



November 19, 2020
(Via E-Mail due to COVID-19 Pandemic plus
Federal Express)

Honorable Aida Camacho Welch
Secretary of the Board
New Jersey Board of Public Utilities
44 South Clinton Avenue
9th Floor
Trenton, NJ 08625-0350

Re: In the Matter of the Petition of Middlesex Water Company for
Approval To Change The Levels of Its Purchased Water Adjustment
Clause Pursuant to N.J.A.C. 14:9-7.1, et seq.
BPU Docket No. WR2011_____

Dear Secretary Camacho Welch:

Enclosed herewith for filing please find Middlesex Water Company's Petition and supporting Exhibits and Testimony in the above-referenced matter. The case may be summarized as a petition for approval to change the levels of a purchase water adjustment clause (PWAC).

Two copies of this Petition have also been served, via Federal Express, upon the Department of Law and Public Safety and upon the Director of the Division of Rate Counsel and, by first class mail upon our Contract customers and upon the clerks of the various municipalities comprising the Petitioner's service territory.

Please contact me at (732) 638-7506 or jkooper@middlesexwater.com with any questions or concerns with respect to this filing.

Very truly yours,

A handwritten signature in blue ink that reads 'Jay Kooper'.

Jay L. Kooper
Vice President, General Counsel & Secretary

JLK:sm
Enclosures

cc: Service List A
Service List B

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF :
MIDDLESEX WATER COMPANY FOR :
APPROVAL TO CHANGE THE LEVELS :
OF ITS PURCHASED WATER :
ADJUSTMENT CLAUSE PURSUANT TO :
N.J.A.C. 14:9-7.1, ET SEQ. :

CERTIFICATE OF SERVICE

Jay L. Kooper, an Attorney at Law of New Jersey, hereby certifies the following:

On November 19, 2020 I caused to be served by first-class mail, postage prepaid, a copy of the within Petition to each party on the attached Service List B, and two copies thereof via Federal Express to the Department of Law and Public Safety at its address at Division of Law, R.J. Hughes Justice Complex, 25 Market Street, Trenton, NJ 08625 and to the Director, Division of Rate Counsel at its address at State of New Jersey, Division of Rate Counsel, 140 East Front Street - 4th Floor, Trenton, NJ 08625.



Jay L. Kooper

Dated: November 19, 2020

**In the Matter of the Petition of Middlesex Water Company for
Approval to Change The Levels of its Purchased Water Adjustment Clause
BPU Docket No. WR2011_____
OAL Docket No. PUC ____-2020_
~ Service List A ~**

MIDDLESEX WATER COMPANY

<p>Jay L. Kooper Middlesex Water Company 485C Route One South Suite 400 Iselin, NJ 08830 jkooper@middlesexwater.com</p>	<p>A. Bruce O'Connor Middlesex Water Company 485C Route One South Suite 400 Iselin, NJ 08830 aboconnor@middlesexwater.com</p>	<p>Robert J. Capko Middlesex Water Company 485C Route One South Suite 400 Iselin, NJ 08830 rcapko@middlesexwater.com</p>
<p>Tracy Tyrell Middlesex Water Company tyrell@middlesexwater.com (electronic only)</p>	<p>Selena Montero Middlesex Water Company smontero@middlesexwater.com (electronic only)</p>	<p>Michele Tilley Middlesex Water Company 485C Route One South Suite 400 Iselin, NJ 08830 mtilley@middlesexwater.com</p>

BOARD OF PUBLIC UTILITIES/DIVISION OF LAW

<p>Aida Camacho-Welch, Secretary Board of Public Utilities Secretary 44 South Clinton Ave., Suite 314 PO Box 350 Trenton, NJ 08625 Aida.camacho@bpu.nj.gov</p>	<p>Pamela Owen Division of Law Public Utilities Section R.J. Hughes Justice Complex 25 Market Street Trenton, NJ 08625 Pamela.Owen@law.njoag.gov</p>	<p>Kofi Ocansey Board of Public Utilities Division of Water 44 South Clinton Ave., 9th Floor P.O. Box 350 Trenton, NJ 08625 Kofi.Ocansey@bpu.nj.gov</p>
<p>Michael Kammer Board of Public Utilities Division of Water 44 South Clinton Ave., 9th Floor P.O. Box 350 Trenton, NJ 08625 Mike.kammer@bpu.nj.gov</p>	<p>Alex Moreau, DAG Division of Law Public Utilities Section R.J. Hughes Justice Complex 25 Market Street P.O. Box 112 Trenton, NJ 08625 Alex.Moreau@law.njoag.gov</p>	<p>Meliha Arnautovic, DAG Division of Law Public Utilities Section R.J. Hughes Justice Complex 25 Market Street P.O. Box 112 Trenton, NJ 08625 Meliha.Arnautovic@law.njoag.gov</p>

