

AGREEMENT FOR THE SUPPLY OF WATER

BETWEEN

THE MARLBORO TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

AND

NEW JERSEY - AMERICAN WATER COMPANY, INC.

This **AGREEMENT** (hereinafter referred to as the "Agreement") is entered into as of the 5th day of February, 2008,

between

THE MARLBORO TOWNSHIP MUNICIPAL UTILITIES AUTHORITY,

a corporate public body organized and existing under and pursuant to the provisions of N.J.S.A. 40:14B-1, *et seq.*, maintaining its administration office at 14 Harbor Road, in the Township of Marlboro, County of Monmouth and State of New Jersey, and having a mailing address of Post Office Box 280, Wickatunk, New Jersey 07765 (hereinafter referred to as the "Authority" or "MTMUA");

and

NEW JERSEY - AMERICAN WATER COMPANY, INC.

a public utility and corporation, organized under the laws of the State of New Jersey, maintaining its principal place of business at and having a mailing address of 131 Woodcrest Road, Cherry Hill, New Jersey 08003 (hereinafter referred to as the "Company" or "NJAWC").

WITNESSETH:

WHEREAS, the Authority and the Company each own and operate separate public, community water supply and distribution systems, which said systems are adjacent, and/or in close proximity, to each other at several points at or near the territorial borders of Marlboro Township and Aberdeen Township and/or the Township of Holmdel; and

WHEREAS, the Company has requested the Authority to provide NJAWC with a supply of water for private and public uses in accordance with the terms of this Agreement; and

WHEREAS, the Authority is willing to supply potable water to the Company as provided for herein; and

WHEREAS, the Authority intends to increase its treatment and/or supply capabilities to provide water service to the Company as contemplated by the provisions of this Agreement;

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants and promises herein contained and for other good and valuable consideration, it is hereby agreed by and between the Authority and the Company as follows:

1. **Supply of Water.**

The Authority agrees to supply the Company with water, and the Company agrees to accept such water upon the terms and conditions set forth herein.

2. **Effective Date and Term of this Agreement.**

Regardless of the actual execution date(s) of this Agreement by the respective parties, the provisions of this Agreement shall be deemed effective and applicable to all sales/purchases of water from on and after February 5, 2008 (the "Effective Date"). The foregoing notwithstanding,

water service pursuant to this Agreement shall not commence until such date as is set forth in a written notice to be given by the Company to the Authority, which said notice shall state that the Company has completed the Interconnection Upgrades (as such term is hereinafter defined in Article 4 of this Agreement) and establish the aforementioned water service commencement date (the "Water Service Effective Date"). (It is anticipated that the Water Service Effective Date will be June 1, 2008). Except as otherwise provided herein, this Agreement shall terminate on May 31, 2018 (the "Termination Date"). However, if the Water Service Effective Date is later than June 1, 2008, the Termination Date shall be such date as is ten (10) years following the Water Service Effective Date.

The Company shall have the right and option of renewing this Agreement for an additional period of ten (10) years from the Termination Date. The Company must exercise said option by notifying the Authority, in writing, of its intention to do so at least three hundred sixty five (365) days prior to the Termination Date. The foregoing notwithstanding, if this Agreement has not been renewed beyond the Termination Date, the term of this Agreement shall, nonetheless, continue on a year-to-year basis; with either party being entitled to terminate the Agreement upon written notice served upon the other party at least three hundred sixty five (365) days prior to the designated Termination Date.

Notwithstanding anything contained herein to the contrary, the parties hereto, by mutual written agreement, may elect to adopt and approve other provisions relating to the term of this Agreement.

3. **Rates.**

The Company shall pay the Authority at a rate that is the sum of two (2) components hereinafter referred to as the Middlesex Water Company Component (the "MWC Component") and the MTMUA Component (the "MTMUA Component").

The MWC Component

The MWC Component shall consist of the following two (2) sub-components:

A. The rate charged by Middlesex Water Company ("MWC") for Service Under Contract - SC pursuant to Rate Schedule No. 5 ("**Service Rate**") of MWC's tariff; **PLUS**

B. The rate charged by MWC for Transmission Service South River Basin - TR - SRB pursuant to Rate Schedule No. 7 ("**Transmission Rate**") of MWC's tariff.

