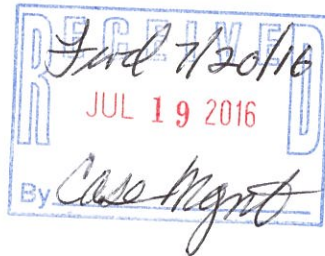




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Via Federal Express

July 18, 2016

Irene Kim Asbury, Secretary of the Board
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

RECEIVED

JUL 19 2016

BOARD OF PUBLIC UTILITIES
MAIL ROOM

**RE: In The Matter of The Petition of SUEZ Water Toms River, Inc.
Distribution System Improvement Charge Calculation
Pursuant to N.J.A.C. 14:9-10.4
BPU Docket No. WR15091103**

Dear Secretary Asbury,

Enclosed for filing please find an original and ten (10) copies, plus one additional copy, of SUEZ Water Toms River, Inc.'s Distribution System Improvement Charge calculation for the January 1, 2016 through June 30, 2016 DSIC Recovery Period accompanied by Tariff Rate Schedule No. 7, Forth Revised Sheet No. 13. Please stamp the additional copy "filed" and return in the self-addressed, stamped envelope provided.

We anticipate Rate Schedule No. 7 becoming effective for service rendered on and after August 29, 2016.

Please advise if you need additional information.

Very truly yours,

Gary S. Prettyman
Senior Director – Regulatory Business

cc: Service List ✓

SERVICE LIST

I/M/O SUEZ Toms River, Inc.
Distribution System Improvement Charge
BPU Docket No. WR15091103

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SUEZ Water Toms River Inc.
Proposed DSIC Calculation

Page 1 of 8

	<u>1/1/16 to 6/30/2016</u>
Eligible Investment (page 2)	\$2,455,660
Less: Accumulated Depreciation (page 2)	(9,761)
Less: Deferred Tax (page 2)	<u>(5,179)</u>
Eligible Net Investment	\$2,440,720
Pre-Tax Rate of Return (page 3)	<u>10.43%</u>
Pre-Tax Return on Investment	\$254,567
Add: Depreciation Expense (page 2)	<u>39,045</u>
Revenue Recovery	\$293,612
Revenue Factor (page 4)	<u>1.17213</u>
DSIC Revenue Requirement Recovery Amount	<u>\$344,151</u>
Approved revenues from Docket No. WR15020269 effective 8/29/15.	<u>\$33,707,869</u>
Percent Surcharge	<u>1.02%</u>

SUEZ Water Toms River Inc.
Proposed DSIC Calculation

Page 2 of 8

	1/1/16 to 6/30/2016
Major Projects	\$ 2,648,968
Blanket Projects	647,504
Total DSIC Plant (page 7 & 8)	<u>3,296,472</u>
Less: Base Spend (Indian Head Rd))	<u>(840,812)</u>
Eligible Investment	<u>2,455,660</u>
<u>Accumulated Depreciation</u>	
Composite Depreciation Rate (match base spend year)	<u>1.59%</u>
Depreciation Expense	39,045
Half Year Convention	<u>9,761</u>
<u>Deferred Taxes</u>	
Eligible Investment	\$2,455,660
MACRS Rate for First Year Water Plant	<u>4.00%</u>
Tax Depreciation First Year	24,557
Book Depreciation	<u>9,761</u>
Tax Depreciation Greater Than Book	14,796
Deferred Taxes at 35%	<u>\$5,179</u>

SUEZ Water Toms River Inc.
Proposed DSIC Calculation

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	47.00%	5.27%	2.48%	2.48%
Common Equity	53.00%	9.75%	5.17%	7.95%
Total	100.00%		7.65%	10.43%

1) capital structure and ROE per current authorized return Docket WR15020269, effective 8/29/15

SUEZ 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	0.04651
Gross Receipts Excise Tax for State Use	0.00938
Franchise Taxes Excise Tax for State Use	0.00582
Uncollectibles	0.00746
BPU Assessment	0.00211
Rate Payer Advocate	<u>0.00057</u>
Income Before Federal Taxes	<u>0.85315</u>
Revenue Factor	<u><u>1.17213</u></u>

1) Per current authorized Docket WR15020269, effective 8/29/15

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	\$414,038
2	Services	345	441,392
3	Hydrants	348	<u>69,994</u>
4	Total Annual Base Spending		<u><u>\$925,424</u></u>

Note 1. All Accounts and Amounts are extracted from Page 21 of the United Water Toms River 2014 Annual Report to the BPU, Page 21.

