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JUN 03 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

PHIL MURPHY
Governor

SHEILA OLIVER
Lt. Governor



State of New Jersey
DIVISION OF RATE COUNSEL
140 EAST FRONT STREET, 4TH FL
P.O. BOX 003
TRENTON, NEW JERSEY 08625

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BOARD OF PUBLIC UTILITIES
TRENTON, NJ

STEFANIE A. BRAND
Director

May 31, 2019

Via UPS Overnight Delivery and Electronic Mail

Honorable Jacob S. Gertsman, ALJ
Office of Administrative Law
Quakerbridge Plaza, Bldg. 9
3444 Quakerbridge Road
Mercerville, New Jersey 08619

FORWARD
CASE MANAGEMENT
2019 JUN -4 A 9:01
BOARD OF PUBLIC UTILITIES
TRENTON, NJ

Re: **In the Matter of the Petition of New Jersey American
Water Company Inc. for Approval of Increased Tariff
Rates and Charges for Water and Wastewater Service,
Changes in Depreciation Rates and Other Tariff
Modifications**
OAL Docket No.: PUC 16279-2018S
BPU Docket No.: WR17090985

Dear Judge Gertsman:

Please accept this letter brief and accompanying testimony on behalf of the Division of Rate Counsel (“Rate Counsel”) in reply to Petitioner New Jersey American Water Company, Inc.’s (“NJAWC” or “Company”) motion (“Motion”) to re-open the record in the above-captioned matter in order to admit the Supplemental Testimony of John S. Tomac, and to provide for additional supplemental and reply briefs. For all of the reasons set forth below, Rate Counsel respectfully requests that the Company’s Motion be denied. Alternatively, Rate Counsel requests that the rebuttal testimony and exhibits of Howard Woods be admitted into evidence. Moreover, Rate Counsel requests that Your Honor direct Oral Argument to proceed at Your Honor’s earliest convenience.

Case Mgmt
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Tel: (609) 984-1460 • Fax: (609) 292-2923 • Fax: (609) 292-4991
<http://www.nj.gov/rpa> E-Mail: njratepayer@rpa.nj.gov

Background

On September 14, 2017, NJAWC filed a petition, testimony and exhibits with the Board of Public Utilities (“Board”) seeking an increase in revenues of approximately 17.5%. Rate Counsel filed direct testimony on April 13, 2018. NJAWC filed a 12+0 update on April 23, 2018. This 12+0 update contained certain present rate revenues for Shorelands. On May 11, 2018, NJAWC filed rebuttal testimony, including the Schedule DMD-RT-4, which was attached as an exhibit to the testimony of Dante DeStefano. Schedule DMD-RT-4 was an exhibit provided in response to a discovery question from Rate Counsel, where the Company was asked to “provide the revenue requirement associated with (1) the acquisition of the Haddonfield Water and Sewer systems, (2) the acquisition of Shorelands Water Company, and (3) the acquisition of Roxiticus as included in the filing results.”

Mr. DeStefano testified during the evidentiary hearings on June 18, 2018. As part of his testimony, Mr. DeStefano swore to the accuracy of his rebuttal testimony, including Schedule DMD-RT-4. 79T:L2-L7 (6/18/18). Following this evidentiary hearing date, the accuracy of the evidentiary record was called into question due to an investigation in New York State involving certain witnesses that had also testified in the present New Jersey rate case. As a result the Company agreed to re-certify the accuracy of the record, including all filed testimony. As part of this re-certification, Company witness Mr. Tomac testified that he “thoroughly reviewed the...rebuttal testimony and sworn oral testimony of Dante DeStefano.” P-296, Exhibit A, Certification of John S. Tomac, para. 10. Mr. Tomac “checked the accuracy of” all pro forma adjustments, and “analyzed the pro forma calculations.” *Id.* at 18. The Company also hired PriceWaterhouseCoopers to verify the parts of the record that could be traced to the original books and records of the Company.

On January 18, 2019, the parties filed their initial briefs on the limited issue of acquisition adjustments.¹ NJAWC's brief contains a short paragraph arguing that "while a standalone cost of service analysis is not dispositive under *Howell* [*I/M/O N.J. American Water Co.*, 193 P.U.R. 4th 30 (1999)] the analysis favors rate base recognition of the Shorelands Acquisition Adjustment" by providing a net benefit to legacy customers. NJAWC Initial Brief at 18. Rate Counsel's reply brief, filed February 25, 2019, refuted this assertion, showing that the stand-alone revenue requirement for Shorelands exceeded the new revenues received from Shorelands. Rate Counsel reply brief at 7-8. The standalone revenue requirement for Shorelands was not a dispositive issue for either NJAWC or Rate Counsel.

Following the filing of reply briefs and the closing of the evidentiary record, NJAWC informed Rate Counsel that it believed Schedule DMD-RT-4 contained errors. Specifically, NJAWC stated that Schedule DMD-RT-4 inadvertently contained the public and private fire revenues from Pennsgrove, rather than Shorelands and provided a revised DMD-RT-4. Rate Counsel reviewed the Company's updated document, and during a subsequent conference call, informed the Company that (a) it agreed that the public and private fire revenues had been improperly stated, and that (b) there were other errors in Schedule DMD-RT-4 that also had to be corrected in order for the exhibit to be accurate. As explained in the Company's Motion and in the testimony of Howard Woods, Schedule DMD-RT-4 also omitted Shorelands' purchased water expense of \$2,478,075. Motion at 6. This expense consisted of \$792,946 for raw water purchased by Shorelands from the New Jersey Water Supply Authority ("NJWSA"), and \$1,685,129 in costs for treatment of the raw water and transport of finished water to the Shorelands System by NJAWC. The Company then provided Rate Counsel with a second

¹ All other issues in the matter were resolved pursuant to a stipulation approved by the Board on October 29, 2018.

revised DMD-RT-4. As explained below, Rate Counsel believes this second revised DMD-RT-4 is still erroneous.

On May 6, 2019, NJAWC filed its Motion to Re-open the Evidentiary Record to Admit the Supplemental Testimony and Schedule of John S. Tomac, including a request for additional supplemental and reply briefs on the subject. The Motion and accompanying testimony acknowledges the purchased water expense of \$2,478,075 had been omitted from the original schedule. Motion at 6. However, NJAWC chose to only include \$792,946 for the water purchased from NJWSA in its amended Schedule DMD-RT-4. Although this amended schedule still purports to be a standalone revenue requirement for Shorelands, the Company excluded the remaining \$1,685,129 from DMD-RT-4, acknowledging that it included this amount in NJAWC's overall revenue requirement, *in turn being subsidized by all NJAWC ratepayers*. Id. Accordingly, the revenue requirement set forth in the Motion's amended schedule DMD-RT-4 is not a standalone revenue requirement.

The testimony of Howard Woods that accompanies this reply contains all costs associated with water purchase, production and transportation for Shorelands, and therefore represents the proper standalone revenue requirement for Shorelands. As Mr. Woods demonstrates, once all costs are properly accounted for in the standalone revenue requirement, the conclusion set forth in Rate Counsel's Reply brief – that other New Jersey American customers would subsidize the Shorelands acquisition adjustment – still stands.

Argument

Motions to re-open the evidentiary record face a high bar under N.J.A.C. 1:1-18.5(c). Such motions can be granted only when the movant proves the existence of “extraordinary circumstances.” N.J.A.C. 1:1-18.5(c). As the movant, NJAWC has the burden to prove the

existence of such extraordinary circumstances. While a correct record is important, the Company concedes that the facts in DMD-RT-4 are not dispositive of the only issue pending before Your Honor. As such, extraordinary circumstances do not in fact exist.

NJAWC concedes that “[w]hether Shorelands’ revenues cover Shorelands’ cost of service is not part of the test for whether New Jersey-American Water should be permitted to recover the Acquisition Adjustment in rates under *Howell*.” Motion at 8. The Company further states “[t]o the extent that the Honorable ALJ considers the argument pertinent, the Corrected schedule should be admitted so that the record is complete and accurate....” *Id.* In its argument, NJAWC downplays the significance of the entire issue, arguing that it is not at the core of the legal standard for evaluating the acquisition adjustment issue.

Rate Counsel agrees with the Company on that point. The issue of whether Shorelands is self-sustaining is not central to the determination of whether Shorelands should receive an acquisition adjustment. The Board’s policy regarding acquisition adjustments was set forth in the Elizabethtown Acquisition Order (I/M/O Petition of Elizabethtown Water Co. For an Increase in Rates, BPU Docket No. 8312-1072, 62 P.U.R. 4th 613 (N.J.B.P.U. 1984)). In that matter, the Board held that acquisition adjustments should be awarded only in two limited circumstances. First, an acquisition adjustment may be allowed if a utility has proven net benefits to existing ratepayers as a result of the acquisition. Elizabethtown Acquisition Order at 614. The second situation where an acquisition adjustment may be permitted involves the acquisition of a small, troubled system. *Id.* Several other Board orders note this same policy on acquisition adjustments. See, e.g., I/M/O Long Beach Water System, BPU Docket No. 8310-855, Order dated 7/5/84 (splitting a proposed acquisition adjustment 50/50 between ratepayers and shareholders, due to the Board’s determination of “a well-established customer benefit”);

I/M/O Petition of South Jersey Gas Co. For Approval of Increased Base Tariff Rates & Charges, BPU Docket No. 843-184, Order dated 12/30/85 (denying a proposed acquisition adjustment, as the Board found no benefits inured to existing ratepayers as a result of the transaction).

Central to the Company's argument for an acquisition adjustment was a cost/benefit analysis produced by Frank Simpson and adopted by John Tomac. The heart of the Company's argument was the purported avoided capital projects that would result from the acquisition. In turn, Rate Counsel refuted the Company's claim through the testimony of Mr. Woods, who demonstrated that the Company's analysis contained certain assumptions that may not be realistic, and absent such assumptions, the Shorelands acquisition ends up as a net liability to existing ratepayers. The cost/benefit analysis was the key focus for both Rate Counsel and the Company, not Schedule DMD-RT-4. Both Rate Counsel and the Company are in agreement that Schedule DMD-RT-4 is not central to the acquisition adjustment issue. Whether this schedule is accurate hardly rises to the "extraordinary circumstances" necessary for Your Honor to re-open the evidentiary record, and the Company's Motion should accordingly be denied.²

Alternatively, to the extent that Your Honor deems the issue pertinent, and decides to re-open the record, Your Honor should admit Exhibit HJW-5, attached to Mr. Woods' rebuttal testimony. To the extent the amended schedule attached to Mr. Tomac's supplemental testimony is admitted into the record, it should be afforded no evidentiary weight because it does not represent the standalone revenue requirement for Shorelands. As explained by Mr. Woods' enclosed supplemental rebuttal testimony, Mr. Tomac's testimony fails to include any costs for treating, pumping and transmitting finished water to the Shorelands service area. Supplemental Rebuttal Testimony of Howard Woods at 5. This omission is not in dispute between parties; Mr.

² Indeed, the Company recognizes that Your Honor can issue a decision on this issue without reliance on DMD-RT-4 at all. Motion at 8.

Tomac admits the omission in his testimony: “[t]he production costs associated with the treatment and distribution of such water is included in New Jersey-American Water’s revenue requirement.” Supplemental Testimony of John S. Tomac at 3. By including these costs in the overall New Jersey-American Water revenue requirement, Mr. Tomac has improperly excluded the costs from the Shorelands’ revenue requirement. Therefore, the schedule included in Mr. Tomac’s testimony does not represent a standalone revenue requirement for Shorelands.

Mr. Tomac attempts to explain this omission of costs to serve Shorelands by arguing that “New Jersey-American Water will not purchase water from itself.” Id. This statement is misleading and a red herring. While the Company may not “purchase water from itself,” the costs that Mr. Tomac omitted do not involve the purchase of water. In fact, the omitted costs are costs for treating, pumping, and transmitting finished water to Shorelands. These costs will be incurred, and there is no justification for Mr. Tomac to have omitted a proper allocation of the Company’s rate base for such treatment, pumping and transmission. In fact, Mr. Tomac admits that under his analysis other customers are subsidizing the production costs for Shorelands, and that his analysis does not represent the stand-alone revenue requirement it purports to. Id. The Company made a similar error in its analysis of the Haddonfield water system acquisition in DMD-RT-4 but corrected this error in its response to RCR-E-151. It did not make similar corrections for Shorelands. Mr. Woods makes those corrections in his Supplemental Rebuttal Testimony and exhibits.

It is undisputed between the parties that Mr. Tomac’s testimony does not offer a standalone revenue requirement. His testimony, does not, therefore, address the issue before Your Honor. Accordingly, if Your Honor deems the standalone revenue requirement pertinent to the acquisition adjustment issue, Mr. Tomac’s testimony and accompanying exhibit are not

relevant. N.J.R.E. 401 (“‘Relevant evidence’ means evidence having a tendency in reason to prove or disprove any fact of consequence to the determination of the action.”) Indeed, N.J.R.E. 403 permits evidence to be excluded if its probative value is outweighed by “confusion of issues...undue delay [or] waste of time....” Here, Mr. Tomac’s testimony and exhibit offer no probative value to actually correct Schedule DMD-RT-4, which purports to represent the standalone revenue requirement for Shorelands. If his testimony is admitted into the record, it may create more confusion than clarification. Accordingly, admitting Mr. Tomac’s testimony would be a waste of time, would confuse the issues by contributing to an inaccurate record rather than correcting it, and would cause further delays to a proceeding that has already lasted almost two years. N.J.R.E. 403. To the extent it is admitted, it is of limited evidentiary value, and should be rejected in favor of Mr. Woods’ correct and accurate analysis.

Mr. Woods’ testimony is the only new evidence that actually presents a standalone revenue requirement for Shorelands. Unlike the Company, whose analysis has other Company ratepayers subsidizing the costs for treating, pumping and transmitting finished water to Shorelands, Mr. Woods’ analysis includes such costs in the standalone revenue requirement, where it properly belongs. Mr. Woods calculated these costs using a percentage of rate base that is based on average daily demand for Shorelands compared to total general metered service demand, just as the Company did when it corrected the original DMD-RT-4 analysis for Haddonfield Water in its response to RCR-E-151. Under Mr. Woods’ standalone revenue requirement analysis, if Shorelands were to receive an acquisition adjustment, it would require a revenue increase of \$3,836,752 to cover its costs. Rebuttal Testimony, Exhibit HJW-5, line 142. However, per the terms of the partial settlement, Shorelands received a revenue increase of only \$1,216,996. Id. at line 144. This creates a shortfall in revenues of \$2,619,756 that would have to

be subsidized by existing ratepayers. The conclusion from the original Schedule DMD-RT-4, and Rate Counsel's reply brief, remains the same – that Shorelands revenues cannot cover its cost of service if it receives the acquisition adjustment it seeks, and existing Company ratepayers would be required to subsidize the difference.

As a final matter, Rate Counsel opposes NJAWC's request for further briefing in this matter. NJAWC has already filed a motion with accompanying brief and supplemental testimony. All parties agree this is not a dispositive issue. NJAW submitted its position and Rate Counsel has now responded. This minor issue has been fully vetted and there is no reason for additional briefing. Furthermore, this issue stems from a rate case that was filed almost two years ago, and was fully litigated almost one year ago. It is time for the sole remaining issue to move to conclusion as expeditiously as possible.

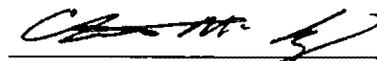
Conclusion

For all of the reasons stated above, Rate Counsel respectfully requests that Your Honor deny the motion to re-open the record. Alternatively, to the extent the record is re-opened, Your Honor should admit the rebuttal testimony and exhibits of Howard Woods and afford Mr. Tomac's supplemental testimony little to no weight. Moreover, Rate Counsel requests Your Honor re-schedule oral argument as expeditiously as possible without further briefings.

Respectfully submitted,

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

By:



Christine M. Juarez
Asst. Deputy Rate Counsel

**In the Matter of the Petition of New Jersey
American Water Co. Inc. for Approval of
Increased Tariff Rates and Charges for
Water and Wastewater Service, Change in
Deprecation Rates and Other Tariff
Modifications**

OAL Dkt. No. PUC 16279-2018 S

BPU Docket No. WR17090985

Service List

Christine Juarez, Esq,
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

Susan E. McClure, Esq,
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

Ira G. Megdal, Esq.
Cozen O'Connor
457 Haddonfield Road
Cherry Hill, New Jersey 08002

Alex Moreau, DAG
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Andrew Kuntz, DAG .
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Donna Lee-Thomas
Case Management
Board of Public Utilities
44 South Clinton Ave.
P.O. Box 350
Trenton, New Jersey 08625-0350

Jay L. Kooper
Vice President, General Counsel &
Secretary
Pinelands Water Company
P.O. Box 400
Iselin, NJ 08830

**In the Matter of the Petition of
New Jersey American Water Co.
Inc. for Approval of Increased
Tariff Rates and Charges for
Water and Wastewater Service,
Change in Deprecation Rates and
Other Tariff Modifications**

Stefanie A. Brand, Director
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

Michael Kammer, Director
Board of Public Utilities
Division of Water
44 South Clinton Ave. – Suite 314
P.O. Box 350
Trenton, New Jersey 08625-0350

Andrew Kuntz, DAG
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Brian Lipman, Esquire
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

Jason Andersen
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Meagan Lupo
Board of Public Utilities
44 South Clinton Ave.
P.O. Box 350
Trenton, New Jersey 08625-0350

Debra F. Robinson, Esquire
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

Dr. Ben Witherell, Chief Economist
Board of Public Utilities
44 South Clinton Avenue, Suite 314
P.O. Box 350
Trenton, NJ 08625

Emma Xiao, DAG
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Susan McClure, Esquire
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

Dr. Son-Lin Lai
Office of the Economist
44 South Clinton Ave.
P.O. Box 350
Trenton, NJ 08625

Alex Moreau, DAG
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Christine Juarez, Esquire
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

John Tomac
Director of Rates & Regulations
New Jersey American Water
1025 Laurel Oak Road
Voorhees, NJ 08043

Dante DeStefano
New Jersey American Water
1025 Laurel Oak Road
Voorhees, NJ 08043

Marylin Silva, Legal Assistant
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

Suzana Duby, Esquire
New Jersey American Water
167 John F. Kennedy Parkway
Short Hills, NJ 07078

Christine Soares, Esquire
Cozen O'Connor
457 Haddonfield Road
Cherry Hill, New Jersey 08002

Ira G. Megdal, Esquire
Cozen O'Connor
457 Haddonfield Road
Cherry Hill, New Jersey 08002

A. Bruce O'Connor
Vice President, Treasurer & Chief
Financial Officer
Middlesex Water Company
1500 Ronson Road
Iselin, NJ 08830

Jay L. Kooper
Vice President, General Counsel &
Secretary
Middlesex Water Company
485C Route One South, Suite 440
Iselin, NJ 08830

Justin Cederberg
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625

Howard J. Woods, Jr., P.E.
Howard J. Woods, Jr.
& Associates LLC
49 Overhill Road
East Brunswick, NJ 08816

Robert J. Henkes
Henkes Consulting
7 Sunset Road
Old Greenwich, CT 06870

Donna Thomas-Lee
Bureau of Case Management
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625

Aida Camacho-Welch, Secretary
Board of Public Utilities
44 South Clinton Ave.
P.O. Box 350
Trenton, NJ 08625

Patricia A. Krogman
Patricia.Krogman@dol.lps.state.nj.us
e-mail only

Kyle Felton
Kyle.Felton@bpu.nj.gov
e-mail only

Anthony Visco
Anthony.Visco@bpu.nj.gov
e-mail only

Kofi Ocansey
Kofi.Ocansey@bpu.nj.com
e-mail only

Magdy Mekhaeil
Magdy.Mekhaeil@bpu.nj.gov
mail only

**BEFORE THE
STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES
OFFICE OF ADMINISTRATIVE LAW**

In the Matter of:

**THE PETITION OF NEW JERSEY
AMERICAN WATER COMPANY, INC.
FOR APPROVAL OF INCREASED TARIFF
RATES AND CHARGES FOR WATER AND
SEWER SERVICE, CHANGE IN
DEPRECIATION RATES, AND OTHER
TARIFF MODIFICATIONS**

**BPU Docket No.
WR17090985**

**OAL Docket No.
PUC-14251-2017 S**

REBUTTAL TESTIMONY AND EXHIBITS OF

HOWARD J. WOODS, JR., P.E.

