	2.44%
July 1, 2004	122.75	28.31	41.71		12.23	10.00	\$215.00	2.38%
July 1, 2005	111.80	28.24	41.51		20.45	13.00	\$215.00	0.00%
July 1, 2006	133.13	19.55	41.32		21.00	13.00	\$228.00	6.05%
July 1, 2007	138.71		41.29		33.00	15.00	\$228.00	0.00%
July 1, 2008	142.34		40.66		33.00	15.00	\$231.00	1.32%
July 1, 2009	142.39		40.61		33.00	15.00	\$231.00	0.00%
July 1, 2010	142.55		40.45		33.00	15.00	\$231.00	0.00%
July 1, 2011	145.66		40.34		30.00	15.00	\$231.00	0.00%
July 1, 2012	145.84		40.16		30.00	15.00	\$231.00	0.00%
July 1, 2013	152.00		0.00	25.00	30.00	24.00	\$231.00	0.00%
July 1, 2014	167.00		0.00	25.00	30.00	24.00	\$246.00	6.49%
July 1, 2015	171.00		0.00	25.00	33.00	24.00	\$253.00	2.85%

RARITAN BASIN SYTEM

SCHEDULE OF EVENTS (NJAC 7:11-2.1 et. seq.)
To become effective July 1, 2015

2014

SEPTEMBER 15 Advise Water Users of informal meeting.
NOVEMBER 14 Informal meeting with Water Users - 10:00 AM.
DECEMBER 19 Mail Official Notice to water customers, Rate Payer Advocate,
interested parties and advertise in newspapers.

2015

JANUARY 5 Board reviews and approves proposed Rates.
9 Pre-Pubic Hearing - 10:00 AM (within 45 days of Official Notice).
Deadline for responses to inquires received prior to pre-public
hearing.
20 Publication in the New Jersey Register.
26 Deadline for receipt of comments to be addressed at Public Hearing
(15 days after pre-public hearing).
FEBRUARY 6 Public Hearing Meeting. (SR Administration Building) - 10:00 AM
Deadline for responses to inquires received between
pre-public and public hearing.
23 Written responses to questions raised at Hearing (within 10
business days of the public hearing).
MARCH 16 Public Hearing record closes (25 business days after
Public Hearing).
21 NJ Register Comment Period Ends.
JUNE 1 Board approval of FY 2016 Rates and Budgets.
JULY 1 Effective date.

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM

PROPOSED

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

	ADOPTED F/Y15	PROPOSED F/Y16
Proposed Operating Expense Budget (Schedule 1)	\$12,823,900	\$13,157,000
Net Allocation of Headquarters General and Administrative Expenses to the Manasquan Water Supply System - (Schedule 5)	(779,000)	(737,000)
Proposed Total Expense Budget	\$12,044,900	\$12,420,000
Proposed Capital Equipment Budget (Note on Schedule 6)	247,300	298,900
Total Operating Expense & Capital Equipment Budgets	\$12,292,200	\$12,718,900
Contribution to Reserve Funds-Depreciation Reserve	0	0
-Reserve for Formal Dam Inspection	10,000	10,000
-Pumping Reserve	150,000	150,000
-Capital Equipment Reserve	150,000	150,000
Total Budget Requirements	\$12,602,200	\$13,028,900
<u>MISCELLANEOUS REVENUES:</u>		
Employee Housing/Land Rental	(56,000)	(56,000)
Receivable from the State of NJ and Other Reservoir Sites	(5,000)	(5,000)
Interest Earnings on Funds (Except Major Rehabilitation and Depreciation Reserve Fund) (Schedule 7)	(35,300)	(35,300)
Total Miscellaneous Revenue & Interest Income	\$ (96,300)	\$ (96,300)
<u>OTHER AVAILABLE FUNDS:</u>		
Funds Appropriated to Rate Stabilization Fund for use in F/Y2015 (Resolution #2154, dated 07/09/14)	(1,673,240)	0
Unanticipated Revenue (Schedule 8)	0	(1,571,150)
Total Other Available Funds	\$ (1,673,240)	\$ (1,571,150)
Net Amount to be paid for O & M Component	\$ 10,832,660	\$11,361,450

Note 1. This amount is net of withdrawal from Depreciation Reserve.

**NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM
PROPOSED OPERATING EXPENSES BUDGET FISCAL YEAR 2016-DISTRIBUTED BY COST CENTER**

CODE	ACCOUNT	OFFICE EXECUTIVE DIRECTOR	FINANCIAL MANAGEMENT & ACCOUNTING	WATERSHED PROTECTION PROGRAMS	OPERATIONS MAINTENANCE & ENGINEERING	PROPOSED BUDGET FOR FY16
5110	Regular Salaries & Wages	\$122,400	\$1,175,900	\$647,300	\$3,753,100	\$5,698,700
5120	Overtime-Salaries & Wages		4,700	300	185,600	\$190,600
5130	New Positions-Salaries & Wages					
5140	Seasonal Help-Salaries & Wages					
5150	Fringe Benefits	36,700	517,000	264,200	2,265,800	\$3,083,700
5167	Retiree Health Benefits	46,900	123,000		638,400	\$808,300
5168	Workers Compensation (Self-Insured)		10,000			\$10,000
	Total Salary & Fringe Benefits	\$206,000	\$1,830,600	\$911,800	\$6,842,900	\$9,791,300
5200	On-Site Residences			6,000	35,600	\$41,600
5211	Heating Fuel				106,400	\$106,400
5220	Utilities -Electrical Service				112,500	\$112,500
5230	" -Gas Service & Water				4,700	\$4,700
5240	" -Propane				200	\$200
5250	Electricity for Pumping				90,000	\$90,000
5260	Vehicular Fuel		157,800			\$157,800
5270	Oil & Grease				6,600	\$6,600
5280	Tires				26,000	\$26,000
5290	Maintenance Supplies		600		212,700	\$213,300
5300	Maint. Supplies - Vehicular Equipment				39,000	\$39,000
5310	Major Special Vehicle Service & Repair				85,000	\$85,000
5320	Agricultural Supplies				5,000	\$5,000
5330	Maintenance of Equipment		10,400	3,500	23,900	\$37,800
5340	Service & Maintenance Contracts		33,800	3,400	144,000	\$181,200
5350	Equipment Rental		25,600		14,300	\$39,900
5360	Household-Safety & Protective Supplies	100	12,000		21,100	\$33,200
5370	Uniforms				6,300	\$6,300
5380	Special & Professional Services	25,000	200,200	109,000	143,400	\$477,600
5390	Protective Services		1,307,800			\$1,307,800
5400	Telephone		72,400			\$72,400
5410	Postage & Freight		11,000		100	\$11,100
5420	Data Processing		44,500			\$44,500
5430	Printing & Office Supplies	500	38,400	9,000	9,800	\$57,700
5440	Scientific & Photographic				500	\$500
5450	Dues & Subscriptions	14,400	8,000	1,000	15,700	\$39,100
5460	Advertising		11,000			\$11,000
5470	Travel & Subsistence	1,500	1,300	1,500	2,200	\$6,500
5480	Staff Training & Tuition Aid	500	4,000	3,500	10,800	\$18,800
5490	Fees & Permits		102,100		11,400	\$113,500
5500	In-Lieu Taxes		18,700			\$18,700
	Total Operating Expenses	\$42,000	\$2,059,600	\$136,900	\$1,127,200	\$3,365,700
	GRAND TOTAL	\$248,000	\$3,890,200	\$1,048,700	\$7,970,100	\$13,157,000

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM
COMPARATIVE STATEMENT F/Y2016

