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RECEIVED

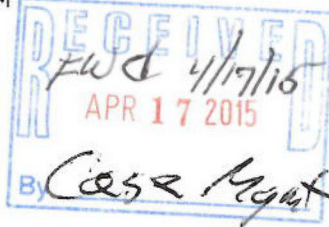
APR 16 2015

BOARD OF PUBLIC UTILITIES
MAIL ROOM



Via FedEx

April 15, 2015



Kenneth Sheehan, 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.
Distribution System Improvement Charge Calculation
Pursuant to N.J.A.C. 14:9-10.4
BPU Docket No. WR13111128**

Dear Secretary Sheehan,

Enclosed for filing please find an original and ten (10) copies, plus one additional copy, of United Water Toms River, Inc.'s Distribution System Improvement Charge calculation for the October 1, 2014 through May 31, 2015 DSIC Recovery Period accompanied by Tariff Rate Schedule No. 7, First Revised Sheet No. 13. Also enclosed is the Company's Earnings calculation, with workpapers, for the 12 months ended March 31, 2015. Please stamp the additional copy "filed" and return in the self-addressed, stamped envelope provided.

Please advise if you need additional information.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'Gary S. Prettyman', written over a large, loopy blue scribble.

Gary S. Prettyman
Senior Director - Regulatory Business

Enclosures

Cc: Stefanie Brand, Esq. (two copies via FedEx)
Alex Moreau, DAG (two copies via FedEx)
Service List ✓

Case Mgmt

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SERVICE LIST

I/M/O United Water Toms River Inc.
BPU Docket No. WR1311128

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United Water Toms River Inc.
Proposed DSIC Calculation

Page 1 of 8

	<u>10/1/14 to 3/31/2015</u>
Eligible Investment (page 2)	\$1,150,818
Less: Accumulated Depreciation (page 2)	(4,575)
Less: Deferred Tax (page 2)	<u>(2,427)</u>
Eligible Net Investment	\$1,143,816
Pre-Tax Rate of Return (page 3)	<u>10.83%</u>
Pre-Tax Return on Investment	\$123,875
Add: Depreciation Expense (page 2)	<u>18,298</u>
Revenue Recovery	\$142,173
Revenue Factor (page 4)	<u>1.16887</u>
DSIC Revenue Requirement Recovery Amount	\$166,182
Plus DSIC Revenue Requirement from November Surcharge	\$397,276
Amount undercollected (11/29/14 to 5/30/15 estimated)	<u>\$29,457</u>
Total DSIC Revenue Requirement Recovery Amount	<u><u>\$592,915</u></u>

United Water Toms River Inc.
Proposed DSIC Calculation

Page 2 of 8

	10/1/14 to 3/31/2015
Major Projects	\$ 343,459
Blanket Projects	1,214,893
Total DSIC Plant (page 7 & 8)	<u>1,558,352</u>
Less: Base Spend (page 5 - \$814,534-407,000)	<u>(407,534)</u>
Eligible Investment	<u>1,150,818</u>
<u>Accumulated Depreciation</u>	
Composite Depreciation Rate (match base spend year)	<u>1.59%</u>
Depreciation Expense	18,298
Half Year Convention	<u>4,575</u>
<u>Deferred Taxes</u>	
Eligible Investment	\$1,150,818
MACRS Rate for First Year Water Plant	<u>4.00%</u>
Tax Depreciation First Year	11,508
Book Depreciation	<u>4,575</u>
Tax Depreciation Greater Than Book	6,933
Deferred Taxes at 35%	<u><u>\$2,427</u></u>

United Water Toms River Inc.
Proposed DSIC Calculation

Page 3 of 8

Approved Capital Structure and Cost Rates

	<u>Capital Structure Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost of Capital</u>	<u>Pre-Tax Rate of Return</u>
Long Term Debt	46.58%	6.03%	2.81%	2.81%
Common Equity	53.42%	9.75%	5.21%	8.02%
Total	100.00%		8.02%	10.83%

- 1) capital structure and ROE per current authorized return Docket WR12090830, effective May 1, 2013
- 2) Cost rate on LTD is adjusted semi-annually. Cost rate is as of March 31, 2015.