**ON BEHALF OF THE
NEW JERSEY
DIVISION OF RATE COUNSEL**

**STEFANIE A. BRAND, ESQ.
DIRECTOR, DIVISION OF RATE COUNSEL**

Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 3
Trenton, New Jersey 08625-0003

Filed: May 31, 2019

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BOARD OF PUBLIC UTILITIES
TRENTON, NJ

New Jersey American Water Company,
BPU Docket No. WR17090985
Rebuttal Testimony of Howard J. Woods, Jr., P.E.

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JUN 03 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

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1 **1. IDENTIFICATION OF TESTIMONY**
2

3 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

4 A. My name is Howard J. Woods, Jr. and my address is 49 Overhill Road, East Brunswick, New
5 Jersey 08816-4211.
6

7 **Q. ARE YOU THE SAME HOWARD J. WOODS, JR. WHO FILED DIRECT TESTIMONY**
8 **IN THIS MATTER ON APRIL 13, 2018 IN THIS PROCEEDING?**

9 A. Yes.

10 **2. PURPOSE OF TESTIMONY**
11

12 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

13 A. This rebuttal testimony is in response to the new testimony of Mr. Tomac filed as Exhibit PT-307
14 with the Company's Motion to Admit Supplemental Testimony and Schedule into Evidence (the
15 "Motion").
16

17 **Q. WHAT IS THE OBJECT OF THE MOTION?**

18 A. The Motion seeks to reopen the record in this matter to allow the admission into evidence, new
19 testimony and a revised schedule provided by Mr. Tomac.
20

21 **3. SUMMARY OF REVISED CALCULATION**
22

23 **Q. HAVE YOU REVIEWED MR. TOMAC'S SUPPLEMENTAL TESTIMONY AND HIS**
24 **REVISED SCHEDULE?**

1 A. Yes. Mr. Tomac's testimony explains the nature of two errors made in Rebuttal Testimony initially
2 offered by Company witness Dante DeStefano and subsequently adopted by Mr. Tomac after Mr.
3 DeStefano's departure from the Company.
4

5 **Q. PLEASE EXPLAIN THE NATURE OF THE REVISED SCHEDULE.**

6 A. The revised schedule in Mr. Tomac's Supplemental Testimony compares the original calculation
7 of the revenue requirement for Shorelands with a new calculation that corrects public and private
8 fire revenues and makes an allowance for purchased water expense. The original and revised
9 calculations attempt to portray Shorelands Water Company as a stand-alone entity with respect to
10 income and expenses. The original version of DMD-RT-4 included similar calculations for
11 Roxiticus Water Company, Haddonfield Water and Haddonfield Sewer and these calculations have
12 been removed from the revised schedule in Mr. Tomac's Supplemental Testimony. I have included
13 the original version of DMD-RT-4 as Exhibit HJW-1 attached to this rebuttal testimony.
14

15 **Q. WHAT REVENUES APPEAR IN THE NEW SCHEDULE?**

16 A. Mr. Tomac shows the general metered service revenues, public fire revenues and private fire
17 revenues that appeared in the original version of DMD-RT-4 and his new calculation shows the
18 corrections to public and private fire revenues resulting from rates that were in effect before the
19 partial settlement of the base rate case. The original version of DMD-RT-4 also presented the
20 revenues from rates proposed by New Jersey American. In his new calculation, Mr. Tomac presents
21 the revenues resulting from the partial settlement instead of the revenues originally requested by
22 the Company.
23

24 **Q. WHAT EXPENSES WERE INCLUDED IN THE ORIGINAL DMD-RT-4 CALCULATION**
25 **AND HOW DOES THE NEW CALCULATION DIFFER?**

1 A. DMD-RT-4 attempted to portray the expenses incurred to provide service to the Shorelands area
2 customers and those expenses included the amortization of the proposed acquisition adjustment.
3 Furthermore, the original schedule showed the revenue requirement for this system with the
4 acquisition adjustment included in rate base. In the new calculation, a new line, Line 17 on the
5 new schedule, was added to reflect the expense of purchasing raw, untreated water from the New
6 Jersey Water Supply Authority's Manasquan Project for use after subsequent treatment by
7 Shorelands area customers. The amount of this expense appearing in the new calculation is
8 \$792,946. Otherwise, the expenses are the same in both the old and new calculation.

9
10 **Q. WHAT OTHER CHANGES APPEAR IN THE REVISED SHORELANDS WATER**
11 **COLUMN IN MR. TOMAC'S SCHEDULE?**

12 A. As a result of correcting the error in the original DMD-RT-4, Mr. Tomac has increased the pre-
13 settlement revenues for public and private fire to \$1,082,768 and \$651,300, respectively. General
14 Metered Service revenues are not changed in this portion of the schedule. The impact of the
15 correction of public and private fire revenues is an increase in total pre-settlement revenues of
16 \$1,481,826 to a revised amount of \$10,239,338. Mr. Tomac has also updated the Proposed Rate
17 Revenues to reflect the revenues resulting from the partial stipulation and settlement in this matter.
18 The new General Metered Service Revenues resulting from rates now in effect for Shorelands area
19 customers are \$9,862,634. Similarly, public and private fire revenues are \$942,400 and \$651,300,
20 respectively. Total revenues at current rates are \$11,456,334.

21 In addition to correcting and updating the revenue section of this calculation, Mr. Tomac
22 also flowed through the adjustments to account for changes in Uncollectibles (Line 55) and Taxes
23 under the partial settlement rates (Lines 77 through 79). In addition, Mr. Tomac updated the FIT
24 calculations based on the aforementioned changes and these adjustments can be seen on Lines 85
25 through 102 for pre-settlement rates and on Lines 113 through 130 for the partial settlement rates.

1 **Q. DO YOU AGREE WITH THE CHANGES MADE TO THE PRE-SETTLEMENT PUBLIC**
2 **AND PRIVATE FIRE REVENUES?**

3 A. Yes. As explained by Mr. Tomac in his Supplemental Testimony on Page 2 at Lines 3 through 21,
4 the original version of DMD-RT-4 imported values for the Company's Pennsgrove system and cast
5 these values as the correct values for public and private fire revenues for the Shorelands system.

6
7 **Q. DO YOU AGREE WITH THE CHANGES TO "PROPOSED RATE REVENUES" AT**
8 **LINES 8 THROUGH 10 OF THE REVISED SCHEDULE?**

9 A. Yes. I believe that these revenues accurately reflect the revenues resulting from the Stipulation and
10 partial settlement of the base rate case.

11

12 **Q. DO AGREE THAT THE INSERTION OF LINE 17 AND THE ESTIMATE OF \$792,946**
13 **REASONABLY REFLECTS THE COST OF PURCHASING RAW WATER FROM THE**
14 **NEW JERSEY WATER SUPPLY AUTHORITY FOR THE COMPANY'S SHORELANDS**
15 **CUSTOMERS?**

16 A. Yes. The value is of a comparable magnitude to the cost of purchasing water from the New Jersey
17 Water Supply Authority when Shorelands existed as an independent entity. I have attached as
18 Exhibit HJW-2 a copy of the Shorelands Water Company 2015 Annual Report to the Board of
19 Public Utilities. This document was provided in discovery in Docket WM16101036, "I/M/O The
20 Joint Petition of American Water Works, NJAW and Shorelands Water Company for American
21 Water Works to Acquire Control of Shorelands Water Company Among Other Approvals" and I
22 believe this is the last stand-alone Annual Report filed by Shorelands with this Board. Page 41 of
23 that report summarizes the cost of purchase water and notes that for 2015, the New Jersey Water
24 Supply was paid \$745,818 for purchased water. This amount is only about 6% less than the amount
25 Mr. Tomac indicates as the cost of the same purchased water in 2016.

26

1 **4. ANALYSIS**
2

3 **Q. DO YOU BELIEVE THAT THESE CHANGES FULLY AND COMPLETELY CORRECT**
4 **THE ERRORS AND OMISSIONS IN MR. TOMAC'S ORIGINAL DMD-RT-4?**

5 A. I do not.
6

7 **Q. PLEASE EXPLAIN WHY YOU BELIEVE THESE CHANGES ALONE ARE NOT**
8 **ADEQUATE.**

9 A. While the expense associated with procuring raw water from the New Jersey Water Supply
10 Authority is now reflected in the Revised Shorelands Water column of Mr. Tomac's schedule, the
11 cost of treating, pumping and transmitting finished water to the Shorelands service area is not
12 included in the Shorelands revenue requirement. Mr. Tomac notes that the cost of purchased water
13 incurred by Shorelands before its acquisition was removed and this amount totaled \$2,478,075
14 (Tomac PT-307, P. 3, Line 7). Mr. Tomac's analysis now includes the cost of buying water from
15 the New Jersey Water Supply Authority at a cost of \$792,946 (Tomac PT-307, P. 3, Line 8) but his
16 analysis makes no provision for the cost of capital assets needed to treat and deliver that water to
17 the Shorelands service area. That cost should at least be equal to the excluded amount and likely
18 should be higher than the balance of \$1,685,129 (\$2,478,075 - \$792,946). Mr. Tomac notes that:
19 "The production costs associated with the treatment and distribution of such water is included in
20 New Jersey American Water's revenue requirement." (Tomac PT-307, P. 3, Lines 13-14). Clearly,
21 the Company has excluded this cost from the calculation of the Shorelands revenue requirement
22 and as a result, the analysis remains incomplete. While the Company will not charge itself for
23 purchased water as Mr. Tomac explains at Line 11 on Page 3 of his testimony, the Company will
24 continue to incur costs to treat, pump and deliver water to its Shorelands service area and this cost
25 is part of the revenue requirement associated with the Shorelands operations. Mr. Tomac has

1 confirmed that customers outside of the Shorelands service area are currently burdened with this
2 cost.

3
4 **Q. ARE YOU AWARE THAT MR. TOMAC CLAIMS THAT REMOVING THE**
5 **PURCHASED WATER EXPENSE FROM THE SHORELANDS REVENUE**
6 **REQUIREMENT REFLECTS AN OPERATIONAL SYNERGY RESULTING FROM THE**
7 **ACQUISITION?**

8 A. Yes. Mr. Tomac states that: "For *pro forma* purposes post-acquisition, purchased water expense
9 of \$1,685,129 will not be incurred since New Jersey-American Water will not purchase water from
10 itself. These savings are part of the operational synergies resulting from the Shorelands
11 acquisition." (Tomac PT-307, P. 3, Lines 9-13).

12
13 **Q. DO YOU AGREE WITH MR. TOMAC ON THIS POINT?**

14 A. No, I do not. The Shorelands Water Company system and the New Jersey American Water system
15 were already interconnected prior to the acquisition and arrangements were in place to acquire,
16 treat and transfer water from the New Jersey Water Supply Authority to Shorelands via New Jersey
17 American Water. The cost of doing this was recovered by the Authority and New Jersey American
18 Water through its water supply agreements. Shorelands paid the Authority directly for raw water
19 it purchased and it paid New Jersey American for its treatment and transmission services through
20 the purchased water agreement. New Jersey American, and its customers and shareholders, were
21 compensated for the expense of providing this service to Shorelands by virtue of the fact that
22 Shorelands paid New Jersey American for these services. Simply deciding not to "purchase water
23 from itself" ignores the cost allocations that existed prior to the acquisition and shifts a cost burden
24 from Shorelands customers, where the cost was recovered prior to the acquisition, to New Jersey
25 American Water legacy customers – just as Mr. Tomac explained when he said that this cost was
26 part of the New Jersey American Water revenue requirement. In reality, this cost should be

1 allocated to Shorelands and it should be part of the calculation of the Shorelands revenue
2 requirement.

3
4 **Q. DID THE COMPANY MAKE A SIMILAR ERROR IN CALCULATING THE REVENUE**
5 **REQUIREMENT FOR ANY OF ITS OTHER RECENT ACQUISITIONS?**

6 A. Yes, it did. In the case of the Haddonfield Water acquisition, the Company failed to initially include
7 any costs associated with the facilities outside of Haddonfield that were being used to produce and
8 deliver water to Haddonfield after the Company retired the Centre Street wells and treatment
9 facility.

10
11 **Q. DID THE COMPANY MAKE A CORRECTION FOR THE ERROR IN HADDONFIELD?**

12 A. Yes. In its response to RCR-E-150 and RCR-E-151 the Company corrected its operating expenses
13 for treatment residuals disposal and it also provided an allocation of the cost of capital and
14 depreciation for facilities outside of Haddonfield used to produce water for its recently acquired
15 Haddonfield customers. It did not make corrections for the cost of chemicals or power and to that
16 extent, the responses to RCR-E-150 and RCR-E-151 are still incomplete. Nevertheless, the
17 response to RCR-E-151 shows that Haddonfield Water represented a revenue requirement of
18 \$1,208,428 after the cost of capital and depreciation were accounted for in the analysis. Copies of
19 RCR-E-150 and RCR-E-151 are attached as Exhibit HJW-3.

20
21 **Q. HAS THE COMPANY OFFERED ANY SIMILAR ADJUSTMENTS FOR SHORELANDS**
22 **AS THOSE PRESENTED IN RCR-E-151?**

23 A. No, it has not, but similar adjustments can be calculated from the information presented in RCR-
24 E-151. This response allocates the net plant in service and depreciation to Haddonfield on the basis
25 of average daily demand. The same can be done using the Shorelands consumption in thousand
26 gallons.

1

2 **Q. WHAT IS THE SHORELANDS CONSUMPTION?**

3 A. The response to SIR-14 shows that the Shorelands consumption is 1,162,841 thousand gallons after
4 adjustments for normalization and growth.

5

6 **Q. BASED ON THIS SALES VOLUME, WHAT PERCENTAGE OF NET RATE BASE
7 SHOULD BE ALLOCATED TO SHORELANDS?**

8 A. As in the response to RCR-E-151, the Shorelands sales volume divided by the total GMS
9 consumption of 60,870,655 produces a ratio of 1.910%.

10

11 **Q. WHAT SHOULD THIS PERCENTAGE BE APPLIED TO?**

12 A. As in the response to RCR-E-151, this percentage should be applied to the Net Rate Base values to
13 derive the Shorelands Rate Base Allocation and to the Total Depreciation amount to derive the
14 Shorelands Depreciation amounts. These calculations are shown in Exhibit HJW-4.

15

16 **Q. WHAT ARE THE RESULTS OF THESE CALCULATIONS?**

17 A. Of the Company's \$979,506,791 of net rate base for production and transmission plant, 1.910% or
18 \$19,055,845 should be allocated to the calculation of the Shorelands Revenue Requirement.
19 Similarly, of the depreciation amount of \$30,105,107 for Production and Transmission Plant,
20 \$575,112 per year should be allocated to Shorelands.

21

22 **Q. HAVE YOU UPDATED THE CALCULATION OF THE SHORELANDS REVENUE
23 REQUIREMENT TO INCLUDE THESE ALLOCATIONS?**

24 A. Yes. In Exhibit HJW-5, I have reproduced the revenue requirement calculation in Mr. Tomac's
25 original DMD-RT-4 and his revised calculation presented in the schedule attached to his
26 Supplemental Testimony in PT-307. Alongside these calculations, I have added a new calculation

1 of revenue requirement that reflects the allocations of the production and transmission plant. As
2 can be seen in Exhibit HJW-5, the adjusted revenues presented in Mr. Tomac's schedule are the
3 same as those in the Rate Counsel calculation. Similarly, the operating expenses also reflect the
4 addition of the expense of purchasing raw water from the New Jersey Water Supply Authority. The
5 Pro Forma Depreciation has been adjusted to a new total of \$1,365,423 (Exhibit HJW-5, Lines 60,
6 89, and 117). Rate base has been adjusted to reflect the allocation of production and transmission
7 plant on Lines 106, 133 and 136 to reflect a new total with the allocations of \$55,995,662. This
8 flows through the interest synchronization calculation on Lines 106 through 109 and the resulting
9 interest amount is reflected in the FIT calculations on Lines 92 and 120.
10

11 **5. CONCLUSION**

12
13 **Q. WHAT IS THE RESULT OF THE UPDATED REVENUE REQUIREMENT**
14 **CALCULATION FOR SHORELANDS?**

15 A. The Revenue Requirement appears on Line 142 of Exhibit HJW-5. The revised amount prior to
16 the partial settlement rates taking effect is \$3,836,752. That is, prior to the implementation of the
17 partial settlement rates, the acquisition of Shorelands Water Company, burdened with the premium
18 paid by the Company to acquire the system, represents an unrecovered revenue requirement of \$3.8
19 million, not the \$1.8 million shown in DMD-RT-4. It is not coincidental that this is almost the
20 same first year revenue requirement shown by the Company in Schedule FXS-1 and that amount
21 was \$3,964,485 (Simpson Direct, Exhibit PT-4, also now sponsored by Mr. Tomac).
22

23 **Q. DO YOU BELIEVE THAT THE \$3,836,752 REVENUE REQUIREMENT SHOWN ON**
24 **EXHIBIT HJW-5 FULLY REFLECTS THE SHORELANDS REVENUE REQUIREMENT**
25 **BEFORE THE PARTIAL SETTLEMENT RATES?**

1 A. I have not been able to make any additional adjustments to Chemical Expense, Power Expense or
2 Waste Disposal Expense. Given that the Company schedules show the cost of these items local to
3 Shorelands but not the additional remote costs incurred by the Company to actually operate its
4 allocated treatment facilities, I believe these items underestimate the operating cost associated with
5 production and pumping. The additional amount is most likely on the order of \$100,000 to
6 \$200,000 per year. If these amounts were added to the calculation of the revenue requirement, the
7 result would be marginally higher than the revenue requirement in Mr. Tomac's Schedule FXS-1.
8 In either case, the order of magnitude of the revenue shortfall is the same and that is roughly \$3.9
9 million per year.

10
11 **Q. HOW DO THE PARTIAL SETTLEMENT RATES IMPACT THIS ANALYSIS?**

12 A. The partial settlement rates produced an additional \$1,216,996 from Shorelands. However, this
13 amount only serves to reduce the \$3,836,752 amount to \$2,619,756. In other words, if the
14 Company's request to reflect the acquisition premium in rates along with the amortization of that
15 premium were to be granted by the Board, even at present rates, the revenues from Shorelands fall
16 short of satisfying the revenue requirement by \$2.6 million.