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

SUEZ 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	DSIC Amount by equivalent Meter	Monthly Charge per Meter	Exempt Charge per Meter
Metered Sales:						
5/8"	40,106	1.00	40,106	\$235,823	\$0.49	\$0.4230
3/4"	6,290	1.50	9,435	52,836	0.70	0.6043
1"	1,461	2.50	3,653	20,512	1.17	1.0100
1 1/2"	259	5.00	1,295	7,552	2.43	2.0978
2"	259	8.00	2,072	12,121	3.90	3.3668
3"	59	15.00	885	5,204	7.35	6.3452
4"	40	25.00	1,000	5,870	12.23	10.5580
6"	8	50.00	400	2,352	24.50	21.1506
8"	4	80.00	320	1,882	39.20	33.8410
10"		115.00			56.35	48.6464
12"		165.00			80.85	69.7970

<u>48,486</u>	<u>59,166</u>	<u>\$344,152</u> [1]
		<u>\$344,151</u>
		5.8167 [2]
		0.4847

[1] Approved revenues from Docket No. WR15020269 effective 8/29/15.

Five percent "DSIC Cap" per 44 NJR 1723(a)
Maximum amount of Annual DSIC Revenues

[2] Amount per equivalent meter (\$344,151 / 59,166)
[3] Active meters pro forma at December 31, 2015

\$33,707,869

X 5%

\$1,685,393

Project Limits	Foundational Filing Project Number	Project Number	DISC Category	Bid Date	DSIC Approval	First Day of Construction	Estimated Cost	Actual Costs June 30, 2016	Engineering In-Service Date	Original Install Year	Actual Install Year	Comments
Hyers Street	C17D601	C16D602	Main Replacement	4/27/2016	12/16/2015	6/9/2016	\$ 320,000	\$ 399,558.05	6/27/2016	2017	2016	Hyers Main Replacement moved forward to work with Township Paving Program and to focus on downtown main replacement as indicated within master plan as critical infrastructure.
Vire Avenue	C16D601	C16D602	Main Replacement	4/27/2016	12/16/2015	5/19/2016	\$ 360,000	\$ 309,011.74	6/13/2016	2016	2016	
Colfax Street	C19D601	C16D602	Main Replacement	4/27/2016	12/16/2015	5/23/2016	\$ 118,000	\$ 99,003.87	6/19/2016	2019	2016	Colfax Main Replacement moved forward to work with Township Paving Program and to focus on downtown main replacement as indicated within master plan as critical infrastructure.
Dunham Avenue	C19D601	C16D602	Main Replacement	4/27/2016	12/16/2015	6/9/2016	\$ 118,000	\$ 85,672.37	6/23/2016	2019	2016	Dunham Main Replacement moved forward to work with Township Paving Program and to focus on downtown main replacement as indicated within master plan as critical infrastructure.
Terrace Avenue	C19D601	C16D602	Main Replacement	4/27/2016	12/16/2015	5/19/2016	\$ 118,000	\$ 110,558.24	6/13/2016	2019	2016	Terrace Main Replacement moved forward to work with County drainage and paving program and to focus on downtown main replacement as indicated within master plan as critical infrastructure.
Indian Head Road	C16D601	C15D604	Main Replacement	11/9/2015	12/16/2015	12/7/2015	\$ 660,000	\$ 840,812.31	1/9/2016	2015	2016	
Route 9 Crossing	C16D601	C15D604	Main Replacement	11/9/2015	12/16/2015	4/1/2016	\$ 285,000	\$ 383,023.61	5/30/2016	2015	2016	
New Hampshire		C16D601	Main Replacement	1/20/2016		1/21/2016	\$ 50,000	\$ 43,604.17	1/21/2016	N/A	2016	Replacement of Main not anticipated.
Main Street and Route 37		C16D701	Main Replacement	1/15/2016		5/9/2016	\$ 350,000	\$ 377,723.28	6/15/2016	N/A	2016	Main and Route 37 main replacement was incorporated within the NIDOT project titled Rt. 166-Highland Parkway to old Freehold Road. Scheduling of main replacement within the limits of paving was initiated by the DOT's start of construction.
TOTAL SPEND								\$ 2,648,967.64				
								\$ 2,648,968.00				

SUEZ Water Toms River Inc.

Blanket Projects

1/1/16 to 6/30/16

Project Name	Project ID	BLANKET REPLACEMENT	Estimated 1/1/16 to 6/30/16	Expenditure between 1/1/16 to 6/30/16
Hydrant Replacement	C16D501	5	\$ 63,650.00	\$ 35,139.50
Replacement Short Mains and Valves	C16D502		\$ 198,850.00	\$ 135,969.91
Replaced Domestic Service	C16F501	85	\$ 766,950.00	\$ 476,394.83
Replaced Fire Service	C16F503			
Unreimbursed Utility Relocation				
Valve Replacements				
	Total Blanket Expenditures		\$ 1,029,450.00	\$ 647,504.24
				\$ 647,504.00

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	\$0.49	\$0.4230
3/4 Inch	0.70	0.6043
1 Inch	1.17	1.0100
1-1/2 Inch	2.43	2.0978
2 Inch	3.90	3.3668
3 Inch	7.35	6.3452
4 Inch	12.23	10.5580
6 Inch	24.50	21.1506
8 Inch	39.20	33.8410
10 Inch	56.35	48.6464
12 Inch	80.85	69.7970

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.

Issued:

Effective:

By: David Stanton, President
461 From Road, Suite 400, Paramus, NJ 07652