DIVISION OF RATE COUNSEL

<p>Stefanie A. Brand, Esq. Director Division of Rate Counsel 140 East Front Street - 4th Floor Trenton, NJ 08625 sbrand@rpa.nj.gov</p>	<p>Susan McClure, Esq. Assistant Deputy Rate Counsel Division of Rate Counsel 140 East Front Street - 4th Floor Trenton, NJ 08625 smcclure@rpa.nj.gov</p>	<p>Debra F. Robinson, Esq. Managing Attorney Water & Wastewater Division of Rate Counsel 140 East Front Street – 4th Floor Trenton, NJ 08625 drobinso@rpa.nj.gov</p> <p><i>* Correspondence Only</i></p>
<p>Brian Lipman, Esq. Division of Rate Counsel 140 East Front Street, 4th Floor P.O. Box 003 Trenton, NJ 08625 blipman@rpa.nj.gov</p>	<p>Marilyn Silva Division of Rate Counsel 140 East Front Street, 4th Floor P.O. Box 003 Trenton, NJ 08625 msilva@rpa.nj.gov</p> <p><i>* Electronic Mail Only</i></p>	

11/19/2020

**In the Matter of the Petition of Middlesex Water Company for
Approval to Change The Levels of its Purchased Water Adjustment Clause
BPU Docket No. WR2011_____**

~ Service List B ~

Clerk, Borough of Carteret
Municipal Building
61 Cooke Avenue
Carteret, NJ 07008

Clerk, Township of Clark
Municipal Building
430 Westfield Avenue
Clark, NJ 07066

Clerk, Township of Edison
Municipal Building
100 Municipal Boulevard
Edison, NJ 08817

Clerk, Borough of Highland Park
221 South Fifth Avenue
Highland Park, NJ 08904

Clerk, Township of Marlboro
1979 Township Drive
Marlboro, NJ 07746

Clerk, Borough of Metuchen
Borough Hall
Main and Middlesex Avenues
Metuchen, NJ 08840

Clerk, Township of Old Bridge
Municipal Plaza
Old Bridge, NJ 08857

Clerk, Borough of South Plainfield
Borough Hall
2840 Plainfield Avenue
South Plainfield, NJ 07080

Clerk, Township of Woodbridge
1 Main Street
Woodbridge, NJ 07095

Old Bridge Municipal Utilities Authority
71 Boulevard West
Cliffwood Beach, NJ 07735

Clerk, City of South Amboy
140 North Broadway
South Amboy, NJ 08879-1647

Clerk, Middlesex County
Board of Chosen Freeholders
1 J.F. Kennedy Square
New Brunswick, NJ 08903

Clerk, Monmouth County
Board of Chosen Freeholders
Hall of Records
Freehold, NJ 07728

Clerk, Union
Board of Chosen Freeholders
Administration Building - 2nd Floor
Elizabeth, NJ 07207

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF :	PETITION
MIDDLESEX WATER COMPANY FOR :	
APPROVAL TO CHANGE THE LEVELS :	Docket No.: WR2011_____
OF ITS PURCHASED WATER :	
ADJUSTMENT CLAUSE PURSUANT TO :	
<u>N.J.A.C. 14:9-7.1, ET SEQ.</u> :	

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

Petitioner, Middlesex Water Company (hereinafter “Middlesex,” “Company” or “Petitioner”), respectfully represents as follows:

1. This Petition is filed pursuant to N.J.A.C. 14:9-7.1, et seq., and seeks Board approval of a change to the level of Middlesex’s purchased water adjustment clause (“PWAC”) to recover increased purchased water costs, together with deferred costs, PWAC rate case expenses and associated gross receipts and franchise taxes, all as more particularly set forth and described in the exhibits attached hereto.