17
18 **Q. DO THE RESULTS OF YOUR ANALYSIS CHANGE THE CONCLUSION REACHED BY
19 RATE COUNSEL REGARDING THE ECONOMIC IMPACT OF THE SHORELANDS
20 ACQUISITION ON LEGACY CUSTOMERS OF NEW JERSEY AMERICAN?**

21 A. No. Rate Counsel based its conclusion on Mr. Tomac's original DMD-RT-4, which demonstrated
22 that Shorelands represented a \$1,817,538 revenue requirement not supported by pre-settlement
23 rates. Schedule DMD-RT-4 demonstrated that Shorelands revenues were insufficient to cover the
24 cost of service. While there were a number of errors and omissions in this Schedule DMD-RT-4,
25 the conclusion it reached was correct – Shorelands revenues were inadequate to recover the cost of
26 service without placing a significant burden on legacy customers of New Jersey American Water.

1 The revised calculation reflecting the additional revenues not included in the original schedule and
2 the full cost of procuring and delivering water for Shorelands customers shows that the revenue
3 requirement is even greater at \$3,836,752. In other words, the financial impact is over \$2 million
4 worse than what the Company originally tried to portray in DMD-RT-4. The partial settlement
5 revenues do not change the outcome. Instead of generating a surplus of \$204,935 as Mr. Tomac
6 claims in his revised calculation in PT-307, the Shorelands acquisition will continue to fall short
7 by \$2.6 million per year.

8
9 **Q. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?**

10 **A. Yes**

APPENDIX A – EXHIBITS

EXHIBIT HJW-1: Original Schedule DMD-RT-4

EXHIBIT HJW-2: Shorelands Water Company Annual Report

EXHIBIT HJW-3: Responses to RCR-E-150 and RCR-E-151

EXHIBIT HJW-4: Allocation of Plant and Depreciation to Shorelands

EXHIBIT HJW-5: Shorelands Water Company Revenue Requirement

EXHIBIT HJW-1: Original Schedule DMD-RT-4

Haddonfield Water/Sewer, Shorelands, Roxiticus
Revenue Requirement

RCR-A-5 Attachment

page 1 of 3

Updated 5/11/18

	Ref. Schedule	Roxiticus Water	Shorelands Water	Haddonfield Water	Haddonfield Wastewater
Present Rate Revenue					
Revenues	pg 2, 4	\$62,831	\$8,505,270	\$2,489,463	\$1,016,416
Public Fire	pg 3		133,855	160,452	
Private Fire	pg 3		118,386		
Other					
Revenues	5	<u>\$62,831</u>	<u>\$8,757,512</u>	<u>\$2,649,915</u>	<u>\$1,016,416</u>
Proposed Rate Revenue					
Revenues	pg 2, 4	\$80,754	\$10,568,188	\$3,287,017	\$1,447,649
Public Fire	pg 3		116,499	165,077	
Private Fire	pg 3		118,386		
Other					
Revenues	5	<u>\$80,754</u>	<u>\$10,803,073</u>	<u>\$3,452,094</u>	<u>\$1,447,649</u>
O&M					
Salaries and Wages	10	\$7,774	\$504,628	\$260,131	\$293,361
Group Insurance	11	1,069	82,491	30,319	45,266
Pension Expense	12	665	130,629	31,492	1,430
Other Post-Employment Benefits (OPEBs)	13	165	-	7,808	355
401(k) Expense	14	180	11,608	4,079	6,470
Defined Contribution Plan	15	155	24,850	5,849	7,905
Other - Benefits	16	38	-	3,175	1,549
Power	17	3,016	205,153	25,319	32,610
Chemicals	18	1,592	155,050	4,030	-
Water Diversion	19	114	21,852	-	-
Waste Disposal - Water Operation	20	525	57,259	-	-
Engineered Coating of Steel Structures	21	1,470	-	-	-
Regulatory Expense	22	56	6,257	2,648	120
Insurance Other Than Group	23	1,241	138,900	58,772	2,671
Call Center	24	1,180	132,103	55,896	2,540
Central Services	25	2,491	278,859	117,991	5,361
ITS Services	26	1,523	170,446	72,120	3,277
Laboratory Services	27	119	13,353	5,650	257
Regional Services	28	483	54,066	22,876	1,039
Shared Service Center	29	757	84,764	35,866	1,630
Supply Chain Services	30	67	7,544	3,192	145
Rental Expense - Real Property	31	25	194,365	458	45,273
Lease of Granular Activated Carbon	32	-	-	-	-
Leased Vehicle, Fuel & Maintenance Expense	33	434	11,397	-	6
Postage & Forms	34	565	62,167	27,989	-
Security (ADT and NAS)	35	99	11,015	4,661	-
Paving	36	371	41,262	17,459	-
Phone and Cell Phone	37	464	51,935	21,975	999
Contract Services - Sewer	38	-	-	-	-
Uncollectible Expense	39	481	50,133	13,034	4,980
Audit Fees	40	79	8,880	3,757	171
Property Sales	41	-	-	-	-
Management Audit	42	-	-	-	-
Charitable Contributions and Lobbying Expenses	43	-	-	-	-
Purchased Water	44	-	-	-	-
Sewage Treatment and Disposal Cost	45	-	-	-	12,320
Other O&M	46	4,950	1,198,090.10	250,889	281,534
Total Pro Forma O&M Expense - Present Rates		<u>\$32,149</u>	<u>\$3,709,056</u>	<u>\$1,087,434</u>	<u>\$751,266</u>
Pro Forma Adjustment to Uncollectible	39	88	10,023	3,931	2,113
Total Pro Forma O&M Expense - Proposed Rates		<u>\$32,237</u>	<u>\$3,719,079</u>	<u>\$1,091,365</u>	<u>\$753,379</u>
Pro Forma:					
Depreciation	48	4,117	\$790,311	\$347,537	\$1,027,718
Pro Forma Taxes Under Present Rates:					
Property Taxes	51	0	87,788	33,874	3,872
Payroll Taxes	52	603	40,637	20,627	22,955
Gross Receipts and Surtax	53	8,074	862,276	224,147	85,760
Franchise Tax and Surtax	54	5,101	544,786	141,616	54,302
BPU/DRC Assessment	55	281	29,263	7,608	2,907
Water Monitoring Tax	56	102	11,573	3,380	0
Other Taxes		0	0	0	0
Total Pro Forma Under Present Rates		<u>14,160</u>	<u>1,576,322</u>	<u>431,252</u>	<u>169,797</u>

RCR-A-5 Attachment

page 2 of 3

Updated 5/11/18

Pro Forma Taxes Under Proposed Rates:					
Property Taxes	51	\$0	\$87,788	\$33,874	\$3,872
Payroll Taxes	52	603	40,637	20,627	22,955
Gross Receipts and Surtax	53	9,970	910,533	290,985	122,145
Franchise Tax and Surtax	54	6,299	575,273	183,844	77,341
BPU/DRC Assessment	55	346	30,898	9,874	4,140
Water Monitoring Tax	56	102	11,573	3,380	0
Other Taxes		0	0	0	0
Total Pro Forma Under Proposed Rates		<u>\$17,319</u>	<u>\$1,656,702</u>	<u>\$542,584</u>	<u>\$230,454</u>
FIT - Present Rates					
Operating revenue		<u>\$62,831</u>	<u>\$8,757,512</u>	<u>\$2,649,915</u>	<u>\$1,016,416</u>
Less:					
Operation and maintenance expense		32,149	3,709,056	1,087,434	751,266
Depreciation expense		4,117	790,311	347,537	1,027,718
Amortization of acquisition adjustments		4,617	668,074	44,959	0
Taxes other than income		14,160	1,576,322	431,252	169,797
Interest charges		6,640	841,188	250,320	589,863
Amortization of CPS		0	0	0	0
Excess tax depreciation over book		0	0	0	0
Total deductions		<u>61,683</u>	<u>7,584,951</u>	<u>2,161,502</u>	<u>2,538,644</u>
Taxable income		1,149	1,172,561	488,413	(1,522,228)
Tax Rate		<u>21%</u>	<u>21%</u>	<u>21%</u>	<u>21%</u>
Federal income tax (current)		<u>\$241</u>	<u>\$246,238</u>	<u>\$102,567</u>	<u>(\$319,668)</u>
Notes:					
(1) Interest synchronization calculation:					
Rate Base	58	291,583	36,939,817	10,992,504	25,903,152
Weighted Cost of Debt	60	<u>2.2772%</u>	<u>2.2772%</u>	<u>2.2772%</u>	<u>2.2772%</u>
Interest Charges		<u>\$6,640</u>	<u>\$841,188</u>	<u>\$250,320</u>	<u>\$589,863</u>
FIT - Proposed Rates					
Operating revenue		<u>\$80,754</u>	<u>\$10,803,073</u>	<u>\$3,452,094</u>	<u>\$1,447,649</u>
Less:					
Operation and maintenance expense		32,237	3,719,079	1,091,365	753,379
Depreciation expense		4,117	790,311	347,537	1,027,718
Amortization of acquisition adjustments		4,617	668,074	44,959	0
Taxes other than income		17,319	1,656,702	542,584	230,454
Interest charges		6,640	841,188	250,320	589,863
Amortization of CPS		0	0	0	0
Excess tax depreciation over book		0	0	0	0
Total deductions		<u>64,930</u>	<u>7,675,354</u>	<u>2,276,764</u>	<u>2,601,414</u>
Taxable income		15,825	3,127,719	1,175,330	(1,153,765)
Tax Rate		<u>21%</u>	<u>21%</u>	<u>21%</u>	<u>21%</u>
Federal income tax (current)	57	<u>\$3,323</u>	<u>\$656,821</u>	<u>\$246,819</u>	<u>(\$242,291)</u>
Total rate base	58	<u>291,583</u>	<u>36,939,817</u>	<u>10,992,504</u>	<u>25,903,152</u>
Rate Base		\$291,583	\$36,939,817	\$10,992,504	\$25,903,152
Rate of Return	60	<u>8.1092%</u>	<u>8.1092%</u>	<u>8.1092%</u>	<u>8.1092%</u>
Operating Income Requirement		23,645	2,995,519	891,403	2,100,535
Pro Forma Present Rate Operating Income		7,548	1,767,511	636,166	(612,697)
Operating Income Deficiency		16,097	1,228,008	255,237	2,713,232
Revenue Conversion Factor		1.48007	1.48007	1.48007	1.48027
Revenue Requirement		<u>23,825</u>	<u>1,817,538</u>	<u>377,768</u>	<u>4,016,316</u>
Proposed Revenues less Present Revenues		\$17,923	\$2,045,561	\$802,179	\$431,233
Over-Recovery / (Under-Recovery)		(5,902)	228,023	424,410	(3,585,083)

EXHIBIT HJW-2: Shorelands Water Company Annual Report

**I/M/O The Joint Petition of American Water Works, NJAW and
Shorelands Water Company for American Water Works to Acquire
Control of Shorelands Water Company Among Other Approvals**

BPU Docket No. WM16101036

Division of Rate Counsel's Data Requests

Witness: Eric Olsen

RCR-E-1. Please provide a copy of the most recent Annual Report to the Board of Public Utilities for Shorelands Water Company.

Response: Please see a copy of the most recent Annual Report attached as RCR-E-1 Attachment.

ANNUAL REPORT

OF

Shorelands Water Co. Inc

(NAME OF RESPONDENT)

1709 Union Ave Hazlet, NJ 07730

(ADDRESS OF RESPONDENT)

TO THE

BOARD OF PUBLIC UTILITIES

STATE OF NEW JERSEY

FOR THE YEAR ENDED DECEMBER 31, 2015

**Name, title, and address of Officer or other person to whom any communication should be
Addressed concerning this report.**

Eric Olsen, Chief Operating Officer, Shorelands Water Co. Inc

1709 Union Ave PO Box 158 Hazlet, NJ 07730

DO NOT ROLL OR FOLD

GENERAL INSTRUCTIONS

1. This form of Annual Report is for the use of water utilities who are required to file an Annual Report with the State of New Jersey Board of Public Utilities.
2. This Annual Report Form should be filled out in duplicate and the original of this report should be properly filled in and verified. The form is to be filed with the New Jersey Board of Public Utilities, P.O. Box 350 Trenton NJ 08625-0350, on or before March 31, of each year, in accordance with the requirements of the Statutes of the State of New Jersey and the regulations of the Board made in pursuance thereof.
3. The word "Respondent" wherever used in this report means the person, firm, association, or corporation in whose behalf the report is filed.
4. The word "Commission" wherever used in this report means the State of New Jersey Board of Public Utilities.
5. This report is designed for typewriter spacing and should be typed if practicable. It is also designed to eliminate cents columns. All dollar amounts should be reported to the nearest whole dollar. All entries should be in permanent form.
6. Instructions should be carefully observed and each question should be answered fully and accurately whether or not it has been answered in previous Annual Reports. If the word "No" or "None" truly and completely states the fact, it should be used to answer any particular inquiry or any portion thereof. If any schedule or inquiry is inapplicable to the Respondent, the words "Not applicable" should be used to answer.
7. The Annual Report should be complete in itself in all particulars. Reference to Annual Reports of previous years or to other reports should not be made in lieu of required entries except as herein specifically directed or authorized.
8. Entries of a contrary or opposite character (such as decreases reported in a column providing for both increases and decreases) should be shown in red or enclosed in parentheses.
9. Wherever schedules call for comparisons of figures of a previous year, the figures reported must be based upon those shown by the Annual Report of the previous year, or an appropriate explanation given.
10. Additional schedules inserted for the purpose of further explanation of accounts or schedules should be made on durable paper wherever practicable conform to this form in size and width of margin. The inserts should be securely bound in the report. Inserts should bear the name of the Respondent, the applicable year of the report, the schedule numbers, and titles of the schedules to which they pertain.
11. If the Respondent makes a report for a period less than a calendar year, the beginning and the end of the period covered must be clearly stated on the front cover and throughout the report where the year or period is required to be stated.

MAIL REPORT TO TRENTON OFFICE
(SEE GENERAL INSTRUCTION 2)

RCR E-1 Attachment

**State of New Jersey
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor
P.O. Box 350
Trenton, NJ 08625-0350**

IDENTIFICATION

01 Exact Legal Name of Respondent:

02 Year of Report:

Shorelands Water Co., Inc.

12/31/2015

03 Previous Name and Date of Change (If name changed during year):

04 Address of Principal Office at End of Year (Street, City, State, Zip Code):

1709 Union Ave, Hazlet, NJ 07730

05 Web Address of the Company:

www.shorelandswater.com

06 Name of Contact Person:

07 Title of Contact Person:

Christopher Ward

Controller

08 Address of Contact Person (Street, City, State, Zip Code):

1709 Union Ave PO Box 158 Hazlet, NJ 07730

09 Telephone of Contact Person:

732-264-7300

10 Fax Number of Contact Person:

732-264-6154

11 E-Mail Address of Contact Person:

cward@shorelandswater.com

12 Federal Employer Identification Number

21-0592270

13 This Original Report is due on March 31, 2016; It is Filed on March 24, 2016.

14 This is a Resubmission Report. Date Filed on (Month, Date, Year)

FORM 1 Attachment

CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have read this New Jersey Board of Public Utilities Annual Financial Report: Based on my knowledge this report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances such statements were made, not misleading with respect to the period covered by this report.

Based on my knowledge the financial statements, and other financial information (Comparative Balance Sheet, Statement of Income for the Year, Statement of Retained Earnings for the Year Statement of Cash Flows, Statement of Accumulated Comprehensive Income and Hedging Activities, and Notes to the Financial Statements) included in this report conform in all material respects with the Board's Uniform System of Accounts, as of, and for, the periods presented in this report.

I am responsible for establishing and maintaining internal accounting controls. I have designed such internal accounting controls to ensure that material information relating to the respondent and its subsidiaries, to the extent that the respondent has subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared. I have evaluated the effectiveness of internal accounting controls as of a date within 90 days prior to the period in which this report (evaluation date). I have presented in this report my conclusions about the effectiveness of the internal accounting controls based on my evaluation as of the evaluation date.

I have disclosed, based on my most recent evaluation, to the respondent's auditors and the audit committee or persons performing similar functions, to the extent that respondent has an audit committee or persons performing similar functions, that all significant deficiencies in the design or operation of internal accounting control which could adversely affect the respondent's ability to record, process, summarize and report financial data and have identified for the respondent's auditors any material weaknesses in disclosure controls and procedures and any fraud, whether or not material, that involves management or other employees who have a significant role in the respondent's internal accounting controls.

I have indicated in this report whether or not there were significant changes in internal accounting control and procedures or in other factors that could significantly affect internal accounting controls and procedures subsequent to the date of my most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

In addition, I have examined the remaining schedules contained in this report; to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respect to the Uniform System of Accounts.

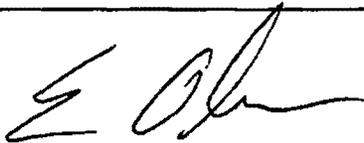
15 Name:

Eric Olsen

16 Title:

Chief Operating Officer

17 Signature:



18 Date Signed:

March 24, 2016

NAME OF UTILITY

SHORELANDS WATER CO.

YEAR 2015

IDENTITY OF RESPONDENT.

Repeat each of the following question numbers in the blank space below and furnish information requested. Each inquiry must be answered.

1. If name of Respondent was changed during year, give particulars of change and date change became effective.
2. Street address and telephone number of principal business office.
3. Date incorporated and date of any reorganization or consolidation. Act(s) under which incorporated, reorganized, or consolidated. If a consolidated company, name each constituent company and date incorporated or organized.
4. Name and title of Officer having custody of the general corporate books of account and address of office where the general corporate books are kept.
5. If permission has been obtained to keep corporate books outside of the State of New Jersey, state date of Commission's Order of Approval.
6. Name and address of registered agent.
7. Name, address, and telephone number for complaints or emergencies.
8. Date Respondent first began sale of water.
9. All kinds of business, other than water service, in which Respondent was engaged at any time during year.

1. No change.
2. 1709 Union Ave., Hazlet, NJ 07730 (732) 264-7300
3. June 3, 1926 Act of April 12, 1876
4. Eric Olsen, COO, 1709 Union Ave., Hazlet, NJ 07730
5. Not Applicable.
6. Michael P. Walsh, 1709 Union Ave., Hazlet, NJ 07730
7. Eric Olsen, COO, 1709 Union Ave., Hazlet, NJ 07730
(732) 264-7300
8. June. 1926
9. None.

OFFICERS

1. Report below Officers at date of verification of this report. If there have been any changes since the last report, show title, name and address of previous Officer and date of change.

OFFICIAL TITLE	NAME	NAME & PRINCIPAL BUSINESS ADDRESS	DATE OF CHANGE
President/Chairman	Michael P. Walsh	1709 Union Avenue, Hazlet, NJ 07730	
Secretary	Carol S. Smith	1709 Union Avenue, Hazlet, NJ 07730	
Vice President	Nancy E. Laird	1709 Union Avenue, Hazlet, NJ 07730	
Treasurer	Betty A. Rauscher	1709 Union Avenue, Hazlet, NJ 07730	
Asst. Secretary	Janet L. Walsh	1709 Union Avenue, Hazlet, NJ 07730	
COO	Eric Olsen	1709 Union Avenue, Hazlet, NJ 07730	

DIRECTORS

1. Report below Directors at date of verification of this report. If there have been any changes since the last report, show name and address of previous Directors and date of change.

