

**SHORE WATER COMPANY
EXPLANATION OF TEST YEAR**

THE COMPANY IS UTILIZING A TEST YEAR COVERING THE TWELVE MONTH PERIOD JANUARY 1, 2020 THROUGH DECEMBER 31, 2021. THE COMPILED DATA CONSISTS OF THE ACTUAL BALANCE SHEET AS OF JUNE 30, 2021 WITH A PROJECTION TO DECEMBER 31, 2021 AND AN ACTUAL INCOME STATEMENT FOR THE PERIOD JANUARY 1, 2021 THROUGH JUNE 30, 2021 WITH SIX MONTHS PROJECTED TO DECEMBER 31, 2021.

THE COMPANY HAS MADE CHANGES TO THE TEST YEAR BASED FOR KNOWN AND MEASURABLE CHANGES IN PLANT INVESTMENT, REVENUES AND OPERATING EXPENSES JANUARY 1, 2022 THROUGH DECEMBER 31, 2022 THAT ARE SUMMARIZED IN SCHEDULE F

SHORE WATER COMPANY
PROFORMA STATEMENT OF REVENUES AND EXPENDITURES
UNDER PRESENT AND PROPOSED RATES

<u>UTILITY OPERATING INCOME</u>	TEST YEAR DECEMBER 31 2021	<u>ADJUSTMENTS</u>	UNDER PRESENT BASE RATES <u>PROFORMA</u>	<u>ADJUSTMENTS</u>	UNDER PROPOSE BASE RATES <u>PROFORMA</u>
<u>OPERATING REVENUES</u>	<u>652,737</u>	<u>0</u>	<u>652,737</u>	<u>251,522</u>	<u>904,258</u>
OPERATING EXPENSES	449,573	87,237	536,810		536,810
MAINTENANCE EXPENSES	17,867	34,680	52,547		52,547
DEPRECIATION EXPENSE	35,210	12,840	48,049		48,049
TAXES OTHER THAN INCOME	131,015	2,609	133,624	36,144	169,768
INCOME TAXES	9,780	-9,780	<u>0</u>	16,411	<u>16,411</u>
<u>TOTAL OPERATING EXPENSES</u>	<u>\$643,445</u>	<u>\$127,585</u>	<u>\$771,031</u>	<u>\$52,555</u>	<u>\$823,585</u>
<u>NET OPERATING REVENUE</u>	<u>\$9,291</u>	<u>-\$127,585</u>	<u>-\$118,294</u>	<u>\$198,967</u>	<u>\$80,673</u>
<u>OTHER INCOME</u>					
INTEREST INCOME	929	0	<u>929</u>		<u>929</u>
NON OPERATING REVENUE	1,003	0	<u>1,003</u>		<u>1,003</u>
<u>OTHER EXPENSES</u>					
INTEREST EXPENSE	<u>0</u>	<u>20,869</u>	<u>20,869</u>		<u>20,869</u>
<u>NET INCOME</u>	<u>\$11,223</u>	<u>-\$148,454</u>	<u>-\$137,231</u>	<u>\$198,967</u>	<u>\$61,736</u>

SHORE WATER COMPANY
STATEMENT OF TEST YEAR REVENUES

6 MONTHS ACTUAL
6 MONTHS PROJECTED
2021
TEST YEAR

A/C DESCRIPTION

UNMETERED SALES	\$564,960
METERED SALES	\$69,073
PRIVATE FIRE	\$7,802
PUBLIC FIRE	\$9,771
<u>TOTAL SALES OF WATER</u>	<u>\$651,606</u>
MISC. SERVICE REVENUE	1,131
<u>TOTAL REVENUES</u>	<u>\$652,737</u>

SHORE WATER COMPANY
STATEMENT OF OPERATION AND MAINTENANCE EXPENSES

PROJECTED TEST YEAR ENDING
DECEMBER 31, 2021

	<u>OPERATION EXPENSE</u>	<u>MAINTENANCE EXPENSE</u>
<u>RECAPITULATION</u>		
SOURCE OF SUPPLY EXPENSES	\$19,673	\$7,443
PUMPING EXPENSES	49,340	\$833
WATER TREATMENT EXPENSES	25,161	0
TRANSMISSION AND DISTRIBUTION EXPENSES	20,594	7,711
CUSTOMER ACCOUNT EXPENSES	53,516	0
ADMINISTRATIVE AND GENERAL EXPENSES	<u>281,289</u>	<u>1880</u>
TOTAL OPERATION AND MAINTENANCE EXPENSES	<u>\$449,573</u>	<u>\$17,867</u>

SHORE WATER COMPANY
STATEMENT OF OPERATION AND MAINTENANCE EXPENSES

PROJECTED TEST YEAR ENDING
DECEMBER 31, 2021
OPERATION MAINTENANCE

CODE SOURCE OF SUPPLY EXPENSES

600	OPERATION LABOR	19,673	
602	OPERATION SUPPLIES AND EXPENSES		
605	MAINTENANCE OF WATER SOURCE PLANT		<u>7,443</u>
	<u>TOTAL SOURCE OF SUPPLY EXPENSES</u>	<u>\$19,673</u>	<u>\$7,443</u>

CODE PUMPING EXPENSES

620	OPERATION LABOR	19,673	
622	FUEL OR POWER PURCHASED FOR PUMPIN	20,291	
623	OPERATION SUPPLIES AND EXPENSES	9,376	
625	MAINTENANCE OF PUMPING PLANT		<u>833</u>
	<u>TOTAL PUMPING EXPENSES</u>	<u>\$49,340</u>	<u>\$833</u>

CODE WATER TREATMENT EXPENSES

630	OPERATION LABOR	19,673	
631	CHEMICALS	2,969	
632	OPERATION SUPPLIES AND EXPENSES	2,519	
	<u>TOTAL WATER TREATMENT EXPENSES</u>	<u>\$25,161</u>	<u>\$0</u>

CODE TRANSMISSION AND DISTRIBUTION EXPENSES

640	OPERATION LABOR	19,673	
	OPERATION SUPPLIES AND EXPENSES	921	
651	MAINTENANCE OF MAINS		3,500
652	MAINTENANCE OF DISTRIBUTION STANDPIPE		0
	MAINTENANCE OF SERVICES		1,014
	MAINTENANCE OF METERS		1,335
	MAINTENANCE OF OTHER PLANT		1,863
	<u>TOTAL TRANSMISSION AND DISTRIBUTION</u>	<u>\$20,594</u>	<u>\$7,711</u>

CODE CUSTOMER ACCOUNT EXPENSES

901	CUSTOMER ACCOUNT LABOR	45,000	
903	SUPPLIES AND EXPENSES	8,062	
	BAD DEBTS	454	
	<u>TOTAL CUSTOMER ACCOUNT EXPENSES</u>	<u>\$53,516</u>	<u>\$0</u>

CODE ADMINISTRATION AND GENERAL EXPENSES

920	ADMINISTRATIVE AND GENERAL SALARIES	115,000	
921	OFFICE SUPPLIES AND OTHER EXPENSES	23,076	
923	OUTSIDE SERVICES EMPLOYED	33,700	
925	INJURIES AND DAMAGES	15,497	
926	EMPLOYEE PENSIONS AND BENEFITS	69,303	
928	REGULATORY COMMISSION EXPENSES	5,846	
930	MISCELLANEOUS GENERAL EXPENSES	16,000	
933	TRANSPORTATION EXPENSES	2,866	
935	MAINTENANCE OF GENERAL PLANT		<u>1,880</u>
	<u>TOTAL ADMIN. AND GENERAL EXPENSES</u>	<u>\$281,289</u>	<u>\$1,880</u>

