



Agenda Date: 3/19/14  
Agenda Item: 5B

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

WATER

IN THE MATTER OF THE PETITION OF UNITED	)	ORDER ADOPTING
WATER TOMS RIVER, INC. FOR APPROVAL OF A	)	STIPULATION OF
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE	)	SETTLEMENT
FOUNDATIONAL FILING PURSUANT TO <u>N.J.A.C.</u>	)	
14:9-10.4	)	DOCKET NO. WR13111128

**Parties of Record:**

**Kelly Ruggiero, Esq.**, on behalf of United Water Toms River, Petitioner  
**Stefanie A. Brand, Esq.**, Director, on behalf of the Division of Rate Counsel

**BY THE BOARD:**

On November 25, 2013, United Water Toms River, Inc. ("Company" or "Petitioner"), a public utility corporation of the State of New Jersey, filed a petition (the "Foundational Filing") pursuant to N.J.A.C. 14:9-10.1 et seq. seeking to enable the implementation of a Distribution System Improvement Charge ("DSIC"). Specifically, the Company requested that the Board of Public Utilities ("Board") approve the Company's Foundational Filing pursuant to N.J.A.C. 14:9-10.4(b) to recover costs associated with DSIC-eligible projects through an approved DSIC rate.

**BACKGROUND/PROCEDURAL HISTORY**

The Company, the Division of Rate Counsel, and the Staff of the Board of Public Utilities (collectively, "the Parties") exchanged numerous e-mails which agreed to procedural schedule for this matter. The parties also agreed to extend the ninety (90) day period specified in N.J.A.C. 14:9-10.4(c) so that this matter could be considered by the Board at its March 19, 2014 public meeting. The Petitioner responded to discovery requests from all parties.

After proper notice, a public hearing was held at the County of Ocean Administration Building on March 4, 2014, at 5:30 pm, located in Toms River, NJ. No members of the public appeared at the hearing to provide comments nor were any written comments received.<sup>1</sup> The public comment hearing was transcribed and made a part of the record.

## **DISCUSSIONS AND FINDINGS**<sup>2</sup>

As a result of an analysis of the Petitioner's Foundational Filing, which included a review of the discovery that was responded to by Petitioner, and a public hearing held in the service territory, the Parties have come to an agreement on this matter. On March 14, 2014, the Parties executed a Stipulation of Settlement ("Stipulation"). Specifically, the Stipulation stated:

1. The Parties agreed that the Company concluded a base rate proceeding and implemented new base rates pursuant to an Order of the Board dated April 29, 2013 in BPU Docket No. WR12090830. Therefore the Company has met the requirement specified in N.J.A.C. 14:9-10.4(c) regarding the setting of new base rates.
2. The Parties recommended that the Board find that the Company's Foundational Filing satisfies all of the requirements specified in N.J.A.C. 14:9-10.4(b).
3. The Parties agree that the projects contained in Exhibit P-1 of the Foundational Filing have been reviewed. The Parties further agree that the projects in Exhibit P-1 that begin construction after the Board's approval of this Foundational Filing are DSIC-eligible projects, as defined at N.J.A.C. 14:9-10.2, and are eligible to be included in the Company's DSIC filings pursuant to N.J.A.C. 14:9-10.3(a). (See Exhibit P-1 annexed hereto).
4. The Parties agree that the revenue requirement associated with the actual costs of the approved projects, attached to the Stipulation as to be recovered through future "DSIC filings" made during the "DSIC period" as those terms are defined in N.J.A.C. 14:9-10.2.
5. The Parties agree that the Company's base spending requirement is \$815,534 as calculated in Exhibit P-2 of the Foundational Filing.
6. The Parties agreed that the Petitioner's maximum amount of annual DSIC revenues that may be collected is \$1,602,474 as calculated on Exhibit P-3 of the Foundational Filing. Exhibit P-3 was revised on February 10, 2014 to correct the maximum monthly meter charges.
7. The Parties agree and recommend to the Board that the Company's Foundational Filing be approved at the next agenda meeting (March 19, 2014).

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<sup>1</sup>The public hearing was originally scheduled for February 25, 2014. Based on the Parties' review of the Petitioner's filing, the Company agreed to revise Exhibit P-3 to its petition. This revision resulted in changes to Petitioner's proposed monthly rates, which necessitated the need to publish a new notice and the rescheduling of the public hearing.

<sup>2</sup> Although described in this Order at some length, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions in this Order.

Based upon the information presented in the petition and agreed to by the Parties in the Stipulation, the Board **HEREBY FINDS** that the Company's 2012 overall revenue for DSIC purposes is approximately \$32,049,481. The Board **FURTHER FINDS** that the Petitioner's maximum amount of annual DSIC revenues that may be collected is \$1,602,474.<sup>3</sup> The Board **FURTHER FINDS** that the stipulated maximum monthly DSIC surcharge noticed by the Company and included in the Foundational Filing satisfy the requirements of N.J.A.C. 14:9-10.4(b)(3) and represent the maximum monthly DSIC surcharge which Petitioner may charge. As an example, an average residential customer with a 5/8 inch meter will be subjected to a maximum monthly DSIC surcharge of \$2.29.

The Board **HEREBY ORDERS** that in accordance with N.J.A.C. 14:9-10.5(b) Petitioner shall make DSIC filings on a semi-annual basis, commencing approximately six months after the effective date of the Foundational Filing. Petitioner must submit its semi-annual DSIC filing within 15 days of the end of the DSIC recovery period. DSIC filings shall be reviewed by Board Staff and the Division of Rate Counsel. Petitioner may recover the interim surcharge associated with the DSIC-eligible projects closed during the DSIC recovery period not objected to by Board Staff or the Division of Rate Counsel beginning 60 days after the end of the DSIC recovery period, subject to refund at the Board's discretion. It is **FURTHER ORDERED** that Petitioner must comply with the base spending requirements set forth in this Order. Failure to comply with the base spending requirements will result in a reduction and refund, where appropriate, of the DSIC surcharge. Petitioner's DSIC surcharge is interim, subject to refund, and shall not exceed the maximum DSIC rate set forth in this Order.

The Board **FURTHER ORDERS**, that in accordance with N.J.A.C. 14:9-10.4(e), if within three years after the effective date of this Order, Petitioner has not filed a petition in accordance with the Board's rules for the setting of its base rates, all interim charges collected under the DSIC shall be deemed an over-recovery, and shall be credited to customers in accordance with the Board's rules.

Having reviewed the Foundational Filing and the Stipulation, the Board **FINDS** that the Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. The Board **FINDS** the Foundational Filing and Stipulation to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board **HEREBY ADOPTS** the Stipulation, attached hereto, including all attachments and schedules, as its own, incorporating by reference the terms and conditions of the Stipulation, as if they were fully set forth at length herein, subject to the requirements set forth in N.J.A.C. 14:9-10.1 et seq. and the conditions set forth in this Order.