2. Designate by asterisk members of executive committee.

NAME OF DIRECTOR	RESIDENCE ADDRESS	TERM BEGAN	TERM EXPIRES
Michael P. Walsh	20 Green Meadow Loop, Santa Fe, NM 87506	04/11/14	04/10/16
Janet L. Walsh	20 Green Meadow Loop, Santa Fe, NM 87506	04/11/14	04/10/16
Nancy E. Laird	38 Circle Drive, Rumson, NJ 07760	04/11/14	04/10/16
Betty A. Rauscher	36 Blue Hills Drive, Holmdel, NJ 07733	04/11/14	04/10/16
Carol S. Smith	18 E. Brook Drive, Holmdel, NJ 07733	04/11/14	04/10/16

1. Number of meetings of Board of Directors held during year

5

2. Number of Directors required to constitute a quorum

3

3. Total amount of Directors' fees paid during year

\$49,000

CORPORATE CONTROL OVER RESPONDENT

Repeat each of following question numbers in blank space below and furnish information requested.

1. Did any individual, corporation, business trust, or similar organization hold control over Respondent at year end?

2. If control was so held, state:

- (a) Form of control, whether sole or joint.
- (b) Name and address of controlling party.
- (c) Manner in which control was held.
- (d) Extent of control.
- (e) Whether control was direct or indirect.
- (f) Name(s) of intermediary(ies) through which control, if indirect, was held. If control of Respondent was in a holding company, submit statement showing chain of ownership or control to the main parent company.

3. If any individual, corporation, or association held control, as trustees or receivers, over Respondent, state:

- (a) Name and address of trustee or receiver.
- (b) Date such trustee or receiver took possession.
- (c) Authority by which trusteeship or receivership was created.
- (d) Name and address of beneficiary(ies) for whom trust or receivership was maintained.
- (e) Purpose of trust or receivership.
- (f) Date when possession by trustee or receiver ceased.

4. State particulars as to any change during year in corporate control over Respondent.

1. No

2. a. N/A

b. N/A

c. N/A

d. N/A

e. N/A

f. N/A

3. No

b. N/A

c. N/A

d. N/A

e. N/A

f. N/A

4. None

CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below all corporations, business trusts, and similar organizations controlled directly or indirectly by Respondent at any time during year. If control ceased prior to year end, attach memorandum with particulars.
2. Direct control means exercised without interposition of intermediary.
3. Indirect control means exercised by interposition of intermediary exercising direct control.

NAME OF COMPANY CONTROLLED (a)	TYPE OF BUSINESS (b)	% VOTING STOCK OWNED (c)	CHARACTER OF CONTROL		
			SOLE OR JOINT (d)	DIRECT OR INDIRECT (e)	OTHER PARTIES TO JOINT CONTROL (f)
NONE					

SALARIES

1. Report amount paid during year if \$100,000 or more, to officers and supervisory employees.
2. If any listing is for less than full year, state period covered.
3. Bonuses and other remuneration should be included. Furnish particulars.

NAME (a)	TITLE (b)	TOTAL COMPENSATION PAID FOR YEAR (c)
Eric Olsen	COO	\$208,992
Kenneth Sullivan	Controller	\$120,928

NAME OF UTILITY

Shorelands Water Co.

YEAR 2015

7

NAME OF UTILITY

Shorelands Water Co.

YEAR 2015

SERVICE CONTRACT CHARGES BY ASSOCIATED COMPANIES

Report below for each contract, written or unwritten, in effect at any time during year with an associated corporation, partnership, individual, or other organization, whereby Respondent received management, construction, engineering, supply, financial, legal, accounting, purchasing, or other type of service of a continuing nature.

1. Name of company rendering service.
2. Character of service.
3. Basis of charges.
4. Date and term of contract.
5. Date of Commission authorization, if contract has received Commission approval.
6. Total charges for year classified as to purchases, compensation for services, and reimbursement for expenses.
7. Utility departments and accounts charged with amounts reported under foregoing Item 6.

NONE.

MANAGEMENT AND ENGINEERING CONTRACTS WITH NON-ASSOCIATED COMPANIES

Report below for each contract, written or unwritten, in effect at any time during year with a non-associated corporation, partnership, individual, or other organization, whereby Respondent received management or engineering services of a continuing nature.

1. Name of company rendering service.
2. Character of service.
3. Basis of charges.
4. Date and term of contract.
5. Date of Commission authorization, if contract has received Commission approval.
6. Total charges for year classified as to purchases, compensation for services, and reimbursement for expenses.
7. Utility departments and accounts charged with amounts reported under foregoing Item 6.

- 1A. J.R. Henderson; Accutest Labs; QC Labs; PCI/Labs; Aqua Penn
- 1B. Magone & Co.
- 1C. Michael Walsh
- 2A. Chemical, Physical & Bacteriological Analysis of Water
- 2B. Outside service- Auditors
- 2C. Management Consulting
- 3A. Monthly reports & analysis (copies to local Board of Health)
- 3B. Audit of 2015 financials and procedures
- 3C. Management consulting, budgeting and financial review weekly or as needed
- 4A. 1/1/15 - 12/31/15
- 4B. 1/1/15- 12/31/15
- 4C. 1/1/15 - 6/30/2015
- 5A. Not applicable
- 5B. Not applicable
- 5C. Not applicable
- 6A. \$49,040
- 6B. \$26,888
- 6C. \$75,000
- 7A. Lab A/C: 923.4.0
- 7B. Acctg. Fees A/C: 923.3.0
- 7C. Legal & O/S Consulting A/C: 923.1.0

UTILITY PLANT LEASED TO OTHERS *

NAME OF LESSEE (a)	TERM DATES		COST (w/c 104) (d)	INCOME FROM U/P LEASED TO OTHERS		BRIEF DESCRIPTION OF PROPERTY AND PROVISIONS OF LEASE (g)
	FROM	TO		n/c 412	n/c 413	
	(b)	(c)		(e)	(f)	
Not Applicable						
Total						

WATER PRODUCING AND DISTRIBUTING SYSTEMS LEASED FROM OTHERS*

NAME OF LESSOR (a)	FROM (b)	TO (c)	BRIEF SUMMARY OF PROVISIONS (d)
Not Applicable			

* Copy of leasing agreement must be filed with the Commission together with complete description of utility plant under lease. Indicate date of filing and Docket Number or other reference.

NAME OF UTILITY
Shorelands Water Co.
YEAR 2015

NAME OF UTILITY Shorelands Water Co.

IMPORTANT CHANGES MADE DURING THE YEAR

Repeat each of following numbers in the blank space below and furnish information requested. Each inquiry must be answered. If information is given elsewhere in the report which answers any inquiry, reference to such other schedules will be sufficient.

- 1. Major leaseholds acquired or surrendered.
- 2. Acquisitions of other companies, systems, consolidations, mergers, or reorganizations with other companies. Furnish particulars.
- 3. Changes in Respondent's investments.
- 4. Changes in rates, standard terms and conditions.

- 1. None.
- 2. None.
- 3. None.
- 4. Rate increase on March 28, 2015.

NAME OF UTILITY

Shorelands Water Co.

YEAR 2015

MISCELLANEOUS INFORMATION

Repeat each of the following numbers in the blank space below and furnish information requested. Each inquiry must be answered.

1. For each franchise:

- (a) Name of grantor.
- (b) Date of grant.
- (c) Terms of grant.
- (d) Territory covered by franchise.
- (e) Operations covered by franchise.
- (f) Consideration for grant. Describe fully if other than money.
- (g) Whether or not franchise is exclusive.
- (h) All franchise requirements, such as water furnished free or at reduced rates, etc.
- (i) Special conditions of franchise. Give full details.

Not necessary to repeat foregoing information if previously furnished, provided reference is made to year of such report and page number.

2. State designation of rate schedule in effect at end of year and date effective.**3. State any revision of tariff by sheet numbers changed during the year.**

- 1. Same as prior year, information attached to Annual Report for the year ended December 31, 1954; page #33.
- 2. Rate increase effective March 28, 2015. Docket #WR14080905
- 3. None

(This Schedule for use by Class A and B)

COMPARATIVE BALANCE SHEET

ASSETS AND OTHER DEBITS

NUMBERS AND TITLES OF ACCOUNTS (a)	SCHED. PAGE NO. (b)	BALANCE END OF YEAR (c)	BALANCE BEGINNING OF YEAR (d)	INCREASE OR (Decrease) (e)
UTILITY PLANT				
101-06 Utility Plant	15	40,098,529	39,639,341	459,189
107 Construction Work in Progress	18	-	-	-
111-13 Accum. Prov. for Depreciation (Cr.)	20	(19,144,206)	(18,402,058)	(742,148)
114-16 Accum. Prov. for Amort. of Ut. Plt. (Cr.)	-	-	-	-
117-19 Utility Plant Adjustments	-	-	-	-
Net Utility Plant	-	20,954,323	21,237,283	(282,959)
OTHER PROPERTY AND INVESTMENTS				
121 Nonutility Property	-	-	-	-
122 Accum. Prov. for Dept. and Amort. of Nonutility Property (Cr.)	-	-	-	-
123 Investment in Assoc. Companies	22	-	-	-
124 Other Investments	22	-	-	-
125 Sinking Funds	-	0	244,699	(244,699)
126 Depreciation Fund	-	-	-	-
128 Other Special Funds	-	-	-	-
Total Other Prop. and Investments	-	0	244,699	(244,699)
CURRENT AND ACCRUED ASSETS				
131 Cash	-	1,515,587	744,433	771,154
132-4 Special Deposits	-	-	-	-
135 Working Funds	-	-	-	-
136 Temporary Cash Investments	22	-	-	-
141 Notes Receivable	-	-	-	-
142 Customer Accounts Receivable	-	910,070	831,380	78,690
143 Other Accounts Receivable	-	-	-	-
144 Accum. Prov. for Uncollect. Accts. (Cr.)	22	(8,000)	(8,000)	-
145 Notes Rec. from Assoc. Companies	-	-	-	-
146 Accts. Rec. from Assoc. Companies	-	-	-	-
151-163 Materials and Supplies	-	298,182	293,343	4,839
165 Prepayments	23	119,972	130,980	(11,008)
171 Interest and Dividends Receivable	-	-	-	-
172 Rents Receivable	-	-	-	-
173 Accrued Utility Revenue	-	-	-	-
174 Misc. Current and Accrued Assets	23	-	-	-
Total Current and Accrued Assets	-	2,835,810	1,992,136	843,674
DEFERRED DEBITS				
181 Unamort. Debt Disc. and Expense	24	80,890	134,743	(53,853)
182 Extraordinary Property Losses	25	57,623	42,649	14,974
183-186 Other Deferred Debits	25	2,509,760	2,232,408	277,352
Total Deferred Debits	-	2,648,273	2,409,801	238,473
Total Assets and Other Debits				
	-	26,438,407	25,883,919	554,488

NAME OF UTILITY

Shorelands Water Co.

YEAR 2015

(This Schedule for use by Class A and B)				
COMPARATIVE BALANCE SHEET				
LIABILITIES AND OTHER CREDITS				
NUMBERS AND TITLES OF ACCOUNTS (a)	SCHED. PAGE NO. (b)	BALANCE END OF YEAR (c)	BALANCE BEGINNING OF YEAR (d)	INCREASE OR (Decrease) (e)
PROPRIETARY CAPITAL				
201-3 Common Capital Stock	26	1,271,600	1,271,600	
204-6 Preferred Capital Stock	26			
207-11 Other Paid-In Capital	27	455,754	455,754	
212 Installments Rec. on Cap. Stock	-			
214 Capital Stock Expense (Dr.)	-			
215 Appropriated Earned Surplus	28			
216 Unappropriated Earned Surplus	28	6,746,884	6,261,118	485,765
217 Reacquired Capital Stock (Dr.)	26			
Total Proprietary Capital	-	8,474,238	7,988,473	485,765
LONG-TERM DEBT				
221-22 Bonds	29	5,943,369	6,506,378	(563,009)
223 Advances from Assoc. Companies	29			
224 Other Long Term-Debt	29			
Total Long-Term Debt	-	5,943,369	6,506,378	(563,009)
CURRENT AND ACCRUED LIABILITIES				
231 Notes Payable	30			
232 Accounts Payable	-	678,693	618,360	60,333
233 Notes Payable to Assoc. Companies	30			
234 Accts. Payable to Assoc. Companies	-			
235 Customer Deposits	-	120,160	121,510	(1,350)
236 Taxes Accrued	31	1,409,800	1,335,792	74,008
237 Interest Accrued	-	35,931	70,427	(34,496)
238 Dividends Declared	-	422,807	146,234	276,573
239 Matured Long Term Debt	-			
240 Matured Interest	-			
241 Tax Collections Payable	-			
242 Misc. Cur. and Accrued Liabilities	32	237,845	276,619	(38,774)
Total Current and Accrued Liabilities	-	2,905,237	2,568,943	336,294
DEFERRED CREDITS				
251 Unamortized Premium on Debt	24	0	54,778	(54,778)
252 Customer Advances for Construction	-	197,015	112,151	84,864
253 Other Deferred Credits	32	3,706,639	3,441,287	265,352
Total Deferred Credits	-	3,903,654	3,608,216	295,438
OPERATING RESERVES				
261 Property Insurance Reserve	33			
262 Injuries and Damages Reserve	33			
263 Pensions and Benefits Reserve	33			
265 Miscellaneous Operating Reserves	33			
Total Operating Reserves	-			
271 CONTRIBUTION IN AID OF CONSTRUCTION	-	5,211,910	5,211,910	
Total Liab. and Other Credits	-	26,438,407	25,883,919	554,488

NAME OF UTILITY

Shorelands Water Co.

YEAR 2015

UTILITY PLANT						
ACCT. NO. (a)	ACCOUNT (b)	BALANCE BEGINNING OF YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	ADJUSTMENTS (f)	BALANCE END OF YEAR (g)
101	Utility Plant in Service Classified	39,639,341	481,036	-	(21,847)	40,098,529
102	Utility Plant Purchased or Sold (Leasehold Improvements)					
103	Utility Plant in Process of Reclassification					
104	Utility Plant Leased to Others					
105	Property Held for Future Use					
106	Completed Construction Not Classified					
	Utility Plant Other than Water (Net)					
	Total Utility Plant	39,639,341	481,036	-	(21,847)	40,098,529

WATER UTILITY PLANT IN SERVICE CLASSIFIED

1. Report by prescribed accounts the original cost of Utility Plant in Service Classified since January 1, 1960 and the additions, retirements and adjustments of such plant during the year.
2. Do not include as adjustments, corrections of additions and retirements for the current or preceding year. Such items should be included in appropriate column (d) or (e).
3. State in footnote the general character of any adjustments.
4. Report all reclassifications in the Adjustment Column.

ACCT. NO. (a)	ACCOUNT (b)	BALANCE BEGINNING OF YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	ADJUSTMENTS * (f)	BALANCE END OF YEAR (g)
	INTANGIBLE PLANT					
301	Organization					0
302	Franchise and Contents					0
303	Miscellaneous Intangible Plant					0
	Total Intangible Plant	0				0
	SOURCE OF SUPPLY PLANT					
310	Land and Land Rights	227,646	0	0	(21,847)	205,799
311	Structures and Improvements	32,085	0	0		32,085
312	Collecting and Impounding Reservoirs					
313	Lake, River and Other Intakes					
314	Wells and Springs	2,643,712	3,353	0		2,647,064
315	Infiltration Galleries and Tunnels					
316	Supply Mains	84,303	0	0		84,303
317	Other Water Source Plant					
	Total Source of Supply Plant	2,987,746	3,353	0	(21,847)	2,969,251

PUMPING PLANT					
320	Land and Land Rights	101,058	0	0	101,058
321	Structures and Improvements	56,749	0	0	56,749
322	Boiler Plant Equipment				
323	Other Power Production Equipment				
324	Steam Pumping Equipment				
325	Electric Pumping Equipment	355,137	29,069	0	384,206
326	Diesel Pumping Equipment	17,175			17,175
327	Hydraulic Pumping Equipment				
328	Other Pumping Equipment	17,608	-		17,608
	Total Pumping Plant	547,727	29,069	0	576,796
WATER TREATMENT PLANT					
330	Land and Land Rights	27,681	0	0	27,681
331	Structures and Improvements	1,830,681	-	0	1,830,681
332	Water Treatment and Equipment	11,836,524	227,230	0	12,063,754
	Total Water Treatment Plant	13,694,886	227,230	0	13,922,115
TRANSMISSION AND DISTRIBUTION PLANT					
340	Land and Land Rights	42,130	0	0	42,130
341	Structures and Improvements	219,998	0	0	219,998
342	Distribution Reservoirs and Standpipes	1,442,467	13,538	0	1,456,005
343	Transmission and Distribution Mains	11,710,050	101,554	0	11,811,604
344	Fire Mains	154,278	1,243	0	155,521
345	Services	2,332,696	24,517	0	2,357,213
346	Meters	2,032,001	25,945	0	2,057,947
347	Meter Installations	745,978	2,649	0	748,627
348	Hydrants	1,165,925	22,558	0	1,188,483
349	Other Transmission and Distribution Plant				
	Total Transmission and Distribution Plant	19,845,524	192,004	0	20,037,527
GENERAL PLANT					
389	Land and Land Rights				
390	Structures and Improvements	401,781	8,652		410,433
391	Office Furniture and Equipment	522,218	11,488	0	533,707
392	Transportation Equipment	659,731	(3,754)	0	655,977
393	Stores Equipment	5,108	0		5,108
394	Tool, Shop and Garage Equipment	326,172	0		326,172
395	Laboratory Equipment	21,032	0		21,032
396	Power Operated Equipment	245,480	0	0	245,480
397	Communication Equipment	335,103	12,995	0	348,097
398	Miscellaneous Equipment	46,833	0		46,833
399	Other Tangible Property	0	0		-
	Total General Plant	2,563,458	29,381	-	2,592,839
	TOTAL UTILITY PLANT CLASSIFIED	39,639,340	481,036	-	(21,847)

NAME OF UTILITY

Shorelands Water Co.

YEAR 2015

Column (f) Explanation - Amort. of Purchased Water Diversion Rights

17

NAME OF UTILITY

Shorelands Water Co.

YEAR 2015

UTILITY PLANT IN PROCESS OF RECLASSIFICATION

1. Report below according to State Accounts in effect up to December 31, 1959, the amount of Utility Plant which has not been classified in accordance with the Uniform System of Accounts effective January 1, 1960
2. Report all reclassifications in Column (e). NONE

ACCT. NO. (a)	ACCOUNT (b)	BALANCE BEGINNING OF YEAR (c)	RETIREMENTS (d)	ADJUSTMENTS (e)	BALANCE END OF YEAR (f)
101	Organization	Not Applicable			
102	Franchise				
103	Other Intangible Utility Plant				
104	Water Diversion Rights				
105	Reservation Land				
106	Other Source of Supply Land				
107	Purification System Land				
108	Pumping System Land				
109	Storage Reservoir Land				
110	Other Dist. System Land				
111	Miscellaneous Land				
112	Reservation Structures				
113	Impounding Reservoirs				
114	Lake and River Cribs				
115	Springs and Wells				
116	Infiltration Structures				
117	Collecting Reservoirs				
118	Intakes and Supply Mains				
119	Settling Basins				
120	Coagulating Basins				
121	Softening and Iron Removal Plant				
122	Filters				
123	Ozone Sterilization & Aeration Plant				
124	Chemical Treatment Plant				
125	Clear Water Basins				
126	Hydraulic Power Structures				
127	Pumping Station Structures				
128	Boiler Plant Equipment				
129	Steam Power Pumping Equipment				
130	Hydraulic Power Pumping Equipment				
131	Electric Power Pumping Equipment				
132	Other Power Pumping Equipment				
133	Miscellaneous Pumping Equipment				
134	Transmission Mains and Accessories				
135	Storage Reservoirs, Tanks & Stored Pipes				
136	Distribution Mains and Accessories				
137	Service Pipes and Stops				
138	Meters, Meter Boxes and Vaults				
139	Fire Hydrants and Fire Cisterns				
140	Fountains, Troughs, etc.				
141	General Structures				
142	General Equipment				
143	Other Intangible Utility Plant				
144	Engineering and Superintendence				
145	Law Expenditures During Construction				
146	Injuries and Damages During Construction				
147	Taxes During Construction				
148	Interest During Construction				
149	Miscellaneous Construction Expenditures				
	Other Accounts (Specify)				
	TOTAL				

NAME OF UTILITY

Shorelands Water Co.