SCHEDULE 1A

CODE	ACCOUNT	FY'12 ACTUAL	FY'13 ACTUAL	FY'14 ACTUAL	FY'15 ADOPTED	FY'16 PROPOSED
5110	Regular Salaries & Wages	\$5,346,361	\$5,214,020	\$5,227,901	\$5,623,200	\$5,698,700
5120	Overtime-Salaries & Wages	\$272,296	\$211,797	\$186,907	\$191,400	\$190,600
5130	New positions-Salaries & Wages	\$0	\$0	\$0	\$0	\$0
5162	Retiree Unused Sick & Vacation	\$0	\$0	\$41,044	\$0	\$0
5150	Fringe Benefits	\$2,464,386	\$2,634,592	\$2,549,057	\$2,900,400	\$3,083,700
5167	Retiree Health Benefits	\$498,080	\$619,662	\$711,226	\$808,300	\$808,300
5168	Workers Comp. (Self Insured)	\$1,253	\$3,679	\$4,384	\$10,000	\$10,000
	Total Salary & Fringe	\$8,582,375	\$8,683,750	\$8,720,519	\$9,533,300	\$9,791,300
	Budget Salary & Fringe	\$9,486,700	\$8,982,500	\$9,700,250		
5200	Residences	\$83,798	\$80,172	\$85,031	\$80,000	\$41,600
5211	Heating Fuel	\$69,128	\$112,576	\$99,709	\$108,900	\$106,400
5220	Utilities -Electrical Service	\$102,110	\$104,123	\$106,609	\$112,500	\$112,500
5230	-Gas Service	\$4,396	\$4,258	\$4,980	\$4,600	\$4,700
5240	-Propane	\$72	\$102	\$520	\$200	\$200
5250	Electricity for Pumping Station	\$89,684	\$75,400	\$77,401	\$85,800	\$90,000
5260	Fuel - Vehicular	\$195,155	\$153,547	\$144,641	\$177,600	\$157,800
5270	Oil & Grease	\$10,861	\$2,829	\$5,222	\$6,600	\$6,600
5280	Tires	\$30,894	\$14,855	\$31,557	\$18,000	\$26,000
5290	Maintenance Supplies	\$189,565	\$165,264	\$161,555	\$205,200	\$213,300
5300	Maint. Supplies - Vehicular	\$46,075	\$38,258	\$51,614	\$39,000	\$39,000
5310	Major Vehicle Service & Repair	\$81,130	\$100,424	\$102,034	\$85,000	\$85,000
5320	Agricultural Supplies	\$22,996	\$1,328	\$653	\$5,500	\$5,000
5330	Maintenance Equipment	\$39,122	\$14,574	\$35,808	\$34,600	\$37,800
5340	Serv. & Maintenance Contracts	\$159,703	\$179,019	\$167,202	\$177,800	\$181,200
5350	Equipment Rental	\$79,487	\$139,944	\$60,514	\$45,100	\$39,900
5360	Household - Safety Supplies	\$32,307	\$24,137	\$26,771	\$33,100	\$33,200
5370	Uniforms	\$4,385	\$5,706	\$3,266	\$6,300	\$6,300
5380	Special & Professional Services	\$487,961	\$467,728	\$411,176	\$492,400	\$477,600
5390	Protective Services	\$989,403	\$1,047,791	\$1,133,656	\$1,186,600	\$1,307,800
5400	Telephone	\$71,109	\$70,944	\$73,113	\$72,400	\$72,400
5410	Postage & Freight Out	\$13,736	\$9,808	\$3,464	\$13,100	\$11,100
5420	Data Processing	\$48,427	\$42,660	\$36,203	\$44,500	\$44,500
5430	Printing & Office Supplies	\$41,377	\$78,749	\$56,904	\$54,500	\$57,700
5440	Scientific & Photographic	\$228	\$43	\$0	\$700	\$500
5450	Dues & Subscriptions	\$33,674	\$34,603	\$33,520	\$39,400	\$39,100
5460	Advertising & Promotional	\$2,308	\$3,269	\$5,925	\$3,500	\$11,000
5470	Travel & Subsistence	\$3,290	\$2,035	\$2,939	\$6,700	\$6,500
5480	Staff Training & Tuition Aid	\$14,749	\$13,561	\$11,220	\$16,300	\$18,800
5490	Fees & Permits	\$112,586	\$113,468	\$114,616	\$116,000	\$113,500
5500	In - Lieu Taxes	\$18,689	\$18,689	\$18,689	\$18,700	\$18,700
	Total Other Expenses	\$3,078,187	\$3,119,864	\$3,066,512	\$3,290,600	\$3,365,700
	Total Operating Expenses	\$11,660,562	\$11,803,614	\$11,787,031	\$12,823,900	\$13,157,000
	Annual Increase (Decrease)	2.58%	1.23%	-0.14%	8.80%	2.60%
	Budget -other expenses	3,104,200	3,090,900	3,077,600	3,290,600	
	ANNUAL BUDGET	\$12,590,900	\$12,073,400	\$12,777,850	\$12,823,900	

PROJECTED FY 2016 NEW JERSEY WATER SUPPLY AUTHORITY INSURANCE PROGRAM

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

NEW JERSEY WATER SUPPLY AUTHORITY
 RECAP OF ALLOCATION OF HEADQUARTERS
 GENERAL AND ADMINISTRATIVE EXPENSES CHARGED
 TO THE MANASQUAN WATER SUPPLY SYSTEM
 FOR FISCAL YEAR 2016 (7/1/15-6/30/16)