As of the Effective Date of this Agreement the aforesaid **Service Rate is \$1,622.82 per million gallons** and the **Transmission Rate is \$482.83 per million gallons**, which results in a **current MWC Component of \$2,105.65 per million gallons**. It is specifically and expressly understood and agreed that the MWC Component shall be increased each and every time the New Jersey Board of Public Utilities (the "BPU") approves an increase in either the Service Rate or Transmission Rate, or both, and the amount of the increase in the MWC Component shall be equal the amount of each BPU-approved increase. Further, any such increase in the MWC Component shall become effective at the same time as any such BPU-approved increase becomes effective for MWC. The parties hereto hereby specifically acknowledge that MWC presently has a petition for an increase in rates pending before BPU and that a rate increase of some magnitude will be approved within the near future. Any such rate increase (as well as all subsequent increases) will result in an increase in the MWC Component; same not having been factored into the initial MWC Component rate.

With respect to the MWC Component, the parties hereto hereby acknowledge and understand that the Authority intends to use and rely upon supplemental supplies of water to be purchased from MWC, at a cost equal to the Service Rate and Transmission Rate (effectively, the MWC Component rate), in order to provide water service to the Company. It is specifically agreed that the Authority shall provide the Company with written notification of all rate increase petitions or other proceedings, which may affect the Service Rate or the Transmission Rate, that are filed by MWC with BPU; which said written notification shall be effected within thirty (30) days of the Authority's receipt of written notice of any such petitions or proceedings from MWC.

It is expressly understood and agreed that the MWC Component shall **NOT** be subject to increase, except as, if and when the BPU approves increases in the Service Rate and/or Transmission Rate, as hereinabove set forth.

The MTMUA Component

The MTMUA Component is intended to cover and defray various costs and expenses that will be incurred by the Authority and/or that are associated with the use of the Authority's Water System in providing water service to the Company, including power, chemical, labor, overhead and other administrative expenses, as well as costs related to the MTMUA's utility plant in service.

As of the Water Service Effective Date of this Agreement the MTMUA Component shall be **\$1,161.51 per million gallons**. On each annual anniversary of the Water Service Effective Date during the initial ten-year term of this Agreement, the MTMUA Component shall be increased by two (2%) percent. In the event that the term of this Agreement is renewed or extended beyond the initial ten-year term (either by the Company affirmatively exercising its option to renew, or by an automatic year-to-year extension), then on each annual anniversary of the Water Service Effective Date from the tenth (10th) through the fourteenth (14th) annual anniversary of the Water Service Effective Date, the MTMUA Component shall be increased by three (3%) percent; and from the fifteenth (15th) through the nineteenth (19th) annual anniversary of the Water Service Effective Date, the MTMUA Component shall be increased by four (4%) percent. Attached hereto and made a part hereof, as Exhibit A, is a Schedule of the prospective increases in and to the MTMUA Component and the effective date of each such increase. Except as stated above and set forth in Exhibit A, the MTMUA Component shall **NOT** be subject to any other increase.

The Company shall pay the Authority at the aforementioned Rates (MWC Component plus the MTMUA Component) for the greater of: (A) the Contract Daily Minimum Quantity of Water (as defined below in Paragraph 7 of this Agreement); or (B) for all water delivered to the Meter Stations (as defined below in Paragraphs 5 and 6 of this Agreement).

4. **Delivery Systems.**

It is hereby understood and agreed that there are two (2) existing interconnections between the respective water systems of the Authority and the Company, which said points of connection are located at Lloyd Road (at or near the municipal boundary line between Marlboro Township and Aberdeen Township) and Schanck Road (at or near the municipal boundary line between Marlboro Township and Holmdel Township). The Authority and the Company further understand and agree that the water service contemplated by this Agreement shall **NOT** be delivered through the existing interconnections, but, rather, new interconnections shall be constructed and installed at or near or in place of the existing interconnections through which the Authority shall supply water to the Company. The Company, at its sole cost and expense, shall be responsible for the construction and installation of all aspects of the new interconnections, including the acquisition of all necessary easements for the location of meter pits, base equipment and all other required appurtenances, as well as for the procurement and installation of all water meters and metering equipment (herein referred to, collectively, as the "Interconnection Upgrades"). The Company shall be the sole and exclusive owner of the Interconnection Upgrades and shall be solely responsible for the repair, maintenance and replacement thereof. Except as specifically and expressly set forth herein, the Authority shall not be vested with an ownership interest in, or right or title to, any part of the Interconnection Upgrades. The foregoing notwithstanding, the design and construction of the Interconnection Upgrades, with respect to the physical connection with the Authority's Water System, shall be subject to the reasonable consent and approval of the Authority. Further, the Authority shall be entitled, at its own cost and expense, to construct and install its own control panel, pressure recorder and flow recorder within, at or near the meter pit at each point of connection and the Company shall use its commercially reasonable efforts to have the Authority's control panel and recorders receive the same signals from the metering equipment and interconnection as are received by the Company. All facilities and/or appurtenances that are constructed and installed by the Authority, i.e., the aforementioned control panel, pressure recorder and flow recorder, shall constitute the sole property of the Authority and the Authority shall be solely responsible for the operation, repair, maintenance and replacement thereof. Both parties shall fully cooperate with each other and, to the extent practicable, assist each other relative to the procurement, construction and