YEAR 2015

CONSTRUCTION WORK IN PROGRESS

1. Report the particulars called for concerning plant or equipment in process of construction but not ready for service at year end.
2. Report major projects by Work Order and Description. Minor projects may be grouped.

LINE NO.	WORK ORDER NO. (a)	DESCRIPTION OF WORK ORDER (b)	ESTIMATED COST (c)	EXPENDITURES TO CLOSE OF YEAR (d)
1		None		
2				
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DETAILS OF UTILITY PLANT ADDITIONS AND RETIREMENTS

1. List the major additions and retirements by Utility Plant Account which have been added or retired during the year. Work Orders under \$10,000. may be combined as one total for each Utility Plant Account. Account numbers 343 to 348 and 391 to 398 may be reported as a total for each account, and grouped under appropriate control account.

LINE NO.	ACCT. NO. (a)	WORK ORDER NO. (b)	DESCRIPTION (c)	ADDITIONS (d)	RETIREMENTS (e)
1	31X		SOS - Material	3,353	
2	32X		Pump Plt - Material	29,069	
3	33X		WT Plt - Material & Labor	227,230	
4	34X		T&D Plt - Material & labor	192,004	
5	39X		Gen'l Plt & Equip. - Material & Labor	29,381	
6					
7					
8					
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50					
51					
52					
53					
54				481,036	

NAME OF UTILITY Shorelands Water Co.

YEAR 2015

DEPRECIATION OF UTILITY PLANT

1. Depreciation Expense:

State hereunder and show for each class of Utility Plant, the book cost of depreciable property and rate applicable thereto. Explain in detail how the annual rates for depreciation were determined. No changes shall be made in any depreciation rates unless approved by this Board after the filing of a petition so to do at least (90) days prior to the proposed effective date of change. (Board's Rules of Practice 14:6-11 and Administrative Order 14:270).

Depreciation is computed on a straight line basis using a composit rate of 2.5% of plant assets.

Additions through 6/30/11 are depreciated at full value, additions thereafter at half value.

Property reflected is net of land.

ACCOUNT	DESCRIPTION	RATE	AMOUNT	DEPRECIATION
SOURCE OF SUPPLY:				
		2.50%		
311	Structures & Improvements		\$32,085	\$611
314	Wells & Springs		2,647,064	\$50,414
316	Supply Mains		84,303	\$1,606
				\$0
PUMPING:				
		2.50%		\$0
321	Structures & Improvements		56,749	\$1,081
325	Electric Pumping Equipment		384,206	\$7,317
326	Diesel Pumping Equipment		17,175	\$327
328	Other Pumping Equipment		17,608	\$335
				\$0
WATER TREATMENT:				
				\$0
331	Water Treatment Plant	2.50%	1,830,681	\$34,866
332	Water Treatment Equip		12,063,754	\$229,758
				\$0
TRANSMISSION & DISTRIBUTION:				
		2.50%		\$0
341	Struct & Impv		219,998	\$4,190
342	Distribution Reservoirs & Standpipes		1,456,005	\$27,730
343	Transmission & Distribution Mains		11,811,604	\$224,956
345	Services		2,357,213	\$44,894
346	Meters		2,057,947	\$39,194
347	Meters Installations		748,627	\$14,258
348	Hydrants		1,188,483	\$22,635
				\$0
GENERAL PLANT:				
		2.50%		\$0
390	Structures & Improvements		410,433	\$7,817
391	Office Furniture & Equipment		533,707	\$10,165
392	Transportation Equipment		655,977	\$25,457
393	Stores Equipment		5,108	\$97
394	Tools, Shop & Garage Equipment		326,172	\$6,212
395	Lab Equipment		21,032	\$401
396	Power Operated Equipment		245,480	\$4,675
397	Communication Equipment		348,097	\$6,630
398	Miscellaneous Equipment		46,833	\$892
			\$39,566,340	\$766,518

INVESTMENTS

1. Report all Investments held at end of year.
 2. If Interest or Dividend Revenues were received during the year from Investments not owned at end of year show in column (h) the amount of such Revenues.

DESCRIPTION OF SECURITY (a)	DATE ACQUIRED (b)	MATURITY DATE (c)	COST TO RESPONDENT (d)	NO. OF SHARES OR PRINCIPAL AMOUNT (e)	BALANCE END OF YEAR (f)	INTEREST OR DIVIDEND REVENUES FOR YEAR	
						RATE (g)	AMOUNT (h)
Investment in Associated Companies							
Not Applicable							
TOTAL	*****	*****					
Other Investments							
TOTAL	*****	*****					
Temporary Cash Investments							
TOTAL	*****	*****					

ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS

1. Report the information requested.

144-010 CLASS OF ACCOUNT (a)	BALANCE BEGINNING OF YEAR (b)	TRANSACTIONS DURING YEAR			BALANCE END OF YEAR (f)
		PROVISION FOR UNCOLLECTIBLE ACCOUNTS (c)	COLLECTIONS OF ACCOUNTS WRITTEN OFF (d)	ACCOUNTS WRITTEN OFF (e)	
Utility Customers	8,000	7,506	986	8,492	8,000
Merchandising, Jobbing and Contract Work					
Officers and Employees					
Other					
TOTAL	8,000	7,506	986	8,492	8,000

NAME OF UTILITY

Shorelands Water Co.

YEAR 2015

NAME OF UTILITY Shorelands Water Co.

YEAR 2015

PREPAYMENTS

1. Report information called for concerning each prepayment.
2. Include detail of prepaid taxes also on Page 31, Accrued Prepaid Taxes.
3. Minor items may be grouped.

LINE NO.	NATURE OF PREPAYMENT (a)	BALANCE BEGINNING OF YEAR (b)	BALANCE END OF YEAR (c)	INCREASE OR (Decrease) (d)
1	165.2.0 Insurance	32,000	31,342	(658)
2	165.3.0 PPD Excise Tax	74,206	73,886	(320)
3	165.4.1 BPU/DRA Assessment	(13,786)	(13,891)	(105)
4	165.4.5 Safe Drinking Water	790	790	0
5	165.5.0 Software Cost	13,618	17,545	3,927
6	165.6.0 Other	3,377	3,461	84
7	165.1.0 PPD Fran/Gr tax	12,025	0	(12,025)
8	165.6.1 PPD Audit Fee	8,750	0	(8,750)
9	165.2.2 PPD - Payroll	0	6,839	6,839
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20	Total	130,980	119,972	(11,008)

MISCELLANEOUS CURRENT AND ACCRUED ASSETS

1. Report below description of Other Current and Accrued Assets.
2. Minor items may be grouped.

LINE NO.	ITEM (a)	BALANCE BEGINNING OF YEAR (b)	BALANCE END OF YEAR (c)	INCREASE OR (Decrease) (d)
1	Not Applicable			
2				
3				
4				
5				
6				
7				
8				
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11				
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22				
23				
24				
25	Total			

UNAMORTIZED DEBT DISCOUNT AND EXPENSE

1. Report below the particulars called for applicable to each class and series of long-term debt.
2. If method of amortization is other than "straight-line", give particulars in a footnote.
3. If any portion of the amounts credited to this account during year, per column (h), were debited to any other account than Account 428, Amprtizaton of Debt Discount and Ex-
pense, state the account charged.

DESIGNATION OF LONG-TERM DEBT (a)	PAR VALUE OF SECURITIES ISSUED (b)	NET DISCOUNT AND EXPENSE (c)	AMORTIZATION PERIOD		BALANCE BEGINNING OF YEAR (f)	DEBITS DURING YEAR (g)	CREDITS DURING YEAR (h)	BALANCE END OF YEAR (i)
			FROM (d)	TO (e)				
NJEIT Trust Series D	2,935,000		11/04	24	45,412		45,412	0
NJEIT Trust Series E	2,695,000		11/04	24				
Provident Bank-Mortgage Series F	3,300,000		9/05	20	89,331		8,441	80,891
Total	8,930,000		***	***	134,743	-	53,853	80,891

UNAMORTIZED PREMIUM ON DEBT

1. Report below the particulars called for applicable to each class and series of long-term debt.
2. If method of amortization is other than "straight-line", give particulars in a footnote.
3. If any portion of the amounts credited to this account during year, per column (g), were debited to any other account than Account 429, Amortization of Premium on Debt, state account credited.

DESIGNATION OF LONG-TERM DEBT (a)	PAR VALUE OF SECURITIES ISSUED (b)	NET DISCOUNT AND EXPENSE (c)	AMORTIZATION PERIOD		BALANCE BEGINNING OF YEAR (f)	DEBITS DURING YEAR (g)	CREDITS DURING YEAR (h)	BALANCE END OF YEAR (i)
			FROM (d)	TO (e)				
Premium on NJEIT Securities					54,778	54,778		0
Total					54,778	54,778	-	-

NAME OF UTILITY

Shorelands Water Co.

YEAR 2015

NAME OF UTILITY

Shorelands Water Co.

YEAR 2015

OTHER DEFERRED DEBITS

- 1. List all Deferred Debit Accounts
- 2. For any Deferred Debits being amortized show period and Account charged.
- 3. Minor items may be grouped.

NAME OF ACCOUNT (a)	TOTAL AMOUNT DEFERRED (b)	AMORTIZATION (If Any)			BALANCE BEGINNING OF YEAR (f)	DEBITS DURING YEAR (g)	CREDITS DURING YEAR (h)	BALANCE END OF YEAR (i)
		PERIOD		EXP. ACCT. CHGD. (e)				
		FROM (c)	TO (d)					
Extraordinary Property Losses								
Other Deferred Debits								
Purchased Water Rights					-	-	-	-
Unamortized Rate Case Expenses					42,649	36,570	21,596	57,623
Regulatory Asset-Pension					2,232,408	277,352	-	2,509,760
Unamortized PWAC Case Expenses					-	-	-	-
Total					2,275,057	313,922	21,596	2,567,383

OTHER PAID-IN CAPITAL

1. Give below an analysis of the activity in other paid-in capital during year.
2. State the nature of other paid-in capital and describe how it arose, listing account charged or credited.
3. Enter as footnote, descriptions of transactions if space is not sufficient.

NAME OF UTILITY
Shorelands Water Co.
YEAR 2015

ITEM (a)	ACCOUNT CHARGED OR CREDITED (b)	PREMIUM ON CAPITAL STOCK (c)	DONATIONS RECEIVED FROM STOCKHOLDERS (d)	REDUCTION IN PAR OR STATED VALUE OF CAPITAL STOCK (e)	GAIN ON RESALE OR CANCELLATION OF REACQUIRED CAPITAL STOCK (f)	MISC PAID-IN CAPITAL (Acct 207 or 211) (g)
Balance beginning of year		374,954	80,800			
Credits:						
Total Credits						
Debits:						
Total Debits						
Balance end of year		374,954	80,800			
Footnote						

EARNED SURPLUS

1. Report below the changes in Surplus during the year, giving descriptions of Miscellaneous Debits and Credits.

ITEM (a)	APPROPRIATED EARNED SURPLUS (Acct. 215) (b)	UNAPPROPRIATED EARNED SURPLUS (Acct. 216) (c)
Balance Beginning of Year		6,261,118
Net Income (or Loss) for Year (From page 34)		1,313,685
Miscellaneous Credits (Describe):		
Total Credits		1,313,685
Preferred Stock Dividends:		
		871,046
		0
Total Debits		871,046
Balance End of Year		6,703,757

TAXES ACCRUED AND PREPAID

1. Report all taxes accrued or prepaid during year.
 2. Taxes paid during year and charged direct to expense should be included in column (d) or (e) and column (f).

TYPE OF TAX (a)	BALANCE BEGINNING OF YEAR		TAXES CHARGED TO		DEBITS DURING YEAR (f)	BALANCE END OF YEAR	
	TAXES ACCRUED (b)	PREPAID TAXES (c)	ACCOUNT 408 & 409 (d)	OTHER (e)		TAXES ACCRUED (Acct. 236) (g)	PREPAID TAXES (Acct. 165) (h)
Federal Taxes							
FICA	0		121,959		121,959	0	
FUTA	0		1,600		1,600	0	
FIT 236.2.1	(1,916)		641,576	12,000	653,576	(38,233)	
Total Federal Taxes	(1,916)	0	765,135	12,000	777,135	(38,233)	0
State Taxes							
236.3.4 Excise 165.3.0	147,771	74,206	166,566		166,566	166,566	73,886
SUI/DI			23,019		23,019		
Sales & Use			5,750		5,750		
Total State Taxes	147,771	74,206	195,334	0	195,334	166,566	73,886
Local Taxes							
236.3.1 Franchise 165.1.0	447,032	4,547	503,905		503,905	503,905	
Property	0		82,174		82,174	0	
236.3.2 Gross Receipts 165.1.0	735,138	7,478	828,626		828,626	828,626	
Total Local Taxes	1,182,170	12,025	1,414,705	0	1,414,705	1,332,531	0
Other Taxes							
PWT 236.5.0	2,568		12,900	0	12,900	2,568	
BPU Assess.		(13,786)	27,888		27,888		(13,891)
236.3.5 NJPDES Assess. Exp-643.0.3	5,200	790		(10,400)	(10,400)	5,200	790
Total Other Taxes	7,768	(12,996)	40,789	(10,400)	30,389	7,858	(13,101)
TOTAL ALL TAXES	1,335,792	73,235	2,415,963	1,600	2,417,563	1,468,722	60,785

NAME OF UTILITY

Shorelands Water Co.

YEAR 2015

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES

1. Report amount and description of other current and accrued liabilities at end of year.
2. Minor items may be grouped under appropriate titles.

LINE NO.	ITEM (a)	BALANCE END OF YEAR (b)
1	Accrued Payroll	-
2	Accrued Vacation	92,083
3	Accrued Other	80,158
4	Accrued Tank Painting	12,760
5	Unearned Revenue	52,845
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
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22		
23		
24		
25		
26		
27		
28	Total	237,845

OTHER DEFERRED CREDITS

1. Report information called for concerning other Deferred Credits.
2. Minor items may be grouped by classes.

LINE NO.	DESCRIPTION (a)	BALANCE BEGINNING OF YEAR (b)	DEBITS		CREDITS (e)	BALANCE END OF YEAR (f)
			ACCOUNT DEBITED (c)	AMOUNT (d)		
1	Accrued Deferred Investment	50,533	253.1	32,107	-	18,426
2	Tax Credit					-
3	Deferred Taxes	1,765,265	253.2	-	0	1,765,265
4						-
5	Pension Plan-Regulatory Liability	1,625,489	253.3		277,352	1,902,841
6						-
7						-
8						-
9						-
10						
11						
12						
13						
14						
15						
16						
17						
18	Total	3,441,287	****	32,107	277,352	3,686,532

OPERATING RESERVES

- 1. Report the information requested.
- 2. Insert description of "Other Reserves" Account 265.
- 3. If sufficient space is not available use footnote for details.

ITEM (a)	ACCOUNT CHARGED OR CREDITED (b)	TOTAL (c)	PROPERTY INSURANCE RESERVE (Acct. 261) (d)	INJURIES AND DAMAGES RESERVE (Acct. 262) (e)	PENSIONS AND BENEFITED RESERVE (Acct. 263) (f)	OTHER RESERVES	
						(Acct. 265) (g)	(Acct. 265) (h)
Balance beginning of year	*****						
Additions to reserve:							
Provision		Not Applicable					
Employee Contributions							
Other additions (specify)							
Total Credits	*****						
Deductions from reserve:							
Total Debits	*****						
Balance End of Year	*****						
Footnote:							

NAME OF UTILITY

Shorelands Water Co.

YEAR 2015

INCOME STATEMENT

- 1. Report below a statement of income for the year according to prescribed accounts.
- 2. If the increases and decreases are not derived from previously reported figures explain in footnotes.

NUMBERS AND TITLES OF ACCOUNTS (a)	FROM PAGE NO. (b)	CURRENT YEAR (c)	TOTAL PRECEDING YEAR (d)	INCREASE OR (Decrease) (e)
I. UTILITY OPERATING INCOME				
400				
Operating Revenues	35	11,638,245	10,355,472	1,282,773
OPERATING EXPENSE				
401				
Operation Expense	38,40	6,033,363	5,770,111	263,252
402				
Maintenance Expense	38,40	1,080,541	1,061,200	19,341
403				
Depreciation Expense	20	766,518	763,326	3,192
404-7				
Amortization Expense	-	-	-	-
408				
Taxes Other Than Income Taxes	31	1,774,387	1,587,518	186,868
409				
Income Taxes	31	641,576	297,850	343,726
		Total Operating Expenses	9,480,005	816,380
		Net Operating Revenues	875,466	466,394
412-13				
Income from Utility Plant Leased to Others	8			
		UTILITY OPERATING INCOME	875,466	466,394
		Net Income of Other Utility Departments		
II. OTHER INCOME				
417				
Income from Nonutility Operations	36	-	-	-
418				
Nonoperating Rental Income	36			-
419				
Interest and Dividend Income	36	408	238	169
421				
Miscellaneous Nonoperating Income	36	188,480		
		Total Other Income	238	188,649
		Gross Income	875,704	655,043
III. MISCELLANEOUS INCOME DEDUCTIONS				
425				
Miscellaneous Amortization	42			-
426				
Other Income Deductions	42			-
		Total Miscellaneous Income Deductions		-
		Income Before Interest Charges	875,704	655,043
IV. INTEREST CHARGES				
427				
Interest on Long-Term Debt	29,30	207,683	257,310	(49,627)
428-9				
Amortization Deductions (Net)	24	7,254	7,254	-
430				
Interest on Debt to Associated Companies	29	-	-	-
431				
Other Interest Expenses	30,42	2,126	9,691	(7,565)
432				
Interest Charged to Construction-Credit	-	-	-	-
		Total Interest Charges	274,254	(57,192)
		NET INCOME (To page 28)	601,450	712,235

OPERATING REVENUES

Report below the amount of operating revenue for the year and change from last year for each prescribed account.