SHORE WATER COMPANY
STATEMENT OF TAXES - OTHER THAN INCOME TAXES

**PROJECTED
TEST YEAR
12/31/2021**

<u>CODE</u>	<u>FEDERAL TAXES</u>	
408.2	FEDERAL INSURANCE CONTRIBUTION ACT	17,153
408.3	FEDERAL UNEMPLOYMENT	168
	<u>TOTAL FEDERAL TAXES</u>	<u>\$17,321</u>
	 <u>STATE TAXES</u>	
408.6	UNEMPLOYMENT AND DISABILITY	1,839
408.9	EXCISE TAXES	10,126
	OTHER MISCELLANEOUS TAXES	596
	<u>TOTAL STATE TAXES</u>	<u>\$12,561</u>
	 <u>LOCAL TAXES</u>	
408.1	GROSS RECEIPTS	48,677
408.4	LOCAL PROPERTY	19,382
408.5	FRANCHISE	32,214
	SEWER TAX	860
	<u>TOTAL LOCAL TAXES</u>	<u>\$101,133</u>
408	<u>TOTAL TAXES - OTHER THAN INCOME TAXES</u>	<u>\$131,015</u>

SHORE WATER COMPANY
SUMMARY OF ADJUSTMENTS TO TEST YEAR

		SCHEDULE REFERENCE
UTILITY OPERATING INCOME	\$0	SCHEDULE F-1
UTILITY OPERATING EXPENSES		
OPERATION EXPENSES		
SALARIES	\$9,322	SCHEDULE F-2
OPERATION SUPPLIES AND EXPENSES	\$3,400	SCHEDULE F-3
ADMINISTRATIVE AND GENERAL EXPENSES		
OUTSIDE SERVICES	\$14,131	SCHEDULE F-4
EMPLOYEE PENSION & BENEFITS	\$2,331	SCHEDULE F-2
REGULATORY COMMISSION EXPENSES	\$31,500	SCHEDULE F-5
EXTRAORDINARY COST RECOVERY	\$26,553	SCHEDULE F-6
TOTAL OPERATING EXPENSES	\$87,237	
MAINTENANCE EXPENSES		
MAINTENANCE OF UTILITY PLANT	3,365	SCHEDULE F-7
AMORTIZATION OF WELL REHABILITATION COSTS	\$22,601	SCHEDULE F-8
MAINTENANCE OF T&D PLANT	\$8,715	SCHEDULE F-9
TOTAL MAINTENANCE EXPENSES	\$34,680	
DEPRECIATION EXPENSE	\$12,840	SCHEDULE G
TAXES OTHER THAN INCOME TAXES		
PAYROLL TAXES	\$932	SCHEDULE F-2
REAL ESTATE TAXES	\$1,677	SCHEDULE F-10
INTEREST EXPENSE	\$20,869	SCHEDULE F-11

SHORE WATER COMPANY
 EXPLANATION OF ADJUSTMENT TO TEST YEAR

TEST YEAR REVENUES

THE COMPANY HAS DETERMINED THAT NO ADJUSTMENT TO TEST YEAR REVENUES UNDER PRESENT RATES WILL BE REQUIRED.

DUE TO THE LIMIT AREA OF THE FRANCHISE NO REAL ESTATE DEVELOPMENT IS IDENTIFIED ACCORDINLY NO CHANGES IN NUMBER OF METERED CUSTOMERS WILL BE REALIZED. GALLONS BILLED AT THE METERED CONSUMPTION CHARGE IS ANTICIPATED TO BE CONSISTENT WITH TEST YEAR 2021 A SIX INCH SERVICE LINE AT ISLAND BEACH STATE PARK LOCATED AT THE PARKS HEADQUARTERS BUILDING HAS NOT BEEN IN SERVICE AND NO FIXED SERVICE CHARGE OR CONSUMPTION HAS BILLED SINCE 2018.

THE MAJORITY OF THE COMPANY'S CUSTOMERS ARE BILLED ON A FLAT RATE UNMETERED BASIS NO ADDITIONAL CUSTOMERS ARE ANTICIPATED. THE FOLLOWING RECONCILES THE SERVICE LINE CHARGES TO ACTUAL UNMETERED ACCOUNTS BILLED

SERVICE LINES PER ANNUAL REPORT PAGE 53	1203
METERED AND PRIVATE FIRE CUSTOMER SERVICE LINES	-39
UNMETERED CUSTOMERS	1164
UNMETERED CUSTOMERS WITH A SINGLE SERVICE LINE SERVING MULTIPLE UNITS OF SERVICE	87
POTENTIAL UNMETERED BILLING UNITS	1251
UNMETERED SERVICE LINES ON VACANT LOTS NOT BILLED (HISTORICAL FIGURE)	7
UNMETERED REVENUE BILLING UNITS COLLECTE	1244

THE COMPANY BILLS 43 PUBLIC FIRE HYDRANTS INCLUDING 1 NEW HYDRANT INSTALLED IN 2021 AS PART OF THE MIDWAY BEACH MAIN REPLACEMENT PROJECT. THE COMPANY'S CHARGES FOR PUBLIC FIRE PROTECTION IS LESS THAN CHARGED TO BERKEELY TOWNSHIP BY ITS OTHER WATER SERVICE PROVIDERS.

THE COMPANY HAS THREE (3) PRIVATE FIRE SERVICE LINES AT COMMERCIAL BUSINESS ESTABLISHMENTS

SHORE WATER COMPANY
EXPLANATION OF ADJUSTMENT TO TEST YEAR

	TEST YEAR	PROFORMA	INCREASE
LABOR COSTS			
OPERATION AND MAINTENANCE SALARIES			
COREY CORRELL, LICENSED OPERATIONS MANAGER	78,692	83,414	
JOY PARISI, CUSTOMER ACCOUNT MANAGER	45,000	46,800	
BASIS FOR INCREASE			
ANNUAL INCREASE OF FOUR (4%) PERCENT EFFECTIVE 1/1/2022 FOR JILL PARISI			
INCREASE OF 6% FOR CORY CORRELL AFTER COMPLETION OF PROBATIONARY			
PERIOD AND RETENTION INCENTIVE			
ADMINISTRATIVE AND GENERAL SALARIES			
GLORIA STUART, PRESIDENT AND CHIEF EXECUTIVE OFFICER	70,000	72,800	
JILL PARISI, TREASURER AND CHIEF FINANCIAL OFFICER	45,000	46,800	
TOTAL ADMINISTRATIVE AND GENERAL EXPENSES	115,000	119,600	
BASIS FOR INCREASE			
ANNUAL INCREASE OF FOUR (4%) PERCENT EFFECTIVE 1/1/2022			
TOTAL LABOR COSTS AND INCREASE FROM TEST YEAR	193,692	203,014	9,322
IMPACT OF INCREASE ON RETIREMENT PLAN			2,331
IMPACT ON PAYROLL TAXES (10 PER CENT%)			932

NOTE:

2021 TEST YEAR ADMINISTRATIVE SALARIES, BENEFITS AND OTHER COMPENSATION FOR ADMINISTRATIVE PERSONEL ARE LESS THAN THE AMOUNTS INCLUDED IN THE REVENUE REQUIREMENT IN THE LAST BASE RATE CASE SETTLED IN 2013 BY \$8,000. FACTORING THE ADJUSTMENTS TO THE TEST YEAR, THE SALARIES AND BENEFITS ARE STILL LESS THAN THE 2013 AMOUNTS.