installation of the Interconnection Upgrades, including the procurement of all necessary or desirable governmental approvals, permits and/or authorizations.

Aside from the Interconnection Upgrades, the respective parties shall be solely responsible for constructing or installing such systemic improvements, if any, as may be necessary or desirable for, in the case of the Authority, to deliver the requisite supplies of water and, in the case of the Company, to receive such supplies of water. The foregoing is intended to include, without limitation, piping, fittings, valves, and other improvements or appurtenances, such as pressure reducing valves and pump stations.

The parties hereby acknowledge and affirm that the Company is desirous of receiving water service at the new Lloyd Road interconnection at a Hydraulic Gradeline ("HGL") of approximately three hundred (300') feet and at a HGL of approximately three hundred ten (310') feet at the new Schanck Road interconnection. The parties further acknowledge that the aforesaid circumstances will allow the Company to receive and utilize water service from the Authority without the need to install pumping facilities. The Authority does not envision or contemplate an inability to achieve the aforementioned HGLs, but said operational characteristics cannot be unconditionally guaranteed under all circumstances. However, in the event the aforesaid HGLs cannot be achieved and/or maintained, then, as hereinafter set forth in Paragraph 7 of this Agreement, the Company shall only be obligated to pay for the amount of water that can be supplied and conveyed via gravity from the Authority's Water System, regardless of Minimum Payment Obligations. It is specifically and expressly understood and agreed that the aforementioned possible deviation from or avoidance of any Minimum Payment Obligation shall only apply if the respective HGLs cannot be achieved or maintained at a daily rate of two hundred fifty thousand gallons per day (0.25 mgd), and not at any higher flows.

5. **Meter Stations/Points of Delivery.**

The parties understand and agree that delivery of all water supplies shall be made and metered through meter stations forming part of the Interconnection Upgrades, as well as through any

other points of delivery as may be reasonably agreed upon, from time to time, between the parties (hereinafter referred to as the "Meter Stations"). All water so supplied shall be metered at the Meter Stations.

6. **Meters, Services and other Appurtenances.**

As hereinabove set forth in Paragraph 4, the Company shall furnish, install and maintain, at its own cost, the Interconnection Upgrades, which shall include such service connections and meters as are deemed necessary for connection to the Meter Stations in order to receive water service from the Authority. The meters and service pipes, as well as all other components of the Interconnection Upgrades, shall remain the sole property of the Company. However, as set forth in paragraph 4 of this Agreement, the Authority shall be entitled, at its own cost and expense, to construct and install its own control panel, pressure recorder and flow recorder within, at or near the meter pit at each point of connection, which said improvements shall constitute and remain the sole property of the Authority.

The Company shall maintain and verify the accuracy of all meters on an annual basis, including the recalibration thereof. In that regard, the accuracy of such meters shall comply with all standards, rules and regulations of the BPU, the New Jersey Department of Weights and Measures and all applicable water industry protocols. The Authority shall receive reasonable advance written notice of all scheduled meter tests to be performed by the Company and the Authority shall be entitled to witness all such meter tests. Moreover, the Company shall provide all meter test reports, including the initial calibration report, to the Authority on a timely basis. The Authority shall have the right of access to the Meter Stations to test the meters by a certified meter technician at any reasonable time upon advance written notice.