ACCOUNT (a)	OPERATING REVENUE (Account 400)		NUMBER OF THOUSAND GALLONS SOLD		NUMBER OF CUSTOMERS	
	AMOUNT (b)	INC. OR (DEC.) (c)	AMOUNT (d)	INC. OR (DEC.) (e)	AVERAGE (f)	INC. OR (DEC.) (g)
SALES OF WATER						
460 Unmetered Sales to General Customers						
461 Metered Sales to General Customers	8,371,977	1,114,369	1,255,287	135,895	10,902	-
462 Private Fire Protection Service	629,201	13,134			217	(2)
463 Public Fire Protection Service	1,152,936	19,554			2	-
464 Other Sales to Public Authorities	232,858	44,322	32,216	6,028	64	1
465 Sales to Irrigation Customers		-				
466 Sales for Resale	1,213,563	85,000	380,304	10,885	5	-
467 Interdepartmental Sales						
Total Sales of Water	11,600,534	1,276,379	1,667,807	152,808	11,190	(1)
OTHER OPERATING REVENUES						
470 FORFEITED DISCOUNTS	19,073	4,564				
471 MISCELLANEOUS SERVICE REVENUES	3,886	404				
472 RENTS FROM WATER PROPERTY	14,752	1,426				
473 INTERDEPARTMENTAL RENTS						
474 OTHER WATER REVENUES						
Total Other Operating Revenues	37,711	6,394				
Total Operating Revenues (To page 34)	11,638,245	1,282,773	1,667,807	152,808	11,190	(1)

NAME OF UTILITY: Shorelands Water Co. YEAR 2015

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NAME OF UTILITY

Shorelands Water Co.

YEAR 2015

(For use by Classes A & B)

OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

In this schedule should be listed the water operating expenses for the period covered by this report. No entries are to be made in the spaces containing asterisks.

NUMBER AND TITLES OF ACCOUNTS (a)	AMOUNT	
	OPERATION (b)	MAINTENANCE (c)
I. SOURCE OF SUPPLY		
600 Operation Supervision and Engineering		*****
601 Operation Labor and Expenses		*****
602 Purchased Water	2,555,815	*****
603 Miscellaneous Expenses		*****
604 Rents		*****
610 Maintenance of Supervision and Engineering	*****	
611 Maintenance of Structures and Improvements	*****	
612 Maintenance of Collecting and Impounding Reservoirs	*****	
613 Maintenance of Lake, River and Other Intakes	*****	
614 Maintenance of Wells and Springs	*****	65,874
615 Maintenance of Infiltration Galleries and Tunnels	*****	
616 Maintenance of Supply Mains	*****	
617 Maintenance of Miscellaneous Water Source Plant	*****	
Total Source of Supply Expenses	2,555,815	65,874
2. PUMPING EXPENSES		
620 Operation Supervision and Engineering		*****
621 Fuel for Power Production		*****
622 Power Production Labor and Expenses		*****
623 Fuel or Power Purchased for Pumping	255,413	*****
624 Pumping Labor and Expenses		*****
625 Expenses Transferred - Credit		*****
626 Miscellaneous Expenses		*****
627 Rents		*****
630 Maintenance Supervision and Engineering	*****	
631 Maintenance of Structures and Improvements	*****	
632 Maintenance of Power Production Equipment	*****	
633 Maintenance of Pumping Equipment	*****	6,443
Total Pumping Expenses	255,413	6,443
3. WATER TREATMENT EXPENSES		
640 Operation Supervision and Engineering	123,563	*****
641 Chemicals	140,513	*****
642 Operation Labor and Expenses	322,718	*****
643 Miscellaneous Expenses	30,799	*****
644 Rents	29,876	*****
650 Maintenance of Supervision and Engineering	*****	
651 Maintenance of Structures and Improvements	*****	87,410
652 Maintenance of Water Treatment Equipment	*****	166,531
Total Water Treatment Expenses	647,470	253,940
4. TRANSMISSION AND DISTRIBUTION EXPENSES		
660 Operation Supervision and Engineering	78,512	*****
661 Storage Facilities Expenses	4,028	*****
662 Transmission and Distribution Lines Expenses	871	*****
663 Meter Expenses	46,364	*****
664 Customer Installation Expenses		*****
665 Miscellaneous Expenses	16,453	*****
666 Rents	60,220	*****

NAME OF UTILITY

Shorelands Water Co.

YEAR 2015

(Class "C" Utilities Only)

OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

Class "C" Utilities should report in this schedule the water operating expenses for the period covered by this report, in accordance with the Uniform System of Accounts for Water Utilities. No entries are to be made in the spaces containing asterisks.

NUMBER AND TITLES OF ACCOUNTS (a)	AMOUNT	
	OPERATION (b)	MAINTENANCE (c)
1. SOURCE OF SUPPLY EXPENSES		
600 Operation Labor	Not Applicable	*****
601 Purchased Water		*****
602 Operation Supplies and Expenses		*****
605 Maintenance of Water Source Plant	*****	
Total Source of Supply Expenses	-	-
2. PUMPING EXPENSES		
620 Operation Labor		*****
621 Fuel for Power Production		*****
622 Fuel or Power Purchased for Pumping		*****
623 Operation Supplies and Expenses		*****
625 Maintenance of Pumping Plant	*****	
Total Pumping Expenses	-	-
3. WATER TREATMENT EXPENSES		
630 Operation Labor		*****
631 Chemicals		*****
632 Operation Supplies and Expenses		*****
635 Maintenance of Water Treatment Plant	*****	
Total Water Treatment Expenses	-	-
4. TRANSMISSION AND DISTRIBUTION EXPENSES		
640 Operation Labor		*****
641 Operation Supplies and Expenses		*****
650 Maintenance of Distribution Reservoirs and Standpipes	*****	
651 Maintenance of Mains	*****	
652 Maintenance of Services	*****	
653-5 Other Maintenance	*****	
Total Transmission and Distribution Mains	-	-
5. CUSTOMER ACCOUNTS		
901 Meter Reading Labor		*****
902 Accounting and Collection Labor		*****
903 Supplies and Expense		*****
904 Uncollectible Accounts		*****
Total Customer Accounts Expenses	-	*****
6. SALES EXPENSES		
910 Sales Expenses		*****
914 Revenues from Merchandising, Jobbing and Contract Work		*****
915 Costs and Expenses of Merchandising, Jobbing and Contract Work		*****
Total Sales Expenses	-	*****

NAME OF UTILITY Shorelands Water Co.

YEAR 2015

WATER SOLD TO OTHERS FOR REDISTRIBUTION

Show the requested information concerning water sold to others so far as such transactions come within the scope of the account 466, Sales for Resale.

LINE NO.	PURCHASER (a)	THOUSAND GALS. SUPPLIED (b)	AMOUNT CREDITED TO REVENUE (c)	AVG PRICE PER THOUSAND GALS. (Cents)* (d)
1	Twp. Of Aberdeen	42,777	210,606	4.92
2	NJ American Water - Union Beach	164,984	487,485	2.95
3	Borough of Keyport	161,498	463,667	2.87
4	NJ American Water - Bulk	11,045	51,804	4.69
5				
6				
7				
8				
9				
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11				
12				
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14				
15				
16				
17				
18				
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23				
24				
25				
26				
27				
28				
29				
30	TOTALS	380,304	1,213,563	3.19

WATER PURCHASED FROM OTHERS FOR REDISTRIBUTION

Show the requested information concerning water purchased from others so far as such transactions come within the scope of account 601 or 602, Purchased Water.

LINE NO.	SELLER (a)	THOUSAND GALS. PURCHASED (b)	AMOUNT CREDITED TO EXPENSE (c)	AVG PRICE PER THOUSAND GALS. (Cents)* (d)
1	NJ Water Supply Authority	703,720	745,818	1.06
2	NJ American Water Co.	1,057,784	1,968,182	1.86
3	IFF (water right amort)	0	21,847	
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14	TOTALS	1,057,784	2,735,847	2.59
	To the nearest hundredth of a cent e.g., 5.25 cents			

MISCELLANEOUS INCOME DEDUCTIONS

- 1. Show detail of items within scope of account 425. Miscellaneous Amortization; include accounts being amortized, original period of amortization, unamortized balance at end of year amount charged against current income.
- 2. Detail contributions, fines, etc. properly deductible within scope of account 426. Other Income Deductions.

NATURE OF DEDUCTION (a)		AMOUNT (b)
425	Miscellaneous Amortization	
	Not Applicable	
Total Miscellaneous Deductions		0

OTHER INTEREST CHARGES

Show rate of interest and to whom paid or payable

ACCOUNT (a)		AMOUNT (b)
431	Other Interest Expense	
	Interest on Customer Deposits @ .07%	82
Total Other Interest Charges		82

NAME OF UTILITY

Shorelands Water Co.

YEAR 2015

SUMMARY OF SALARIES AND WAGES

1. Show in column (b) the number of officers and employees normally assigned to the functions shown in column (a). If an employee fills more than one function, list him in the one classification to which the majority of his time is distributed.
2. Show in column (c) the total payroll distributed to each classification.
3. Columns (b) and (c) should be considered independently because it is possible, due to multiple distribution of an employee's time, for a dollar amount to be charged to a classification to which employees are permanently assigned.

LINE NO.	CLASSIFICATION (a)	AVERAGE NO. OF EMPLOYEES (b)	PAYROLL DISTRIBUTION (c)	PAYROLL DISTRIBUTION COMPARISON WITH PRECEDING YEAR INCREASE OR (Decrease) (d)
1	Operation and Maintenance	19	990,869	75,435
2				
3				
4				
5				
6				
7	Construction	0	32,273	(47,148)
8				
9				
10				
11	Other Accounts-Admin & acctg	8	709,266	97,412
12				
13				
14				
15				
16	Total Payroll for Year	27	1,732,408	125,699

NAME OF UTILITY SHORELANDS WATER CO YEAR 2015

TERRITORY SERVED DURING YEAR

1. Column (b) should show the estimated permanent population at end of year for area served
2. If there was a significant change in population for summer months use two lines for the municipality involved indicating "permanent" and "summer".

LINE	NAME OF MUNICIPALITY OR OTHER POLITICAL SUBDIVISION (a)	ESTIMATED PERMANENT POPULATION SERVED (b)	NO. OF ACTIVE CUSTOMERS END OF YEAR (c)	NO. OF FIRE HYDRANTS (d)	FEET OF MAINS		
					TOTAL (e)	ON PUBLIC WAYS (f)	ON PRIVATE RIGHT OF WAY (g)
1	Township of Hazlet	21,532	6,750	493	451,129	436,754	14,375
2	Township of Holmdel	14,632	4,427	534	459,353	393,148	66,205
3							
4							
5							
6							
7							
8							
9							
10							
11							
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31							
32							
33							
34							
35							
36			*****	*****	*****	*****	*****
37	Total Summer Population Only		*****	*****	*****	*****	*****
	Totals (Do Not include summer population)	36,164	11,177	1,027	910,482	829,902	80,580

Includes Active Metered,
Fire Service and Private
Hydrant Accounts

SYSTEM DELIVERY STATISTICS*

	MONTH (a)	PUMPED					TOTAL (g)	GRAVITY DELIVERY (h)	PURCHASED (i)	TOTAL SYSTEM DELIVERY (j)
		ELECTRIC (b)	STEAM (c)	DIESEL (d)	GASOLINE (e)	OTHER (f)				
1	January	0	None	None	None	None	0	None	109,040	109,040
2	February	0	None	None	None	None	0	None	105,787	105,787
3	March	0	None	None	None	None	0	None	112,775	112,775
4	April	0	None	None	None	None	0	None	128,704	128,704
5	May	122,500	None	None	None	None	122,500	None	80,000	202,500
6	June	127,633	None	None	None	None	127,633	None	32,700	160,333
7	July	159,170	None	None	None	None	159,170	None	32,046	191,216
8	August	195,211	None	None	None	None	195,211	None	32,218	227,429
9	September	138,488	None	None	None	None	138,488	None	60,066	198,554
10	October	416	None	None	None	None	416	None	143,122	143,538
11	November	0	None	None	None	None	0	None	113,908	113,908
12	December	0	None	None	None	None	0	None	107,421	107,421
13	Total	743,418					743,418		1,057,787	1,801,205
14										
15	Metered Consumption									1,667,803
16	Flat Rate Consumption Estimate									
17	Respondent Use (Report only if included in Total System Delivery Column.)					Hydrant Flushing				20,000
18	Unaccounted For - Include Hydrant Use:	6.30%								113,402
19	Total System Delivery During Year (Sum of Lines 15 through 18)									1,801,205
20	Maximum Day - Total System Delivery:		9,446 MG	Date:	May 29, 2015					*****
21	Minimum Day - Total System Delivery:		2,728 MG	Date:	January 27, 2015					*****

*All Quantities Shown as Thousand Gallons

NAME OF UTILITY

SHORELANDS WATER CO

YEAR 2015

PURIFICATION EQUIPMENT

1. List separately each type of purification equipment used, such as Aeration, Sedimentation Basins, Flocculation Basins, Settling Basins, Filters (rapid or slow sand), Chlorination, and any other type of equipment.

LINE NO.	CLASSIFICATION (a)	STATION OR LOCATION (b)	MAKE OR TYPE (c)	RATED CAPACITY (d)	NO. OF UNITS (e)	MAX. OUTPUT THOUSAND GALS. PER DAY (f)	YEAR IN SERVICE (g)	REMARKS (h)
1	Immersed Ultra Filtration	Plt #1	ZENON	1500	2	3,000,000	2005	Membrane
2	Sod. Hypo.	Plt #1	Prominent	120 GPD	1	120 GPD	2008	Post
3	Sodium Hypo.	Plt #1	Prominent	264 GPD	2	528 GPD	2008	PBE
4	Caustic Soda	Plt #1	Prominent	648 GPD	2	1296 GPD	2009	at 20% Sol.
5	Sodium Hypo.	Plt #2	Prominent	264 GPD	5	1320 GPD	2010	PBE
6	Sodium Hypo.	Plt #2	LMI	31 GPD	1	31 GPD	1991	Post
7	Open Aerator	Plt #2	General	2800 GPM	1	4,032,000	1965	
8	Clarifier	Plt #2	General	1000 GPM	1	1,440,000	1965	
9	Clarifier	Plt #2	General	1000 GPM	1	1,440,000	1973	
10	Clarifier	Plt #2	General	1000 GPM	1	1,440,000	1978	
11	Clarifier	Plt #2	General	1000 GPM	1	1,440,000	1984	
12	Lime Feed Bins	Plt #2	General	450 lbs	2	900 lbs	1965	
13	Pressure Filter	Plt #2	General	1000 GPM	1	1,440,000	1965	Rapid Sand
14	Pressure Filter	Plt #2	General	1000 GPM	1	1,440,000	1967	Rapid Sand
15	Pressure Filter	Plt #2	General	1000 GPM	1	1,440,000	1978	Rapid Sand
16	Pressure Filter	Plt #2	General	1000 GPM	1	1,440,000	1984	Rapid Sand
17	C9	Plt #1	LMI	18 GPD	2	36 GPD	2005	
18	Caustic Tank Sys.	Plt #1	Walco/Tier	10000	1	10,000	1974	at 20% Sol.
19	Sludge Lagoons	Plt #1		220000	2	440,000	1977	
20	Sludge Lagoons	Plt #2		120000	2	120,000	1978	
21	Drying Beds	Plt #2		120000	4	120,000	1981	Sand
22								
23								
24								
25								
26								

WATER TREATMENT CHEMICALS USED DURING YEAR

1. List separately each kind of chemical used for water treatment during year.

LINE NO.	Treatment Chemicals (a)	POUNDS / GALLONS (b)	TOTAL COST (c)	Test Kit Reagents (d)	Amount (e)	TOTAL COST (f)
26	Sod. Hydroxide (Gal)	14,810	\$32,123			
27	Sod. Hypo. (Gal)	52,423	\$58,714	(Test Kits)		
28	Stern Pac (lbs)	27,644	\$10,090	Ferron Iron	55	
29	C9 (lbs)	17,200	\$10,205	Chlorine Free	55	
30	Lime (lbs)	76,903	\$9,228	Chlorine Total	50	
31	Citric Acid (lbs)	2,000	\$2,598	MN	25	
32	Sod. Bisulfite (lbs)	0	\$0	pH Buffer Solution (Gal)	25	
	Total	190,980	122,958	Total	210	

NAME OF UTILITY

SHORELANDS WATER CO

YEAR 2015

RCR-E-1 Attachment

PUMPING STATISTICS

LINE NO.	ITEMS (a)	NAME OF DESIGNATION OF PUMPING STATIONS*						
		Plant 1 (b)	Plant 2 (c)	(d)	(e)	(f)	(g)	(h)
1	Normal Station Output Pressure P.S.I	54 lbs	54 lbs					
2	Thousand Gallons Pumped During Year (Metered)	220,260	524,430					
3	Thousand Gallons Pumped During Year (Unmetered)							
4	Average Daily Pumpage in Thousand Gallons	1.520	3.405					
5	No. of Days Each Station Was Operated	145	154					
6	Total Cost of Fuel and/or Energy							
7	Average Cost Per Thousand Gals, Fuel and/or Energy							
8	Maximum Day Pumpage	2.799	4.558					
9	Date of Maximum Day Pumpage	29-May-15	29-May-15					
10	Minimum Day Pumpage (When Pumping)	0.192	0.224					
11	Date of Minimum Day Pumpage	19-Oct-15	19-Oct-15					

LINE NO.	NAME OF DESIGNATION OF PUMPING STATIONS* (Cont.)								TOTAL ALL STATIONS (r)	
	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)
1										54 lbs
2										744,690
3										
4										4.93
5										299
6										
7										NA
8										*****
9										*****
10										*****
11										*****

*Do Not Report Booster Stations.

NAME OF UTILIT

SHORELANDS WATER CO

YEAR 2015

SOURCE OF SUPPLY																
SURFACE WATERS																
LINE NO.	NAME OR LOCATION OF SOURCE OR RESERVOIR (a)	DAM			INTAKES				FLOW LINE ELEVATION (i)	WITHDRAWAL IN MILLION GALLONS PER DAY				WATER SURFACE AREA (Acres) (n)	RESERVOIR CAPACITY MILLION GALLONS (o)	YEAR IN SERVICE (p)
		KIND OR TYPE (b)	LENGTH (FT.) (c)	CENTER HT. (FT.) (d)	NO. (e)	KIND (f)	SIZE (g)	LENGTH OF INTAKE (h)		MAXIMUM		MINIMUM				
										MONTH (j)	QUAN. (k)	MONTH (l)	QUAN. (m)			
1																
2																
3																
4																
5																
6																
7																
8																
9																
10																
Aggregate Total Average Daily Withdrawal _____ Million Gals.																
GROUND WATERS																
LINE NO.	SOURCE OF SUPPLY (a)	SOURCE (b)	EACH GROUP (c)	DIMENSIONS OF COLLECTORS, WELLS OR GALLERIES		DEPTH FROM GROUND SURFACE TO WATER LEVEL		WITHDRAWAL IN THOUSAND GALLONS PER DAY				YEAR IN SERVICE (l)				
				DIAM. OR SIZE (d)	LENGTH OR DEPTH (e)	STATIC LEVEL (f)	PUMPING LEVEL (g)	MAXIMUM		MINIMUM						
								MONTH (h)	QUANTITY (i)	MONTH (j)	QUANTITY (k)					
11	Plt #1 Hazlet	WELL # 1	1	16-10	367'	60	124	July	1.435	July	0.060	2005				
12	Plt #1 Hazlet	WELL # 2	1	16-12	352'	47	121	May	1.420	May	0.009	2005				
13	Plt #2 Holmdel	WELL # 3	1	16-12	430'	75	215	July	1.467	July	0.052	2010				
14	Plt #2 Holmdel	WELL # 4	1	20-12	690'	71	186	June	1.463	May	0.052	1971				
15	Plt #2 Holmdel	WELL #5	1	20-12	700'	82	181	August	1.411	August	0.071	1978				
16	Plt #2 Holmdel	WELL #6	1	20-12	689'	78	188	Sept.	1.479	Sept.	0.102	1984				
17	Plt #2 Holmdel	WELL #7	1	20-12	433'	63	223	May	1.553	June	0.012	2002				
18																
19																
20																
21																
22																
23																
24																
25																
26																
27																
28																
29																
Aggregate Total Average Daily Withdrawal _____ Thousand Gals.																