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

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM
PROPOSED CAPITAL EQUIPMENT BUDGET
FISCAL YEAR 2016

	Description	(R) Replacement (A) Addition	Year of Purchase	Dollar Value	Depreciation Reserve
INFORMATION SYSTEMS	(1) DELL SERVER - WATERSHED	(R) EQP2146	2010	5,000	2,461
	(2) VIDEO COMPUTER SYSTEMS SECURITY	(R) EQP2087, 2112	2008, 2009	6,000	7,449
	(1) PLOTTER	(R) EQP2012	2006	4,200	5,735
FACILITIES	(1) MAGNETIC DRILL PRESS AND BITS	(A)		3,200	
	(1) POWER EXHAUST FAN - BOILERS ADMIN BLDG	(A)		4,000	
	(1) SNOWBLOWER SBPS	(A)		3,500	
	(1) GENERATOR CARPENTERS	(A)		2,500	
	(1) GUARDRAIL TENSIONER	(A)		6,000	
	(1) POWER TAKE-OFF	(R)	1964	14,000	
	(1) PRESSURE WASHER	(R) EQP1469	1994	2,200	1,116
GROUNDS	(1) NJWA-31 UTILITY 4WD W/PLOW	(R) TRN1851	2002	39,000	22,299
	(1) NJWA-34 UTILITY 4WD W/PLOW	(R) TRN1872	2003	39,000	21,574
	(1) BACKHOE 4WD	(R) TRN1706	1999	95,000	65,945
	(1) PONTOON BOAT W/TRAILER AND MOTOR	(R) EQP538	1977	32,000	3,081
	(1) FIELD TRACTOR CX-70	(R) TRN1776	2000	45,000	34,496
	(1) FIELD TRACTOR CX-75	(R) TRN1988	2005	45,000	29,034
	(1) FORK TRUCK	(R) EQP853	1988	34,000	7,300
CANAL	(1) NJWA-33 PICKUP TRUCK	(R) TRN2148	2010	30,000	17,087
	(1) NJWA-45 PICKUP TRUCK	(R) TRN2147	2010	30,000	17,087
	(1) TRACTOR & BOMFORD MOWER COMBINATION	(R) TRN1826/EQP1862	2001/2002	80,000	9,600
	(1) ALAMO FLAIL AXE MOWER HEAD	(A)		18,000	
AUTO SHOP	(1) MODIS- DIAGNOSTIC	(R) EQP1511	1995	4,000	1,496
AUTO SHOP - CANAL	(1) 10 TON FLOOR JACK	(R) EQP1287	1992	3,000	1,952
	(1) 5 TON FLOOR JACK	(R) EQP1285	under 1,000	2,000	0

	TOTAL COST	\$546,600	\$247,712
	LESS AMOUNT CHARGED TO DEPRECIATION RESERVE	(247,712)	
	NET TOTAL	\$298,888	
	LESS AMOUNT CHARGED TO CAPITAL EQUIPMENT RESERVE		\$0
	TOTAL	\$298,888	
	AMOUNT FUNDED FOR FY2016	\$298,900	

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NEW JERSEY WATER SUPPLY AUTHORITY

RARITAN BASIN SYSTEM

ESTIMATE OF INTEREST INCOME FOR FISCAL YEAR 2016 BUDGET

<u>FUND/RESERVE</u>	<u>TD BANK FUNDS</u>	<u>LONG-TERM INVESTMENTS</u>
Operating	\$ 600,000	\$ 0
Reserve for O & M	500,000	1,500,000
Pumping Reserve	600,000	0
Self-Insurance Reserve	1,000	700,000
Rate Stabilization Fund	<u>\$1,000,000</u>	<u>\$ 0</u>
 Estimated Total	 \$2,701,000	 \$2,200,000
	 \$ 2,701,000 x .25% =	 \$ 6,752
	\$ 2,200,000 x 1.30% =	\$ 28,600
	TOTAL	<u>\$ 35,352</u>
	ESTIMATE	<u>\$ 35,300</u>

