

GORDON'S CORNER WATER COMPANY

Schedule A

COMPARATIVE BALANCE SHEETS

YEARS ENDED DECEMBER, 31

ACCOUNTS	ASSETS AND OTHER DEBITS	2022	2021	2020
101	WATER UTILITY PLANT	50,593,761	46,397,920	41,961,805
107	CONSTRUCTION WORK IN PROGRESS	-	-	1,859,449
111	Less: ACCUMULATED DEPRECIATION AND AMORTIZATION	14,765,744	14,021,316	13,482,842
	NET UTILITY PLANT	<u>35,828,017</u>	<u>32,376,604</u>	<u>30,338,412</u>
124	OTHER PROPERTY AND INVESTMENTS	<u>357,475</u>	<u>356,226</u>	<u>365,288</u>
	CURRENT AND ACCRUED ASSETS			
131	CASH AND WORKING FUNDS	458,194	1,001,235	1,146,451
142	CUSTOMER ACCOUNTS RECEIVABLE	1,097,281	964,619	1,004,167
143	OTHER ACCOUNTS RECEIVABLE	3,711	989	1,217
154	MATERIAL AND SUPPLIES	66,492	76,520	76,326
165	PREPAYMENTS	129,219	247,702	117,376
174	MISC. CURRENT AND ACCRUED ASSETS			
	TOTAL CURRENT AND ACCRUED ASSETS	<u>1,754,897</u>	<u>2,291,065</u>	<u>2,345,537</u>
	DEFERRED DEBITS			
183	OTHER DEFERRED DEBITS	<u>56,979</u>	<u>39,042</u>	<u>13,433</u>
	TOTAL ASSETS AND OTHER DEBITS	<u>37,997,368</u>	<u>35,062,937</u>	<u>33,062,670</u>
	LIABILITIES AND OTHER CREDITS			
	PROPRIETARY CAPITAL			
201	COMMON STOCK	318,730	318,730	318,730
211	OTHER PAID-IN CAPITAL	116,294	116,294	116,294
216	UNAPPROPRIATED EARNED SURPLUS	<u>9,262,909</u>	<u>8,395,555</u>	<u>8,271,128</u>
	TOTAL PROPRIETARY CAPITAL	<u>9,697,933</u>	<u>8,830,579</u>	<u>8,706,152</u>
	LONG-TERM DEBT			
224	FIRST MORTGAGE-COBANK	<u>3,475,428</u>	<u>3,826,386</u>	<u>4,329,510</u>
	CURRENT AND ACCRUED LIABILITIES			
231	Notes Payable		1,000,000	
232	ACCOUNTS PAYABLE	1,118,063	1,053,615	672,231
235	CUSTOMER DEPOSITS	71,769	66,737	79,808
236	TAXES ACCRUED	131,712	3,013	5,210
237	INTEREST ACCRUED			
242	MISC. CURRENT AND ACCRUED LIABILITIES	<u>363,923</u>	<u>327,668</u>	<u>297,588</u>
	TOTAL CURRENT AND ACCRUED LIABILITIES	<u>1,685,467</u>	<u>2,451,033</u>	<u>1,054,837</u>
253	OTHER DEFERRED CREDITS	420,472	303,314	257,404
271	CONTRIBUTION IN AID OF CONSTRUCTION	<u>22,718,070</u>	<u>19,651,623</u>	<u>18,714,769</u>
	TOTAL LIABILITIES AND OTHER CREDITS	<u>37,997,370</u>	<u>35,062,935</u>	<u>33,062,672</u>

GORDON'S CORNER WATER COMPANY

Schedule B

COMPARATIVE INCOME STATEMENTS**YEARS ENDED DECEMBER, 31**

ACCOUNTS	UTILITY OPERATING INCOME	2022	2021	2020
400	OPERATING REVENUE	<u>14,632,294</u>	<u>12,680,073</u>	<u>12,806,355</u>
<u>OPERATING EXPENSES</u>				
401	OPERATION EXPENSES	8,847,420	8,327,332	8,028,370
402	MAINTENANCE EXPENSES	943,934	833,583	667,450
403	DEPRECIATION EXPENSE	866,435	763,866	783,524
408	TAXES - OTHER THAN	1,968,129	1,951,724	1,888,753
409	INCOME TAXES	<u>339,269</u>	<u>75,727</u>	<u>218,988</u>
	<u>TOTAL OPERATING EXPENSES</u>	<u>12,965,187</u>	<u>11,952,232</u>	<u>11,587,085</u>
	<u>NET OPERATING REVENUE</u>	<u>1,667,107</u>	<u>727,841</u>	<u>1,219,270</u>
<u>OTHER INCOME</u>				
419	INTEREST INCOME	46,216	36,064	33,170
421	MISC NONOPERATING INCOME	<u>0</u>	<u>0</u>	<u>355,000</u>
	<u>TOTAL OTHER INCOME</u>	<u>46,216</u>	<u>36,064</u>	<u>388,170</u>
	<u>GROSS INCOME (LOSS)</u>	<u>1,713,323</u>	<u>763,905</u>	<u>1,607,440</u>
<u>INTEREST CHARGES</u>				
427	INTEREST ON LONG-TERM	192,643	223,450	227,768
431	OTHER INTEREST EXPENSE	<u>53,327</u>	<u>16,028</u>	<u>3,778</u>
	<u>TOTAL INTEREST EXPENSE</u>	<u>245,970</u>	<u>239,478</u>	<u>231,546</u>
	<u>NET INCOME (LOSS)</u>	<u>1,467,353</u>	<u>524,427</u>	<u>1,375,894</u>