NAME OF UTILITY

SHORELANDS WATER CO

YEAR 2015

STORAGE RESERVOIRS, TANKS AND STANDPIPES

LINE NO.	CLASSIFICATION (a)	STATION OR LOCATION (b)	CONSTRUCTION MATERIAL (c)	OPEN OR CLOSED (d)	AVAILABLE CAPACITY IN THOUSAND GALLONS (e)	DIMENSIONS OR SIZE (f)	ELEVATION IN FEET		METHOD OF WATER LEVEL CONTROL (i)	YEAR IN SERVICE (j)
							TOP OF FOUNDATION (g)	WATER SURFACE WHEN FULL (h)		
1	Storage Reservoirs									
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
16										
17										
18										
19										
20	Tanks									
21	Tank #1	Holmdel	Steel	closed	2,000	108 x 30	155.15	185.15	Pressure	1962
22	Tank #2	Holmdel	Steel	closed	1,340	85 x 32.5	343.8	375.4	Pressure	1965
23	Tank #3	Holmdel	Steel	closed	2,000	104 x 32.5	343.8	375.4	Pressure	1990
24	Elevated	Hazlet	Steel	closed	250	40 x 20.87	60.35	185.15	Pressure	1958
25										
26										
27	Note: Elevations in 1929 Datum									
28										
29										
30	Standpipes									
31										
32										
33										
34										
35										
36										
37										
38										
39										
40										
41										
42										

NAME OF UTILITY
SHORELANDS WATER CO
YEAR 2015

PUMPING STATION EQUIPMENT

LINE NO.	CLASSIFICATION (a)	DESIGNATION OF STATION (b)	MAIN UNITS			PRIME MOVER		YEAR IN SERVICE (h)
			TYPE (c)	SIZE (d)	CAPACITY (e)	TYPE (f)	SIZE (g)	
1	Generators							
2	Generator	Well #7	Caterpillar	480V	150 kw	Diesel	200 HP	2002
3	Generator	Plt #1	Caterpillar	480V	600 kw	Diesel	896 HP	2005
4	Caterpillar	Truck Mounted	Caterpillar	480V	150 kw	Diesel	200 HP	1973
5	Generator	Plt #2	Caterpillar	480V	600 kw	Diesel	896 HP	2004
6	Generator	Briarcliff Station	Waukesha	480V	200kw	Diesel	300 HP	2010
7	Wells							
8	Well #1	Plt #1	Layne	12"	1000 GPM	Electric	75 HP	2005
9	Well #2	Plt #1	Layne	12"	1000 GPM	Electric	75 HP	2005
10	Well #3	Plt #2	Layne	12"	1000 GPM	Electric	125 HP	2010
11	Well #4	Plt #2	Layne	12"	1000 GPM	Electric	100 HP	1971
12	Well #5	Plt #2	Layne	12"	1000 GPM	Electric	100 HP	1978
13	Well #6	Plt #2	Layne	12"	1000 GPM	Electric	100 HP	1984
14	Well #7	Plt #2	Stothoff	12"	1100 GPM	Electric	125 HP	2002
15	Pumps							
16	Drain	Plt #1	Flow Serv	6"	1000 GPM	Electric	7.5 HP	2005
17	Permate (2)	Plt #1	Flow Serv	8"	1400 GPM	Electric	40 HP	2005
18	Reject (2)	Plt #1	Flow Serv	4"	200 GPM	Electric	5 HP	2005
19	Vacuum (2)	Plt #1	Busch	MM1104AV	75 CFM	Electric	2 HP	2005
20	Blower (2)	Plt #1	Kaeser	Omega 53P		Electric	40 HP	2005
21	Supernate Pump (2)	Plt#1	BJM	4"	515 GPM	Electric	7.5 HP	2005
22	NAOCL Pump	Plt #2	LMI			Electric		1991
23	High Station 1	Pumping Station 2	Layne	8"	1600 GPM	Electric	125 HP	2009
24	High Station 2	Pumping Station 2	Layne	8"	1600 GPM	Electric	125 HP	2009
25	High Station 3	Pumping Station 2	Layne	8"	1600 GPM	Electric	125 HP	2008
26	Clear Well Pump 1	Plt #2	Ingersol		2500 GPM	Electric	125 HP	2007
27	Clear Well Pump 2	Plt #2	Layne		1500 GPM	Electric	75 HP	2014
28	Clear Well Pump 3	Plt #2	Layne		1500 GPM	Electric	75 HP	2015
29	Clear Well Pump 4	Plt #2	Ingersol		2500 GPM	Electric	125 HP	2011
30	Air Compressor 2	Plt #2	Quincy & Ingersol			Electric	2 1/2 HP & 5	1981
31	Shakers 2	Plt #2	General			Electric	173 HP	1965
32	Blower 2	Plt #2	General			Electric	1 HP	1965
33	Zinc Ortho Feeders 2	Plt #2	LMI			Electric		1989
34	Lime Feeders 2	Plt #2	Wallace/Tiernan			Electric	3/4 HP	1965
35								
36	Other							
37	Compressor	Plt #1	Quincy	QRDT-7.5		Electric	7.5 HP	2005
38	Compressor	Plt #1	Quincy	QRDT-7.5		Electric	7.5 HP	2005
39	Clarifier	Plt #2	Layne			Electric	3/4 HP	1965
40	Clarifier	Plt #2	Layne			Electric	3/4 HP	1971
41	Clarifier	Plt #2	Layne			Electric	3/4 HP	1978
42	Clarifier	Plt #2	Layne			Electric	3/4 HP	1984
43	Stern Pac	Plt #1	LMI		5 GPM	Electric	3/4 HP	1997
44	Recovery Pumps (2)	Plt #2	Flygt/Layne		200 GPM	Electric	7 1/2 HP	2010
45	Recovery Pump (1)	Plt #2	Penn Valley		100 GPM	Electric	5 HP	2007
46	Sludge Vacuum	Plt #2	Meurer Research Inc.		100 GPM	Electric	1/4 HP	2007
47	Grinder Pump (1)	Plt #2	Flygt		150 GPM	Electric	3 HP	2011

NAME OF UTILITY

SHORELANDS WATER CO

RCR-E-1 Attachment
YEAR 2015

MAINS

In this schedule should be reported the particulars indicated for each size and kind of mains. Report each in a separate group according to the Uniform Systems of Account: (LIST SEPARATELY ANY MAINS NOT OWNED BY COMPANY)

LINE NO.	MUNICIPALITY OR OTHER DESIGNATION OF SYSTEM (a)	SIZE (Inches) (b)	KIND OF PIPE (c)	LENGTH OF PIPE (feet)			
				END OF PRIOR YEAR (d)	ADDED DURING YEAR (e)	RETIRED DURING YEAR (f)	END OF CURRENT YEAR (g)
1	Hazlet Township						
2		2	CI	80			80
3		4	CI	0			0
4		6	AC	261,485		300	261,185
5		6	CI	2,449			2,449
6		6	DI	15,367	684		16,051
7		6	PVC	1,594	300		1,894
8		8	AC	76,733			76,733
9		8	CI	1,327			1,327
10		8	DI	19,097			19,097
11		8	PVC	4,693			4,693
12		10	AC	19,904			19,904
13		10	DI	2,751			2,751
14		12	AC	20,571			20,571
15		12	DI	21,698			21,698
16		12	HDPE	302			302
		12	PVC	93			93
17		16	AC	2,291			2,291
18		16	DI	10			10
19	TOTAL Hazlet Township			450,445	984	300	451,129
20							
21	Holmdel Township						
22		4	DI	623			623
23		6	AC	49,919			49,919
24		6	DI	16,695			16,695
25		6	PVC	3,607			3,607
26		8	AC	59,339			59,339
27		8	DI	117,037			117,037
28		8	PVC	14,836			14,836
29		10	AC	6,750			6,750
30		12	AC	92,486			92,486
31		12	CI	652			652
32		12	DI	53,504			53,504
33		12	PVC	11,585			11,585
34		12	HDPE	375			375
35		16	AC	16,215			16,215
36		16	DI	15,730			15,730
37	TOTAL Holmdel Township			459,353	0	0	459,353
38							
39							
40							
41							
42							
43							
44							
45							
46							
47							
48							
			Total	909,798	984	300	910,482

NAME OF UTILITY

SHORELANDS WATER CO

YEAR 2015

UNIT PRICES OF MATERIALS PURCHASED AND CONSTRUCTION COSTS

1. List examples of most frequently used materials and construction costs experienced during the year for the distribution system.

LINE NO.	MATERIAL OR ITEM (a)	TYPE (b)	SIZE (c)	UNIT (d)	AVERAGE UNIT PRICE (e)
1	Pipe: DI CL50	DICL	8"	Ft.	\$17.61
2	Pipe: DI CL50	DICL	6"	Ft.	\$11.36
3	Fire Hydrant	A-421	4.5"	Ea.	\$2,540.00
4	Gate Valve	MJ	8"	Ea.	\$1,245.00
5	Gate Valve	MJ	6"	Ea.	\$670.00
6	Tee	MJ	6"	Ea.	\$185.00
7	Tee	MJ	8" x 6"	Ea.	\$232.00
8	Bends	45°	6"	Ea.	\$130.00
9	Bends	22.5	6"	Ea.	\$80.00
10	Plugs	Push-on	6" x 2	Ea.	\$69.00
11	Reducers	MJ	8 x 6	Ea.	\$110.00
12	Megalug Retainer	MJ	8"	Ea.	\$53.00
13	Megalug Retainer	MG	6"	Ea.	\$38.00
14	Copper	Copper	3/4"	Ft.	\$3.29
15	Copper	Copper	1"	Ft.	\$4.03
16	Brass	Corp.	3/4"	Ea.	\$29.00
17	Brass	Corp.	1"	Ea.	\$46.50
18	Meter Yoke	Comp	5/8"	Ea.	\$90.00
19	Meter Yoke	Comp	3/4"	Ea.	\$116.00
20	Meter Yoke	Comp	1"	Ea.	\$182.75
21	Meter Pit	Plastic	18" x 36"	Ea.	\$67.52
22	Meter Pit Frame & Cover	Touch Pad	18"	Ea.	\$98.60
23	Valave Box	Sliding	3' x 4'	Ea.	\$125.00
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
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56					

NAME OF UTILITY

SHORELANDS WATER CO

YEAR 2015

CONSUMERS' SERVICES

In this schedule should be reported the particulars indicated of consumers' services connected to the respondent's distributions mains. In column (c) and (e) should be included those services which have been installed entirely at the expense of the consumer, and in column (d) and (f) those, any portion of which has been installed at the expense of the utility. Column (g) should include all services installed to replace any which may have been retired from service, so that the total of this column added to those of columns (c) and (d) less those of column (e) and (f) will equal the total of column (h). If respondent owned any inactive service pipes at the close of the year, full particulars thereof should be given in a footnote.

LINE NO.	SIZE (a)	KIND (b)	ACTIVE SERVICE PIPES				TOTAL ADDED DURING YEAR (g)	TOTAL AT CLOSE OF YEAR (h)
			NO. ON JAN. 1ST		NO. RETIRED			
			INSTALLED AT EXPENSE OF CONSUMER (c)	INSTALLED AT EXPENSE OF UTILITY (d)	INSTALLED AT EXPENSE OF CONSUMER (e)	INSTALLED AT EXPENSE OF UTILITY (f)		
1	Hazlet Twp.							
2	1/2"	Copper						
3	3/4"	Copper		6,405		25	6,430	
4	1"	Copper		85			85	
5	1 1/2"	Copper		28			28	
6	2"	Copper		89			89	
7	3"	DI		8			8	
8	4"	DI		16			16	
9	6"	DI		32		1	33	
10	8"	DI		13			13	
11	10"	DI		12			12	
12	12"	DI		1			1	
13								
14	TOTAL Hazlet		0	6,689	0	0	26	6,715
15								
16	Holmdel Twp.							
17	3/4"	Copper		2,646			2,646	
18	1"	Copper		1,676			1,676	
19	1 1/2"	Copper		14			14	
20	2"	Copper		61			61	
21	3"	DI		6			6	
22	4"	DI		15			15	
23	6"	DI		22			22	
24	8"	DI		12			12	
25	10"	DI		2			2	
26								
27	TOTAL Holmdel		0	4,454	0	0	0	4,454
28								
29								
30								
31								
32								
33								
34								
35		Total	0	11,143	0	0	26	11,169

NAME OF UTILITY

SHORELANDS WATER CO

YEAR 2015

FIRE HYDRANTS									
LINE NO.	MUNICIPALITY OR OTHER DESIGNATION OF SYSTEM (a)	SIZE OF PIPE TO MAIN (b)	SIZE OF HYDRANT VALVE OPENING (c)	NUMBER AND SIZE NOZZLES (d)	NUMBER IN SERVICE				
					TOTAL END OF PRIOR YEAR (e)	ADDED DURING YEAR (f)	RETIRED DURING YEAR (g)	TOTAL OF END CURRENT YEAR (h)	
1	Hazlet Twp.								
2									
3	Public*	6"	4.5"	(2) 2.5" & (1) 4"	429	1		430	
4	Private	6"	4.5"	(2) 2.5" & (1) 4"	61	2		63	
5									
6	TOTAL Hazlet				490	3	0	493	
7									
8									
9	Holmde Twp.								
10									
11	Public*	6"	4.5"	(2) 2.5" & (1) 4"	409			409	
12	Private	6"	4.5"	(2) 2.5" & (1) 4"	125			125	
13									
14	TOTAL Holmdel				534	0	0	534	
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
32									
33									
34									
35	*****				Totals:	1,024	3	0	1,027
List number of hydrants in service at end of year by manufacturer:									
			Mueller	1007					
			Kennedy	20					
Note - Indicate by * hydrants which belong to municipalities									

CONSUMER'S METERS

LINE NO.	SIZE (a)	TYPE (b)	MAKE (c)	METERS IN SERVICE				METERS IN STOCK			NO. PURCHASED DURING YEAR (j)	RETIRED (k)	TOTAL METERS IN SERVICE & STOCK AT END OF CURRENT YEAR (l)
				NO. END OF PRIOR YEAR (d)	ADDED DURING YEAR (e)	REMOVED DURING YEAR (f)	NO. END OF CURRENT YEAR (g)	NO. END OF PRIOR YEAR (h)	NO. END OF CURRENT YEAR (i)				
1	5/8"	PIST	SEN	8,588	25		8,613	53	34			8,647	
2	3/4"	PIST	SEN	705			705	16	15			720	
3	1"	PIST	SEN	1,591			1,591	19	22			1,613	
4	1 1/2"	PIST	SEN	72			72	6	7			79	
5	2"	PIST	SEN	180			180	3	13			193	
6	3"	COMP	SEN	17			17	0	0			17	
7	4"	TUR	SEN	3			3	0	0			3	
8		COMP	SEN	12			12	0	0			12	
9	6"	TUR	SEN	3			3	0	0			3	
10		COM	SEN	1			1	0	0			1	
11	8"	COMP	SEN	1			1	0	0			1	
12													
13													
14													
15													
16													
17													
18													
19													
20													
21													
22													
23													
27													
28													
29													
30													
31													
32													
33													
34													
35													
36													
37													
38													
39													
40													
41	*****			Total:	11,173	25	0	11,198	97	91	0	0	11,289

NAME OF UTILITY: SHORELANDS WATER CO YEAR 2015

Note: Excludes Detector Check By-Pass Meters
Includes Active, Inactive and Inactive with no Account Meters

VERIFICATION

(Oath to be made by the officer in charge of the accounts, records and memoranda of the reporting Utility).

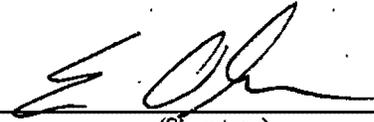
State of New Jersey

County of Monmouth

ss.

Eric Olsen, P.E. makes oath and says that he is the
Chief Operating Officer of Shorelands Water Co., Inc.

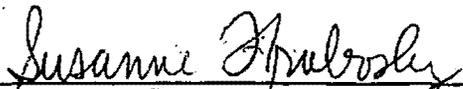
that as such officer it is his duty to have charge of the accounts, records and memoranda of the said utility; that under his direction the foregoing report has been compiled from the said accounts, records and memoranda; that he has carefully examined the foregoing report; that it is in accord with the said accounts, records and memoranda, and that the allegations of fact made in said report are true to the best of his knowledge and belief.



(Signature)

SUBSCRIBED AND SWORN to before me a Notary
Public in and for the State and County above named, this
24th day of March 2016

(SEAL)



(Signature of officer authorized to administer oaths)

Susanne Hrabosky
Notary Public of NJ
My Commission Expires
June 11, 2018

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EXHIBIT HJW-3: Responses to RCR-E-150 and RCR-E-151

**In the Matter of the Petition of New Jersey-American Water Company Inc.
For Approval of Increased Tariff Rates and Charges for Water and
Wastewater Service, Changes in Depreciation Rates and
Other Tariff Modifications.**

BPU Docket No. WR17090985

Third Rate Counsel Engineering Data Request

Witness: Dante M. DeStefano

RCR-E-150 With regard to Schedules DMD-RT-2 and DMD-RT-4, please identify the line items and amount of the stated expenses within those line items that represent the cost of producing the water (e.g., supervision, labor, materials and supplies, power, chemicals, waste disposal, other O&M, capital and depreciation, etc.) distributed to and used by Haddonfield customers.

Response: Expenses related to production for Haddonfield Water are included in their respective category shown in DMD-RT-2 and DMD-RT-4, with the exception of Water Waste Disposal, which was inadvertently omitted from these schedules. The Water Waste Disposal expense is \$8,073 for both schedules. Please see response to RCR-E-151 for discussion regarding capital and depreciation cost recovery.

**In the Matter of the Petition of New Jersey-American Water Company Inc.
For Approval of Increased Tariff Rates and Charges for Water and
Wastewater Service, Changes in Depreciation Rates and
Other Tariff Modifications.**

BPU Docket No. WR17090985

Third Rate Counsel Engineering Data Request

Witness: Dante M. DeStefano

RCR-E-151 Please explain how the cost of delivering water to Haddonfield (e.g., T&D Mains Expense and Pumping Expense and the cost of capital and depreciation for external facilities used by Haddonfield customers) from company sources of supply and treatment facilities outside of Haddonfield is accounted for in the costs reflected in Schedules DMD-RT-2 and DMD-RT-4.

Response: Expenses related to transmission and pumping for Haddonfield Water are included in their respective category shown in DMD-RT-2 and DMD-RT-4.

Regarding capital and depreciation costs for both production and transmission related assets supporting Haddonfield which are outside of the Borough of Haddonfield, the Company has calculated the allocated rate base (UPIS, Depreciation Reserve, and ADFIT) and Depreciation Expense for these asset classes as a component of the GMS cost of service supported by Company Witness Paul Herbert in his direct testimony. Please see attached for the calculation performed, and updated DMD-RT-4 (displaying only the Haddonfield Water district), including the additional allocated depreciation expense and rate base, and Water Waste Disposal expense identified in the response to RCR-E-150.