Short-Investments

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

Long-Term Investments

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

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM

UNANTICIPATED REVENUEFUNDS TO BE APPROPRIATED INTO THE RATE STABILIZATION FUND FOR FISCAL YEAR 2016

			<u>AMOUNT</u>
F/Y2014 Net Year-End Balance			\$ 0
<u>OVERDRAFTS</u>	<u>INVOICE NO.</u>	<u>BILLED</u>	<u>AMOUNT</u>
Roxiticus Golf Club	784	09/18/14	74.62
Washington Twp MUA	785	09/18/14	26.50
	785	09/18/14	<u>7.79</u>
		TOTAL	\$ 108.91
	Amount used in	FY2015	\$ 0
		NET	\$ 108.91
<u>Overdrafts Not Billed, Accrued through August 31, 2014</u>			
East Windsor MUA, Hunterdon County Golf, Somerset County Park			\$ 1,048.30
<u>Other Sources of Funds</u>			
Dredging Deferral			<u>\$1,570,000.00</u>
		GRAND TOTAL	<u>\$1,571,157.21</u>
		FY16 Budget	<u>\$1,571,150.00</u>

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM

PROJECTED FISCAL YEAR 2016

OPERATIONS & MAINTENANCE COMPONENT SALES BASE

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE FINANCING PROGRAM DEBT SERVICE ASSESSMENT

SALES BASE

USER	DAILY ALLOCATION (MGD)	DAYS PER YEAR		TOTAL MG/YR	ANNUALIZED SALES BASE (MGD)
Duke Farms	.075	N/A			.000
East Brunswick Twp	8.000	365		2,920.000	8.000
NJ American Water Company	126.600	365		46,209.000	126.600
Mercer County Park Commission - Golf	.132	184		24.300	.067
Middlesex Water Co.	27.000	365		9,855.000	27.000
New Brunswick, City of	10.500	365		3,832.500	10.500
North Brunswick Twp.	8.000	365		2,920.000	8.000
Princeton University	.150	365		54.750	.150
Trenton Country Club	.126	365		46.000	.126
United Water Lambertville	.490	365		178.850	.490
Ridge at Back Brook	.111	365		40.510	.111
Roxbury Water Company	.041	365		15.000	.041
Royce Brook Golf Club	.165	365		60.230	.165
Hunterdon County Golf (Heron Glen)	.079	365		28.800	.079
Raritan Valley Country Club	.012	365		4.380	.012
East Windsor Municipal Utilities Authority	.011	365		4.000	.011
Somerset County Park Commission (Neshanic Valley Golf Club)	.142	365		51.750	.142

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM

PROJECTED FISCAL YEAR 2016

OPERATIONS & MAINTENANCE COMPONENT SALES BASE

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE FINANCING PROGRAM DEBT SERVICE ASSESSMENT

SALES BASE

USER	DAILY ALLOCATION (MGD)	DAYS PER YEAR		TOTAL MG/YR	ANNUALIZED SALES BASE (MGD)
Lamington Farms LLC (Trump National Golf Club)	.170	365		62.100	.170
Morris County Municipal Utilities Authority	.079	365		28.830	.079
Applied Waste Water Management, Inc. (Mt. Olive Township)	.010	365		3.554	.010
Washington Township Municipal Utilities Authority	.035	365		12.775	.035
Borough of Glen Gardner	.008	365		2.775	.008
Roxiticus Golf Club	.046	365		16.790	.046
Hamilton Farm Golf Club	.138	365		50.400	.138
Springdale Golf Club	.098	365		35.640	.098
NJ Department of Corrections	.025	365		9.250	.025
Stonebridge Community Assoc.	.081	365		29.565	.081
Village Grande @ Bear Creek	.074	365		27.010	.074
Eastern Concrete Materials	.023	365		8.500	.023
Hunterdon Medical Center	.031	365		11.000	.031
Princeton University Operations	.027	365		9.855	.027
TOTAL SALES BASE					182.339

NEW JERSEY WATER SUPPLY AUTHORITY
 RARITAN BASIN SYSTEM
OPERATIONS AND MAINTENANCE RATE COMPONENT
 FISCAL YEAR 2016

Funds Required for F/Y2016 Budget

Proposed Operating Expense and Capital Budget	\$13,028,900
Less Miscellaneous Revenues & Interest Income	(96,300)
Other Available Funds	<u>(1,571,150)</u>
Net Budget Requirement	<u>\$11,361,450</u>
Less: 182.271 x 167.00 x 61 Days (Cash received in July and August for water used in May and June based on \$167.00/mg)	(1,856,795)
 Additional Revenue required to cover Operations and Maintenance Expense through 6/30/16	 \$ <u>9,504,655</u>

Computation of Operations & Maintenance Rate for Fiscal Year 2016

Sales Base

Period 7/1/15 to 4/30/16 305 days x 182.339 mgd = 55,613.40mg

Required Operations & Maintenance Rate F/Y2016	$\frac{\$9,504,655}{55,613.40\text{mg}} = \$171.00/\text{mg}$
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NEW JERSEY WATER SUPPLY AUTHORITY

RARITAN BASIN SYSTEM

DEBT SERVICE RATE COMPONENT FOR NJEIT LOAN REPAYMENT

Effective July 1, 2015, (F/Y2016, July 1, 2015-June 30, 2016)

Total due on Principal and Interest \$1,668,200/year

$$\text{Debt Service Rate for NJEIT Loan} = \frac{\$1,668,200}{182.339 \text{ mgd} \times 365 \text{ days}} = \$25.00/\text{mg}$$

*This rate may be subject to future adjustments based on actual loan terms.