7. **Minimum Payment Obligation; Allowable Excess Purchases and Maximum Limitations.**

The Company and the Authority hereby specifically understand and agree that, subject to the provisions of Paragraph 4 of this Agreement pertaining to the delivery of water

supplies at certain minimum HGLs (three hundred feet and three hundred ten feet, respectively), the Company shall be obligated to pay for a daily minimum quantity of water (herein referred to as the "Contract Daily Minimum"), regardless of whether the Company actually takes such quantities of water on a daily basis. The initial Contract Daily Minimum, as of the Water Service Effective Date, shall be a total of two hundred fifty thousand (250,000) gallons of water a day (hereinafter referred to as "0.25 mgd"). In the event the Authority is unable, on a given day, to deliver a minimum of 0.25 mgd at the aforesaid HGLs, then the Company shall not be obligated to pay the Contract Daily Minimum for any such day or days, but, rather, shall only be obligated to pay for the volume of water actually delivered.

The total daily quantity of water taken by the Company at the Meter Stations may exceed the Contract Daily Minimum by up to fifty (50%) percent on a 24-hour basis. This excess supply of water or increase in daily volume is guaranteed by the Authority, subject to the other provisions of this Agreement. That is to say, for so long as the Contract Daily Minimum is 0.25 mgd, the total daily quantity of water that may be taken by the Company shall be up to 0.375 mgd. The Company shall not be allowed to take daily supplies of water in excess of the Contract Daily Minimum plus fifty (50%) percent of the Contract Daily Minimum unless the Authority notifies the Company that such excess supplies of water are available. [With respect to the foregoing, the parties understand that any increase in the Contract Daily Minimum, during the term of this Agreement, will result in a proportionate increase to the maximum permitted daily volume.] In the event the Company is desirous of receiving or taking daily quantities of water that are in excess of the aforementioned limitation, a written request for such additional amounts shall be submitted only to the Authority's Director of Operations for consideration and either approval or denial by the Director of Operations, or, if deemed necessary, referred to the Commissioners of the Authority for a decision. In the absence of any such approval, the Company shall maintain the valves, settings and/or other appurtenances at the Meter Stations in such a manner so as to reasonably ensure that the limitations set forth herein are not exceeded. If, for any reason, the daily supplies of water delivered to and/or taken by the Company exceed the Contract Daily Minimum plus fifty (50%) percent thereof, the Company shall reduce the daily supplies of water being taken so that same do not exceed the Contract Daily Minimum plus fifty (50%) percent thereof immediately upon the receipt of written notification from the Authority to do so.

In addition to the foregoing, the quantity of water taken by the Company during the maximum peak hour multiplied by twenty four (24) shall not exceed the Contract Daily Minimum by more than one hundred (100%) percent unless the Company receives written notice from the Authority that such excess quantities, or rate of flow, are available. [With respect to the foregoing, the parties understand that any increase in the Contract Daily Minimum, during the term of this Agreement, will result in a proportionate increase to the maximum permitted peak hour flow/volume.] Even if prior approval is given by the Authority with respect to any excess quantities or rate of flow, same shall be subject to immediate cessation upon further written notification from the Authority to the Company relative thereto.

8. **Increase in Contract Daily Minimum.**

At any time during the original or any renewed or extended term of this Agreement, the Company may request an increase of the Contract Daily Minimum. All such requests shall be in writing and the Authority must respond to each such request in writing within sixty (60) days of the receipt thereof. The parties hereto hereby acknowledge that, in order to grant such a request the Authority may be obligated to increase its minimum purchase obligations from MWC and, further, the Authority may be unable to approve a requested increase if MWC is unable to increase its supply of water to the Authority.

The Company may also request a decrease of the Contract Daily Minimum, which such requests shall also be in writing. As with requests for increase, any request for a decrease must be responded to by the Authority, in writing, within sixty (60) days of the receipt thereof. The foregoing notwithstanding, it is expressly understood and agreed that, under no circumstances, shall the Company be permitted to decrease the Contract Daily Minimum below the initial amount of 0.25 mgd. Furthermore, any otherwise permitted requests for a decrease of the Contract Daily Minimum cannot and will not be approved unless the Authority is able to secure a corresponding decrease in its daily minimum purchase obligations from MWC.

The approval or denial of all requests for either an increase or decrease shall be subject to the reasonable discretion of the Authority and, in the event the Authority approves a requested increase or decrease of the Contract Daily Minimum, the resulting new Contract Daily Minimum shall remain in effect indefinitely until further increased or decreased.

9. **Payment.**

Water service charges shall be computed on a daily basis in conformity with the provisions of this Agreement. On a monthly basis, the Authority shall submit a billing statement to the Company, together with any supporting voucher that may be requested by the Company. Payment thereof shall be made by the Company within thirty (30) days.