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<sup>3</sup> This amount represents the stipulated DSIC revenue amount sought by petitioner in its Foundational Filing and agreed to by the Parties in the Stipulation.

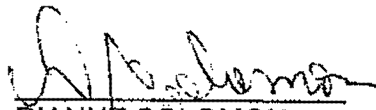
**CONCLUSION**

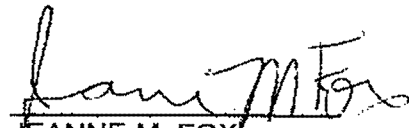
Based upon the foregoing, the Board **HEREBY APPROVES** the Company's Foundational Filing and **ORDERS** that the Company may implement a Distribution System Improvement Charge, subject to this Order and Petitioner's ongoing compliance with the DSIC regulations, as well as conformity to the base spending requirements and semi-annual true-up submissions.

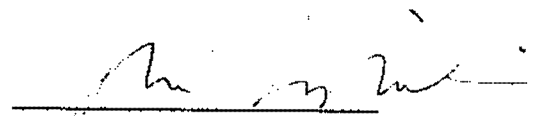
The effective date of this Order is March 29, 2014.

DATED: 3/19/2014

BOARD OF PUBLIC UTILITIES  
BY:

  
DIANNE SOLOMON  
PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER  
SSIONER

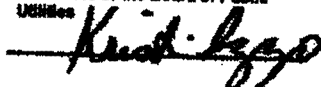
  
JOSEPH L. FIORDALISO  
COMM

  
MARY-ANNA HOLDEN  
COMMISSIONER

ATTEST:

  
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



IN THE MATTER OF THE PETITION OF UNITED WATER TOMS RIVER, INC. FOR  
APPROVAL OF A DISTRIBUTION SYSTEM IMPROVEMENT CHARGE FOUNDATIONAL  
FILING PURSUANT TO N.J.A.C. 14:9-10.4

DOCKET NO. WR13111128

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Via FedEx

March 14, 2014

Kristi Izzo, Secretary  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

RE: In The Matter Of The Petition of United Water Toms River, Inc.  
For Approval of Distribution System Improvement Charge Foundational Filing  
Pursuant to N.J.A.C. 14:9-10.4  
BPU Docket No. WR13111128

Dear Secretary Izzo,

Enclosed for filing please find an original and ten(10) copies, plus one additional copy, of a Stipulation of Settlement executed by Petitioners, United Water Toms River, Inc., The Division of Rate Counsel and the Staff of the Board of Public Utilities, in the above referenced matter. Please stamp the additional copy "filed" and return in the self-addressed, stamped envelop provided.

Thanks you for your attention to this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Gary S. Prettyman', is written over a large, light-colored oval scribble.

Gary S. Prettyman  
Senior Director – Regulatory Business

Enclosure

Cc: Stefanie Brand, Esq. (two copies via FedEx)  
Caroline Vachier, DAG (two copies via FedEx)  
Maria Moran  
Service List via e-mail

**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

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**IN THE MATTER OF THE PETITION OF  
UNITED WATER TOMS RIVER INC.'S  
FOR APPROVAL OF A DISTRIBUTION  
SYSTEM IMPROVEMENT CHARGE  
FOUNDATIONAL FILING PURSUANT TO  
PURSUANT TO N.J.A.C. 14:9-10.4**

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**STIPULATION OF SETTLEMENT  
BPU DOCKET NO. WR1311128**

**APPEARANCES:**

Kelly Ruggiero, Esq., on behalf United Water Toms River Inc., Petitioner

Alex Moreau, Deputy Attorney General and Veronica Beke, Deputy Attorney General  
(John J. Hoffman, Acting Attorney General of New Jersey), on behalf of the Staff of the  
Board of Public Utilities

Debra F. Robinson, Esq., Deputy Rate Counsel, Christine M. Juarez, Esq., Assistant Deputy  
Rate Counsel, on behalf of the Division of Rate Counsel (Stefanie A. Brand, Director)

**THE HONORABLE BOARD OF PUBLIC UTILITIES:**

The Parties in this proceeding are United Water Toms River Inc. (the "Company" or "Petitioner"), the Division of Rate Counsel ("Rate Counsel"), and the Staff of the Board of Public Utilities ("Board Staff"). Following an analysis of Petitioner's Foundational Filing, as well as discovery propounded upon and responded to by the Company, and a public comment hearing held in the service territory, the Company, Board Staff, and Rate Counsel (collectively, the "Parties") have come to an agreement on this matter. The Parties hereto agree and stipulate to the following procedural history of this matter:

On November 25, 2013, Petitioner, a public utility corporation of the State of New Jersey, filed a petition with the Board of Public Utilities (the "Board") seeking to enable the implementation of a Distribution System Improvement Charge ("DSIC") (the "Foundational Filing") pursuant to N.J.A.C. 14:9-10.1 et seq. upon approval of its Foundational Filing pursuant to N.J.A.C. 14:9-10.4(b). As required N.J.A.C. 14:9-10.4(c), the Company recently concluded a base rate

proceeding and implemented base rates, effective May 1, 2013, pursuant to an Order of the Board dated April 29, 2013 in BPU Docket No. WR12090830. Additionally, on January 21, 2014, the Company filed a confidentiality claim and supporting affidavit seeking confidential treatment of the Company's 2007 Master Plan. The Master Plan was filed pursuant to the Open Public Records Act.

The ninety (90) day review period specified in N.J.A.C. 14:9-10.4(c) expired on February 22, 2014, however an extension of the 90 days was agreed to by the Parties prior to expiration.

After proper notice, a public hearing was held in Toms River on March 4, 2014. A copy of the revised public notice setting out the proposed rate impact of the DSIC is attached as Exhibit A hereto. No members of the public attended at the hearing to provide comments nor were any written comments received. The public comment hearing was transcribed and made a part of the record.

Settlement discussions were held, and the agreements reached during those discussions have resulted in the following stipulations by the Parties:

1. As the Company concluded a base rate proceeding and implemented new base rates pursuant to an Order of the Board dated April 29, 2013 in BPU Docket No. WR12090830, the Parties stipulate and recommend that the Board find the Company has met the requirement specified in N.J.A.C. 14:9-10.4(c) regarding the setting of new base rates.
2. The parties agree and recommend that the Board find the Company has satisfied the Foundational Filing requirement specified in N.J.A.C. 14:9-10.4(b).
3. The Parties stipulate the projects contained in Exhibit P-1 of the Foundational Filing have been reviewed. The Parties further stipulate that the projects in Exhibit P-1 that begin construction after the Board's approval of this Foundational Filing are DSIC-eligible projects, as defined at N.J.A.C. 14:9-10.2, and are eligible to be included in the Company's DSIC N.J.A.C. 14:9-



10.3(a). (See Exhibit P-1 annexed hereto).