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 Raritan Basin System, to become effective July 1, 2015 (regulations found at N.J.A.C. 7:11-2.1 et seq.)

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

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

WHEREAS, by Resolution No. 2180 adopted on January 5, 2015 the Authority proposed certain revisions to the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System, to become effective July 1, 2015 (regulations found at N.J.A.C. 7:11-2.1 et seq.); and

WHEREAS, the proposal was mailed to all contractual water purchasers in December 2014, and published in the Hunterdon County Democrat on December 25, 2014, and The Times (Trenton) and the Star Ledger on December 24, 2014, and appeared in the New Jersey Register on January 20, 2015 with a 60 day comment period ending March 21, 2015; and

WHEREAS, a pre-public hearing meeting was conducted on the proposed amendments on January 9, 2015; and

WHEREAS, the Authority conducted a public hearing on the proposed amendments on February 6, 2015 with the hearing record remaining open through March 16, 2015; and

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

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

NOW THEREFORE, be it resolved that the New Jersey Water Supply Authority adopts the Hearing Officer's Report entitled "Fiscal Year 2016 Proposed Amendments to the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System, effective July 1, 2015;" and

BE IT FURTHER RESOLVED that the New Jersey Water Supply Authority adopts the following amendments to the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System, found at N.J.A.C. 7:11-2.1 et seq. to become effective on July 1, 2015:

1. Amend N.J.A.C. 7:11-2.3 of the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System, to reflect an increase in the sales base to 182.339 million gallons per day (mgd) for the Operations and Maintenance Expense Rate (O&M) Component and an increase in the O&M rate from \$167.00 to \$171.00 per million gallons (mg), no change from the original FY2016 proposal of \$171.00 per million gallons for the period July 1, 2015 through June 30, 2016; and

2. Amend N.J.A.C. 7:11-2.4(a), (b) and(c) of the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System to increase the Sales Base for the Debt Service Assessment rate from 182.271 to 182.339 million gallons per day and maintain the Debt Service Assessment Component of the rate at \$25.00 per million gallons consistent with the Initial Proposal for the period of July 1, 2015 through June 30, 2016; and
3. Amend N.J.A.C. 7:11-2.5, the Capital Fund Component, to increase the rate from \$30.00 per million gallons to \$33.00 per million gallons effective July 1, 2015 through June 30, 2016, no change from the original FY2016 proposal of \$33.00 per million gallons; and
4. Amend N.J.A.C. 7:11-2.6, the Source Water Protection Fund Rate Component, to maintain the rate at \$24.00 per million gallons, effective July 1, 2015 through June 30, 2016, no change from the original FY2016 proposal of \$24.00 per million gallons; and

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

1. Appropriate \$1,150 in unanticipated revenue from overdraft sales from the Operating Fund for Fiscal Years ending June 30, 2013 and June 30, 2014 into the Rate Stabilization Fund.
2. Appropriate \$1,570,000 in surplus funds from the D&R Canal Dredging Fund from the Fiscal Year ending June 30, 2015 into the Rate Stabilization Fund.
3. Apply \$1,571,150 appropriated into the Rate Stabilization Fund to the Operating Fund for Fiscal Year 2016.

Draft Resolution Adopting FY2016
Budget

Exhibit J

RESOLUTION OF THE NEW JERSEY WATER SUPPLY AUTHORITY

NO.: _____

DATE OF ADOPTION: _____

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

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

WHEREAS, the Authority has previously considered the proposed budget as part of the Rate Adjustment procedure for Fiscal Year 2016, and the adopted rate schedule for Fiscal Year 2016 is based upon the proposed budget requirements in the amount of \$18,501,258.

NOW THEREFORE, be it resolved that the Authority approves a budget of \$18,501,258 for the Fiscal Year beginning July 1, 2015 through June 30, 2016.