2. Middlesex is a duly organized and existing public utility of the State of New Jersey, subject to the jurisdiction of the Board. Middlesex provides water services to approximately 61,000 retail customers, primarily in eastern Middlesex County, New Jersey and provides water under wholesale contracts to the City of Rahway, Townships of Edison and Marlboro, the Borough of Highland Park and the Old Bridge Municipal Utilities Authority. Middlesex treats, stores and distributes water for residential, commercial, industrial and fire protection purposes. Middlesex also provides water

treatment and pumping services to the Township of East Brunswick under contract. Middlesex recorded revenues of approximately \$81.0 million in 2019.

3. The Middlesex System's retail customers are located in an area of approximately 55 square miles in Woodbridge Township, the City of South Amboy, the Boroughs of Metuchen and Carteret, portions of the Township of Edison and the Borough of South Plainfield in Middlesex County, and a portion of the Township of Clark in Union County. Retail customers include a mix of residential customers, large industrial concerns and commercial and light industrial facilities. These customers are located in generally well-developed areas of central New Jersey.

4. The contract customers of the Middlesex System comprise an area of approximately 146 square miles with a population of approximately 300,000. Contract sales to Edison, Old Bridge, Marlboro and Rahway are supplemental to the existing water systems of these customers. The Middlesex System provides treated surface water under long-term agreements to East Brunswick, Marlboro and Old Bridge.

5. Middlesex provides water service to approximately 300 customers in Cumberland County, New Jersey. This system is referred to as Bayview, and is not physically interconnected with the Middlesex System. The Company owns and operates water treatment, supply, transmission and distribution systems for these purposes. The Company also owns subsidiaries that provide utility and utility-related services in Southampton Township in Burlington County, and portions of Delaware and Pennsylvania.

6. Petitioner obtains a significant portion of the water needed to meet its overall water supply needs through water purchase contracts with the New Jersey Water Supply Authority (“NJWSA”) for untreated water and New Jersey American Water Company, Inc. (“NJAW”) for finished water.

7. Petitioner has been notified that a decrease in the NJAW PWAC rate from \$0.4453 per thousand gallons (tg) to \$0.4425 per tg (BPU Docket No. WR19111465) has been approved by the BPU effective April 1, 2020.

8. Petitioner intervened and actively participated in the NJAW PWAC rate proceedings by way of teleconference discovery and settlement meetings attendance and participation.

9. Petitioner has been notified that an increase in the NJAW base rate from \$2.3921 per thousand gallons (tg) to \$2.5543 per tg (BPU Docket No. WR19121516) has been approved by the BPU effective November 1, 2020.

10. Petitioner intervened and actively participated in BPU Docket No. WR19121516 by presenting direct and rebuttal testimonies, by propounding data discovery requests, and actively participating in the evidentiary hearings and settlement meetings.

11. Petitioner’s last base rate case was filed with the Board on October 10, 2017 in BPU Docket No. WR17101049 and was resolved by stipulation. Attached hereto and made part hereof is a copy of the fully executed Stipulation of Settlement in that matter; the Initial Decision by the Office of Administrative Law (“OAL”) dated March 14, 2018 recommending approval of the Stipulation (both of which are attached to the Board Order and are part of Exhibit A); and the Board Order dated March 26, 2018

adopting the Initial Decision and Stipulation and approving a base rate increase in accordance therewith (Exhibit A).

12. Petitioner's last case requesting a change to the level of its PWAC was filed with the Board on November 14, 2019 in BPU Docket No. WR19111463 and was resolved by stipulation. Attached hereto and made part hereof is a copy of the fully executed Stipulation of Settlement in that matter; the Initial Decision by the OAL dated March 2, 2020 recommending approval of the Stipulation (both of which are attached to the Board Order and are part of Exhibit A); and the Board Order dated March 27, 2020 adopting the Initial Decision and Stipulation and approving the change to the level of Middlesex's PWAC in accordance therewith (Exhibit A).