SHORE WATER COMPANY
 EXPLANATION OF ADJUSTMENT TO TEST YEAR

	TEST YEAR	PROFORMA	INCREASE
OPERATION SUPPLIES AND EXPENSES - A/C 602, 632 AND 641	12,816	16,216	3,400

THE INCREASES IS BASED ON THE COMPANY'S ESTIMATE FOR OPERATION SUPPLIES AND EXPENSES FOR SOURCE OF SUPPLY, PUMPING, WATER TREATMENT AND TRANSMISSION AND DISTRIBUTION INCLUDING AN ANNUALIZATION ADJUSTMENT FOR REPLACEMENT OF BACK UP OPERATOR STIPEND THAT INCREASED FROM \$125 PER MONTH TO \$550 PER MONTH AS OF APRIL 1, 2021. WITH ANTICIPATED INCREASE TO \$600 PER MONTH AS OF JANUARY 1, 2022. THE INCREASE WAS NECESSARY TO ATTRACT QUALIFIED INDIVIDUAL.

INCREASE FOR BACK UP OPERATOR STIPEND	1875
INCREASE FOR ALL OTHER OPERATION SUPPLIES & EXPENSE	1,525
TOTAL	3,400

SHORE WATER COMPANY
EXPLANATION OF ADJUSTMENT TO TEST YEAR

	TEST YEAR	PROFORMA	INCREASE
ADMINISTRATIVE AND GENERAL EXPENSES OUTSIDE SERVICES			
ACCOUNTING SUPPORT AND TAX RETURN PREPRATION JOHN P MORRO CPA	13,070	13,331	261
REVIEW LEVEL PROCEDURES ON COMPANY'S FINANCIAL STATEMENTS AND ISSUANCE OF AN ANNUAL FINANCIAL STATEMENT BY A LICENSED AND INDEPENDENT CPA FIRM AS A COVENANT TO THE LOAN AGREEMENT WITH MANASQUAN BANK FEE AS PER ENGAGEMENT LETTER OF MAGONE & COMPANY CPAS	0	6,500	6,500
ENGINEERING SUPPORT SERVICES FOR OVERSIGHT OF OPERATION & MAINTENANCE; MANAGEMENT ASSISTANCE FOR STRATEGIC IMPLEMENTATION OF THE COMPANY'S ASSET MANAGEMENT PLAN AND COMPLIANCE WITH WATER QUALITY STANDARDS. MONTHLY RETAINER \$1,100 PER MONTH ANNUALIZATION ADJUSTMENT FOR INCREASE EFFECTIVE APRIL 2021 WITH AN INCREASE TO \$1,500 PER MONTH EFFECTIVE JANUARY 1, 2022	12,200	18,000	5,800
SERVICES FOR ONGOING REGULATORY COMPLIANCE; COMPLIANCE WITH WATER QUALITY STANDARDS AND ENFORCEMENT OF TARIFF	8,430	10,000	1,570
TOTAL INCREASE IN OUTSIDE SERVICES			14,131

SHORE WATER COMPANY
EXPLANATION OF ADJUSTMENT TO TEST YEAR

TEST YEAR PROFORMA INCREASE

REGULATORY COMMISSION EXPENSES - A/C 928

RATE CASE EXPENSES

THE COMPANY HAS ENGAGED THE SERVICES OF LEGAL, ENGINEERING, AND A RATE CONSULTANT TO ASSIST IN PREPARING PETITIONS AND EXHIBITS, RESPOND TO INTERROGATORIES, ATTEND SETTLEMENT CONFERENCES, REVIEW OF ORDERS AND GENERAL CASE MANAGEMENT.

NO PROFESSIONAL ENGAGED FOR THIS PROCEEDING IS WORKING ON A CONTINGENT BASIS. THE EXPENSE IS BASED ON AN ESTIMATED TIME FOR CONCLUSION OF THE PROCEEDING ASSUMING EARLY STIPULATION AND SETTLEMENT.

THE ESTIMATED COST CONSISTS OF

LEGAL	35,000
RATE CONSULTANT	20,000
ENGINEERING	7,000
MISC. FEES & EXPENSES	1,000
TOTAL	63,000

THE COST IS TO BE AMORTIZED OVER TWO YEARS

0	31,500	31,500
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THE COMPANY ANTICIPATES MORE FREQUENT FILINGS OF BASE RATE CASES TO PROVIDE RECOVERY OF ASSET MANAGEMENT PLAN INVESTMENTS THAT WILL BE PHASED IN OVER THE NEXT 3-7 YEARS. ADDITIONALLY ONGOING COST INCREASES TO MAINTAIN COMPLIANCE WITH NJDEP WATER QUALITY STANDARDS AND TESTING REQUIREMENTS WILL BE INCURRED

THE COMPANY IS NOT REFLECTING SHARING OF RATE CASE COSTS DUE TO THE VERY SMALL SIZE OF THE COMPANY. THE RESULT OF RATE CASE SHARING IMPACTS THE COMPANY'S ABILITY TO EARN ITS AWARDED ALLOWED RETURN ON EQUITY AND THE OVERALL RETURN THAT PROVIDES CASH FLOW TO MEET DEBT SERVICE REQUIREMENTS.

SHORE WATER COMPANY
EXPLANATION OF ADJUSTMENT TO TEST YEAR

EXTRAORDINARY COST RECOVERY

FINANCIAL PLAN IMPLEMENTATION COSTS

SHORE WATER COMPANY INCURRED COSTS TO RESTRUCTURE ITS INTERNAL CAPITAL EQUITY STRUCTURE THAT ENABLED THE COMPANY TO ATTRACT EXTERNAL FINANCING THAT WAS NECESSARY TO IMPLEMENT ITS ASSET MANAGEMENT PLAN. THE DEBT FINANCING WAS APPROVED IN DOCKET WF202100662. THE DETAILS OF THE FINANCIAL PLAN WERE PROVIDED IN DISCOVERY INTEROGATORRIES RELATING TO THAT PETITION

THE FINANCIAL PLAN IMPLEMENTATION WAS NECESSARY TO PROVIDE ACCESS TO EXTERNAL CAPITAL SOURCES TO IMPLEMENT THE COMPANY'S ASSET MANAGEMENT PLAN DEVELOPED AS A REQUIREMENT OF THE WATER QUALITY AND ACCOUNTABILITY ACT. THE FINANCIAL PLAN WAS DESIGNED TO REMOVE IDENTIFIED IMPEDIMENTS TO EXTERNAL CAPITAL. THE OBJECTIVES THAT WERE ACHIEVED INCLUDED:

- REPURCHASE OF MINORITY INTEREST SHARES OWNED BY MINORITY INTEREST TRUST SHAREHOLDERS
- APPROVING PURCHASE OF TREASURY SHARES BY GLORIA STUART TO ACHIEVE MAJORITY VOTING CONTROL OF SHORE WATER COMPANY FROM THE RETIRING PRESIDENT AND CONTOLLING SHAREHOLDER SAM FAIELLO
- OBTAINING NJBPU APPROVAL OF EXTERNAL DEBT CAPITAL TO FUND THE INITIAL PHASE ON THE COMPANY'S ASSET MANAGEMENT PLAN

THE COSTS INCURRED INVOLVED THE FOLLOWING FINANCIAL PLAN COMPONENTS
REGULATORY APPROVAL OF THE DEBT FINANCING WITH MANASQUAN BANK
CONSULTATION AND DRAFTING OF DOCUMENTS FOR THE BUY OUT OF MINORITY INTEREST SHARES
CONSULTATION AND DRAFTING OF DOCUMENTS FOR CHANGE IN CORPORATE CONTROL

WITH READY ACCESS TO CAPITAL, THE COMPANY WILL CONTINING BORROWING FOR FUTURE PHASES OF ITS ASSET MANAGEMENT PLAN. FUTURE FINANCING WILL LIKELY INVOLVE REFINANCING OF THE MANASQUAN LOAN WITH ADDITIONAL DEBT FINANCING TO ACHIEVE LONGER STATED FIXED INTEREST RATE TERMS IN THE MANASQUAN LOAN INCLUDES A PREPAYMENT PENALTY FOR THE FIRST THREE YEARS OF THE LOAN

TOTAL COSTS FOR DEVELOPMENT AND IMPLEMENTATION OF THE FINANCIAL PLAN	62,033
AMORTIZATION PERIOD	3 YRS
ANNUAL RECOVERY	20,678
TEST YEAR	0
ADJUSTMENT	20,678

NOTE
THE ALTERNATIVE RATE MAKING TREATMENT OF THESE COSTS WOULD BE TO INCLUDE THE COSTS AS DEBT ISSUANCE COSTS THAT INCREASES THE EFFECTIVE COST OF EXTERNAL CAPITAL IN THE COMPUTATION OF THE CAPITAL STRUCTURE AND OVERALL RETURN. ASSUMING A THREE YEAR LIFE OF THE EXISTING DEBT THE EFFECTIVE COST OF DEBT INCREASES FROM 3.90% TO 8.36%.