4. The Parties agree and recommend that the Board authorize the recovery in the Company's DSIC of the revenue requirement, calculated in accordance with N.J.A.C. 14:9-10.8 on the actual costs consistent with N.J.A.C. 14:9-10.2 for the proposed projects contained in Exhibit P-1.

5. The Parties agree that the maximum amount of annual DSIC revenues that may be collected by the Petitioner is \$1,602,474, as calculated in Exhibit P-3 of the Foundational Filing. Exhibit P-3 was revised on February 10, 2014 to correct the maximum monthly meter charges. (See Revised Exh. P-3 annexed hereto).

6. The Parties agree that the Company's base spending requirement is \$814,534, as calculated in Exhibit P-2 of the Foundational Filing.

7. The Parties acknowledge that the Company may commence construction of some of the projects listed on Exhibit P-1 prior to the Board's approval of the Foundational Filing. In that event, the Parties agree that costs incurred for construction activities performed after the date of the Board's approval of the Foundational Filing may be used to satisfy the Company's base spending requirement.

8. As no substantive issues remain pending on the Foundational Filing, the parties recommend to the Board that it consider this Stipulation at its March 19, 2014 public agenda meeting.

9. The Parties agree that with respect to the request for confidential treatment of certain information that is claimed to be commercially sensitive or proprietary, that if and when a request for release of such data is made under the Open Public Records Act, N.J.S.A. 47:1A-1 et seq., pursuant to N.J.A.C. 14:1-12, then the Board's Custodian of Records should decide this issue. The Parties further agree that until such time as the Board's Custodian of Records renders a decision, such information shall continue to be treated as confidential information.

10. This Stipulation is the product of extensive negotiations by the Parties, and it is an express condition of the settlement embodied by this Stipulation that it be presented to the Board in its entirety without modification or condition. It is also the intent of the Parties to this Stipulation that this settlement, once accepted and approved by the Board, shall govern all issues specified and agreed to herein. The Parties to this Stipulation specifically agree that if adopted in its entirety by the Board, no appeal shall be taken by them from the order adopting same as to those issues upon which the Parties have stipulated herein. The Parties agree that the within Stipulation reflects mutual balancing of various issues and positions and is intended to be accepted and approved in its entirety. Each term is vital to this Stipulation as a whole, since the Parties hereto expressly and jointly state that they would not have signed this Stipulation had any terms been modified in any way. In the event any particular aspect of this Stipulation is not accepted and approved by the Board, then any Party hereto materially affected thereby shall not be bound to proceed under this Stipulation. The Parties further agree that the purpose of this Stipulation is to reach fair and reasonable rates, with any compromises being made in the spirit of reaching an agreement. None of the Parties shall be prohibited from or prejudiced in arguing a different policy or position before the Board in any other proceeding, as such agreements pertain only to this matter and to no other matter.

11. This Stipulation may be executed in as many counterparts as there are Parties of this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

12. WHEREFORE, the Parties hereto do respectfully submit this Stipulation and request that the Board issue a decision and order approving this Stipulation in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

UNITED WATER TOMS RIVER INC.

3/14/14  
Date

By: Kelly H. Ruggiero  
Kelly Ruggiero, Esq.

JOHN J. HOFFMAN  
ACTING ATTORNEY GENERAL OF NEW JERSEY  
Attorney for Staff of the Board of Public Utilities

3/14/14  
Date

By: Veronica Beke  
Veronica Beke  
Deputy Attorney General

STEFANIE A. BRAND, ESQ., DIRECTOR  
RATE COUNSEL

3/14/14  
Date

By: Christine M. Juarez  
Christine M. Juarez, Esq.  
Assistant Deputy Rate Counsel

## REVISED

PLEASE NOTE: THE MEETING ORIGINALLY SCHEDULED FOR FEBRUARY 25, 2014  
HAS BEEN CHANGED TO MARCH 4, 2014

## NOTICE OF PUBLIC HEARING

UNITED WATER TOMS RIVER, INC.  
NOTICE OF FILING OF A PETITION FOR APPROVAL OF A  
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE  
BPU Docket No. WR1311128

PLEASE TAKE NOTICE that on November 25, 2013, United Water Toms River, Inc. (the "Company"), pursuant to N.J.A.C. 14:9-10.1 et seq., filed a Petition with the Board of Public Utilities (the "Board" or "BPU") of the State of New Jersey seeking approval of a Foundational Filing to implement a Distribution System Improvement Charge ("DSIC"). A DSIC is a rate recovery mechanism to encourage and support accelerated rehabilitation and replacement of certain non-revenue producing, critical water distribution components. Its purpose is to enhance safety, reliability, water quality, systems flows and pressure, and/or conservation. A DSIC rate is interim, subject to refund, until the subsequent base rate case.

The Company's Petition consists of a Foundational Filing. The Foundational Filing lists the projects the Company believes are eligible for recovery through the DSIC surcharge for the period of 2014 through 2018. Please note that the Company proposes to collect a maximum DSIC revenue requirement of \$1,602,474 annually. The Company will implement the DSIC surcharge if, and when, it achieves specific levels of infrastructure investment and places the facilities into service as required by N.J.A.C. 14:9-10.1 et seq.

The Company has proposed that the monthly DSIC surcharge be assessed to the following services and classes of customers based on the customer's meter size: General Metered Service. The maximum proposed rates shown below are expected to be assessed incrementally over a two-to-three year period, commensurate with the Company's actual DSIC program capital spending.

The maximum proposed monthly DSIC rates are contained in the Petition filed with the Board, as set forth below:

## PROPOSED DSIC SURCHARGE RATES

General Metered Service  
Maximum Monthly DSIC Surcharge:

Size of Meter	Proposed Rates
5/8"	\$ 2.29
3/4"	\$ 3.43
1"	\$ 5.72
1-1/2"	\$ 11.45
2"	\$ 18.32
3"	\$ 34.35
4"	\$ 57.25
6"	\$ 114.49
8"	\$ 183.19

PLEASE TAKE FURTHER NOTICE that a public hearing on the Company's Petition has been scheduled for:

March 4, 2014 at 5:30 p.m. at the County of Ocean Administration Building,  
Room 119, 101 Hooper Ave., Toms River, NJ 08754

A Hearing Officer designated by the Board will preside over the public comment hearing. Members of the public are invited to attend and express their views on the proposed DSIC mechanism. Such comments will be made a part of the final record in the proceeding. Written comments may be submitted to the Hon. Kristi Izzo, Secretary, Board of Public Utilities, 44 S. Clinton Avenue, 7th Floor, Trenton, New Jersey 08625. Please include Docket Number WR1311128 in your comment letter.

Notice of the Petition was also served on the Clerks of Municipalities, County Executives and the Clerks of the County Boards of Freeholders in the service area of the Company. Further information and copies of the Petition may be obtained at the Board's offices located at 44 S. Clinton Avenue, 7th Floor, Trenton, New Jersey 08625 or at the Company's offices located at 1451 Route 37 West, Toms River, NJ 08755. The filing is available online at: [www.unitedwater.com/DSICPublicNotice](http://www.unitedwater.com/DSICPublicNotice)

Please submit any requests for special accommodation at least 72 hours prior to this hearing to United Water Toms River, contact person: Jane Kunka, phone #732-557-7775.