13. Attached hereto and made part hereof are the following Exhibits detailing the specific costs comprising the rate adjustment proposed herein and the proposed PWAC increase need to recover those costs and providing other data requirements pursuant to N.J.A.C. 14:9-7.4(a):

- EXHIBIT A - Board Order; March 26, 2018, BPU Docket No. WR17101049 (Including Stipulation of Settlement and Initial Decision by OAL) and Board Order; March 27, 2020, BPU Docket No. WR19111463 (Including Stipulation of Settlement and Initial Decision by OAL)
- EXHIBIT B - Rate Schedule of: (1) NJAW; (2) NJAW PWAC; and (3) NJWSA
- EXHIBIT C - Purchased Water Contracts between Petitioner and (1) NJAW; and (2) NJWSA
- EXHIBIT D - Schedule of Customers and Water Purchased
- EXHIBIT E - Proposed Cost Per Unit of Volume
- EXHIBIT F - Proposed PWAC Tariff Sheets and Proof of Revenue

- EXHIBIT G - PWAC Rate Proceedings Expenses
- EXHIBIT H - PWAC True-Up Schedule
- EXHIBIT I - Tax Gross-Up Calculation
- EXHIBIT J - Form of Notice to be given of this filing and of Public Hearing

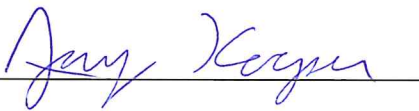
14. Attached hereto and made a part hereof in further support the Petitioner's proposed PWAC increase need is the Testimony of Michele L. Tilley together with Exhibits MLT-1 through MLT-4 attached thereto

15. Notice of this filing, a copy of this Petition and all other annexed Exhibits are being served upon the municipal clerk in each of the municipalities of the affected customers and, in duplicate, upon the Department of Law and Public Safety and the Director of the Division of Rate Counsel. Notice of the filing and a statement of its effect will be furnished to Petitioner's customers by publication in newspapers published and circulated in Petitioner's service area pursuant to the rules of the Board.

16. Proof of service of the notices referred to herein will be filed with the Board by Petitioner in accordance with the Board's regulations.

WHEREFORE, Petitioner respectfully requests that the Board grant the following relief: (a) approving a PWAC rate as proposed herein for recovery of increased water purchase costs and authorizing same to be placed into effect at the earliest date possible; and (b) for such other further relief as may be just and equitable.

Respectfully Submitted,

By: 

JAY L. KOOPER, ESQ.
Vice President, General Counsel & Secretary
Middlesex Water Company
485C Route One South, Suite 400
Iselin, NJ 08830
Attorney for Petitioner

Dated: November 19, 2020
Iselin, New Jersey



Agenda Date: 03/26/18
 Agenda Item: 5D

STATE OF NEW JERSEY
Board of Public Utilities
 44 South Clinton Avenue, 3rd Floor, Suite 314
 Post Office Box 350
 Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

- | | |
|--|--------------------------------|
| IN THE MATTER OF MIDDLESEX WATER COMPANY) | ORDER ADOPTING INITIAL |
| FOR APPROVAL OF AN INCREASE IN ITS RATES) | DECISION/SETTLEMENT |
| FOR WATER SERVICE AND OTHER TARIFF) | |
| CHANGES, AND FOR AN ORDER AUTHORIZING) | |
| SPECIAL ACCOUNTING TREATMENT OF INCOME TAX) | |
| REFUND PROCEEDS AND FUTURE INCOME TAX) | BPU DOCKET NO. WR17101049 |
| DEDUCTIONS) | OAL DOCKET NO. PUC 16144-2017S |
| | |
| IN THE MATTER OF THE NEW JERSEY BOARD OF) | BPU DOCKET NO. AX180010001 |
| PUBLIC UTILITIES' CONSIDERATION OF THE TAX) | BPU DOCKET NO. WR18030242 |
| CUTS AND JOBS ACT OF 2017) | |

Parties of Record:

Stephen B. Genzer, Esq., Saul Ewing Arnstein & Lehr LLP, on behalf of Middlesex Water Company
Jay L. Kooper, Esq., Vice President, General Counsel & Secretary, Middlesex Water Company
Louis S. Rainone, Esq., Rainone, Coughlin & Minchello, LLC, on behalf of the Old Bridge Municipal Utilities Authority and the Township of Marlboro
Michael J. Baker, Esq., Hoagland, Longo, Moran, Dunst & Doukas, LLP on behalf of the Township of East Brunswick
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:¹