TRANSITION AND TRAINING COSTS

SHORE WATER COMPANY'S LONG TIME OPERATOR GEORGE KAMMER ANNOUNCED HIS RETIREMENT IN 2020. AFTER AN EXTENSIVE SEARCH THE COMPANY HIRED COREY CORRELL AS HIS REPLACEMENT AS OF JANUARY 1, 2021. THE TRANSFER OF MR. KAMMER'S INSTITUTIONAL KNOWLEDGE OF THE OPERATION OF SHORE'S SUPPLY, PUMPING AND TREATMENT PLANTS AND T&D SYSTEM REQUIRED SUBSTANTIAL TRANSITION TRAINING COVERING A THREE MONTH PERIOD WHICH SHORE WATER COMPANY PAID SALARIES TO BOTH MR. KAMMER AND MR. CORRELL. THE COMPANY IS SEEKING TO RECOVER THE TRAINING COSTS OVER A 3 YEAR PERIOD. THIS TRAINING PERIOD WAS NECESSARY TO ASSURE CONTINUATION OF SAFE PROPER AND ADEQUATE SERVICE TO CUSTOMERS

SALARY PAID TO GEORGE KAMMER JANUARY 1- MARCH 31, 2021	17,625
AMORTIZATION PERIOD IN YEARS	3
ANNUAL AMORTIZATION	5,875

TOTAL ANNUAL AMORTIZATION FOR EXTRAORDINARY COST COSTS TO BE RECOVERED	26,553
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NOTE
SHORE WATER COMPANY'S RECOVERY OF UNUSUAL EXTRAORDINARY EXPENSE ITEMS AS AN AMORTIZABLE EXPENSE WAS PREVIOUSLY RECOGNIZED BY THE BOARD WHEN RECOVERY OF EXTRAORDINARY COSTS RELATING TO SUPERSTROM SANDY WAS ALLOWED IN THE 2013 BASE RATE CASE

THE COMPANY IS SEEKING SIMILAR RECOGNITION OF THESE EVENTS DUE TO THE INFREQUENT AND SUBSTANTIAL NATURE OF THE EXPENDITURES AND IMPORTANCE TO THE COMPANY'S ASSURANCE TO PROVIDE SAFE, PROPER AND ADEQUATE SERVICE TO ITS CUSTOMERS

SHORE WATER COMPANY
EXPLANATION OF ADJUSTMENT TO TEST YEAR

			PROJECTED		
			TEST YEAR	PROFORMA	INCREASE
MAINTENANCE EXPENSES					
A/C's 605,625,635 AND 935					
<p>BASED ON AVERAGE EXPENSES OF PRIOR THREE YEARS FOR THE FOLLOWING MAINTENANCE CATEGORIES EXCLUDING AMORTIZATION OF WELL REHABILITATION COSTS POSTED IN ACCOUNT 605</p>					
	2020	2019	2018		
SOURCE OF SUPPLY	1,200	703	1,194		
PUMPING	1,846	1,283	1,650		
WATER TREATMENT	412	0	294		
ADMINISTRATIVE & GENERAL	1,315	3,084	5,254		
TOTAL	4,773	5,070	8,392		
AVERAGE 3 YEARS		6,078	2,713	6,078	3,365

NOTE

ONGOING SYSTEM EVALUATION AS REQUIRED BY THE WATER QUALITY AND ACCOUNTIBILITY ACT WILL INCREASE COSTS IN BOTH THE TEST YEAR AND RATE YEAR COMPARED TO PREVIOUS HISTORICAL PERIODS.

THE COMPANY'S OPERATION ATTEMPTS TO MINIMIZE DISRUPTION TO SEASONAL USE BY HOMEOWNERS AND VACATIONERS AND THE RELATED WATER DEMAND USE OF FACILITIES. ACCORDINGLY REPAIRS AND IMPROVEMENT PROJECTS ARE COMPLETED IN THE FALL AND HAVE NOT YET BEEN COMPLETED FOR 2021. THE COSTS TO COMPLETE IDENTIFIED ITEMS HAS NOT YET BEEN REFLECTED IN THE PROJECTED TEST YEAR. AS PRIORITIZED REQUIRED PROJECTS AND RELATED MAINTENANCE COSTS ARE IDENTIFIED AND INCURRED THE PROJECTED TEST YEAR AMOUNTS WILL BE UPDATED. WHEN UPDATED, THE COMPANY ANTICIPATES THAT THE FINAL TEST YEAR AMOUNTS WILL MEET OR EXCEED THE AVERAGE OF THE PRIOR THREE YEAR EXPENDITURES.

SHORE WATER COMPANY
EXPLANATION OF ADJUSTMENT TO TEST YEAR

		TEST YEAR	PROFORMA	INCREASE
MAINTENANCE OF PUMPING PLANT				
<p>THE COMPANY'S ASSET MANAGEMENT PLAN INCLUDES EVALUATION OF THE CONDITION OF THE COMPANY'S THREE (3) SOURCE OF SUPPLY WELLS. FOLLOWING BEST PRACTICES AND OPERATIONAL STATISTICS THE RECOMMENDATION WAS THAT WELLS 2 & 3 SHOULD BE REHABILITATED WITH REHABILITATION CONTRACTED TO BE COMPLETED IN FALL OF 2021. THESE TWO WELLS WERE LAST REHABILITATED IN 2010. THE AMORTIZATION PERIOD IS CONSISTENT WITH AMORTIZATION PERIODS ALLOWED IN THE 2013 AND 2010 RATE CASE</p>				
REHABILITATION COSTS WELL NO 2	95,000			
REHABILITATION COSTS WELL NO3	95,000			
ENGINEERING INSPECTION	3,900			
TOTAL COSTS	193,900			
AMORTIZATION PERIOD	8 YEARS			
ANNUAL AMORTIZATION	24,238	0	24,238	24,238
CONTINING AMORTIZATION OF WELL 3 REHABILITATION INCURRED IN PRIOR YEAR AS APPROVED IN THE 2013 RATE .		3,274	1,637	-1,637
TOTAL MAINTENACE OF PUMPING PLANT AND ADJUSTMENT		3,274	25,875	22,601

SHORE WATER COMPANY
EXPLANATION OF ADJUSTMENT TO TEST YEAR

		TEST YEAR	PROFORMA	INCREASE
ALL OTHER TRANSMISSION AND DISTRIBUTION MAINTENANCE EXPENSES				
A/C's 651, 652, AND 655				
THE PROFORMA PERIOD ANNUAL MAINTENANCE IS DETERMINED BY TAKING THE AVERAGE MAINTENANCE EXPENSE FOR T&D PLANT PLANT				
	2020		5,194	
	2019		13,943	
	2018		15,140	
	TOTAL		34,277	
AVERAGE 3 YEARS FOR ROUTINE MAINTENANCE AND EMERGENCY REPAIRS			11,426	
ANNUAL PAINTING AND PREVENTIVE MAINTENANCE SERVICE EVALUATION PROGRAM PER ASSET MANAGEMENT PLAN			5,000	
TOTAL PROFORMA T & D MAINTENANCE		16,426	7,711	16,426
				8,715