UNITED WATER TOMS RIVER, INC.  
200 Old Hook Road  
Harrington Park, New Jersey 07640



# ENGINEERING EVALUATION REPORT & DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) PROJECT INFORMATION FOR UNITED WATER TOMS RIVER

NOVEMBER 2013



United Water Toms River (UWTR) supplies potable water for domestic use and fire protection to residents of Toms River Township, the Borough of South Toms River, a portion of Berkeley Township, and a portion of Brick Township all in Ocean County, NJ. Figure 1 shows the location of the service area in reference to Ocean County. The Company has approximately 50,000 residential, commercial and fire protection customers, which serve about 120,000 people.

The network consists of the following:

- 531 miles of pipeline;
- 54.6% made of asbestos cement (AC);
- 43.3% made of plastic (PVC);
- 2.1% made of cast or ductile iron (CI/DI);
- 3,452 hydrants;
- 8,494 valves (system and blow-off);
- 49,830 service lines;
- One booster pump station; and
- Ten storage tanks.

UWTR is different from other northern New Jersey systems in its size and material and how the system developed over time. The system is relatively unique in its pipeline material inventory having a large percentage of asbestos cement mains. This material was the choice for main installations in the system in the 1950's, 1960's and 1970's during a time of significant growth in the region. According to a November 2010 report entitled "AC pipe in North America: inventory, breakage and working environments" by Y. Hu, et al., asbestos cement was a common choice for potable water main construction from the 1940's to the 1970's.

Figure 2 illustrates pipe material by size showing that a majority of the 6" pipe throughout the distribution system is asbestos cement pipe with the balance being plastic. About half of the 4" pipe is asbestos cement. Also for 8" and 12" main, the distribution is about equally split between plastic and asbestos cement.

Figure 3 shows the age distribution of the overall system. This figure shows about equal growth for the first half of the 1960's, second half of the 1960's and the second half of the 1970's, with the first half of the 1970's showing a spike in growth. Also, of note is that the last half of the 1980's shows nearly double the growth of the previous decade.

Figure 4 illustrates the distribution of pipe size throughout the distribution system as a portion of the whole system with the length of each size.