10. **Combined Charge.**

Payments for water service (in excess of the Contract Daily Minimum) shall be determined on the basis of the **combined** total daily quantities of water supplied through all of the Meter Stations as determined by meter readings at said Meter Stations.

11. **Meter Readings.**

The Authority shall read the meters daily (on a regular hour/schedule to be agreed upon by the Authority and the Company) for all water supplied to the Company at each Meter Station then in operation. In order to effectuate the foregoing, it is hereby agreed as follows:

A. The Authority shall sign the Company's form of Access and Indemnification Agreement (a copy of which is appended hereto as Exhibit B) and abide by the terms thereof.

B. The Company, at the Company's sole cost and expense, shall provide the Authority with a hand-held meter reading device that can obtain the current totalized meter reads by touching the device to a surface-mounted touch pad at the situs of each Interconnection Upgrade and Meter Station.

C. The Company shall grant and permit Authority personnel to have daily access to the real property upon which the Interconnection Upgrades and Meter Stations are located for the

purpose of obtaining meter readings using the aforementioned hand-held meter reading device. The aforesaid access does not include access inside the meter vaults.

Upon the reasonable advance request of the Authority, the Company shall permit Authority personnel, accompanied by Company personnel, to have access to the water meters situated in any Meter Station in order to obtain periodic direct meter readings for purposes of validation and confirmation. The Company shall have the right of access to all meter readings taken by the Authority on a daily basis.

Furthermore, upon the Water Service Effective Date, the Company agrees to work with the Authority to validate the accuracy of the meter readings by implementing and adhering to the following protocols: (i) during the first six consecutive weeks, weekly readings at all Meter Stations shall be conducted jointly by the Authority and the Company for the purpose of comparing metering readings secured directly/manually from the respective water meters situated inside the meter vaults with meter readings obtained by using the hand-held meter reading device and surface-mounted touch pads; (ii) during this six-week period, no daily manual meter readings will be taken unless same are warranted based upon unexpected operational circumstances [nonetheless, the Authority will be taking daily readings by using the hand-held meter reading device and surface-mounted touch pads]; (iii) assuming that the comparative meter readings obtained during the first six weeks are satisfactory (same reading value achieved), then the foresaid weekly comparative meter reading process shall abate; and (iv) if, at the end of the initial six-week period, the accuracy (same value) of the comparative meter reads cannot be achieved or maintained, then the Company and the Authority shall continue to conduct weekly comparative meter readings (remote and manual) during successive six-month validation periods, if necessary, until such accuracy is achieved/maintained.

12. Definitions.

Throughout this Agreement the following words, terms or phrases shall have the following meanings:

A. "Daily" or "24-hours" shall refer to the 24-hour period between the daily meter readings.

B. "Daily Minimum" shall have the same meaning as Contract Daily Minimum.

C. "Force Majeure" shall mean the inability of a party to perform due to: acts of God; orders of the government of the United States or the State of New Jersey, or any agency or instrumentality thereof; orders of any other governmental or quasi-governmental agency having jurisdiction over water supplies to be furnished hereunder; acts of terrorism; insurrections; riots; epidemics; landslides; lightening; earthquakes; fires; hurricanes; storms; floods; washouts; droughts; explosions; breakage or accidents to machinery, pipelines, dams or canals, or partial or entire failure or contamination of a water supply, not resulting from the negligence of the party claiming such occurrence as the reason for the inability to perform; arrests; civil disturbances; acts of any public enemy; and any other causes not reasonably within the control of the party claiming such inability to perform.

13. **Water Quality.**

All water delivered by the Authority to the Company shall comply with all Federal and State requirements for safe drinking water and, to the extent applicable, both parties shall comply with all associated testing, notice and other requirements. Each party shall be entitled to perform water quality tests at all points of interconnection. All water quality tests shall be performed only by State of New Jersey certified laboratories. Subject to the foregoing, neither party shall be responsible for contamination or degradation in the quality of the water passing beyond the point of any interconnection between the water systems of the respective parties. Upon request therefor, either party shall be entitled to receive copies of water quality test reports associated with tests performed at or near the Meter Stations.

14. **Scheduling.**

The Authority shall have the right to modify its rate of delivery to manage its Water System requirements in accordance with accepted operating procedures. The Authority will use its reasonable best efforts to minimize such occurrences, as well as the duration thereof. Reasonable advance notification of any such modifications, specifically including, but not limited to, service interruptions, shall be provided to the Company by the Authority. In addition, the Company shall

provide the Authority with reasonable advance notification of any anticipated departures from its then normal water usage.