NOTE:

THE MAJORITY OF THE REPAIRS TO T&D PLANT PERFORMED OVER THE LAST THREE YEARS PRIMARILY RELATES TO EMERGENCY MAIN AND SERVICE LEAK REPAIRS AS THE SYSTEM AGES THE COMPANY ANTICIPATES THAT UNTIL THE ASSET MANAGEMENT PLAN IS IMPLEMENTED WITH CAPITAL INFRASTRUCTURE REPLACEMENTS, OLDER UNDERSIZED MAINS AND SERVICE LINES WILL EXPERIENCE MORE FREQUENT OCCURANCES OF LEAKS AND BREAKS

THE COMPANY ALSO ANTICIPATES THAT COMPLIANCE WITH THE WATER QUALITY AND ACCOUNTABILITY ACT WILL REQUIRE ADDITIONAL MAINTENANCE EXPENDITURES RELATING TO T&D PLANT THAT WILL MOST LIKELY EXCEED THE THREE YEAR HISTORICAL AVERAGE USED IN THE DETERMINATION OF THE RATE YEAR NORMALIZED COSTS

SHORE WATER COMPANY
 EXPLANATION OF ADJUSTMENT TO TEST YEAR

		PROJECTED TEST YEAR	PROFORMA	INCREASE
TAXES OTHER THAN INCOME TAXES				
REAL ESTATE TAXES				
BASED ON INCREASES FROM FINAL TAX BILLS				
FROM BERKELEY TWP FOR THE 2021/2022 ASSESSMENT PERIOD				
INCREASES AS OF JULY 1, 2021 AND JULY 1, 2022				
REAL ESTATE TAX- WELL HOUSE PROPERTY	6,665		7,226	
REAL ESTATE TAX - STORAGE TANK & OFFICE	13,250		14,366	
TOTAL	19,915	19,915	21,592	1,677

SHORE WATER COMPANY
EXPLANATION OF ADJUSTMENT TO TEST YEAR

INTEREST EXPENSE

THE COMPANY IMPLEMENTED AN EXTENSIVE FINANCIAL PLAN IN 2020 TO ATTRACT EXTERNAL LENDORS THAT WOULD PROVIDE EXTERNAL FINANCING FOR THE INTIAL PHASE OF THE COMPANY'S ASSET MANAGEMENT PLAN. PRIOR TO IMPLEMENTATION OF THE FINANCIAL PLAN NATIONAL LENDORS, USING COBANK AS AN EXAMPLE, DECLINED INTEREST IN PROVIDING EXTERNAL CAPITAL.

MANASQUAN BANK, A NEW JERSEY BASED REGIONAL BANK PROVIDED A LENDING COMMITMENT STRUCTURED INITIALLY AS A CONSTRUCTION DRAW CREDIT FACILITY IN THE AMOUNT OF \$540,000 TO FUND A MAIN REPLACEMENT PROJECT THAT IS SUBSTANCIALY COMPLETE AWAITING ROAD RESTORATION THAT WILL COMPLETED IN THE FALL 2021 TO MINIMIZE IMPACT OF THE SEASONAL RESIDENTS AND VACATIONERS.

AFTER THE FULL DRAW OF THE LOAN IS TAKEN, THE LOAN WILL CONVERT TO A PERMANENT FINANCING LOAN AMORTIZED OVER A 15 YEAR PERIOD WITH AN INTEREST RATE ADJUSTMENT AFTER THE INITIAL FIVE YEAR PERIOD. THE FINANCING RECEIVED APPROVAL IN BPU DOCKET NO. WF20100662 ON JANUARY 27, 2021. INTEREST COSTS ON THE CONSTRUCITON LOAN FROM THE INITIAL DRAW UNTIL CONVERSION TO A PERMANENT LOAN WAS CAPITALIZED TO THE COST OF THE PROJECT.

ON THE CONVERSION DATE AND UNTIL THE INITIAL INTEREST RATE ADJUSTMENT DATE THE INTEREST ON THE LOAN WILL ACCRUE AT A SET RATE OF 3.90%. THE COMPANY WILL CONVERT THE FULL \$540,000 AMOUNT OF THE CONTRUCTION LOAN TO PERMANENT FINANCING IN DECEMBER 2021 WITH THE INITIAL PAYMENTS OF PRINCIPAL AND INTEREST STARTING JANUARY 1, 2022

BASED ON THE 3.90% INTERST RATE THE LOAN AMORTIZATION SCHEDULE PROVIDED BY THE BANK THE PROFORMA PERIOD INTEREST PAID WILL BE \$20,869

	TEST YEAR	PROFORMA	ADJUSTMENT
PER AMORTIZATION SCHEDULE	\$0	\$20,869	\$20,869

**SHORE WATER COMPANY
DEPRECIATION EXPENSE**

<u>CODE</u>		<u>DEPRECIABLE</u>	<u>ACCUM</u>	<u>DEPRECIATION ON PLANT</u>		<u>TEST YEAR</u>	<u>CURRENT</u>	<u>DEPREC.</u>	<u>TOTAL</u>	<u>PROFORMA</u>
		<u>PLANT</u>	<u>DEPRECIATION</u>	<u>CURRENT</u>	<u>CURRENT</u>			<u>TEST YEAR</u>	<u>TEST YEAR</u>	<u>TEST YEAR</u>
		<u>DEC. 31 2020</u>	<u>DEC. 31 2020</u>	<u>RATE</u>	<u>AMOUNT</u>	<u>ADDITIONS</u>	<u>RATE</u>	<u>ADDITIONS</u>	<u>DEPRECIATION</u>	<u>DEPRECIATION</u>
<u>SOURCE OF SUPPLY PLANT</u>										
314	WELLS AND SPRINGS	403,856	388,439	0.03	10,994				10,994	4,423
<u>PUMPING PLANT</u>										
321	STRUCTURES AND IMPROVEMENTS	41,713	37,652	0.03	289			0	289	289
325	ELECTRIC PUMPING EQUIPMENT	26,426	26,275	0.03	8				8	8
326	DIESEL PUMPING EQUIPMENT	39,896	8,765	0.03	1,209			0	1,209	1,209
328	OTHER PUMPING EQUIPMENT	28,312	12,550	0.03	930			0	930	930
<u>WATER TREATMENT</u>										
331	STRUCTURES AND IMPROVEMENTS	12,809	12,120	0.03	76			0	76	76
<u>TRANSMISSION AND DISTRIBUTION</u>										
342	DISTRIBUTION RESERVOIRS AND STANDPIPES	49,738	48,792	0.03	145				145	145
343	TRANSMISSION AND DISTRIBUTION MAINS	360,398	270,409	0.03	7,242	712,315	0.03	1,959	9,201	28,611
345	SERVICES	356,336	199,845	0.03	7,211				7,211	7,211
346	METERS	64,316	37,894	0.03	1,567				1,567	1,567
348	HYDRANTS	101,868	30,111	0.03	2,885		0.03	0	2,885	2,885
349	OTHER TRANSMISSION AND DISTRIBUTION PLANT	9,046	8,500	0.03	32			0	32	32
<u>GENERAL PLANT</u>										
390	STRUCTURES & IMPROVEMENTS	21,499	12,170	0.03	396				396	396
391	OFFICE FURNITURE	16,933	11,870	0.03	267		0.03	0	267	267
373	TRANSPORTATION EQUIPMENT	24,340	24,340	0.2	0		0.2	0	0	0
394	TOOLS, SHOP & GARAGE EQUIPMENT	7,985	7,985	0.33	0		0.33	0	0	0
<u>TOTAL</u>		<u>\$1,565,471</u>	<u>\$1,137,716</u>		<u>\$33,251</u>	<u>\$712,315</u>		<u>\$1,959</u>	<u>\$35,210</u>	<u>\$48,049</u>
<u>TOTAL PROFORMA DEPRECIATION EXPENSE</u>										
TEST YEAR										\$48,049
INCREASE IN DEPRECIATION										\$35,210
										\$12,840