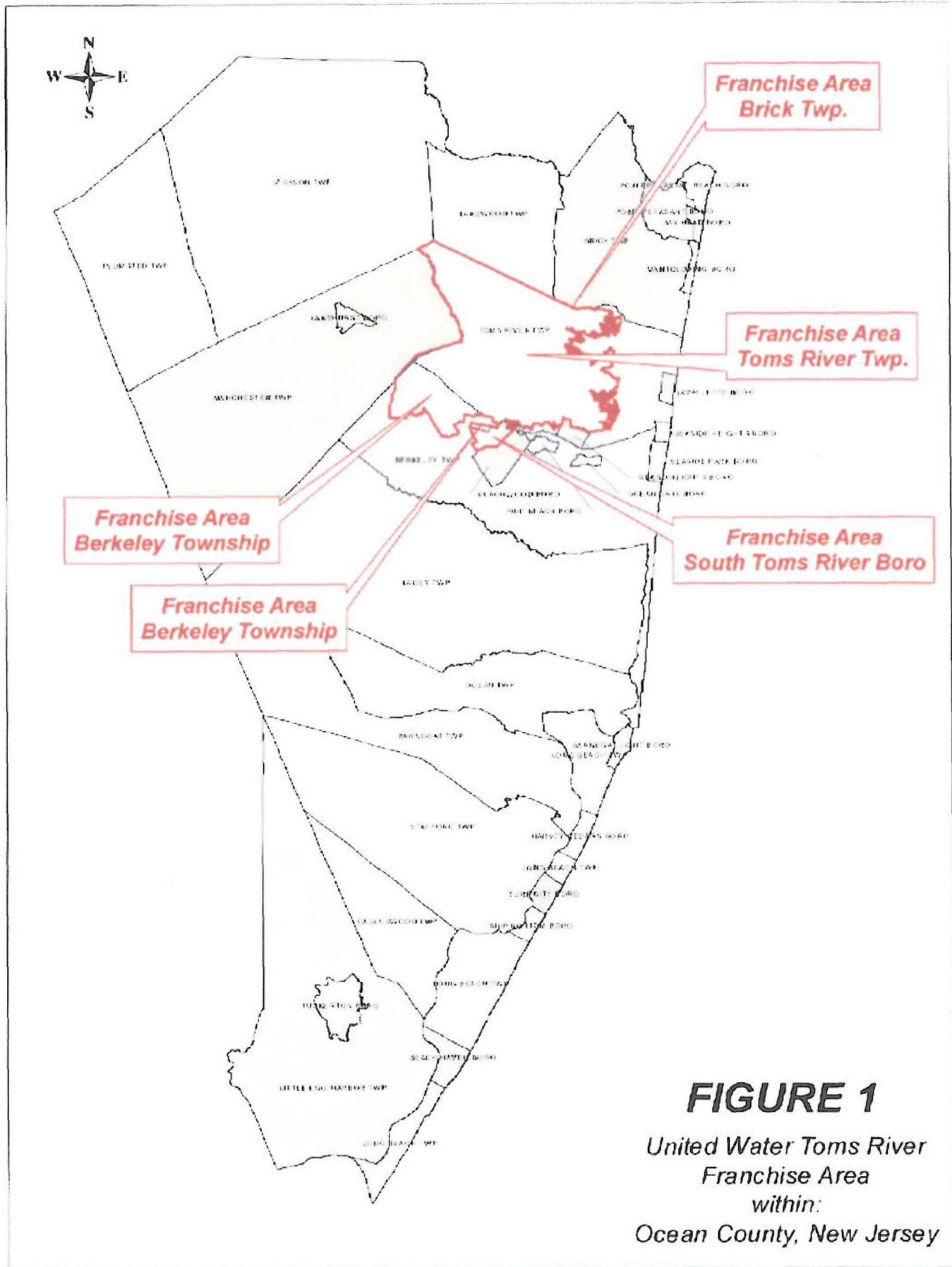




Figure 2 – Pipe Material by Size

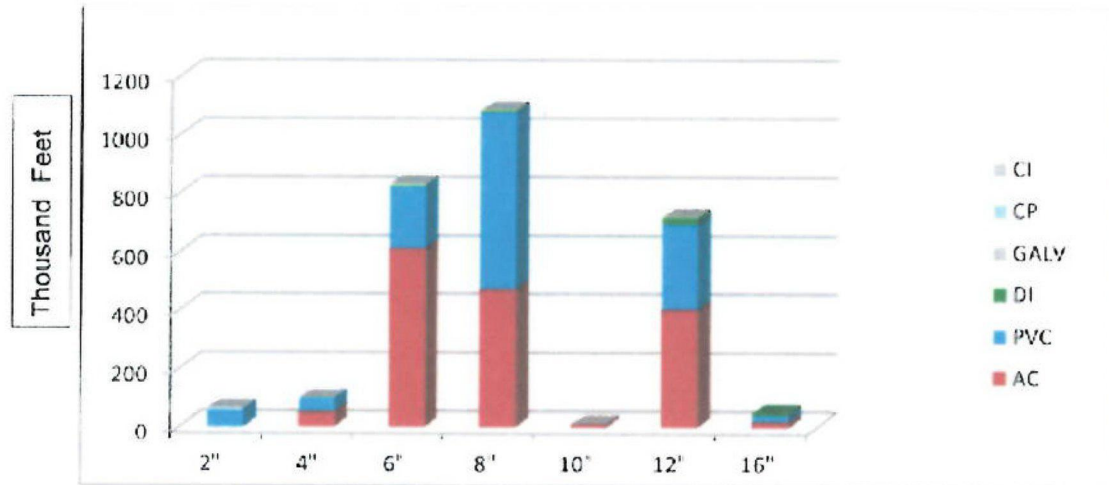
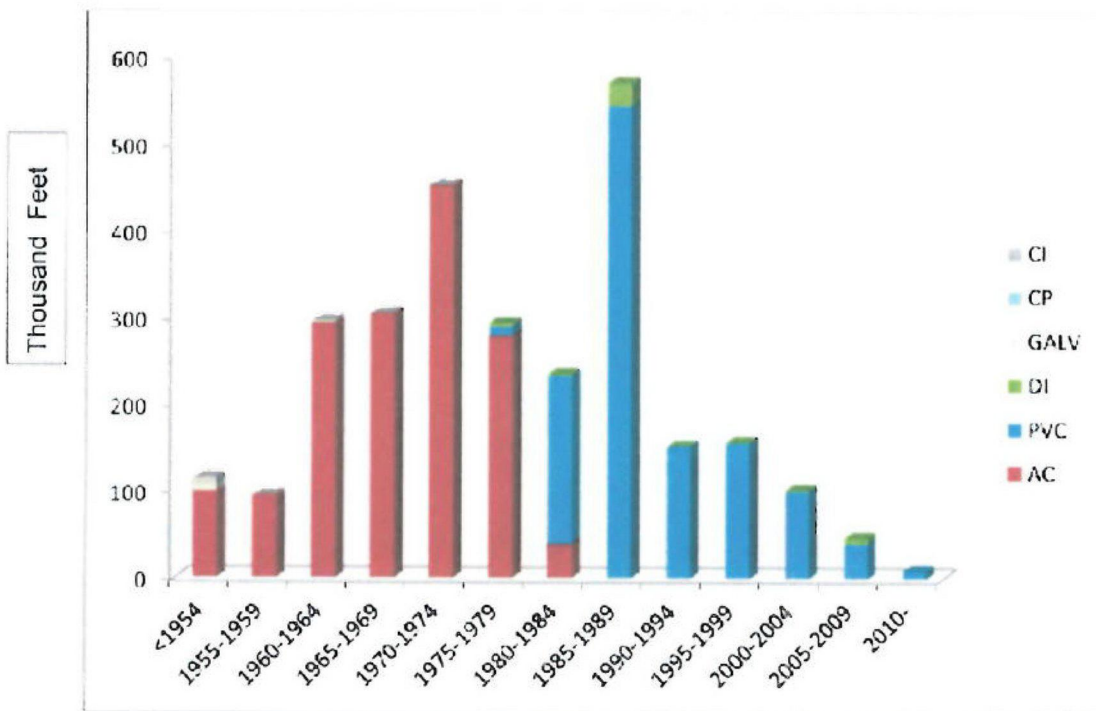


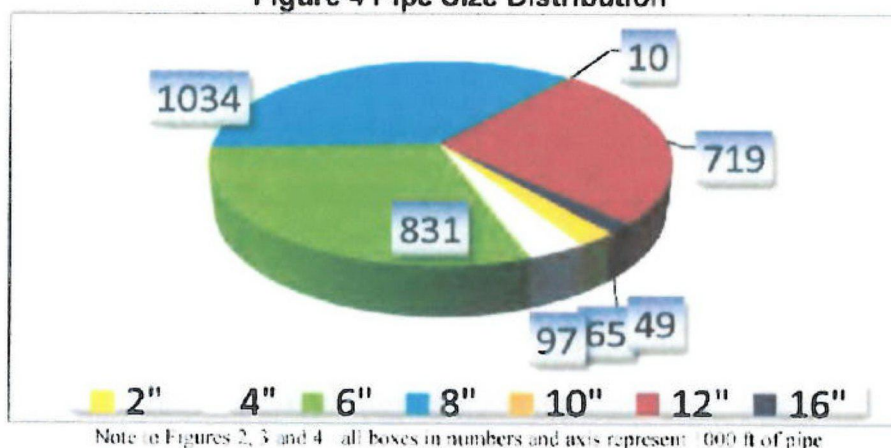
Figure 3– Pipe Age Distribution







**Figure 4 Pipe Size Distribution**



Note in Figures 2, 3 and 4 all boxes in numbers and axis represent 1000 ft of pipe

Regarding the pipe age, it is important to note that while a small percentage, there are pipes that date back to the late nineteenth and early twentieth century within the older parts of the downtown area. These mains do not present significant maintenance concern, and leaks are repaired as they are identified.

As part of UWTR's 2012- 2013 Master Planning process, the Company initiated an assessment of the physical characteristics of the asbestos cement water mains within the Company's system using non-destructive acoustical analysis. This initiative is being implemented in order to contribute to the decision making protocol for pipeline replacement. Starting out with a relatively small study of nearly 28,000 feet, the non-destructive study allows pipe assessments with state of the art technology. Additionally, the initial assessment has enabled the Company to perform key main assessments used to identify the 2014 improvements while also gaining the experience necessary to prepare for the annual assessments operationally and integrate the results into a meaningful plan of action.

The initial results show the rate of degradation of asbestos cement is fairly similar throughout the distribution system, so that over the same number of years, the asbestos cement material will degrade at a somewhat similar rate. However, since the six inch pipe is starting with a thinner pipe, these sections are more likely to reach the end of the useful life sooner than an eight or twelve inch pipe. While this generality seems to be fairly effective for high level planning purposes, the difference in structural thickness could be twenty years between using the average degradation rate and the acoustical evaluation method. Thus, the acoustical methods of evaluation and remaining service life estimates will allow for proper timing of specific asbestos cement main replacements and most the most efficient use of replacement main capital dollars.

It should be noted that in addition to the structural thickness, soil conditions, depth of bury, and anticipated live loading are important factors impacting the remaining service life, and have been incorporated into main replacement selection. Shallow mains are most susceptible to live load pressures, and the analyses reveal that these mains are critical about ten to twenty years sooner compared to deeper bury mains. Township road repavement places additional stresses upon the



mains during the milling and compaction activates favoring timing of main replacement with road repavement. The Townships don't typically plan out the repavement program more than two or three years since road degradation can vary based upon local conditions. Therefore, this plan may require adjustment in the later years.