GORDON'S CORNER WATER COMPANY

Schedule C

COMPARATIVE SCHEDULE OF OPERATING REVENUES

YEARS ENDED DECEMBER, 31

<u>ACCOUNTS</u>	<u>SALES OF WATER</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
461	METERED SALES TO GENERAL CUSTOMERS	13,415,502	11,527,572	11,660,948
462	PRIVATE FIRE PROTECTION SERVICE	162,633	142,397	142,557
463	PUBLIC FIRE PROTECTION SERVICE	507,475	489,390	488,403
466	SALES FOR RESALE	104,040	104,025	104,025
	<u>TOTAL SALES OF WATER</u>	<u>14,189,650</u>	<u>12,263,384</u>	<u>12,395,933</u>
	<u>OTHER OPERATING REVENUES</u>			
471	MISCELLANEOUS SERVICE REVENUES	19,332	12,200	15,854
472	RENTS - WATER PROPERTY	399,493	399,715	394,009
474	OTHER WATER REVENUES	23,819	4,774	559
	<u>TOTAL OTHER OPERATING REVENUES</u>	<u>442,644</u>	<u>416,689</u>	<u>410,422</u>
	<u>TOTAL OPERATING REVENUES</u>	<u>14,632,294</u>	<u>12,680,073</u>	<u>12,806,355</u>

	2021		2020	
	OPERATION	MAINTENANCE	OPERATION	MAINTENANCE
1. SOURCE OF SUPPLY				
601 Operation Labor and Expenses	18,808	-	17,462	18,585
602 Purchased Water	4,395,314	-	4,095,663	4,031,949
603 Miscellaneous Expenses	7,005	-	5,942	6,505
604 Rents	-	-	-	-
611 Maintenance of Structures and Improvements	269	-	-	165
614 Maintenance of Wells and Springs	43,411	-	-	-
616 Maintenance of Supply Mains	0	-	-	42,000
Total Source of Supply Expenses	4,421,127	43,680	4,119,067	4,087,039
2. PUMPING EXPENSES				
620 Operation Supervision and Engineering	208,249	-	191,822	176,834
623 Fuel or Power Purchased for Pumping	254,301	-	194,686	224,163
626 Miscellaneous Expenses	5,777	-	8,053	6,094
631 Maintenance of Structures and Improvements	-	-	-	-
632 Maintenance of Power Production Equipment	-	-	-	-
633 Maintenance of Pumping Equipment	-	-	-	-
Total Pumping Expenses	468,327	26,305	394,561	407,091
3. WATER TREATMENT EXPENSES				
640 Operation Supervision and Engineering	280,739	-	266,304	240,642
641 Chemicals	93,147	-	71,309	79,781
642 Operation Labor and Expenses	68,948	-	56,285	71,089
643 Miscellaneous Expenses	56,766	-	48,573	53,392
650 Maintenance of Supervision and Engineering	66,688	61,944	-	43,784
651 Maintenance of Structures and Improvements	89,428	71,278	-	63,804
652 Maintenance of Water Treatment Equipment	18,607	3,975	-	3,906
Total Water Treatment Expenses	499,600	174,723	442,271	444,904
4. TRANSMISSION AND DISTRIBUTION EXPENSES				
660 Operation Supervision and Engineering	196,749	-	191,028	174,425
661 Storage Facilities Expenses	6,802	-	4,868	9,187
662 Transmission and Distribution Lines Expenses	14,253	-	16,827	11,030
663 Meter Expenses	3,502	-	6,341	610
664 Customer Installation Expenses	(11,959)	-	2,244	(3,450)
665 Miscellaneous Expenses	164,440	-	210,328	191,932
670 Maintenance Supervision and Engineering	384,058	334,775	-	288,207
672 Maintenance of Distribution Reservoirs and Standpipes	145,000	-	-	-
673 Maintenance of Transmission and Distribution Mains	67,254	103,323	-	91,000
675 Maintenance of Services	18,607	64,431	-	37,443
676 Maintenance of Meters	24,811	43,704	-	28,701
677 Maintenance of Hydrants	-	0	-	-
678 Maintenance of Miscellaneous Plant	48,343	39,857	-	44,345
Total Transmission and Distribution Mains	373,786	673,172	427,148	383,734
5. CUSTOMER ACCOUNTS				
901 Supervision	452,508	-	420,957	393,274
902 Meter Reading Expenses	4,245	-	3,079	3,792
903 Customer Records and Collection Expenses	194,001	-	169,164	174,188
904 Uncollectible Accounts	15,704	-	10,492	15,643
905 Miscellaneous Customer Accounts Expenses	10,117	-	9,696	9,509
Total Customer Accounts Expenses	676,575	-	613,388	596,106
7. ADMINISTRATIVE AND GENERAL EXPENSES				
920 Administrative and General Salaries	810,703	-	806,601	749,630
921 Office Supplies and Other Expenses	90,256	-	92,534	77,650
923 Outside Services Employed	124,273	-	157,686	144,509
924 Property Insurance	163,673	-	122,659	116,878
925 Injuries and Damages	38,811	-	38,811	32,207
926 Employee Pensions and Benefits	785,215	-	705,666	608,011
928 Regulatory Commission Expenses	13,889	-	-	10,000
930 Miscellaneous General Expenses	65,504	-	62,768	55,659
931 Rents	354,492	-	344,172	344,952
932 Maintenance of General Plant	26,054	-	17,562	19,457
Total Administrative and General Expenses	2,408,005	26,054	2,330,897	2,139,496