15. **Excused Performance.**

The Authority agrees to provide a continuous, regular and uninterrupted supply of water at the Meter Stations, subject to interruptions in service resulting from events of Force Majeure. The Authority shall not be liable for damages to the Company by reason of inadequate pressure or volume or quality or failure to provide water for any cause, whatsoever, provided that the same does not arise out of the negligent acts or omissions of the Authority. In the event of an interruption in service, the Authority agrees to act diligently, within the bounds of normal operating procedures, to return service to normal.

16. **Indemnification.**

The Company shall completely indemnify, protect and save the Authority harmless from any and all costs, expenses, liability, losses, claims, suits and proceedings of any nature, whatsoever, arising out of the water service provided by the Company to the Company's customers. However, as to claims involving water quality, the foregoing provisions are not intended to apply to water delivered by the Authority that does not comply with all Federal and State laws, regulations or requirements for safe drinking water before it is delivered to the Company, provided that there is proximate causation between any such claims and the deficiencies in water quality attributable to the Authority.

The Authority shall completely indemnify, protect and save the Company harmless from any and all costs, expenses, liability, losses, claims, suits and proceedings of any nature, whatsoever, caused by any breach by the Authority of its obligations under this Agreement.

Notwithstanding anything contained herein to the contrary, each party's aggregate liability to the other party arising out of or in connection with this Agreement shall not exceed an

amount of money equal to one (1) year's gross revenues required to be paid by the Company to the Authority based upon the Contract Daily Minimum in effect at the time of the occurrence giving rise to the liability, and each party hereby releases the other party from any liability in excess thereof. The foregoing provisions are not intended to limit either party's liability to third parties.

17. **Regulatory Approvals.**

This Agreement shall be filed with and, if applicable, subject to approval by the New Jersey Department of Environmental Protection as may be required by law. The Authority shall expeditiously initiate the said filing for any such approval and both parties agree to cooperate and act in good faith in connection with obtaining such approval, as well as any other regulatory authorizations.

18. **Binding Effect.**

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned by either party without the prior written approval of the other party, which said approval shall not be unreasonably withheld. This Agreement does not create, nor shall it be deemed to create, any rights to any other party as a third-party beneficiary.

19. **Notices.**

All notices and demands of any kind ("Notice") permitted or required to be given by either party to the other party shall be in writing. All such Notices may be given by: personal service; facsimile transmission; regular mail; certified mail, return receipt requested; or by nationally recognized overnight courier service (such as Federal Express or Express Mail) and must be properly addressed and directed to the party to receive the same as follows:

As to the Company:

NEW JERSEY - AMERICAN WATER COMPANY, INC.
131 Woodcrest Road
Cherry Hill, New Jersey 08003

Att: Corporate Secretary

With a copy to:

NEW JERSEY - AMERICAN WATER COMPANY, INC.
131 Woodcrest Road
Cherry Hill, New Jersey 08003

Att: Vice President - Service Delivery

As to the Authority:

THE MARLBORO TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Post Office Box 280
Wickatunk, New Jersey 07765
[If by mail]

OR

THE MARLBORO TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
14 Harbor Road
Morganville, New Jersey 07751
[If by personal service or overnight courier]

In the case of overnight courier service or certified mail, service of the Notice shall be deemed completed upon the placement of the Notice in the mail or with the overnight courier

service. Service by any other means shall be deemed completed upon receipt by the Company or the Authority, as the case may be, which shall include the receipt of the Notice by any of the respective agents, servants or employees of either the Company or the Authority at the respective addresses specified herein. Either party may change the address for the receipt of Notices upon written Notice to the other party as provided for herein.

20. **Validity; Severability; Enforcement.**

In the event that one or more of the provisions of this Agreement shall, for any reason, be held to be illegal or invalid by a court of competent jurisdiction, it is the intent of the parties hereto that such illegality or invalidity shall not affect any other provision hereof, and this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein, unless a court of competent jurisdiction holds that such provision(s) are not severable from all other provisions of the Agreement or that the deletion materially alters the substance of this Agreement.

21. **Law Governing.**

This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

22. **Miscellaneous.**

To the extent not inconsistent with the provisions and intent of this Agreement, all of the provisions of the Authority's duly adopted Rules and Regulations, as well as the provisions of N.J.S.A. 40:14B-1, *et seq.*, shall be deemed to govern water service hereunder.