Using the acoustical analysis completed to date as a guide, in 2013, approximately 2% of the system has reached its useful life. For asbestos cement, the analyses are dependent upon the structural thickness of the pipe and the loads placed upon it. The plan is to continue to assess the condition of the asbestos cement pipe, but if the early assessments are any indication of the future life, by 2033, this number will rise to approximately 25%.

All main replacement projects are coordinated with the Townships so that to the greatest extent possible, we are assessing the water main condition and the timing of the Township paving and drainage projects to expend capital in the most effective manner and to reduce the impact to customers as much as feasible. Over the five year period, there may be some substitutions of main replacements when it is effective and efficient to do so in response to the Township paving program. The Township of Toms River has committed to performing the final pavement and has extended relief in temporary pavement conditions as well on the main replacements that are within the Township paving program. The Company will endeavor to coordinate in the same manner with South Toms River as well. Berkeley Township mains have additional useful life. Table 1 lists all main replacements planned for 2014 through 2018. Main size is another criterion used for replacement since fire protection is compromised in locations with significant amount of 4" main. The selected mains are both aged and small.

UWTR maintains a hydrant and valve testing program to identify where regular maintenance work may be required to prevent valve or hydrant failure. While, not necessary to operate all valves and hydrants annually, UWTR operates on average 3,000 system valves, and approximately 2,500 hydrants, representing over 35 percent and 72 percent respectively, annually. The Company replaces deteriorated, damaged, and un-repairable valves to improve customer service and maintain system integrity. UWTR exercises all system blow-off valves at least every year. Interconnections are tested every year including operating the valves and visually observing water flow through the system. UWTR works closely with the towns it serves to resolve any concerns that may arise during the use of its hydrants during firefighting efforts and training or during authorized hydrant usage. Additionally, United Water has a flow testing program that it conducts on an annual basis so that at least fifty hydrants are flow tested each year. These hydrants are selected based upon requests from developers and Insurance Services Office, as well as those selected internally for investigation. United Water personnel conduct tests and share results with the appropriate departments.

UWTR manages "blanket projects" for hydrant, short main and valve, domestic service, and fire service replacement projects. Short main replacement projects are classified as those major main breaks requiring the replacement of existing water pipe. United Water maintains this formatting for controlling and tracking capital costs as it is not possible to pre-determine the quantity of such replacements or where these replacements will be needed. The average expenditures for these projects can be seen in Table 2.

**Table 1 - United Water Toms River - Main Replacement Projects - D600**

Replace asbestos concrete mains with fifteen years or less remaining service life selected either from mains that have been condition assessed from a list of roads on the Townships road replacement and renewal program, or through an analysis of aged, asbestos cement, small diameter mains in high density zoning. For 2014 and 2015, most of the roads slated for repavement have been determined by the Township Engineer's through the annual roadway assessment. For subsequent years, the main replacements have been selected based upon main size, age and housing density. On an annual basis, this list will be reassessed using various tools including the accoustical analysis and operational data. This list represents the type, character and length of mains to be replaced through this program.

Project Limits	Project Number	Project No. Ext	Town	Original Main			Length	Proposed Main		Install Year	Est. Cost	Performance Criteria	Renewal Method
				Size	Material	Year Inst.		Size	Material				
Westminster Dr	C14D601	0.01	Toms River	8	AC	1962 thru 1975	1686	8	DI	2014	\$ 402,000	Effective Structural Thickness Loss >30%	Replacement
Audubon Dr	C14D601	0.02	Toms River	6	AC	1960 thru 1974	3149	8	DI	2014	\$ 750,000	Effective Structural Thickness Loss >30%	Replacement
Quartz Dr	C14D601	0.03	Toms River	8	AC	1968 thru 1971	297	8	DI	2014	\$ 71,000	Effective Structural Thickness Loss >30%	Replacement
Bell Drive	C14D601	0.04	Toms River	8	AC	1968 thru 1971	2766	8	DI	2014	\$ 685,000	Effective Structural Thickness Loss >30%	Replacement
Hinds Road	C14D601	0.05	Toms River	6	AC	1966 thru 1972	1460	8	DI	2014	\$ 348,200	Age and Material	Replacement
Indian Head Rd	C15D601	0.01	Toms River	12	AC	1966	2500	16	DI	2015	\$ 892,600	Age and Material	Replacement
Hinds Road	C15D601	0.02	Toms River	6	AC	1966 thru 1972	1460	8	DI	2015	\$ 329,000	Age and Material	Replacement
Cheddar Pink	C15D601	0.03	Toms River	6	AC	1969	349	8	DI	2015	\$ 79,000	Age and Material	Replacement

**Table 1 - United Water Toms River - Main Replacement Projects - D600**

Replace asbestos concrete mains with fifteen years or less remaining service life selected either from mains that have been condition assessed from a list of roads on the Townships road replacement and renewal program, or through an analysis of aged, asbestos cement, small diameter mains in high density zoning. For 2014 and 2015, most of the roads slated for repavement have been determined by the Township Engineer's through the annual roadway assessment. For subsequent years, the main replacements have been selected based upon main size, age and housing density. On an annual basis, this list will be reassessed using various tools including the accoustical analysis and operational data. This list represents the type, character and length of mains to be replaced through this program.

Project Limits	Project Number	Project No. Ext	Town	Original Main			Length	Proposed Main		Install Year	Est. Cost	Performance Criteria	Renewal Method
				Size	Material	Year Inst.		Size	Material				
Coral Bell Hollow	C15D601	0.04	Toms River	6	AC	1969	822	8	DI	2015	\$ 185,000	Age and Material	Replacement
Golden Glow Circle	C15D601	0.05	Toms River	6	AC	1971	1286	8	DI	2015	\$ 290,000	Age and Material	Replacement
Lucy Lane	C15D601	0.06	Toms River	6	AC	1960 thru 1962	392	8	DI	2015	\$ 89,000	Age and Material	Replacement
Onyx Drive	C15D601	0.07	Toms River	6	AC	1968	891	8	DI	2015	\$ 201,000	Age and Material	Replacement
Ross Street	C15D601	0.08	Toms River	6	AC	1961	758	8	DI	2015	\$ 171,000	Age and Material	Replacement
Wake Forest Drive	C15D601	0.01	Toms River	6	AC	1969 thru 1972	667	8	DI	2016	\$ 159,000	Age and Material	Replacement
Hummingbird Lane	C15D601	0.02	Toms River	6	AC	1969	877	8	DI	2016	\$ 209,000	Age and Material	Replacement
Morningside Drive	C15D601	0.03	Toms River	6	AC	1960 thru 1964	1289	8	DI	2016	\$ 307,000	Age and Material	Replacement
Barnes Lane	C15D601	0.04	Toms River	6	AC	1975	774	8	DI	2016	\$ 185,000	Age and Material	Replacement

United Water Toms River  
 OSIC Foundational Filing  
 Main Replacement

**Table 1 - United Water Toms River - Main Replacement Projects - D600**

Replace asbestos concrete mains with fifteen years or less remaining service life selected either from mains that have been condition assessed from a list of roads on the Townships road replacement and renewal program, or through an analysis of aged, asbestos cement, small diameter mains in high density zoning. For 2014 and 2015, most of the roads slated for repavement have been determined by the Township Engineer's through the annual roadway assessment. For subsequent years, the main replacements have been selected based upon main size, age and housing density. On an annual basis, this list will be reassessed using various tools including the accoustical analysis and operational data. This list represents the type, character and length of mains to be replaced through this program.