United Water Toms River Inc.
Proposed DSIC Calculation

Page 4 of 8

Revenue Factor

Dollar of Revenue	1.00000
Gross Receipts Tax for Municipal Use	0.07500
Franchise Tax for Municipal Use	0.04645
Gross Receipts Excise Tax for State Use	0.00938
Franchise Taxes Excise Tax for State Use	0.00581
Uncollectibles	0.00562
BPU Assessment	0.00186
Rate Payer Advocate	<u>0.00035</u>
Income Before Federal Taxes	<u>0.85553</u>
Revenue Factor	<u><u>1.16887</u></u>

Rates per current rate case Docket WR12090830

United Water Toms River Inc.
Proposed DSIC Calculation

DSIC Base Spending Schedule

Page 5 of 8

Line No.	Description	Account	Amount
1	Transmission and Distribution Mains	343	\$365,646
2	Services	345	381,853
3	Hydrants	348	<u>67,035</u>
4	Total Annual Base Spending		<u><u>\$814,534</u></u>

Note 1. All Accounts and Amounts are extracted from Page 21 of the United Water Toms River 2012 Annual Report to the BPU, Page 21.
As reflected in the Foundation filing.

Note 2. Referenced Accounts are those included in the definition of "Base Spending" per 44 NJR 1723(a)

United Water Toms River Inc.
Proposed DSIC Calculation

DSIC Assessment Schedule

Page 6 of 8

	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	\$405,185	\$0.85
3/4"	6,187	1.50	9,281	92,805	1.25
1"	1,412	2.50	3,530	35,921	2.12
1 1/2"	260	5.00	1,300	13,260	4.25
2"	251	8.00	2,008	20,482	6.80
3"	59	15.00	885	9,027	12.75
4"	40	25.00	1,000	10,200	21.25
6"	7	50.00	350	3,570	42.50
8"	3	80.00	240	2,448	68.00
10"		115.00			97.75
12"		165.00			140.25

Private Fire :

2"	8.00	0	0
3"	15.00	0	0
4"	25.00	0	0
6"	50.00	0	0
8"	80.00	0	0
10"	115.00	0	0

<u>47,943</u>	<u>58,318</u>	<u>\$592,898</u> [1]
		<u>\$592,915</u>
		10.16702 [2]
		0.8473

[1] Amount per Attachment B, Proof of Revenues,
 Final Order in Docket WR12090830, effective May 1, 2013
 Five percent "DSIC Cap" per 44 NJR 1723(a)
 Maximum amount of Annual DSIC Revenues

\$32,049,481
 X 5%
\$1,602,474

[2] Amount per equivalent meter (\$592,915 / 58,318)

[3] Active meters at Dec 19, 2013

United Water Toms River Inc.
Main Replacement Projects
10/1/14 to 3/31/15

Project Limits	UWTR Project Number	Foundation Filing Project Number	DSIC Category	Bid Date	DSIC Approval Date	First Day of Construction (Shovel in Ground)	Estimated Costs	Actual Costs March 31, 2015	Engineering In-Service Date	Comments
Charles Rd and Deaville Rd	C14D607	C17D601.04; C17D601.05	Main Repl	8/18/2014	3/19/2014	9/15/2014	\$ 388,000.00	\$ 343,459.13	10/16/2014	Construction Completed.

United Water Toms River Inc.
Blanket Projects

Project Name	Project ID	Estimated 10/1/14 to 3/31/15	Expenditure between 10/1/14 to 3/31/15
Hydrant Replacement	C14D501_044	\$ 8,900.00	\$ 157,001.15
Hydrant Replacement	C15D501_044	\$ 8,900.00	\$ 65,569.68
Replacement Short Mains and Valves	C14D502_044	\$ 25,375.00	\$ 171,632.67
Replacement Short Mains and Valves	C15D502_044	\$ 25,150.00	\$ 51,868.34
Domestic & Fire Services	C14F501_044	\$ 169,225.00	\$ 551,428.15
Domestic & Fire Services	C15F501_044	\$ 167,750.00	\$ 217,392.72
Unreimbursed Utility Relocation			
Valve Replacements			
	Total Blanket Expenditures	\$ 405,300.00	\$ 1,214,892.71

RATE SCHEDULE NO. 7
 DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

In addition to the facilities charge provided for in this Tariff in Rate Schedule No.1 Metered Service, the following charges will apply to all metered customers throughout the service territory of the Company.

<u>Size of Meter</u>	<u>Per Month</u>	* Exempt Rate <u>Per Month</u>
5/8 Inch	\$ 0.85	\$ 0.73
¾ Inch	1.25	1.08
1 Inch	2.12	1.83
1-1/2 Inch	4.25	3.67
2 Inch	6.80	5.87
3 Inch	12.75	11.01
4 Inch	21.25	18.35
6 Inch	42.50	36.69
8 Inch	68.00	58.71
10 Inch	97.75	84.40
12 Inch	140.25	121.09

EXEMPTIONS:

*Sales to a public utility subject to a payment of Gross Receipts and Franchise Taxes shall be exempt from the applicable Gross Receipts and Franchise Taxes.