SHORE WATER COMPANY
COMPUTATION OF REQUIRED REVENUE AND REQUIRED REVENUE INCREASE

OPERATION AND MAINTENANCE EXPENSES		589,357
DEPRECIATION EXPENSE		48,049
TAXES - OTHER THAN INCOME TAXES	133,624	
LESS REVENUE TAXES	91,017	42,607
FEDERAL INCOME TAXES		16,411
PROPOSED RETURN		<u>80,673</u>
REVENUE REQUIRED BEFORE REVENUE TAXES		<u>\$777,097</u>
REQUIRED REVENUE FROM OPERATIONS AFTER REVENUE TAXES		904,258
CURRENT REVENUE FROM OPERATIONS		652,737
REQUIRED INCREASE IN OPERATING REVENUES		<u>\$251,522</u>
PERCENT INCREASE IN OPERATING REVENUES		38.5334%

PROOF OF REVENUE TAXES

REVENUE REQUIRED FROM OPERATIONS		\$904,258
REVENUE TAX RATES:		
GROSS RECEIPTS TAX	7.50000%	\$67,819
FRANCHISE TAX	5.00000%	\$45,213
EXCISE TAX	1.56250%	\$14,129
	14.06250%	
INVERSE OF TAX RATES	85.93750%	
TOTAL REVENUE TAXES		\$127,161
REVENUE TAXES UNDER PRESENT RATES		<u>91,017</u>
<u>INCREASE IN REVENUE TAXES</u>		<u>\$36,144</u>

SCHEDULE I

SHORE WATER COMPANY
COMPUTATION OF RATE BASE AND REQUIRED RETURN

	2021 PROFORMA
DEPRECIABLE PLANT	\$1,565,471
LAND	81,648
FRANCHISE COSTS	7,288
GROSS UTILITY PLANT AT DEC. 31,2021	\$1,654,407
ADD: ADDITIONS	\$712,315
LESS: ACCUMULATED DEPRECIATION	-1,172,926
<u>NET UTILITY PLANT</u>	\$1,193,796
 <u>OTHER INCREASES/(DECREASES) FOR RATE BASE</u>	
INCREASES:	NONE
DECREASES:	
CUSTOMER ADVANCES FOR CONSTRUCTION	67,491
DEFERRED TAXES	<u>9,556</u>
<u>RATE BASE</u>	\$1,116,749
<u>OVERALL RATE OF RETURN</u>	7.22391%
<u>REQUIRED UTILITY OPERATING INCOME AND RETURN</u>	<u>\$80,673</u>

SHORE WATER COMPANY
COMPUTATION OF INCOME TAXES UNDER PROPOSED RATES

PROPOSED UTILITY OPERATING INCOME AND RETURN	\$80,673
ADD INTEREST INCOME	929
ADD NON OPERATING INCOME	1,003
LESS: INTEREST EXPENSE	<u>-20,869</u>
<u>NET INCOME AFTER TAXES</u>	<u>\$61,735</u>

INCOME TAX COMPUTATION

TAXABLE INCOME (NET INCOME DIVIDED BY INVERSE OF TAX RATE)	
TAX RATE 21 FLAT TAX RATE	<u>78,146</u>

INCOME TAX **\$16,411**

INCOME TAXES UNDER PRESENT RATES 0

INCREASE IN INCOME TAXES 16,411

A FLAT TAX RATE OF 21.00% WAS USED WHICH IS THE CURRENT CORPORATE TAX RATE
IN THE INTERNAL REVENUE CODE

NET INCOME AFTER TAXES 61,735

SHORE WATER COMPANY
CAPITALIZATION STRUCTURE
12/31/2021

<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>% OF TOTAL</u>	<u>COST RATE</u>	WEIGHTED COST
MORTGAGE NOTE	540,000	41.69%	3.90%	1.62575%
EQUITY	755,403	58.31%	9.60%	5.59816%
<u>TOTAL</u>	<u>\$1,295,403</u>	<u>100.00%</u>		7.22391%

SHORE WATER COMPANY
BALANCE SHEET

PROJECTED
DEC. 31, 2021

ASSETS AND OTHER DEBITS

WATER UTILITY PLANT	2,366,722
ACCUMULATED PROVISION FOR DEPRECIATION	-1,172,926

CURRENT AND ACCRUED ASSETS

CASH AND WORKING FUNDS	383,465
CUSTOMER ACCOUNTS RECEIVABLE	18,715
MATERIAL AND SUPPLIES	1,696
PREPAYMENTS	<u>1,461</u>
<u>TOTAL CURRENT AND ACCRUED ASSETS</u>	<u>405,337</u>

DEFERRED DEBITS

EXTRAORDINARY COSTS	93,185
UNAMORTIZED BANK FINANCING FEES	2,600
UNAMORTIZED RATE CASE EXPENSES	50,000
UNAMORTIZED WELL REFURBISHMENT COSTS	<u>1,637</u>
<u>TOTAL DEFERRED DEBITS</u>	<u>147,422</u>

TOTAL ASSETS AND DEFERRED DEBITS	1,746,555
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LIABILITIES AND OTHER CREDITS

PROPRIETARY CAPITAL

COMMON STOCK	-40,000
ADDITIONAL PAID IN CAPITAL	-51,242
TREASURY STOCK	9,909
UNAPPROPRIATED EARNED SURPLUS	<u>-674,070</u>
<u>TOTAL PROPRIETARY CAPITAL</u>	<u>-755,403</u>

LONG TERM DEBT

FIRST MORTGAGE	-540,000
<u>TOTAL LONG TERM DEBT</u>	<u>-540,000</u>

CURRENT AND ACCRUED LIABILITIES

TRADE ACCTS PAYABLE AND CONSTRUCTION RETAIN/	-46,833
TAXES ACCRUED AND PAYABLE	-5,938
MISC. CURRENT ACCRUED LIABILITIES	<u>-27,688</u>
<u>TOTAL CURRENT AND ACCRUED LIABILITIES</u>	<u>-80,459</u>

DEFERRED CREDITS

DEFERRED REVENUE	-286,724
CUSTOMER ADVANCES FOR CONSTRUCTION	-67,491
OTHER DEFERRED CREDITS - ITC	-6,922
OTHER DEFERRED CREDITS - INCOME TAXES	<u>-9,556</u>
<u>TOTAL DEFERRED CREDITS</u>	<u>-370,693</u>

TOTAL LIABILITIES AND OTHER CREDITS	<u>-1,746,555</u>
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SHORE WATER COMPANY