GORDON'S CORNER WATER COMPANY

Schedule E

COMPARATIVE SCHEDULE OF TAXES OTHER THAN INCOME TAXES

YEARS ENDED DECEMBER, 31

<u>FEDERAL TAXES</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
FEDERAL PAYROLL TAXES	<u>168,422</u>	<u>161,182</u>	<u>145,587</u>
<u>TOTAL FEDERAL TAXES</u>	<u>168,422</u>	<u>161,182</u>	<u>145,587</u>
<u>STATE TAXES</u>			
UNEMPLOYMENT	30,823	18,269	16,269
EXCISE TAXES	185,807	187,934	183,040
PUBLIC COMMUNITY WATER TAX	15,367	14,336	14,544
MISCELLANEOUS TAXES	4,999	0	0
BPU ANNUAL ASSESSMENT	<u>38,597</u>	<u>33,581</u>	<u>29,425</u>
<u>TOTAL STATE TAXES</u>	<u>275,593</u>	<u>254,120</u>	<u>243,278</u>
<u>LOCAL TAXES</u>			
GROSS RECEIPTS	918,679	928,604	904,423
LOCAL PROPERTY	37,657	32,951	35,568
FRANCHISE	<u>567,777</u>	<u>574,867</u>	<u>559,897</u>
<u>TOTAL LOCAL TAXES</u>	<u>1,524,113</u>	<u>1,536,422</u>	<u>1,499,888</u>
<u>TOTAL TAXES OTHER THAN INCOME TAXES</u>	<u>1,968,128</u>	<u>1,951,724</u>	<u>1,888,753</u>

PROFORMA STATEMENT OF REVENUE & EXPENSES UNDER PRESENT & PROPOSED RATES

ACCOUNTS	Test Year	Under Present Rates		Under Proposed Rates	
	Dec 31, 2023	adjustment	proforma	adjustment	proforma
<u>UTILITY OPERATING INCOME</u>					
400 Operating Revenues	14,014,567	39,614	14,054,181	2,141,442	16,195,623
Other Operating Revenues	360,000	10,800	370,800		370,800
<u>OPERATING EXPENSES</u>					
401 Operation Expense	9,271,111	1,337,260	10,608,371		10,608,371
402 Maintenance Expense	1,020,911	0	1,020,911		1,020,911
403 Depreciation Expense	895,557	54,068	949,625		949,625
408 Taxes - Other than Income	2,231,157	(7,964)	2,223,193	291,664	2,514,857
409 Income Taxes	148,093	(148,093)	0	245,672	245,672
TOTAL OPERATING EXPENSE	13,566,829		14,802,100	537,336	15,339,436
NET OPERATING REVENUE	807,738		(377,118)	1,604,106	1,226,988
<u>OTHER INCOME</u>					
419 CoBank Patronage Distribution (Equity & Cash)	48,541	(3,541)	45,000		45,000
TOTAL OTHER INCOME	48,541		45,000		45,000
TOTAL INCOME	856,279		(332,118)		1,271,988
<u>OTHER CHARGES</u>					
427 Interest Expense - Co-Bank	272,111	48,627	320,738		320,738
431 Other Interest Expense	27,055	0	27,055		27,055
TOTAL OTHER CHARGES	299,166		347,793		347,793
NET INCOME	557,113		(679,912)		924,194

**GORDON'S CORNER WATER COMPANY
EXPLANATION OF TEST YEAR**

The Company's test year is the 12 months ended December 31, 2023 which consists of Nine (9) months of "actual", and Three (3) months of "estimated" results.