BACKGROUND/PROCEDURAL HISTORY

On October 10, 2017, pursuant to N.J.S.A. 48:2-21, N.J.A.C. 14:1-5.11, N.J.A.C. 14:1-5.12, N.J.A.C. 14:9-7.1, and N.J.A.C. 14:9-10.1 et seq., Middlesex Water Company ("Middlesex Water," "Company," or "Petitioner"), a public utility company of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities ("Board"), filed a petition seeking to increase its rates for water service amounting to \$15.26 million or approximately 19.76% above the adjusted annual level of revenues for the test year ending December 31, 2017. The Company also requested approval to increase its rates for water service on or after November 13, 2017. The

¹ Commissioner Richard S. Mroz recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

Company also sought approval for deferred accounting treatment of regulatory case intervention costs on behalf of its customers in New Jersey-American Water Company's ("NJAWC") current base rate case, I/M/O the Petition of New Jersey-American Water Company, Inc. for Approval of Increased Tariff Rates and Charges for Water and Sewer Service; Change in Depreciation Rates and Other Tariff Modifications (BPU Docket No. WR17090985; OAL Docket No. PUC 14251-2017S) and special accounting treatment to reflect Middlesex's tax accounting change for repair and maintenance expenditures in accordance with the Internal Revenue Service's final Tangible Property Regulations issued on September 9, 2013² and adopted by Middlesex on September 9, 2015.

Middlesex also sought to update the base consumption and base costs established in the last base rate case proceeding³ within the meaning of the applicable Purchased Water Adjustment Clause ("PWAC") regulations, N.J.A.C. 14:9-7.1 et seq., as referenced in the BPU Order Adopting the Initial Decision and Order (Docket No. WR15030391), and to reinstate a Distribution System Improvement Charge ("DSIC") to recover a portion of the costs of necessary improvements in the Company's distribution system pursuant to N.J.A.C. 14:9-10.1 et seq.⁴

Middlesex services approximately 61,000 retail water customers in the Township of Edison and Woodbridge, the Boroughs of South Plainfield, Metuchen, and Carteret, and the City of South Amboy in Middlesex County. On a contract basis, the Company serves part of the Township of Edison, the Borough of Highland Park, the Old Bridge Municipal Utilities Authority ("Old Bridge MUA"), the Marlboro Township Municipal Utilities Authority, and the City of Rahway. The Company also services under a special contract basis for water treatment and pumping services in the Township of East Brunswick ("East Brunswick").

By this Order, the Board considers the Initial Decision which adopted the Stipulation of Settlement ("Stipulation") executed by the Petitioner, the Division of Rate Counsel ("Rate Counsel"), East Brunswick, and Board Staff (collectively, "Signatory Parties"), agreeing to an overall increase of \$5,486,500 or 7.18% over the present rate revenue of \$76,361,490.

The Board transmitted the matter to the Office of Administrative Law ("OAL") for hearing as a contested case and Administrative Law Judge Tricia M. Caliguire ("ALJ Caliguire") was assigned to the base rate proceeding. On November 21, 2017, the Board issued an Order suspending the proposed rate increase until March 15, 2018. A telephone pre-hearing conference was held on December 11, 2017. A pre-hearing order, identifying issues and scheduling the evidentiary hearings, was circulated on December 26, 2017. After proper notice, a public hearing in the service territory was held in Woodbridge, New Jersey on the evening of January 17, 2018. No members of the public appeared at the public hearing and no written comments were received.

² Guidance Regarding Deduction and Capitalization of Expenditures Related To Tangible Property, 78 Fed.Reg. 57747 (Sept. 19, 2013) (amending 26 C.F.R. parts 1 and 602) <<https://www.gpo.gov/fdsys/pkg/FR-2013-09-19/pdf/2013-21756.pdf>>.

³ The Company's prior base rate case in BPU Docket No. WR15030391 concluded by Order of the Board dated August 19, 2015, with rates effective August 29, 2015.

⁴ The Company's last DSIC Foundational Filing was approved by the Board on August 20, 2014 in BPU Docket No. WR14050508. The DSIC rate was thereafter reset to zero in August 2015 at the conclusion of the Company's last base rate case in BPU Docket No. WR15030391.