Filed pursuant to an March 19, 2014 decision by the Board of Public Utilities in Docket No. WR13111128

Issued:

Effective:

Docket No. WR13111128

By: David Stanton, President
 200 Old Hook Road, Harrington Park, New Jersey 07640

United Water Toms River
DSIC Earnings Calculation

Rate base - as of March 31, 2015	\$96,964,301
Pretax rate of return (Docket WR12090830)	10.830%
Pre-tax utility operating income	\$10,501,234
Actual Pre-tax utility operating income 12 months ended March 31, 2015	<u>6,487,552</u>
Amount over(under) recovered	<u><u>(\$4,013,682)</u></u>

**United Water Toms River
Rate Base Summary**

Line Number	Description	Actual at 3/31/2015
1	Utility Plant in Service	\$ 165,998,664
2	Accumulated Depreciation	<u>(30,044,404)</u>
3	Net Plant	135,954,260
4	Contributions in Aid of Construction	(18,582,138)
5	Customer Advances for Construction	(2,997,949)
6	Accumulated Deferred Income Taxes	(18,311,990)
7	Materials and Supplies	375,706
8	Prepaid Expenses	17,259
9	Working Capital	671,564 Current case
10	CTA Adjustment	(162,411) Current case
11	Total Rate Base	<u><u>\$ 96,964,301</u></u>

United Water Toms River
ADIT Workpaper

Line No.	Account No.	Description	Balance 3/31/2015	Eliminate FAS 109	Investment Tax Credit	Other Deferred Income Tax	Rate Base Related DIT
1	19010	Def. Federal Inc Taxes- Other	\$ 4,016,644	\$ -	\$ -	\$ 4,016,644	\$ -
2	19101	Def. FIT-FAS109 ITC	(151,276)	(151,276)	-	-	-
3	19103	Def. FIT-F71/F109 G/U ITC	(81,478)	(81,478)	-	-	-
4	25500	Deferred ITC	432,319	-	432,319	-	-
5	28203	Def. FIT-MACRS	17,770,100	-	-	-	17,770,100
6	28207	Def FIT Pension Reg Asset FAS158	2,081,066	-	-	2,081,066	-
7	28208	Def FIT PBOP Reg Asset FAS158	684,020	-	-	684,020	-
8	28300	Def. FIT-Other	(44,044)	-	-	(44,044)	-
9	28301	Def. FIT-Tank Painting	48,210	-	-	48,210	-
10	28302	Def. FIT-Rate Expenses	40,943	-	-	40,943	-
11	28303	Def. FIT-Deferred Charges	138,416	-	-	138,416	-
12	28305	Def. FIT-M_S Fees	(309,482)	-	-	(309,482)	-
13	28306	Def. FIT-Pensions	(2,348,773)	-	-	(2,348,773)	-
14	28307	Def. FIT-PEBOP	(1,371,386)	-	-	(1,371,386)	-
15	28308	Def. FIT-Cost of Removal	1,659,852	-	-	1,659,852	-
16	28310	Def. FIT-Uncollectibles	(174,374)	-	-	(174,374)	-
17	28312	Def. FIT - AFUDC Equity	541,890	-	-	-	541,890
18	28401	Def FIT-FAS109-Plant	580,760	580,760	-	-	-
19	28402	Def FIT-FAS109 Gross Up	312,710	312,710	-	-	-
20							-
21	Total	283 Deferred income taxes & ITC	<u>\$ 23,826,117</u>	<u>\$ 660,716</u>	<u>\$ 432,319</u>	<u>\$ 4,421,092</u>	<u>\$ 18,311,990</u>

Report ID: BSREG044

Layout ID: BSREG059

Business Unit: 00044

Period Ending: Mar 31, 2015

Run on 04/13/15 at 09:29 AM

United Water Toms River
General Ledger System
Regulatory Balance Sheet

Actual**Assets****Utility Plant**

	10100	Utility Plant in Service	166,069,123.32
	10150	Utility Plant Retirements	(70,459.26)
		101 - 106 Water Plant in Service	165,998,664.06
	10700	Construction work in progress	1,614,308.08
		107 CWIP	1,614,308.08
		111 - 113 Acc. Depr. Util. Plt. Ser. - Water	(30,044,403.57)
		114 - 116 Amort. of Util. Plt. Serv.	(44,274.99)
		117 - 119 UPAA-Adjustment-Water	0.00
		Total utility plant	137,524,293.58