TEST YEAR OPERATION AND MAINTENANCE EXPENSES

<u>ACCOUNTS</u>	<u>TEST YEAR 12/31/23</u>	<u>OPERATION</u>	<u>MAINTENANCE</u>	<u>TOTAL</u>
600-617	Source of Supply	4,698,433	54,159	4,752,592
620-633	Pumping	477,759	37,709	515,468
640-652	Water Treatment	549,260	194,150	743,410
660-678	Transmission & Distribution	377,981	714,074	1,092,055
901-905	Customer Accounts	702,400	0	702,400
920-932	Administrative & General	2,465,278	20,819	2,486,097
401 & 402	TOTAL O & M EXPENSES	<u>9,271,111</u>	<u>1,020,911</u>	<u>10,292,022</u>

BREAKDOWN OF TEST YEAR REVENUES

Accounts	TEST YEAR 12/31/23	
<u>SALES OF WATER</u>		
461	Metered Sales to General Customers	13,056,119
461	Purchased Water Adjustment Clause	115,819
462	Private Fire Protection	173,465
463	Public Fire Protection	530,140
466	Sales For Resale	104,025
471 & 474	Miscellaneous Service/Other Water Revenue	<u>35,000</u>
TOTAL SALES OF WATER		14,014,567
<u>OTHER OPERATING REVENUES</u>		
472	Rents From Water Property (Cellular Rental)	<u>360,000</u>
TOTAL OTHER OPERATING REVENUES		360,000
TOTAL OPERATING REVENUES		<u><u>14,374,567</u></u>

STATEMENT OF TAXES - OTHER THAN INCOME TAXES

ACCOUNTS	TEST YEAR 12/31/23	Proforma Present Rates
<u>FEDERAL TAXES</u>		
408.2 Federal Insurance Contribution Act (FICA)	173,538	180,480
408.3 Federal Unemployment	1,092	1,136
TOTAL FEDERAL TAXES	174,630	181,615
<u>STATE TAXES</u>		
408.6 Unemployment & Disability	32,272	33,563
408.9 Excise Tax	214,932	212,218
408.7 BPU/RC Assessments	33,384	37,381
408.10 PCWT	14,471	14,454
TOTAL STATE TAXES	295,059	297,616
<u>LOCAL TAXES</u>		
408.1 Gross Receipts	1,064,856	1,054,064
408.4 Local Property	42,000	42,000
408.5 Franchise	654,612	647,898
TOTAL LOCAL TAXES	1,761,468	1,743,961
408 TOTAL TAXES - OTHER THAN INCOME	2,231,157	2,223,193
Increase in Taxes -Other Than Income		<u>(7,964)</u>
Under Present Rates		

PROJECTED BALANCE SHEET AS OF December 31, 2023

ACCOUNTS

<u>ASSETS AND OTHER DEBITS</u>		
101	WATER UTILITY PLANT	53,198,607
107	CONSTRUCTION WORK IN PROGRESS	-
111	LESS: ACCUMULATED DEPRECIATION AND AMORTIZATION	<u>15,540,510</u>
	NET UTILITY PLANT	37,658,097
124	OTHER PROPERTY AND INVESTMENTS	315,602
 <u>CURRENT AND ACCRUED ASSETS</u>		
131	CASH AND WORKING FUNDS	1,355,866
142	CUSTOMER ACCOUNTS RECEIVABLE	862,000
154	MATERIALS AND SUPPLIES	67,000
165	PREPAYMENTS	<u>123,000</u>
	TOTAL CURRENT & ACCRUED ASSETS	2,407,866
 <u>DEFERRED DEBITS</u>		
186	UNAMORTIZED RATE CASE EXPENSES	19,443
186	UNAMORTIZED DEFERRED DEBITS	-
186	UNAMORTIZED DEBT ISSUANCE EXPENSE	6,568
	TOTAL DEFERRED DEBITS	<u>26,011</u>
	TOTAL ASSETS AND OTHER DEBITS	<u><u>40,407,576</u></u>
 <u>LIABILITIES AND OTHER CREDITS</u>		
<u>PROPRIETARY CAPITAL</u>		
201	COMMON STOCK ISSUES	318,730
211	PAID IN CAPITAL	116,294
216	UNAPPROPRIATED EARNED SURPLUS	<u>9,420,021</u>
	TOTAL PROPRIETARY CAPITAL	9,855,045
 <u>LONG-TERM DEBT</u>		
224	FIRST MORTGAGE - COBANK	6,106,577
 <u>CURRENT AND ACCRUED LIABILITIES</u>		
231	LINE OF CREDIT	-
232	ACCOUNTS PAYABLE TRADE	718,200
235	CUSTOMER DEPOSITS	74,000
236	TAXES ACCRUED AND PAYABLE	5,300
242	MISC CURRENT & ACCRUED LIABILITIES	<u>365,000</u>
	TOTAL CURRENT & ACCRUED LIABILITIES	1,162,500
252	ACCUMULATED DEFERRED INCOME TAXES	499,500
271	CONTRIBUTIONS IN AID OF CONSTRUCTION	<u>22,783,954</u>
	TOTAL LIABILITIES AND OTHER CREDITS	<u><u>40,407,576</u></u>