By Order dated January 31, 2018, the Board: (i) granted Petitioner's motion for interlocutory review of ALJ Caliguire's January 18, 2018 Order granting intervenor status to NJAWC; (ii) determined that NJAWC had not met the criteria for intervenor status under N.J.A.C. 1:1-16.1(a) and therefore rescinded intervenor status to NJAWC; and (iii) remanded the matter back to ALJ Caliguire to consider, if necessary, whether any participation by NJAWC was warranted under N.J.A.C. 1:1-16.6 in light of the new information regarding the Township of Marlboro's ("Marlboro") intervention request. (Also, besides Marlboro, Old Bridge MUA and East Brunswick received intervenor status.) On February 28, 2018, the Board issued an Order further suspending the proposed rate increase until July 15, 2018, unless the Board, prior to that date, makes a determination disposing of the Petition.

By a letter filing dated March 2, 2018, in response to the Board's directives in In the Matter of the New Jersey Board of Public Utilities' Consideration of the Tax Cuts and Jobs Act of 2017, Docket No. AX18010001 (January 31, 2018) ("Tax Order"), Middlesex requested that the Board find Middlesex to be in full compliance with the requirements of the Tax Order as reflected in the executory settlement in the base rate case, which will afford customers on rate change reflecting both the results of the full base rate case and the Tax Order⁵.

DISCUSSIONS AND FINDINGS

Numerous conferences and settlement discussions were held among the Parties, and this process resulted in the following terms:⁶

1. The Company's total rate base is agreed to be \$245,154,300 based on a 12-month test year ending December 31, 2017, adjusted for certain known and measurable changes.
2. The Signatory Parties agree to a capital structure consisting of 47.00% long-term debt, 0.25% preferred stock, and 52.75% common equity with respective cost rates of 3.02%, 5.06%, and 9.60%. Based on this capital structure and cost rates, the Signatory Parties have therefore calculated an overall rate of return ("ROR") of 6.496%. The table below shows how this ROR is obtained.

	Capital Structure	Cost Rate	Weighted Cost Rate
Long-Term Debt	47.00%	3.02%	1.419%
Preferred Stock	0.25	5.06	0.013
Common Equity	<u>52.75</u>	9.60	<u>5.064</u>
	100.00%		6.496%

3. The Signatory Parties agree that applying this 6.496% ROR to the rate base of \$245,154,300 results in a \$5,486,500 increase to the Company's revenue requirement, which represents an approximate 7.18% increase over the present rate revenue of

⁵ As reflected in part of the captions of this Order, Middlesex's filing was assigned docket number WR18030242.

⁶ Although described in the Order at some length, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions in this Order.

\$76,361,490. The table below shows how the \$5,486,500 increase in revenue requirement can be obtained.

Rate Base	\$245,154,300
Rate of Return	<u>x 6.496%</u>
Required Operating Income	\$ 15,935,223
Operating Income-Present Rates	<u>- 12,180,427</u>
Deficiency	3,744,796
Revenue Conversion Factor	<u>x 1.46510</u>
Revenue Requirement	\$ 5,486,500

4. The \$5,486,500 increase to the Company's revenue requirement represents a level of revenue necessary to ensure that the Company will continue to provide safe, adequate, and proper water service to its customers. See Exhibit A (Proof of Revenues).
5. The Company has submitted its proposed tariff pages, annexed hereto as Exhibit B (Tariff), pursuant to N.J.A.C. 14:3-1.3, and the Signatory Parties agree that those Rate Schedules implement the terms of the Stipulation. The proposed tariff pages reflect an increase of approximately 8.40% for General Metered Service [Rate Schedule No. 1].
6. The Company agrees that its request to approve a new DSIC Foundational Filing as part of this base rate case docket is hereby withdrawn.
7. The Signatory Parties agree that the Company shall be allowed to recover its regulatory case intervention costs in the NJAWC base rate proceeding, pending in BPU Docket No. WR17090985, and that the actual incremental costs incurred by the Company shall be deferred on its books as a regulatory asset, without interest, and shall be recovered in its next immediate PWAC filing following the conclusion of BPU Docket No. WR17090985. The Signatory Parties further agree that should the NJAWC rates be increased by a revised Rate Schedule G – Sales for Resale – Service to Other Systems (Base Rate), then the Company shall be allowed to recover the increased costs in its next immediate PWAC filing following the conclusion of BPU Docket No. WR17090985.
8. The Signatory Parties acknowledge and recognize the need of the Company to explore other means of contracting to purchase water from NJAWC.⁷ The Company has agreed to undertake diligent negotiations in good faith on a new purchased water contract with NJAWC such as a commodity-demand contract, at more favorable contract rates. In the event that the Company and NJAWC are able to agree to a new purchased water contract, then the costs incurred by the Company, if different from the current cost of purchased water from NJAWC, will be recovered in the Company's next immediate PWAC filing. In the event that the Company and NJAWC are not able to agree to a new purchased water contract then the Company shall continue to evaluate those transmission and distribution improvements that would be necessary to enable Middlesex to terminate the current purchase water agreement with NJAWC effective when the current contract ends in the year 2021.

