



Atlantic City Municipal Utilities Authority

January 3, 2007

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DIRECTORS
EDMUND J. COLANZI
SUSAN DORN
KATTIE MARSHALL
DENNIS M. MASON
MILTON L. SMITH

BY:

Mr. Steve Tambini
Engineering Director
New Jersey American Water Company
213 Carriage Lane
Delran, New Jersey 08075

Dear Steve:

Enclosed please find one (1) executed copy of the Utility Agreement between the Atlantic City Municipal Utilities Authority (MUA) and New Jersey American Water Company, which was approved by Resolution #195 by the Board of Directors on November 22, 2006.

If you should have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Neil A. Goldfine".

Neil A. Goldfine, P.E., P.P.
Executive Director

NAG:wej
Enc.
cc: Garth Moyle

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Atlantic City Municipal Utilities Authority

RESOLUTION

BY ALL MEMBERS OF THE BOARD:

BE IT RESOLVED, by the Board of Directors of the Atlantic City Municipal Utilities Authority that the Chairman is hereby authorized to execute and the Vice Chairman/Secretary to attest to a Utility Agreement between the ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY, a Municipal Corporation of the State of New Jersey, and the NEW JERSEY AMERICAN WATER COMPANY, to revise the existing Utility Interconnection Agreement between their respective public water supply systems, due to the New Jersey Department of Environmental Protection's (NJDEP) requirement to remove the cancellation clauses from the Utility Agreement; and

BE IT FURTHER RESOLVED, that a copy of this contract shall be made available in the office of the Atlantic City Municipal Utilities Authority for public inspection

Upon Motion, This Resolution was APPROVED as Read.

A handwritten signature in cursive script, appearing to read "EJC", is written above a horizontal line.

EDMUND J. COLANZI, VICE CHAIRMAN/SECRETARY

UTILITY INTERCONNECTION AGREEMENT

This Agreement made and entered into this 22nd day of November, 2006, between the Atlantic City Municipal Utilities Authority , hereinafter called the “AUTHORITY” and the New Jersey American Water Company, hereinafter referred to as “NJAWC”, and

WHEREAS, the AUTHORITY and the NJAWC wish to revise the existing Interconnection Agreement, dated May 19, 2004, between their respective public water supply systems for the purpose of providing both an emergency source of water to the system in need and to provide a continuing source of water to NJAWC as required in quantities mutually agreed upon by the parties to this Agreement; and

WHEREAS, the revisions to the Utility Agreement will increase the quantity of water to be sold to NJAWC.

NOW THEREFORE, the AUTHORITY and the NJAWC, for the mutual benefits to be obtained agree as follows:

1. The NJAWC has constructed a point of connection to the AUTHORITY system, at a point east of the AUTHORITY High Lift Pump Station in an existing 30” Water Transmission Main, by completing a 30” x 24” tap in the AUTHORITY’s existing 30” transmission main, a 24” x 12” tee, and extended a 12” water main from the point of connection to the AUTHORITY’s abandoned Well Station No. 4 structure on the plant site, and thence to a point of connection to the NJAWC Water Distribution System on the southerly side of California Avenue at a point approximately midway between New Road (U.S. Route 9) and Shore Road. The NJAWC shall further construct booster pumps and metering facilities required for this connection to the AUTHORITY system within the abandoned Well Station No. 4 building and provide other improvements as required to accommodate the booster pump facilities to be constructed in this facility, the AUTHORITY shall approve Final plans; NJAWC shall be responsible for the operation and maintenance of these facilities;

2. The NJAWC shall additionally provide required metering of appropriate size in accordance with AUTHORITY specifications and provide for the daily transmittal of meter readings from the meter totalizer to a point at the AUTHORITY facilities more specifically identified by the AUTHORITY staff;

3. The terms of payment for water transferred through the revised interconnection under the conditions initially agreed upon by both parties is as follows:

- A. The NJAWC shall pay the AUTHORITY for a minimum use of one million two hundred thousand (1,200,000) gallons of water per day at the rates as detailed in the AUTHORITY's Rules, Rates and Regulations governing the collection of water service charges and fees for water supplied through an to an existing public water supply facilities. This clause shall not be enforced when the MUA has enforced any of the restricted revisions under 5A and B below.
- B. The rate for the first fifteen million (15,000,000) gallons per month shall not exceed the excess consumption rate applied to all other commercial and governmental water users in the City of Atlantic City.
- C. The rate set for water used, over fifteen million (15,000,000) gallons a month, exclusive of water used in excess of two million (2,000,000) gallons a day on weekends and holidays, shall be eighty five (85%) percent of the rate set under A of this paragraph.
- D. The rate charged for water purchased in excess of three million (3,000,000) gallons per day on weekends and federal holidays only, shall not exceed two hundred (200%) percent of the consumption rate set under paragraph B above.
- E. The NJAWC shall pay the AUTHORITY for a minimum use of 552,822,116 gallons of water per year (an average of 1.514581 mgd) at the rates as detailed in the AUTHORITY's Rules, Rates and Regulations governing the collection of water service charges and fees for water supplied through an to an existing public water supply facilities. The charges shall be adjusted during the following January based upon the rates in effect during the year in which the usage occurred.
- F. All bills should be paid in full within thirty (30) days of rendering.
- G. All water purchased by the AUTHORITY shall be based on existing New Jersey American Water Company Public Utilities approved tariffs for the appropriate sized metered connection NJAWC to the AUTHORITY.
- H. All water purchased by the NJAWC shall be based on similar customer category service and rates in existence in the service area of the AUTHORITY.
- I. Any special surcharges or rates for either interconnection must be approved by the New Jersey Board of Public Utilities. Activation of either interconnection must be by the mutual consent of both parties.

4. Neither party, when acting as a supplier under this Agreement, makes any guarantee for pressure, quantity, time of service, or length of service, it being understood

by both parties to this Agreement that their rights to receive water under this Agreement is to receive such a supply of water as shall then be available and no other or greater.

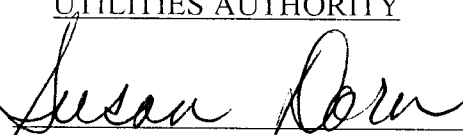
5. The AUTHORITY reserves the right to restrict the quantity purchased by NJAWC under the following conditions:

- A. Emergencies.
- B. Weekend load shedding.
- C. No more than one hundred and twenty five million (125,000,000) gallons may be purchased each month.
- D. No more than five million (5,000,000) gallons per day may be taken on any one-day.
- E. There is no annual purchase limit except as subject to the limits in C and D above.

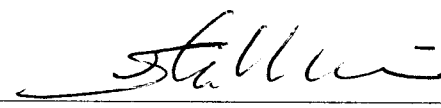
This AGREEMENT shall have a term of five (5) years and shall automatically be renewed for an additional five (5) year term.




EDMUND COLANZI,
VICE CHAIRMAN/ SECRETARY

ATLANTIC CITY MUNICIPAL
UTILITIES AUTHORITY


SUSAN DORN, CHAIRMAN



WITNESS

NJ AMERICAN WATER
COMPANY


Wayne O. Morgan
VP Service Delivery