It should be noted that while the updated DMD-RT-4 for Haddonfield Water shows a revenue shortfall in proposed rates for the Borough, this calculation is based on the Company's 12+0 updated position. Should a lower revenue requirement increase be approved by the BPU, the Company requests Haddonfield Water's proposed rates be implemented as filed. For example, utilizing the 59.7% scale-back with a hypothetical \$75 million revenue increase per Schedule PRH-12 of Company Witness Paul Herbert's Rebuttal Testimony, the Haddonfield Water revenue requirement need would decrease to \$721,432, which would be adequately recovered from Haddonfield Water's customers.

	Ref. Schedule	Haddonfield Water
Present Rate Revenue		
Revenues	pg 2, 4	\$2,489,463
Public Fire	pg 3	160,452
Private Fire	pg 3	
Other Revenues	5	<u>\$2,649,915</u>
Proposed Rate Revenue		
Revenues	pg 2, 4	\$3,287,017
Public Fire	pg 3	165,077
Private Fire	pg 3	
Other Revenues	5	<u>\$3,452,094</u>
O&M		
Salaries and Wages	10	\$260,131
Group Insurance	11	30,319
Pension Expense	12	31,492
Other Post-Employment Benefits (OPEBs)	13	7,808
401(k) Expense	14	4,079
Defined Contribution Plan	15	5,849
Other - Benefits	16	3,175
Power	17	25,319
Chemicals	18	4,030
Water Diversion	19	-
Waste Disposal - Water Operation	20	9,073 <i>Note 1</i>
Engineered Coating of Steel Structures	21	-
Regulatory Expense	22	2,648
Insurance Other Than Group	23	58,967
Call Center	24	55,896
Central Services	25	117,991
ITS Services	26	72,120
Laboratory Services	27	5,650
Regional Services	28	22,876
Shared Service Center	29	35,866
Supply Chain Services	30	3,192
Rental Expense - Real Property	31	458
Lease of Granular Activated Carbon	32	-
Leased Vehicle, Fuel & Maintenance Expense	33	-
Postage & Forms	34	27,989
Security (ADT and NAS)	35	4,661
Paving	36	17,459
Phone and Cell Phone	37	21,975
Contract Services - Sewer	38	-
Uncollectible Expense	39	13,034
Audit Fees	40	3,757
Property Sales	41	-
Management Audit	42	-
Charitable Contributions and Lobbying Expenses	43	-
Purchased Water	44	-
Sewage Treatment and Disposal Cost	45	-
Other O&M	46	250,889
Total Pro Forma O&M Expense - Present Rates		<u>\$1,095,703</u>
Pro Forma Adjustment to Uncollectible	39	3,931
Total Pro Forma O&M Expense - Proposed Rates		<u>\$1,099,634</u>
Pro Forma:		
Depreciation	48	\$514,693 <i>Note 2</i>
Pro Forma Taxes Under Present Rates:		
Property Taxes	51	33,874
Payroll Taxes	52	20,627
Gross Receipts and Surtax	53	224,147
Franchise Tax and Surtax	54	141,616
BPU/DRC Assessment	55	7,608
Water Monitoring Tax	56	3,380
Other Taxes		0
Total Pro Forma Under Present Rates		<u>431,252</u>

Pro Forma Taxes Under Proposed Rates:

Property Taxes	51	\$33,874
Payroll Taxes	52	20,627
Gross Receipts and Surtax	53	290,985
Franchise Tax and Surtax	54	183,844
BPU/DRC Assessment	55	9,874
Water Monitoring Tax	56	3,380
Other Taxes		0
Total Pro Forma Under Proposed Rates		<u>\$542,584</u>

FIT - Present Rates

Operating revenue		<u>\$2,649,915</u>
Less:		
Operation and maintenance expense		1,095,703
Depreciation expense		<u>514,693</u> Note 2
Amortization of acquisition adjustments		44,959
Taxes other than income		431,252
Interest charges		376,443
Amortization of CPS		0
Excess tax depreciation over book		<u>0</u>
Total deductions		<u>2,463,050</u>
Taxable income		<u>186,865</u>
Tax Rate		<u>21%</u>
Federal income tax (current)		<u>\$39,242</u>

Notes:

(1) Interest synchronization calculation:

Rate Base	58	<u>16,531,047</u> Note 3
Weighted Cost of Debt	60	<u>2.2772%</u>
Interest Charges		<u>\$376,443</u>

FIT - Proposed Rates

Operating revenue		<u>\$3,452,094</u>
Less:		
Operation and maintenance expense		1,099,634
Depreciation expense		<u>514,693</u> Note 2
Amortization of acquisition adjustments		44,959
Taxes other than income		542,584
Interest charges		376,443
Amortization of CPS		0
Excess tax depreciation over book		<u>0</u>
Total deductions		<u>2,578,313</u>
Taxable income		<u>873,781</u>
Tax Rate		<u>21%</u>
Federal income tax (current)	57	<u>\$183,494</u>

Total rate base

	58	<u>16,531,047</u> Note 3
--	----	--------------------------

Rate Base

Rate of Return	60	<u>8.1092%</u>
Operating Income Requirement		1,340,533
Pro Forma Present Rate Operating Income		<u>524,066</u>
Operating Income Deficiency		816,467
Revenue Conversion Factor		1.48007
Revenue Requirement		<u>1,208,428</u> Note 4

Proposed Revenues less Present Revenues \$802,179

Over-Recovery / (Under-Recovery) (406,250)

Note 1 = Added Water Waste Disposal, allocated portion of district 1813

Note 2 = Added Depreciation for Production and Transmission Facilities outside of Haddonfield but supporting service.

Note 3 = Added Rate Base for Production and Transmission Facilities outside of Haddonfield but supporting service.

Note 4 = Would adjust to \$721,432 with hypothetical \$75 million rate increase (59.7% scale-back).

Results in \$80,747 over-recovery.

Haddonfield Water
Revenue Requirement
Allocated Production and Transmission Asset Costs

	Production	Transmission	Total	Description	Source
	32,778,608			Structures & improvements - SS	PRH-4 Page 20
	18,079,030			Collecting & impounding reservoirs	PRH-4 Page 20
	1,056,167			Lakes, rivers, and other intakes	PRH-4 Page 20
	49,817,307			Wells & Springs	PRH-4 Page 20
	8,206,574			Infiltration galleries & tunnels	PRH-4 Page 20
	22,097,347			Supply mains	PRH-4 Page 20
	509,842			Other water source plant	PRH-4 Page 20
	218,453,434			Structures & improvements - WT	PRH-4 Page 20
	389,039,297			Water Treatment Equipment	PRH-4 Page 20
	9,205,001			Chemical Equipment	PRH-4 Page 20
		55,794,964		Structures & improvements - Pumping	PRH-4 Page 20
		32,315,549		Power Generation Equipment	PRH-4 Page 20
		251,161		Boiler Plant Equipment	PRH-4 Page 20
		108,822,383		Electric Pumping Equipment	PRH-4 Page 20
		5,731,720		Diesel Pumping Equipment	PRH-4 Page 20
		2,072,459		Hydraulic Pumping Equipment	PRH-4 Page 20
		7,931,085		Other Pumping Equipment	PRH-4 Page 20
		12,644,508		Structures & improvements - TD	PRH-4 Page 20
		88,847,284		Distribution Reservoirs & Standpipes	PRH-4 Page 20
		371,789,602		TD Mains - 10"-16"	PRH-4 Page 20
		182,522,733		TD Mains - 18" +	PRH-4 Page 20
A	749,242,607	868,723,448	1,617,966,055	Total Plant	
			(894,405,320)	Total GMS Accumulated Depreciation	PRH-4 Page 22
B			<u>3,987,160,863</u>	Total GMS Depreciable Plant in Service	PRH-4 Page 21
C			-22.432%	Percent Depreciated	
D = A * C	(168,071,115)	(194,873,219)		Accumulated Depreciation	
E			(634,595,172)	Total GMS Deferred Taxes	PRH-4 Page 22
F = E / B * A	(119,249,199)	(138,265,730)			
G = A + D + F	535,584,499	461,922,292	997,506,791	Net Rate Base	
	704,740			Structures & improvements - SS	PRH-3 Page 6
	388,699			Collecting & impounding reservoirs	PRH-3 Page 6
	25,665			Lakes, rivers, and other intakes	PRH-3 Page 6
	1,056,127			Wells & Springs	PRH-3 Page 6
	93,554			Infiltration galleries & tunnels	PRH-3 Page 6
	320,412			Supply mains	PRH-3 Page 6
	17,335			Other water source plant	PRH-3 Page 6
	4,150,615			Structures & improvements - WT	PRH-3 Page 7
	8,666,090			Water Treatment Equipment	PRH-3 Page 7
	1,421,252			Chemical Equipment	PRH-3 Page 7
		1,004,309		Structures & improvements - Pumping	PRH-3 Page 6
		704,479		Power Generation Equipment	PRH-3 Page 6
		13,160		Boiler Plant Equipment	PRH-3 Page 6
		2,502,914		Electric Pumping Equipment	PRH-3 Page 6
		650,550		Diesel Pumping Equipment	PRH-3 Page 6
		80,411		Hydraulic Pumping Equipment	PRH-3 Page 6
		118,967		Other Pumping Equipment	PRH-3 Page 6
		422,227		Structures & improvements - TD	PRH-3 Page 6
		1,226,093		Distribution Reservoirs & Standpipes	PRH-3 Page 7
		4,201,217		TD Mains - 10"-16"	PRH-3 Page 7
		2,336,291		TD Mains - 18" +	PRH-3 Page 7
H	16,844,489	13,260,618	30,105,107	Total Depreciation	
I			337,980	Haddonfield Water TG Consumption	SIR-14 WP 5A (12+0)
J			60,870,655	GMS TG Consumption	SIR-14 WP 5A (12+0)
K = I / J			0.555%	Percent related to Haddonfield Water	
L = K * H	93,528	73,629	167,156	Haddonfield Depreciation Allocation	
M = K * G	2,973,795	2,564,791	5,538,586	Haddonfield Rate Base Allocation	

EXHIBIT HJW-4: Allocation of Plant and Depreciation to Shorelands

Exhibit HJW-4: Allocation of Plant and Depreciation to Shorelands			
Net Rate Base			
Production Plant	Transmission Plant	Total	
\$ 535,584,499	\$ 461,922,292	\$ 997,506,791	
Total Depreciation			
Production Plant	Transmission Plant	Total	
\$ 16,844,489	\$ 13,260,618	\$ 30,105,107	
Shorelands Consumption (ThGal)		1,162,841	
Total GMS Consumption		60,870,655	
Percent Related to Shorelands		1.910%	
Shorelands Allocated Rate Base			
Production Plant	Transmission Plant	Total	
\$ 10,231,525	\$ 8,824,321	\$ 19,055,845	
Shorelands Allocated Depreciation			
\$ 321,788	\$ 253,324	\$ 575,112	
Notes:			
(1) Net Rate Base amounts for Production and Transmission Plant from RCR-E-151.			
(2) Total Depreciation amounts from RCR-E-151			
(3) Shorelands consumption from SIR-14, Workpaper 5, Page 6 of 14.			

EXHIBIT HJW-5: Shorelands Water Company Revenue Requirement

Exhibit HJW-5: Shorelands Water Company Revenue Requirement				
		Original	Revised	Rate Counsel
		Shorelands	Shorelands	Shorelands
		Water	Water	Water
Line no.	Present Rate Revenue			
1	Revenues	\$8,505,270	\$8,505,270	\$8,505,270
2	Public Fire	133,855	1,082,768	1,082,768
3	Private Fire	118,386	651,300	651,300
4	Other			
5	Revenues	\$8,757,512	\$10,239,338	\$10,239,338
6				
7	Proposed Rate Revenue			
8	Revenues	\$10,568,188	\$9,862,634	\$9,862,634
9	Public Fire	116,499	\$942,400	942,400
10	Private Fire	118,386	\$651,300	651,300
11	Other			
12	Revenues	\$10,803,073	\$11,456,334	\$11,456,334
13				
14	O&M			
15	Salaries and Wages	\$504,628	\$504,628	\$504,628
16	Group Insurance	82,491	82,491	82,491
17	Purchased Water - NJWSA (2016 BPU Report)	-	792,946	792,946
18	Pension Expense	130,629	130,629	130,629
19	Other Post-Employment Benefits (OPEBs)	-	-	-
20	401(k) Expense	11,608	11,608	11,608
21	Defined Contribution Plan	24,850	24,850	24,850
22	Other - Benefits	-	-	-
23	Power	205,153	205,153	205,153
24	Chemicals	155,050	155,050	155,050
25	Water Diversion	21,852	21,852	21,852
26	Waste Disposal - Water Operation	57,259	57,259	57,259
27	Engineered Coating of Steel Structures	-	-	-
28	Regulatory Expense	6,257	6,257	6,257
29	Insurance Other Than Group	138,900	138,900	138,900
30	Call Center	132,103	132,103	132,103
31	Central Services	278,859	278,859	278,859
32	ITS Services	170,446	170,446	170,446
33	Laboratory Services	13,353	13,353	13,353

Exhibit HJW-5: Shorelands Water Company Revenue Requirement (Continued)				
		Original	Revised	Rate Counsel
		Shorelands	Shorelands	Shorelands
		Water	Water	Water
34	Regional Services	54,066	54,066	54,066
35	Shared Service Center	84,764	84,764	84,764
36	Supply Chain Services	7,544	7,544	7,544
37	Rental Expense - Real Property	194,365	194,365	194,365
38	Lease of Granular Activated Carbon	-	-	-
39	Leased Vehicle, Fuel & Maintenance Expense	11,397	11,397	11,397
40	Postage & Forms	62,167	62,167	62,167
41	Security (ADT and NAS)	11,015	11,015	11,015
42	Paving	41,262	41,262	41,262
43	Phone and Cell Phone	51,935	51,935	51,935
44	Contract Services - Sewer	-	-	-
45	Uncollectible Expense	50,133	50,133	50,133
46	Audit Fees	8,880	8,880	8,880
47	Property Sales	-	-	-
48	Management Audit	-	-	-
49	Charitable Contributions and Lobbying Expenses	-	-	-
50	Purchased Water	-	-	-
51	Sewage Treatment and Disposal Cost	-	-	-
52	Other O&M	1,198,090	1,198,090	1,198,090
53	Total Pro Forma O&M Expense - Present Rates	\$3,709,056	\$4,502,002	\$4,502,002
54				
55	Pro Forma Adjustment to Uncollectible	10,023	5,963	5,963
56				
57	Total Pro Forma O&M Expense - Proposed Rates	\$3,719,079	\$4,507,965	\$4,507,965
58				
59	Pro Forma:			
60	Depreciation	\$790,311	\$790,311	\$ 1,365,423
61				
62	Pro Forma Taxes Under Present Rates:			
63	Property Taxes	87,788	87,788	87,788
64	Payroll Taxes	40,637	40,637	40,637
65	Gross Receipts and Surtax	862,276	862,276	862,276
66	Franchise Tax and Surtax	544,786	544,786	544,786
67	BPU/DRC Assessment	29,263	29,263	29,263
68	Water Monitoring Tax	11,573	11,573	11,573
69	Other Taxes	-	-	-
70	Total Pro Forma Under Present Rates	1,576,322	1,576,322	1,576,322
71				
72				
73				

Exhibit HJW-5: Shorelands Water Company Revenue Requirement (Continued)				
		Original	Revised	Rate Counsel
		Shorelands	Shorelands	Shorelands
		Water	Water	Water
74	Pro Forma Taxes Under Proposed Rates:			
75	Property Taxes	\$87,788	\$87,788	\$87,788
76	Payroll Taxes	40,637	40,637	40,637
77	Gross Receipts and Surtax	910,533	965,652	965,652
78	Franchise Tax and Surtax	575,273	610,097	610,097
79	BPU/DRC Assessment	30,898	32,767	32,767
80	Water Monitoring Tax	11,573	11,573	11,573
81	Other Taxes	-	-	-
82	Total Pro Forma Under Proposed Rates	\$1,656,702	\$1,748,513	\$1,748,513
83				
84	FIT - Present Rates			
85	Operating revenue	\$8,757,512	\$10,239,338	\$10,239,338
86				
87	Less:			
88	Operation and maintenance expense	\$3,709,056	\$4,502,002	\$4,502,002
89	Depreciation expense	790,311	790,311	1,365,423
90	Amortization of acquisition adjustments	668,074	668,074	668,074
91	Taxes other than income	1,576,322	1,576,322	1,576,322
92	Interest charges	841,188	841,188	1,275,126
93	Amortization of CPS	-	-	-
94	Excess tax depreciation over book	-	-	-
95				
96	Total deductions	\$7,584,951	\$8,377,897	\$9,386,947
97				
98	Taxable income	\$1,172,561	\$1,861,441	\$852,391
99				
100	Tax Rate	21%	21%	21%
101				
102	Federal income tax (current)	\$246,238	\$390,903	\$179,002
103				
104	Notes:			
105	(1) Interest synchronization calculation:			
106	Rate Base	\$36,939,817	\$36,939,817	\$55,995,662
107	Weighted Cost of Debt	2.2772%	2.2772%	2.2772%
108				
109	Interest Charges	\$841,188	\$841,188	\$1,275,126
110				
111				

Exhibit HJW-5: Shorelands Water Company Revenue Requirement (Continued)				
		Original	Revised	Rate Counsel
		Shorelands	Shorelands	Shorelands
		Water	Water	Water
112	FIT - Proposed Rates			
113	Operating revenue	\$10,803,073	\$11,456,334	\$11,456,334
114				
115	Less:			
116	Operation and maintenance expense	\$3,719,079	\$4,507,965	\$4,507,965
117	Depreciation expense	790,311	790,311	1,365,423
118	Amortization of acquisition adjustments	668,074	668,074	668,074
119	Taxes other than income	1,656,702	1,748,513	1,748,513
120	Interest charges	841,188	841,188	1,275,126
121	Amortization of CPS	-	-	-
122	Excess tax depreciation over book	-	-	-
123				
124	Total deductions	\$7,675,354	\$8,556,051	\$9,565,101
125				
126	Taxable income	\$3,127,719	\$2,900,283	\$1,891,233
127				
128	Tax Rate	21%	21%	21%
129				
130	Federal income tax (current)	\$656,821	\$609,059	\$397,159
131				
132				
133	Total rate base	\$36,939,817	\$36,939,817	\$55,995,662
134				
135				
136	Rate Base	\$36,939,817	\$36,939,817	\$55,995,662
137	Rate of Return	8.1092%	8.1092%	8.1092%
138	Operating Income Requirement	2,995,519	2,995,519	4,540,793
139	Pro Forma Present Rate Operating Income	1,767,511	2,311,726	1,948,515
140	Operating Income Deficiency	1,228,008	683,793	2,592,278
141	Revenue Conversion Factor	1.48007	1.48007	1.48007
142	Revenue Requirement	\$1,817,538	\$1,012,061	\$3,836,752
143				
144	Proposed Revenues less Present Revenues	\$2,045,561	\$1,216,996	\$1,216,996
145				
146	Over-Recovery / (Under-Recovery)	\$ 228,023	\$ 204,935	\$ (2,619,756)