⁷ As a direct customer of NJAWC, the Middlesex-NJAWC contract currently requires the purchase of 3 million gallons per day of treated water at a minimum annual cost of \$2.62 million under the Board-approved Rate Schedule G – Sales For Resale – Service to Other Systems (Base Rate) under the NJAWC tariff. By its petitioned base rate case filing in BPU Docket No. WR17090985, NJAWC proposes a rate increase of approximately 27.4% to Middlesex.

9. The Signatory Parties request that the PWAC base consumption and base costs data annexed hereto as Exhibit C (PWAC Settlement) be adopted and the findings required by N.J.A.C. 14:9-7.1 et seq. related to the Company's PWAC be entered.
10. In 2013, the Internal Revenue Service ("IRS") issued final Tangible Property Regulations ("TPR")⁸ to provide clarity to the question of whether expenditures to maintain, replace or improve tangible property must be capitalized or charged to expense for income tax purposes. Middlesex adopted the final TPR by timely filing with the IRS a required accounting change form as part of, and included with, the Company's 2014 federal income tax return. IRS rules allow taxpayers changing their accounting method to apply the change retroactively or, apply it prospectively only. Middlesex elected to apply the change retroactively. Because this accounting change applies only for income tax purposes and not financial or regulatory accounting, it creates book/tax differences for reporting purposes. Middlesex has proposed the Board approve special accounting treatment of the associated net income tax benefit with the adoption of the final TPR for all relevant tax years before the tax year of adoption of the final TPR ("Look Back Period"), the tax year of adoption (2014), and the subsequent tax years (2015, 2016 and 2017). Specifically, Middlesex proposes to defer, for financial accounting purposes only, \$28,738,642 for the Look Back Period and years 2014, 2015, 2016 and 2017. This deferred amount shall be recorded as a regulatory liability in accordance with financial and regulatory accounting requirements and amortized as a reduction of income tax expense over 48 months. Beginning with the tax year 2018, the TPR related income tax benefits are recognized in the year incurred and shall also be recorded in accordance with financial and regulatory accounting requirements. Current capital planning estimates indicate that Utility Plant investment will likely grow by approximately an additional \$305 million by the end of 2022. By the Board specifically authorizing the special accounting treatment described herein, Middlesex expects to mitigate prospectively the impact on customers of future base rate filings. The Signatory Parties therefore do not oppose the Company's request to receive approval, in its entirety, of the special accounting treatment described herein.
11. The Financial Accounting Standards Board ("FASB") issued new guidance on the accounting and presentation for retirement benefits (pension plans and other retirement benefits such as health plans).⁹ The Company is required to adopt FASB's new guidance on January 1, 2018. Prior to the issuance of this guidance, the Company's revenue requirement was determined in part by recording its Net Periodic Benefit Costs ("NPBC") as an Operations and Maintenance ("O&M") cost. Currently, NPBC is determined by reducing periodic benefit cost by the capitalized component of the periodic benefit costs ("Historic NPBC"). This new guidance requires that only the

⁸ Guidance Regarding Deduction and Capitalization of Expenditures Related To Tangible Property, 78 Fed. Reg. 57747 (Sept 19, 2013) (amending 26 C. F. R. parts 1 and 602)
<<https://www.gpo.gov/fdsys/pkg/FR-2013-09-19/pdf/2013-21756.pdf>>