SUMMARY OF ADJUSTMENTS TO TEST YEAR

	<u>Test Year</u>	<u>Adjustment</u>	<u>Proforma Present Rates</u>
OPERATING REVENUE	14,014,567	39,614	14,054,181
CELLULAR REVENUE	360,000	10,800	370,800
 <u>OPERATION EXPENSE ADJUSTMENTS</u>			
PURCHASED WATER	4,660,022	1,172,260	5,832,282
RATE CASE	29,172	25,000	54,172
ALL OTHER OPERATION EXPENSES	4,581,917	140,000	4,721,917
TOTAL OPERATION EXP ADJUSTMENTS	9,271,111	1,337,260	10,608,371
 <u>MAINTENANCE EXPENSE ADJUSTMENTS</u>			
ALL OTHER MAINTENANCE EXPENSES	1,020,911	0	1,020,911
TOTAL MAINTENANCE EXP ADJUSTMENTS	1,020,911	0	1,020,911
DEPRECIATION	895,557	54,068	949,625
TAXES OTHER THAN INCOME TAXES	2,231,157	(7,964)	2,223,193
INCOME TAXES	148,093	(148,093)	0
INTEREST EXPENSE - COBANK	272,111	48,627	320,738

**GORDON'S CORNER WATER COMPANY
EXPLANATION OF ADJUSTMENT TO TEST YEAR
OPERATING REVENUES AND CELLULAR REVENUES**

Adjustment to Revenues Under Present Rates

The \$ 39, 614 adjustment to pro forma operating revenues under present rates was determined as follows:

Five year (2019-2023) average annual consumption of 1,454,050. This is 6.318 MG above the test year consumption.

The \$10,000 adjustment to pro forma cellular revenues is based on a 3% average annual increase for 2024.

**GORDON'S CORNER WATER COMPANY
EXPLANATION OF ADJUSTMENT TO TEST YEAR
PURCHASED WATER COST**

The company's diversion from its ground water sources is limited to a maximum annual diversion of 804.277 MG. The balance of the water needed to serve its customers is purchased from the Marlboro Township Water Utility Division and Veolia Water-Matchaponix pursuant to long term water supply agreements.

The increase in the Company's water purchase costs in the amount of \$1,172,260 is due primarily to an anticipated increase in the rates and charges of the Marlboro Township Water Utility Division (whose own rates will increase as a result of a rate increase that is pending before the NJBPU by Middlesex Water Company under Docket #WR23050292) and a rate increase recently filed by Veolia Water-Matchaponix pending before the NJBPU under Docket #WR23110790.

**GORDON'S CORNER WATER COMPANY
EXPLANATION OF ADJUSTMENT TO TEST YEAR
RATE CASE EXPENSES**

The Company's anticipated rate case expenses for this proceeding are \$100,000 amortized over a 2-year period.

Regarding the legal fee component, the Company has retained Stephen Genzer, Esq. of the law firm of Saul Ewing, LLP for an agreed upon, estimated fee of \$95,000, to perform all legal services required in this matter, including but not limited to the review and analysis of all exhibits, preparation and filing of the necessary Petition and supporting exhibits with the Board of Public utilities, reviewing all discovery and the Company's responses thereto, attending all meetings, settlement or other conferences, drafting any stipulation agreements, representing the Company at the public hearing in the service area and all other services needed to conclude the matter by means of settlement. It does not include any costs related to hearings or litigation at OAL.

Costs are broken down as follows:

	NAME AND FIRM	ESTIMATED COST
Legal	Stephen Genzer, Esq Saul Ewing, LLP	\$95,000
	Public Notice, Court Reporter, Miscellaneous Administrative Costs	\$5,000
	<u>Total</u>	\$100,000
	Amortization Period	<u>2 Years</u>
	<u>ANNUAL RECOVERY OF CURRENT RATE CASE EXPENSES</u>	<u>\$50,000</u>

**EXPLANATION OF ADJUSTMENT TO TEST YEAR
OPERATION & MAINTENANCE EXPENSES**

OPERATION:

An increase in payroll in the pro forma period in the amount of \$98,000 based on 2024 annual salary and wage increases.

An increase in employee benefits in the pro forma period in the amount of \$42,000 to account for increases in 2024.

MAINTENANCE:

No pro forma adjustment.

**GORDON'S CORNER WATER COMPANY
EXPLANATION OF ADJUSTMENT TO TEST YEAR
DEPRECIATION**

The Company calculates depreciation on utility plant in service over established services lives. For the year an asset is placed in service, a half year convention is used to calculate the depreciation recovery. The accompanying Schedule N of utility plant in service at December 31, 2023 reflects the test year and pro forma year depreciation expense and the related adjustment to the test year of \$ 54,068.

In determining the revenue requirement, only depreciation on company financed plant investment has been reflected. No recovery for CIAC depreciation is sought, which is consistent with all prior rate making treatment.

**GORDON'S CORNER WATER COMPANY
EXPLANATION OF ADJUSTMENT TO TEST YEAR
TAXES OTHER THAN INCOME TAXES**

Payroll/Other Taxes

The Company is reflecting a \$(7,964) decrease in taxes other than income taxes for the pro forma period which is shown in detail on Schedule J.