SCHEDULE M

COMPARATIVE BALANCE SHEETS

YEARS ENDED DECEMBER, 31

ACCOUNTS	ASSETS AND OTHER DEBITS	2020	2019	2018
101	WATER UTILITY PLANT	1,654,408	1,628,333	1,590,558
107	CONSTRUCTION WORK IN PROGRESS	247,459	-	-
111	Less: ACCUMULATED DEPRECIATION AND AMORTIZATION	1,137,716	1,104,136	1,070,453
	NET UTILITY PLANT	<u>764,151</u>	<u>524,197</u>	<u>520,105</u>
124	OTHER PROPERTY AND INVESTMENTS			
	CURRENT AND ACCRUED ASSETS			
131	CASH AND WORKING FUNDS	52,174	50,114	35,405
132	TEMPORARY CASH INVESTMENTS	392,847	621,506	534,527
142	CUSTOMER ACCOUNTS RECEIVABLE	24,496	16,345	16,378
143	OTHER ACCOUNTS RECEIVABLE			
154	MATERIAL AND SUPPLIES	1,696	1,696	1,696
165	PREPAYMENTS			
174	MISC. CURRENT AND ACCRUED ASSETS			
	TOTAL CURRENT AND ACCRUED ASSETS	<u>471,213</u>	<u>689,661</u>	<u>588,006</u>
	DEFERRED DEBITS			
181	UNAMORTIZED DEBT DISCOUNT & EXPENSE	2,700	-	-
183	OTHER DEFERRED DEBITS	55,816	8,186	24,878
	TOTAL DEFERRED DEBITS	<u>58,516</u>	<u>8,186</u>	<u>24,878</u>
	TOTAL ASSETS AND OTHER DEBITS	<u>1,293,880</u>	<u>1,222,044</u>	<u>1,132,989</u>
	LIABILITIES AND OTHER CREDITS			
	PROPRIETARY CAPITAL			
201	COMMON STOCK	40,000	40,000	40,000
211	OTHER PAID-IN CAPITAL	51,242		
216	UNAPPROPRIATED EARNED SURPLUS	662,848	760,410	684,658
217	REACQUIRED CAPITAL STOCK	9,909	-	-
	TOTAL PROPRIETARY CAPITAL	<u>744,181</u>	<u>800,410</u>	<u>724,658</u>
	LONG-TERM DEBT			
224	FIRST MORTGAGE	-	-	-
	CURRENT AND ACCRUED LIABILITIES			
231	NOTES PAYABLE	147,810	-	-
232	ACCOUNTS PAYABLE	3,824	3,146	4,636
235	CUSTOMER DEPOSITS			
236	TAXES ACCRUED	333	7,890	4,860
237	INTEREST ACCRUED			
242	MISC. CURRENT AND ACCRUED LIABILITIES	12,700	21,628	8,732
	TOTAL CURRENT AND ACCRUED LIABILITIES	<u>164,667</u>	<u>32,664</u>	<u>18,228</u>
252	CUSTOMER ADVANCES FOR CONSTRUCTION	83,891	88,841	90,941
253	OTHER DEFERRED CREDITS	301,141	300,129	299,162
	TOTAL DEFERRED CREDITS	<u>385,032</u>	<u>388,970</u>	<u>390,103</u>
	TOTAL LIABILITIES AND OTHER CREDITS	<u>1,293,880</u>	<u>1,222,044</u>	<u>1,132,989</u>

SHORE WATER COMPANY

SCHEDULE N

COMPARATIVE STATEMENT OF REVENUES & EXPENSES.YEARS ENDED DECEMBER, 31

<u>ACCOUNTS</u>	<u>UTILITY OPERATING INCOME</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
400	OPERATING REVENUE	<u>650,858</u>	<u>650,472</u>	<u>656,549</u>
	<u>OPERATING EXPENSES</u>			
401	OPERATION EXPENSES	365,845	364,639	370,462
402	MAINTENANCE EXPENSES	13,241	35,495	55,631
403	DEPRECIATION EXPENSE	33,580	33,683	38,184
408	TAXES - OTHER THAN	125,235	127,698	130,497
409	INCOME TAXES	<u>28,760</u>	<u>25,360</u>	<u>18,549</u>
	<u>TOTAL OPERATING EXPENSES</u>	<u>566,661</u>	<u>586,875</u>	<u>613,323</u>
	<u>NET OPERATING REVENUE</u>	<u>84,196</u>	<u>63,598</u>	<u>43,226</u>
	<u>OTHER INCOME</u>			
419	INTEREST INCOME	6,110	12,154	6,980
421	MISC NONOPERATING INCOME			
	<u>TOTAL OTHER INCOME</u>	<u>6,110</u>	<u>12,154</u>	<u>6,980</u>
	<u>GROSS INCOME (LOSS)</u>	<u>90,306</u>	<u>75,752</u>	<u>50,206</u>
	<u>INTEREST CHARGES</u>			
427	INTEREST ON LONG-TERM			
431	OTHER INTEREST EXPENSE	<u>1,535</u>	<u>0</u>	<u>0</u>
	<u>TOTAL INTEREST EXPENSE</u>	<u>1,535</u>	<u>0</u>	<u>0</u>
	<u>NET INCOME (LOSS)</u>	<u>88,771</u>	<u>75,752</u>	<u>50,206</u>

SHORE WATER COMPANY

SCHEDULE O

COMPARATIVE SCHEDULE OF OPERATING REVENUES

YEARS ENDED DECEMBER, 31

ACCOUNTS	SALES OF WATER	2020	2019	2018
460	UNMETERED SALES TO GENERAL CUSTOMERS	568,263	563,351	562,471
461	METERED SALES TO GENERAL CUSTOMERS	63,901	68,230	74,270
462	PRIVATE FIRE PROTECTION SERVICE	7,802	7,802	7,802
463	PUBLIC FIRE PROTECTION SERVICE	<u>9,551</u>	<u>9,551</u>	<u>9,551</u>
466	SALES FOR RESALE			
	<u>TOTAL SALES OF WATER</u>	<u>649,517</u>	<u>648,933</u>	<u>654,094</u>
	<u>OTHER OPERATING REVENUES</u>			
471	MISCELLANEOUS SERVICE REVENUES	1,341	1,539	2,455
472	RENTS - WATER PROPERTY			
474	OTHER WATER REVENUES			
	<u>TOTAL OTHER OPERATING REVENUES</u>	<u>1,341</u>	<u>1,539</u>	<u>2,455</u>
	<u>TOTAL OPERATING REVENUES</u>	<u>650,858</u>	<u>650,472</u>	<u>656,549</u>

SHORE WATER COMPANY
SCHEDULES OF OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