Other Property & Investments

	12100	Non-Utility Property	3,974.00
		121 Non-utility property	3,974.00
		122 Accum Depr Non-Util Property	0.00
		123 Investment in assoc. co.	0.00
		128 Other special deposits	0.00
		Total other property & investment	3,974.00

Current & Accrued Assets

	131	Cash	0.00
		132 - 134 Special Deposits	0.00
	13501	Working Funds	10,000.00
		135 Working funds	10,000.00
		136 Temporary cash investments	0.00
		141 Notes receivable	0.00
		142 Customer Accounts Rec.	864,133.47
		143 Other Accounts Receivable	288,133.73
		144 Prov. Uncollectable Accounts	(498,212.00)
		145 Notes rec from associated co's	0.00
		146 A/R from associated companies	2,589,391.02
	15400	Capital & Maintenance Inventory Nonexempt	337,542.01
	15430	Chemical Inventory	38,164.00
	15460	Clearing - Inventory Adjustment	0.00
		151 - 163 Plant Mat. & Oper. Supplies	375,706.01
	16501	Prepaid Property Taxes	(1,331.63)
	16599	Prepaid Expenses-Other	18,590.16
		165 Prepayments	17,258.53
		173 Accrued utility revenue	1,981,638.00
		174 Misc current & accrued assets	0.00
		Total current & accrued assets	5,628,048.76

Deferred Debits

	181	Unamort. Debt Disc. & Exp.	0.00
		182 Extraordinary property loss	0.00
		183 - 186 Other Deferred Debits	21,754,483.61
	19010	Def. Federal Inc Taxes- Other	(4,016,643.80)
	19101	Def. FIT-FAS109 ITC	151,276.00
	19103	Def. FIT-F71/F109 G/U ITC	81,478.00
		190 Deferred income taxes	(3,783,889.80)
		Total deferred debits	17,970,593.81

Total assets

161,126,910.15

Capitalization and Liabilities

Proprietary Capital

20100	Common Stock Issued	61,100.00
	201 - 203 Common capital stock	61,100.00
	204 - 206 Preferred capital stock	0.00
20700	Additional Paid-in Capital	80,542,419.92
	207 - 211 Other paid-in capital	80,542,419.92
	RE_ Curr year earnings	(80,110.09)
21600	Retained Earnings - Cumulated Income	22,187,889.06
	216 Unappropriated earned surplus	22,107,778.97
	217 Reacquired capital stock	0.00
	Total proprietary capital	<u>102,711,298.89</u>

Long Term Debt

	224 Long-term debt	0.00
	223 Advances from assoc companies	0.00
	Total long term debt	<u>0.00</u>

Current & Accrued Liabilities

	231 Notes Payable	0.00
	232 Accounts Payable	290,977.30
	233 Notes payable to assoc co's	0.00
	234 A/P to associated companies	0.00
	235 Customer Deposits	212,519.31
	236 Taxes accrued	4,597,240.90
23790	Interest - Other	104.91
	237 Interest accrued	104.91
	238 Dividends declared	0.00
	241 Misc tax withholdings	0.00
	242 Misc curr & accrued liabilities	663,430.55
	Total current & accrued liabilities	<u>5,764,272.97</u>

Deferred Credits

25200	Advances for Construction	2,716,668.88
25201	Taxable Advances/Service Laterals	281,280.20
	252 Advances for Construction	2,997,949.08
25340	PBOP Liability - Trustee	3,916,621.84
25375	Deferred Rent	167,742.66
25390	Accrued SE LTIP	1,627.00
25402	DefRegLiab F71/F109-Fed:ITC	232,756.00
	253 Other deferred credits	4,318,747.50
	Total deferred credits	<u>7,316,696.58</u>

Operating Reserves

	262 Injuries and damages reserve	0.00
	263 Pensions and benefits reserve	6,710,276.99
	Total operating reserves	<u>6,710,276.99</u>

Contributions in Aid of Construction

27100	Contribution in Aid of Construction	18,318,887.72
27140	CIAC - MTBE Costs	263,250.00
	271 Contrib in aid of construction	18,582,137.72
	Total contributions in aid of construction	<u>18,582,137.72</u>

Deferred Income Taxes & ITC

25500	Deferred ITC	432,319.00
28203	Def. FIT-MACRS	17,770,100.00