23. **Entire Agreement.**

This Agreement, including all schedules and exhibits hereto, if any, constitutes the entire understanding between the parties respecting the subject matter hereof, and the parties shall not be bound by any other prior agreements, understandings or conditions, whether written or oral, respecting the subject matter hereof, other than those expressly set forth and stipulated herein. This Agreement may only be amended by a writing executed by both parties.

[END OF AGREEMENT PROVISIONS]

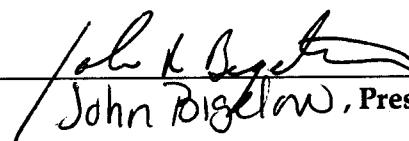
IN WITNESS WHEREOF, the parties have caused the foregoing Agreement, consisting of sixteen (16) pages, including this page, to be signed by their proper corporate officers and their proper corporate seals to be affixed the day and year first above written.

ATTEST:

NEW JERSEY - AMERICAN WATER
COMPANY, INC.



Michael J. Gro, Secretary

BY: 

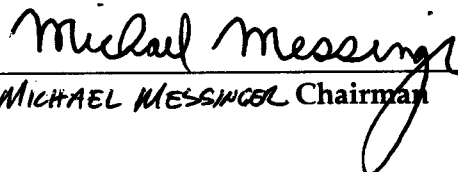
John D. Sigel, President

ATTEST:

THE MARLBORO TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY



JO ANN DENTON, Secretary

BY: 

MICHAEL MESSINGER Chairman

EXHIBIT A

MTMUA (Rate) Component Schedule of Annual Rate Increases

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<u>Effective Date</u>	<u>Rate</u>
Water Service Effective Date [Anticipated to be June 1, 2008]	\$ 1,161.51
<i>First Annual Anniversary</i> of the Water Service Effective Date	\$ 1,184.74
<i>Second Annual Anniversary</i> of the Water Service Effective Date	\$ 1,208.43
<i>Third Annual Anniversary</i> of the Water Service Effective Date	\$ 1,232.60
<i>Fourth Annual Anniversary</i> of the Water Service Effective Date	\$ 1,257.25
<i>Fifth Annual Anniversary</i> of the Water Service Effective Date	\$ 1,282.40
<i>Sixth Annual Anniversary</i> of the Water Service Effective Date	\$ 1,308.05
<i>Seventh Annual Anniversary</i> of the Water Service Effective Date	\$ 1,334.21
<i>Eighth Annual Anniversary</i> of the Water Service Effective Date	\$ 1,360.89
<i>Ninth Annual Anniversary</i> of the Water Service Effective Date	\$ 1,388.11
<i>Tenth Annual Anniversary</i> of the Water Service Effective Date	\$ 1,429.75
<i>Eleventh Annual Anniversary</i> of the Water Service Effective Date	\$ 1,472.64

EXHIBIT A

MTMUA (Rate) Component Schedule of Annual Rate Increases

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<u>Effective Date</u>	<u>Rate</u>
<i>Twelfth Annual Anniversary of the Water Service Effective Date</i>	\$ 1,516.82
<i>Thirteenth Annual Anniversary of the Water Service Effective Date</i>	\$ 1,562.32
<i>Fourteenth Annual Anniversary of the Water Service Effective Date</i>	\$ 1,609.19
<i>Fifteenth Annual Anniversary of the Water Service Effective Date</i>	\$ 1,673.56
<i>Sixteenth Annual Anniversary of the Water Service Effective Date</i>	\$ 1,740.50
<i>Seventeenth Annual Anniversary of the Water Service Effective Date</i>	\$ 1,810.12
<i>Eighteenth Annual Anniversary of the Water Service Effective Date</i>	\$ 1,882.52
<i>Nineteenth Annual Anniversary of the Water Service Effective Date</i>	\$ 1,957.82

EXHIBIT B
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ACCESS AGREEMENT

This ACCESS AGREEMENT (the "Agreement") is entered into this ____ day of _____, 2008, by and between New Jersey-American Water Company, Inc., a New Jersey Public Utility Corporation having its corporate office at 131 Woodcrest Road, Cherry Hill, NJ 08003 ("NJAW"), and Marlboro Township Municipal Utilities Authority, having its principal offices at PO Box 280, Wickatunk, NJ 07765 (the "MUA").