Project Limits	Project Number	Project No. Ext	Town	Original Main			Length	Proposed Main		Install Year	Est. Cost	Performance Criteria	Renewal Method
				Size	Material	Year Inst.		Size	Material				
Alden Drive	C16D01	0.05	Toms River	6	AC	1966 thru 1969	1022	8	DI	2016	\$ 244,000	Age and Material	Replacement
Colfax Street	C16D01	0.06	Toms River	4	AC	1950	500	6	DI	2016	\$ 119,000	Age and Material	Replacement
Dean Street	C16D01	0.07	Toms River	6	AC	1953 thru 1956	654	8	DI	2016	\$ 156,000	Age and Material	Replacement
Dunham Avenue	C16D01	0.08	Toms River	4	AC	1950 thru 1952	476	6	DI	2016	\$ 114,000	Age and Material	Replacement
Cedar Drive	C16D01	0.09	Toms River	2 and 6		1950 thru 1954	1098	8	DI	2016	\$ 262,000	Age and Material	Replacement
Dewey Street	C16D01	0.10	Toms River	6	AC	1952 thru 1953	1246	8	DI	2016	\$ 297,000	Age and Material	Replacement
East Woodland Avenue	C16D01	0.11	Toms River	4	AC	1955	444	6	DI	2016	\$ 114,400	Age and Material	Replacement
Flack Street	C16D01	0.12	Toms River	6	AC	1954	1160	8	DI	2016	\$ 277,000	Age and Material	Replacement

**Table 1 - United Water Toms River - Main Replacement Projects - D600**

Replace asbestos concrete mains with fifteen years or less remaining service life selected either from mains that have been condition assessed from a list of roads on the Townships road replacement and renewal program, or through an analysis of aged, asbestos cement, small diameter mains in high density zoning. For 2014 and 2015, most of the roads slated for repavement have been determined by the Township Engineer's through the annual roadway assessment. For subsequent years, the main replacements have been selected based upon main size, age and housing density. On an annual basis, this list will be reassessed using various tools including the accoustical analysis and operational data. This list represents the type, character and length of mains to be replaced through this program.

Project Limits	Project Number	Project No. Ext	Town	Original Main			Length	Proposed Main		Install Year	Est. Cost	Performance Criteria	Renewal Method
				Size	Material	Year Inst.		Size	Material				
Marian Street	C16D01	0.01	Toms River	6	AC	1956 thru 1969	2299	8	DI	2017	\$ 529,000	Age and Material	Replacement
Pine Street	C17D601	0.02	Toms River	4 and 6	AC	1950	1443	6	DI	2017	\$ 332,000	Age and Material	Replacement
W. Woodland Avenue	C17D601	0.03	Toms River	4	AC	1957 thru 1959	310	6	DI	2017	\$ 71,000	Age and Material	Replacement
Deauville	C17D601	0.04	South Toms River	6	AC	1958	912	8	DI	2017	\$ 206,000	Effective Structural Thickness Loss >30%	Replacement
Charles	C17D601	0.05	South Toms River	6	AC	1958	807	8	DI	2017	\$ 182,000	Effective Structural Thickness Loss >30%	Replacement
UNION ST	C17D601	0.06	Toms River	4	AC	1950	576	6	DI	2017	\$ 130,000	Age and Material	Replacement
Maple Street	C17D601	0.07	Toms River	4	AC	1950 thru 1957	247	6	DI	2017	\$ 56,000	Age and Material	Replacement
Robbins Parkway	C17D601	0.08	Toms River	4	AC	1950	478	6	DI	2017	\$ 108,000	Age and Material	Replacement

United Water Toms River  
 DSIC Foundational Filing  
 Main Replacement

**Table 1 - United Water Toms River - Main Replacement Projects - D600**

Replace asbestos concrete mains with fifteen years or less remaining service life selected either from mains that have been condition assessed from a list of roads on the Townships road replacement and renewal program, or through an analysis of aged, asbestos cement, small diameter mains in high density zoning. For 2014 and 2015, most of the roads slated for repavement have been determined by the Township Engineer's through the annual roadway assessment. For subsequent years, the main replacements have been selected based upon main size, age and housing density. On an annual basis, this list will be reassessed using various tools including the accoustical analysis and operational data. This list represents the type, character and length of mains to be replaced through this program.

Project Limits	Project Number	Project No. Ext	Town	Original Main			Length	Proposed Main		Install Year	Est. Cost	Performance Criteria	Renewal Method
				Size	Material	Year Inst.		Size	Material				
BROOKS DR	C17D601	0.09	Toms River	4	AC	1950	283	6	DI	2017	\$ 64,000	Age and Material	Replacement
TERRACE AVE	C17D601	0.10	Toms River	4	AC	1950 thru 1964	490	6	DI	2017	\$ 111,000	Age and Material	Replacement
FAIRACRES DR	C17D601	0.11	Toms River	4	AC	1952 thru 1958	62	6	DI	2017	\$ 19,100	Age and Material	Replacement
HAINES COVE DR	C17D601	0.12	Toms River	4	AC	1963	262	6	DI	2017	\$ 59,000	Age and Material	Replacement
HOLLY ST	C17D601	0.13	Toms River	4	AC	1950	700	6	DI	2017	\$ 158,000	Age and Material	Replacement
HYERS ST	C17D601	0.14	Toms River	4	AC	1950	1200	6	DI	2017	\$ 270,000	Age and Material	Replacement
Pine Street	C17D601	0.01	Toms River	4	AC	1950	474	6	DI	2018	\$ 107,000	Age and Material	Replacement
SPRUCE ST	C17D601	0.02	Toms River	4	AC	1950 thru 1968	458	6	DI	2018	\$ 104,000	Age and Material	Replacement
HADLEY AVE	C17D601	0.03	Toms River	4	AC	1950 thru 1964	291	6	DI	2018	\$ 66,000	Age and Material	Replacement

**Table 1 - United Water Toms River - Main Replacement Projects - D600**

Replace asbestos concrete mains with fifteen years or less remaining service life selected either from mains that have been condition assessed from a list of roads on the Townships road replacement and renewal program, or through an analysis of aged, asbestos cement, small diameter mains in high density zoning. For 2014 and 2015, most of the roads slated for repavement have been determined by the Township Engineer's through the annual roadway assessment. For subsequent years, the main replacements have been selected based upon main size, age and housing density. On an annual basis, this list will be reassessed using various tools including the acoustical analysis and operational data. This list represents the type, character and length of mains to be replaced through this program.