**GORDON'S CORNER WATER COMPANY
EXPLANATION OF ADJUSTMENT TO TEST YEAR
INCOME TAXES**

Pro Forma Year Under Present Rates

The Company is reflecting a net income of \$ (679,912) in the pro forma year under present rates which produces \$0 for income taxes in the pro forma year under present rates.

Pro Forma Year - Proposed Rates

The Company has calculated applicable Federal Income Taxes at the maximum corporate income tax rate at the calculated taxable income. Under the current internal revenue code, the Company is utilizing a tax rate of 21%.

**GORDON'S CORNER WATER COMPANY
EXPLANATION OF ADJUSTMENT TO TEST YEAR
INTEREST EXPENSE**

CoBank, ACB

The Company has five outstanding long term loans from CoBank used to fund additions to utility plant.

The first loan of \$2,000,000 was approved November 23, 1998 by the BPU under Docket #WF98090974. It carries an interest expense rate of 8.1% and matures in 2024.

The second loan of \$1,500,000 was approved December 5, 2002 by the BPU under Docket #WF02080529. It carries an interest rate of 7.31% and matures in 2028.

The third loan of \$1,500,000 was approved January 18, 2012 by the BPU under Docket #WF11110801. It carries an interest rate of 4.76% and matures in 2033.

The fourth loan of \$2,000,000 was approved November 13, 2019 by the BPU under Docket #WF19091004. It carries an interest rate of 4.18% and matures in 2041.

The fifth loan of \$3,000,000 was approved April 26, 2023 by the BPU under Docket # WF22120732. It carries an interest rate of 5.68% and matures in 2044.

TEST YEAR REVENUES UNDER PRESENT RATES
TEST YEAR CUSTOMER COUNT @ 12/31/23

<u>METER SIZE</u>	<u>QUANTITY</u>	<u>PRESENT TARIFF RATE (Monthly)</u>	<u>ANNUAL FIXED REVENUES</u>
<u>GENERAL METERED SERVICES</u>			
5/8"	10260	\$19.01 x12	2,340,511
3/4"	4270	\$28.52 x12	1,461,365
1"	61	\$47.54 x12	34,799
1 1/2"	12	\$95.04 x12	13,686
2"	55	\$152.05 x12	100,353
4"	19	\$475.17 x12	108,339
6"	3	\$950.39 x12	34,214
TOTAL FIXED SERVICE REVENUE			4,093,267
<u>PRIVATE FIRE SERVICE</u>			
2"	15	\$8.79 x12	1,582
4"	16	\$43.83 x12	8,415
6"	37	\$87.63 x12	38,908
8"	74	\$140.27 x12	124,560
TOTAL PRIVATE FIRE REVENUE			173,465
<u>PUBLIC FIRE SERVICE</u>		<u>ANNUAL RATE</u>	
HYDRANTS	1205	\$439.95	530,140
TOTAL PUBLIC FIRE REVENUE			530,140
SALES FOR RESALE-ENGLISHTOWN (18,250 TG X 5.70/1,000 GAL)			104,025
TOTAL REVENUES OTHER THAN FROM CONSUMPTION AND MISC. SERVICE REVENUE			4,900,897
MISCELLANEOUS SERVICE/OTHER WATER REVENUE			35,000
RENTS FROM WATER PROPERTY(Cellular Rental)			360,000
CONSUMPTION REVENUE (1,429,482 TG X 6.27/1,000 GAL)			8,962,852
PWAC REVENUE (1,447,732 TG X .08/1,000 GAL)			115,819
TEST YEAR REVENUES UNDER PRESENT RATES			14,374,567

Schedule N

ACCT#	DESCRIPTION	PLANT COST 12/31/22	ADDITIONS 2023	RETIREMENTS	PLANT COST 12/31/23	DEPRECIATION RATES	TEST YEAR DEPRECIATION	PRO FORMA DEPRECIATION
301	Organization	7,529			7,529			
310	S/S - Land	189,017			189,017			
311	S/S - Structures & Imp.	63,570			63,570	2.5	1,339	1,236
314	S/S - Wells	4,648,289	84,400		4,732,689	4	101,045	109,233
316	S/S - Supply Mains	477,955	60,000		537,955	2	10,159	14,259
317	S/S - Other Water Source	9,579			9,579	2	192	191.58
320	Pump - Land	3,665			3,665			0
321	Pump - Structures & Imp.	397,226			397,226	10	34	34
325	Pump - Electric Pump Equip.	5,211,706	233,150		5,444,856	5	221,248	228,467
331	W/T - Structures & Imp.	707,256	8,750		716,006	3	18,973	19,104
332	W/T - Water Treatment Equip.	2,437,925	391,916		2,829,841	4	66,512	77,226
340	T&D - Land	68,864			68,864			0
341	T&D - Structures & Imp.	118,790	960		119,750	2	2,385	2,395
342	T&D - Standpipes	3,747,034	80,000		3,827,034	5	90,010	92,635
343	T&D - Trans. & Dist. Mains	20,773,390	692,274		21,465,664	2	37,758	36,600
345	T&D - Services	5,248,936	558,178		5,807,113	2	53,405	61,708
346	T&D - Meters	2,393,932	205,000	72,540	2,526,392	5	121,195	126,676
347	T&D - Meter Installation	8,733		2,742	5,991	5	300	239
348	T&D - Hydrants	1,921,816	118,446		2,040,262	2	33,700	35,135
349	T&D - Other Trans. & Dist.	5,830			5,830	5		0
390	G/P - Structures & Imp.	244,145	3,412		247,557	2	4,917	5,101
391	G/P - Office Furn. & Equip.	622,723	15,802		638,525	10	43,719	44,583
392	G/P - Transportation Equip.	487,225	39,000	37,980	488,245	33.3	23,977	17,818
394	G/P - Tool, Shop & Garage	694,167	226,821		920,987	10	64,690	76,982
397	G/P - Communication Equip.	88,859			88,859	10		0
399	G/P - Other Tangible Property	15,601			15,601	10	0	0
	TOTALS	<u>50,593,761</u>	<u>2,718,108</u>	<u>113,262</u>	<u>53,198,607</u>		<u>895,557</u>	<u>949,624</u>