SCHEDULE P

		2020		2019		2018	
		OPERATION	MAINTENANCE	OPERATION	MAINTENANCE	OPERATION	MAINTENANCE
1. SOURCE OF SUPPLY							
600	Operation Labor	17,652		17,509		16,651	
601	Purchased Water						
602	Operation Supplies & Expenses						
605	Maintenance of Water Source Plant		4,474		7,720		16,350
	Total Source of Supply Expenses	17,652	4,474	17,509	7,720	16,651	16,350
2. PUMPING EXPENSES							
620	Operation Labor	17,652		17,509		16,651	
622	Fuel or Power Purchased for Pumping	19,134		21,775		22,546	
623	Operation Supplies & Expenses	4,560		3,345		6,511	
625	Maintenance of Pumping Plant		1,846		1,283		1,650
	Total Pumping Expenses	41,346	1,846	42,629	1,283	45,708	1,650
3. WATER TREATMENT EXPENSES							
630	Operation Labor	17,652		17,509		16,651	
631	Chemicals	3,550		2,983		2,930	
632	Operation Supplies & Expenses	2,246		1,924		1,525	
635	Maintenance of Water Treatment Plant		412				294
	Total Water Treatment Expenses	23,448	412	22,416	-	21,106	294
4. TRANSMISSION AND DISTRIBUTION EXPENSES							
640	Operation Labor	17,652		17,509		16,651	
641	Operation Supplies & Expenses	530		549		1,434	
650	Maintenance of Distribution Reservoirs and Standpipes				9,466		16,943
651	Maintenance of Transmission and Distribution Mains		3,994		12,634		6,460
652	Maintenance of Services		1,200		621		13
653-655	Other Maintenance				688		8,667
	Total Transmission and Distribution Mains	18,182	5,194	18,058	23,409	18,085	32,083
5. CUSTOMER ACCOUNTS							
901	Operation Labor						-
902	Accounting & Collection Labor	32,734		27,242		22,501	-
903	Customer Records and Collection Expenses	6,060		10,543		6,314	-
904	Uncollectible Accounts	1,081		578		1,263	-
905	Miscellaneous Customer Accounts Expenses						-
	Total Customer Accounts Expenses	39,875	-	38,363	-	30,078	-
7. ADMINISTRATIVE AND GENERAL EXPENSES							
920	Administrative and General Salaries	74,348		99,539		117,266	
921	Office Supplies and Other Expenses	20,395		15,086		21,975	
923	Outside Services Employed	83,676		41,386		33,470	
924	Property Insurance	18,642		13,148		18,909	
925	Injuries and Damages			542		6,503	
926	Employee Pensions and Benefits	20,157		40,997		28,249	
928	Regulatory Commission Expenses	5,851		6,110		6,333	
930	Miscellaneous General Expenses			6,000		1,800	
933	Transportation Expense	2,273		2,856		4,328	
935	Maintenance of General Plant		1,315		3,084		5,254
	Total Administrative and General Expenses	225,342	1,315	225,664	3,084	238,833	5,254
		385,845	13,241	384,639	35,496	370,461	55,831

SHORE WATER COMPANY

SCHEDULE Q

COMPARATIVE SCHEDULE OF TAXES OTHER THAN INCOME TAXES

YEARS ENDED DECEMBER, 31

<u>FEDERAL TAXES</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
FEDERAL PAYROLL TAXES	<u>13,761</u>	<u>14,926</u>	<u>15,982</u>
<u>TOTAL FEDERAL TAXES</u>	<u>13,761</u>	<u>14,926</u>	<u>15,982</u>
<u>STATE TAXES</u>			
UNEMPLOYMENT	866	788	794
EXCISE TAXES	10,082	10,126	10,364
PUBLIC COMMUNITY WATER TAX	431	451	1,113
MISCELLANEOUS TAXES	0	0	
BPU ANNUAL ASSESSMENT			
<u>TOTAL STATE TAXES</u>	<u>11,379</u>	<u>11,365</u>	<u>12,271</u>
<u>LOCAL TAXES</u>			
GROSS RECEIPTS	48,355	49,006	49,835
LOCAL PROPERTY	19,109	18,742	18,527
SEWER TAX	516	860	728
FRANCHISE	<u>32,115</u>	<u>32,800</u>	<u>33,154</u>
<u>TOTAL LOCAL TAXES</u>	<u>100,095</u>	<u>101,408</u>	<u>102,244</u>
<u>TOTAL TAXES OTHER THAN INCOME TAXES</u>	<u>125,235</u>	<u>127,699</u>	<u>130,497</u>

SHORE WATER COMPANY
REVENUES UNDER PROPOSED TARIFF RATES

GENERAL METERED SERVICE

METER SIZE	QUANTITY	RATE QUARTERLY	ANNUAL REVENUE	PERCENTAGE INCREASE
5/8"	1	\$34.66	\$139	
3/4"	5	\$52.02	\$1,040	
1"	11	\$86.60	\$3,810	
1 1/2"	3	\$173.26	\$2,079	
2"	15	\$277.11	\$16,627	
3"	0	\$519.81	\$0	
4"	1	\$866.33	\$3,465	
6"	2	\$1,732.64	\$13,861	
6" INACTIVE	1	\$0.00	\$0	
TOTAL FIXED GENERAL METERED SERVICE REVENUE			\$41,021	38.5334%

FLAT RATE UNMETERED REVENUE (BASED ON SERVICE LINE SIZE)

SERVICE LINE SIZE	QUANTITY	ANNUAL RATE	ANNUAL REVENUE	PERCENTAGE INCREASE
3/4"	1221	\$628.94	\$767,937.71	38.5334%
1"	22	\$1,069.20	\$23,522.42	
1 1/2"	1	\$2,075.51	\$2,075.51	
2"	0	\$3,333.39	\$0.00	
TOTAL FLAT RATE UNMETERED REVENUE			\$793,535.63	

PUBLIC FIRE CHARGES

HYDRANTS	QUANTITY	RATE QUARTERLY	ANNUAL REVENUE	PERCENTAGE INCREASE
	43	59.12	\$10,169	
TOTAL PUBLIC FIRE REVENUE			\$10,169	4.00%

PRIVATE FIRE SERVICE

	QUANTITY	RATE QUARTERLY	ANNUAL REVENUE	PERCENTAGE INCREASE
3"	1	623.58	\$2,494	
4"	2	1,039.19	\$8,314	
TOTAL PRIVATE FIRE CHARGES			\$10,808	38.5334%

OTHER REVENUES OTHER THAN CONSUMPTION

MISCELLANEOUS SERVICE REVENUE	1,131
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TOTAL REVENUE OTHER THAN CONSUMPTION REVENUE \$856,665

CALCULATION OF CONSUMPTION CHARGE

REVENUE REQUIREMENT	\$904,258
LESS SERVICE REVENUE	\$1,131
LESS FIXED REVENUE	
PUBLIC FIRE	\$10,169
PRIVATE FIRE	\$10,808
FACILITY METERED CUSTOMERS	\$41,021
UNMETERED REVENUE	\$793,536
TOTAL REVENUES OTHER THAN CONSUMPTION	\$856,665

REVENUES TO BE GENERATED FROM CONSUMPTION

\$47,593 **\$47,593**

PROFORMA CONSUMPTION MG

7,503

RATE PER 1000 GALLONS EXCLUDING PUBLIC COMMUNITY WATER TAX

\$6.3433

\$5.2107

DOLLAR INCREASE

\$1.1326

PERCENTAGE INCREASE

21.73634%

21.73634%

TOTAL REVENUE

\$904,258

SCHEDULE S

SHORE WATER COMPANY
COMPARISON OF PRESENT AND PROPOSED RATES

	<u>PRESENT TARIFF RATE (ANNUAL FLAT RATE)</u>	<u>PROPOSED RATES</u>	<u>% TO INCREASE</u>
UNMETERED SERVICE			
SERVICE LINE SIZE			
3/4"	\$454.00	\$628.94	38.5334%
1"	\$454.00	\$1,069.20	135.5068%
1 1/2"	\$454.00	\$2,075.51	357.1602%
2"	\$454.00	\$3,333.39	634.2270%
	<u>PRESENT TARIFF RATE (QUARTERLY)</u>	<u>PROPOSED RATES</u>	<u>% TO INCREASE</u>
GENERAL METERED SERVICES			
METER SIZE			
5/8"	\$25.02	\$34.66	38.5334%
3/4"	\$37.55	\$52.02	38.5334%
1"	\$62.51	\$86.60	38.5334%
1 1/2"	\$125.07	\$173.26	38.5334%
2"	\$200.03	\$277.11	38.5334%
3"	\$375.22	\$519.81	
4"	\$625.36	\$866.33	38.5334%
6"	\$1,250.70	\$1,732.64	38.5334%
PRIVATE FIRE SERVICE			
3"	\$450.13	\$623.58	38.5334%
4"	\$750.14	\$1,039.19	38.5334%
PUBLIC FIRE SERVICE			
	<u>ANNUAL RATES</u>		
HYDRANTS	\$227.40	\$236.50	4.0000%
GENERAL METERED CONSUMPTION	\$5.2107	\$6.34	21.7363%