RECITALS:

WHEREAS, NJAW is the owner of title in fee simple to certain improved real property located in Marlboro Township, Monmouth County, New Jersey, otherwise known as Lot _____ in Block _____ (the "Property"); and

WHEREAS, MUA desires to have access to and across the Property for the purpose of reading the meter in connection with the water purchase by NJAW under the Water Purchase Agreement dated _____ by and between NJAW and MUA (the "Water Purchase Agreement"); and

NOW, THEREFORE, in consideration of the promises and the mutual agreements hereinafter set forth, NJAW and MUA agree as follows:

1. MUA, its successors and assigns, and their duly authorized agents, employees and contractors shall have the right to enter in and upon the Property during normal business hours for the purposes stated herein.

2. ~~Prior to entry onto the Property, MUA shall give NJAW at least three business days advance notice of such entry.~~ *MUA shall be permitted to enter in and upon the Property on a daily basis and without notice to NJAW for the sole purpose of obtaining water meter readings by using*

3. Prior to any entry onto the Property by MUA, its agents, employees or representatives, MUA shall furnish NJAW with a certificate of insurance evidencing MUA's policy or policies of comprehensive general liability insurance, automobile liability insurance, worker's compensation and employers' liability insurance in full force and effect with limits of coverage not less than the amounts shown on Schedule A attached hereto and made a part hereof. Such certificate shall name NJAW as an additional insured. Such insurance shall be kept in full force and effect until termination of this Agreement. The insurance set forth herein may be carried in any combination of primary and excess liability policies so long as the total insurance coverage meets the requirements of this Section 3.

4. This Agreement contains the entire agreement between the parties hereto and no addition to or modification or cancellation of any term or provision of this Agreement shall be effective unless set forth in writing and signed by the parties hereto.

a hand-held meter reading device and surface-mounted touch pad.

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6. Any party hereto may specifically waive any breach of this Agreement by any other party, but no such waiver shall constitute a continuing waiver of similar or other breaches.

6. If any provisions of this Agreement as applied to either party or to any circumstance shall be adjudged by a court to be void or unenforceable, the same shall in no way affect any other provision of this Agreement, the application of any such provision in any other circumstances or the validity or enforceability of the Agreement as a whole.

7. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

8. This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey, without regard to principles of conflicts of law.

9. This Agreement shall remain in effect from the date of execution until the termination of Water Purchase Agreement at which time MUA shall no longer have any right to enter upon or have access across the Property, provided that such termination does not affect MUA's obligation to NJAW under this agreement, specifically including, but not limited to the obligations under Sections 3, 10, 11 and 12 which shall survive any termination of this Agreement.

10. Prior to the expiration date of this Agreement, MUA shall repair and restore any damage or disturbance to the Property resulting from the activities of MUA or its agents or contractors.

11. MUA shall and does hereby (and shall cause its contractors and agents to) indemnify, defend, save and hold NJAW, its parent and affiliates and their respective officers, directors and employees harmless from and against any and all claims, costs, losses, expenses, liabilities, and damages to property or injuries or death to persons by reason of its entry onto the Property and its activities thereon, which indemnity shall include all costs of litigation and reasonable attorneys' fees incurred by NJAW, its parent or affiliates and their respective officers, directors and employees. The foregoing indemnification shall survive the expiration or termination of MUA's activities at the Property. MUA shall make no improvements, alterations, changes, or additions to the Property. Without in any way limiting the indemnity set forth in this Agreement, should MUA's entry onto the Property disturb, cause damage to, or aggravate the environmental or other general condition of the Property, then MUA shall unconditionally pay for the expenses related to returning the Property to substantially the same condition that it was in prior to the performance of MUA's investigations.

12. This Agreement shall constitute a license for MUA to utilize the Property only for access, and shall not be deemed to constitute an easement or other interest in the Property.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

New Jersey-American Water Company, Inc. **MARLBORO TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT B
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SCHEDULE A

Comprehensive General
Liability

Combined Single Limit
General Aggregate
\$2,000,000
Each Occurrence \$1,000,000
Personal Injury
Property Damage

Automobile Liability

Combined Single Limit \$1,000,000
Bodily Injury (per occurrence)
Bodily Injury (per accident)
Property Damage

Worker's Compensation and
Statutory Employer Liability

Policy Limit ~~\$1,000,000~~ : *As required
by statute*

~~Professional Liability~~

~~\$100,000.00~~