PURCHASED WATER

<u>SOURCE OF SUPPLY</u>	COST		<u>TOTAL COST</u>
	<u>THOUSAND GALLONS</u>	PER 1,000 <u>GALLONS</u>	
MINIMUM TAKE OR PAY @ 1.5 MG PER DAY:			
VEOLIA WATER-MATCHAPONIX	547,500	\$3.3269	\$1,821,478
MARLBORO TWP. WATER UTILITY DIVISION	547,500	\$7.32567	\$4,010,804
PLANT PRODUCTION	<u>804,277</u>	N/A	0
TOTAL SOURCE OF SUPPLY	1,899,277		
TOTAL PROFORMA WATER COST			5,832,282
TEST YEAR			<u>4,660,022</u>
ADJUSTMENT			<u><u>1,172,260</u></u>

**GORDON'S CORNER WATER COMPANY
EXPLANATION OF ADJUSTMENT TO TEST YEAR
RATE BASE**

The Company has shown rate base as of December 31, 2023 to reflect utility plant in service at that date less accumulated depreciation, contributions in aid (CIAC), and customer advances for construction. No post test year plant additions are proposed in this filing. Working capital, inventory, and prepayments which consist primarily of prepaid revenue taxes, have been included.

The Company is requesting a working capital allowance of 1/12 of O&M Expenses. A 1/12 working capital allowance is reasonable since the company bills monthly in arrears and in light of the severe cash flow impact of large water purchase costs payable monthly throughout the year pursuant to the Company's water purchase agreements.

COMPUTATION OF RATE BASE AND REQUIRED RETURN

GROSS UTILITY PLANT AT DECEMBER 31, 2023	53,198,607
LESS: ACCUMULATED DEPRECIATION	15,540,510
CONTRIBUTIONS IN AID OF CONSTRUCTION	<u>22,783,954</u>
 NET UTILITY PLANT	 14,874,143
 <u>OTHER INCREASES (DECREASES) FOR RATE BASE</u>	
INCREASES:	
INVENTORY	67,000
PREPAYMENTS	123,000
WORKING CAPITAL ALLOWANCE (1/12)	969,068
 (DECREASES)	
DEFERRED INCOME TAXES	499,500
CUSTOMER DEPOSITS	<u>74,000</u>
 RATE BASE	 15,459,711
OVERALL RATE OF RETURN	<u>7.94%</u>
 REQUIRED UTILITY OPERATING INCOME	 <u><u>1,226,988</u></u>

COMPUTATION OF REQUIRED REVENUE AND REQUIRED REVENUE INCREASE

OPERATION AND MAINTENANCE EXPENSES		11,629,282
DEPRECIATION EXPENSE		949,625
TAXES	2,223,193	
LESS: REVENUE TAXES	1,914,179	309,013
FEDERAL INCOME TAXES		245,672
PROPOSED RETURN		1,226,988
LESS: CELLULAR REVENUE		370,800
REVENUE REQUIRED BEFORE REVENUE TAXES		<u>13,989,780</u>
REQUIRED REVENUE FROM OPERATIONS AFTER REVENUE TAXES		16,195,623
CURRENT REVENUE FROM OPERATIONS		<u>14,054,181</u>
REQUIRED INCREASE IN OPERATING REVENUES		<u><u>2,141,442</u></u>
PERCENT INCREASE IN OPERATING REVENUES OVER PRESENT REVENUES		<u><u>15.24%</u></u>

PROOF OF REVENUE TAXES

REVENUE REQUIRED FROM OPERATIONS		16,195,623
REVENUE TAX RATES:		
GROSS RECEIPTS TAX	7.50%	
FRANCHISE TAX	4.61%	
EXCISE TAX	1.51%	
	<u>13.62%</u>	
TOTAL REVENUE TAXES		2,205,844
PRESENT REVENUE TAXES		<u>1,914,179</u>
INCREASE IN REVENUE TAXES		<u><u>291,664</u></u>