Project Limits	Project Number	Project No. Ext	Town	Original Main			Length	Proposed Main		Est. Cost	Performance Criteria	Renewal Method
				Size	Material	Year Inst.		Size	Material			
CENTRAL AVE	C18D601	0.04	Toms River	4	AC	1950 thru 1966	420	6	DI	\$ 95,000	Age and Material	Replacement
DICKINSON AVE	C18D601	0.05	Toms River	4	AC	1950	529	6	DI	\$ 119,000	Age and Material	Replacement
FAIRWAY DR	C18D601	0.06	Toms River	4	AC	1950	1089	6	DI	\$ 246,000	Age and Material	Replacement
MESSENGER ST	C18D601	0.07	Toms River	4	AC	1950	927	6	DI	\$ 209,000	Age and Material	Replacement
SNYDER ST	C18D601	0.08	Toms River	4	AC	1950	475	6	DI	\$ 107,000	Age and Material	Replacement
RIVER BEND DR	C18D601	0.09	Toms River	4	AC	1963	143	6	DI	\$ 33,000	Age and Material	Replacement
MADISON AVE	C18D601	0.10	Toms River	4	AC	1950 thru 1963	202	6	DI	\$ 46,000	Age and Material	Replacement
LOWELL AVE	C18D601	0.11	Toms River	4	AC	1950	735	6	DI	\$ 166,000	Age and Material	Replacement
BATCHELOR ST	C18D601	0.12	Toms River	4	AC	1950 thru 1964	389	6	DI	\$ 88,000	Age and Material	Replacement



**Table 1 - United Water Toms River - Main Replacement Projects - D600**

Replace asbestos concrete mains with fifteen years or less remaining service life selected either from mains that have been condition assessed from a list of roads on the Townships road replacement and renewal program, or through an analysis of aged, asbestos cement, small diameter mains in high density zoning. For 2014 and 2015, most of the roads slated for repavement have been determined by the Township Engineer's through the annual roadway assessment. For subsequent years, the main replacements have been selected based upon main size, age and housing density. On an annual basis, this list will be reassessed using various tools including the accoustical analysis and operational data. This list represents the type, character and length of mains to be replaced through this program.

Project Limits	Project Number	Project No. Ext	Town	Original Main			Length	Proposed Main		Install Year	Est. Cost	Performance Criteria	Renewal Method
				Size	Material	Year Inst.		Size	Material				
SEWARD AVE	C18D601	0.13	Toms River	4	AC	1950	815	6	DI	2018	\$ 184,000	Age and Material	Replacement
WATER ST	C18D601	0.14	Toms River	4	AC	1950	472	6	DI	2018	\$ 107,000	Age and Material	Replacement
GRAND AVE	C18D601	0.15	Toms River	4	AC	1950 thru 1963	500	6	DI	2018	\$ 113,000	Age and Material	Replacement
HADLEY AVE	C18D601	0.16	Toms River	4	AC	1950 thru 1964	457	6	DI	2018	\$ 103,000	Age and Material	Replacement
MAIDEN LA	C18D601	0.17	Toms River	4	AC	1950	629	6	DI	2018	\$ 144,300	Age and Material	Replacement
HEDGE ST	C18D601	0.18	Toms River	4	AC	1950 thru 1955	435	6	DI	2018	\$ 98,000	Age and Material	Replacement
THOMAS ST	C18D601	0.19	Toms River	4	AC	1950	367	6	DI	2018	\$ 83,000	Age and Material	Replacement
HEDGE ST	C18D601	0.20	Toms River	4	AC	1950 thru 1955	435	6	DI	2018	\$ 98,000	Age and Material	Replacement



DSIC Classification	2014	2015	2016	2017	2018
Hydrant Replacement - D501	\$ 33,800	\$ 33,500	\$ 34,300	\$ 34,400	\$ 33,100
Short Main & Valve Replacement - D502	\$ 101,500	\$ 100,600	\$ 102,800	\$ 103,300	\$ 99,400
Domestic Services - F501	\$ 676,900	\$ 671,000	\$ 662,500	\$ 669,000	\$ 651,800

Blanket projects will be undertaken throughout the three municipalities within the service area

Table 3 is a summary of all DSIC eligible expenditures by year.

DSIC Classification	2014	2015	2016	2017	2018
Main Replacement Projects - D600	\$ 2,256,200	2,236,000	\$ 2,284,400	\$ 2,295,100	\$ 2,209,300
<b>Blanket Structured Projects</b>					
Hydrant Replacement - D501	\$ 33,800	33,500	\$ 34,300	\$ 34,400	\$ 33,100
Short Main & Valve Replacement - D502	\$ 101,500	100,600	\$ 102,800	\$ 103,300	\$ 99,400
Domestic Services - F501	\$ 676,900	671,000	\$ 662,500	\$ 669,000	\$ 651,800
<b>TOTAL</b>	<b>\$ 3,068,400</b>	<b>3,041,700</b>	<b>\$ 3,084,000</b>	<b>\$ 3,101,800</b>	<b>\$ 2,993,600</b>

UWTR's 2007 Master Plan and when completed, 2014 Update is a Confidential Document and will be made available for review at the United Water Corporate Offices in Harrington Park, NJ.

	Total Number of Meters (3)	Meter Equivalent Ratios	Equivalent 5/8" inch Meters	Annual Maximum DSIC Amount by equivalent Meter	Maximum Monthly Charge per Meter
Metered Sales:					
5/8"	39,724	1.00	39,724	\$1,091,616	\$2.29
3/4"	6,187	1.50	9,281	254,657	3.43
1"	1,412	2.50	3,530	96,920	5.72
1 1/2"	260	5.00	1,300	35,724	11.45
2"	251	8.00	2,008	55,180	18.32
3"	59	15.00	885	24,320	34.35
4"	40	25.00	1,000	27,480	57.25
6"	7	50.00	350	9,617	114.49
8"	3	80.00	240	6,595	183.19

<u>47,943</u>	<u>58,318</u>	<u>\$1,602,109</u> [1]
		<u>\$1,602,474</u>
		<u>27.47844</u> [2]
		2.2899

[1] Amount per Attachment B, Proof of Revenues,  
 Final Order in Docket WR12090830, effective May 1, 2013

\$32,049,481

Five percent "DSIC Cap" per 44 NJR 1723(a)

X 5%

Maximum amount of Annual DSIC Revenues

\$1,602,474

[2] Amount per equivalent meter ( \$1,602,474 / 58,318 )

[3] Active meters at Dec 19, 2013