COMPUTATION OF INCOME TAXES

PROPOSED UTILITY OPERATING INCOME AND RETURN	1,226,988
LESS: INTEREST EXPENSE	347,793
ADD: NON OPERATING INCOME	<u>45,000</u>
NET INCOME AFTER TAXES	924,194
 <u>INCOME TAX COMPUTATION</u>	
TAXABLE INCOME (NET INCOME DIVIDED BY INVERSE OF 21% TAX RATE)	1,169,866
TAX RATE	21%
INCOME TAXES	245,672
INCOME TAX EXPENSE PRO FORMA PRESENT RATES	<u>0</u>
INCOME TAX EXPENSE ADJUSTMENT UNDER PROFORMA PROPOSED RATES	<u><u>245,672</u></u>

CAPITAL STRUCTURE AND RATE OF RETURN @ December 31, 2023

	AMOUNT	% OF TOTAL	COST FACTOR	WEIGHTED COST
CO-BANK	163,193	1.02%	8.10%	0.08%
CO-BANK	295,000	1.85%	7.31%	0.14%
CO-BANK	852,150	5.34%	4.76%	0.25%
CO-BANK	1,796,234	11.25%	4.18%	0.47%
CO-BANK	3,000,000	18.80%	5.68%	1.07%
	<u>6,106,577</u>	<u>38.26%</u>	5.25%	<u>2.01%</u>
EQUITY	<u>9,855,045</u>	<u>61.74%</u>	9.60%	<u>5.93%</u>
	<u><u>15,961,622</u></u>	<u><u>100.00%</u></u>		<u><u>7.94%</u></u>

REVENUES UNDER PROPOSED TARIFF RATES

<u>METER SIZE</u>	<u>QUANTITY</u>	<u>RATE (Monthly)</u>	<u>ANNUAL FIXED REVENUES</u>	<u>% INCREASE</u>
<u>GENERAL METERED SERVICES</u>				
5/8"	10260	\$22.81	2,808,613	
3/4"	4270	\$34.22	1,753,638	
1"	61	\$57.05	41,759	
1 1/2"	12	\$114.05	16,423	
2"	55	\$182.46	120,424	
4"	19	\$570.20	130,007	
6"	3	\$1,140.47	41,057	
TOTAL FIXED SERVICE REVENUE			\$4,911,920	20.00%
<u>PRIVATE FIRE SERVICE</u>				
2"	15	\$10.55	1,899	
4"	16	\$52.60	10,098	
6"	37	\$105.16	46,689	
8"	74	\$168.32	149,472	
TOTAL PRIVATE FIRE REVENUE			\$208,158	20.00%
<u>PUBLIC FIRE SERVICE</u>				
		<u>ANNUAL RATE</u>		
HYDRANTS	1205	\$457.55	551,345	
TOTAL PUBLIC FIRE REVENUE			\$551,345	4.00%
SALES FOR RESALE-ENGLISHTOWN 18,250 TG X		\$5.7 /TG	\$104,025	0.00%
TOTAL REVENUES OTHER THAN FROM COMSUMPTION AND MISC. SERVICE REVENUE			\$5,775,449	
MISCELLANEOUS SERVICE/OTHER WATER REVENUE			35,000	
RENTS FROM WATER PROPERTY(Cellular Rental)			370,800	
CONSUMPTION REVENUE	1,435,800 TG X	\$7.23 /TG	<u>10,385,155</u>	15.36%
PROFORMA REVENUES UNDER PROPOSED TARIFF RATES			<u>\$16,566,403</u>	

COMPARISON OF PRESENT AND PROPOSED RATES

<u>METER SIZE</u>	<u>PRESENT TARIFF RATE (MONTHLY)</u>	<u>PROPOSED RATES</u>	<u>% TO INCREASE</u>
<u>GENERAL METERED SERVICES</u>			
5/8"	\$19.01	\$22.81	20.0%
3/4"	\$28.52	\$34.22	20.0%
1"	\$47.54	\$57.05	20.0%
1 1/2"	\$95.04	\$114.05	20.0%
2"	\$152.05	\$182.46	20.0%
4"	\$475.17	\$570.20	20.0%
6"	\$950.39	\$1,140.47	20.0%
8"	\$1,521.50	\$1,825.80	20.0%
<u>PRIVATE FIRE SERVICE</u>			
2"	\$8.79	\$10.55	20.00%
4"	\$43.83	\$52.60	20.00%
6"	\$87.63	\$105.16	20.00%
8"	\$140.27	\$168.32	20.00%
<u>PUBLIC FIRE SERVICE</u>			
	<u>ANNUAL RATES</u>		
HYDRANTS	\$439.95	\$457.55	4.00%
GENERAL METERED CONSUMPTION	\$6.27	\$7.23	15.36%

AVERAGE MONTHLY BILL FOR A TYPICAL CUSTOMER

<u>AVERAGE MONTHLY USAGE (Gal)</u>	<u>PRESENT RATE</u>	<u>PROPOSED RATE</u>	<u>PERCENTAGE INCREASE</u>
7,000	\$62.90	\$73.44	16.8%