⁹ New Guidance Regarding Accounting and Reporting for Postretirement Benefit Costs, FASB Accounting Standards Update 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*
<http://www.fasb.org/cs/ContentServer?c=Document_C&cid=1176168888120&d=&pagename=FASB%2FDocuments_C%2FDocumentPage>

service cost component of the NPBC is recorded in the same O&M line item as other compensation costs arising from services rendered by employees during the period. The other components of the NPBC (interest cost, expected return on plan assets, amortization of prior service cost/credit, actuarial gain/loss, transition asset/obligation, etc.) are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations (i.e., below the line). In addition, under this new accounting guidance, only the service cost component of the NPBC is subject to capitalization. Accounting for NPBC under this new guidance would result in higher NPBC in O&M, increasing revenue requirements (the increase would be partially offset by lower capitalized periodic benefit cost that would otherwise become part of utility plant). The Signatory Parties agree that the Company shall continue to utilize the Historic NPBC method in its cost of service for setting revenue requirement.

12. Pursuant to the Tax Order, New Jersey utilities were directed to calculate and defer with interest the adjustment to rates from January 1, 2018 through March 31, 2018, to defer the adjustment of rates related to the accumulated deferred income tax (ADIT), and to change rates effective April 1, 2018 on an interim basis ("Phase One"). Stakeholders were offered an opportunity to examine the calculations of deferrals so that an accurate additional adjustment to rates could be determined for a rate effective date of July 1, 2018 on a final basis ("Phase Two").

By the Stipulation, the Signatory Parties agree that the Company has included the effect on rates of both phases of the required calculations as set forth in the Tax Order, except as noted below, no further action is necessary at this time in the base rate proceeding. In addition, the Signatory Parties propose that Middlesex has accounted for the first and second phases of the rate impact of the *Tax Cuts and Jobs Act of 2017* pursuant to the Tax Order. Nevertheless, if the Board determines a further adjustment is required to account for more than the \$500,000 second phase recovery already accounted for as a result of the analysis already performed, the Company and the Signatory Parties agree to convene and jointly determine the most efficient method for refunding those dollars in addition to the already refunded \$500,000. The Company and Signatory Parties further stipulate that the Company will share with them the calculation of the second phase adjustment, review with them the adjustment, and resolve those second phase issues. However, the Company agrees that should the second phase adjustment result in less than the \$500,000 already returned to customers with this settlement, no further adjustment will be made. With these provisions, the Signatory Parties stipulate and agree that all issues and requirements set forth in the Tax Order as applied to Middlesex are resolved in the Stipulation.

By letter dated March 8, 2018, both Marlboro and Old Bridge MUA advised of their decision not to oppose the settlement.

On March 14, 2018, ALJ Caliguire issued an Initial Decision in this matter, recommending adoption of the Stipulation executed by the Signatory Parties, finding that they had voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues and is consistent with the law.

Having reviewed the record in this matter, as well as the initial Decision and Stipulation, the Board **HEREBY FINDS** that the Stipulation is reasonable, in the public interest and in accordance with the law.

The Board is mindful of the impact any rate increase has on its customers. However, having reviewed the record in this matter, including the Initial Decision, the Stipulation, and the letters from Marlboro and Old Bridge MUA indicating that they do not oppose the Stipulation, the Board **FINDS** that the Signatory Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. In reaching this decision, the Board must balance the needs of the ratepayer to receive safe, adequate and proper service at reasonable rates, while allowing the utility the opportunity to earn a fair rate of return. See FPC v. Hope Natural Gas, 320 U.S. 591 (1944); N.J.S.A. 48:2-21 and N.J.S.A. 48:3-1.

Therefore, the Board **HEREBY ADOPTS** the Initial Decision and the Stipulation attached hereto, including all attachments and schedules, as its own, incorporating by reference the terms and conditions of the Stipulation, and the Board **HEREBY APPROVES** the Company's compliance with the Tax Order, consistent with the Stipulation.

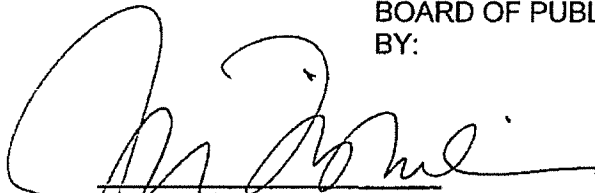
Based upon the foregoing, the Board **HEREBY APPROVES** an overall increase in revenues in the amount of \$5,486,500, representing an approximate 7.18% increase over Company revenues totaling \$76,361,490.

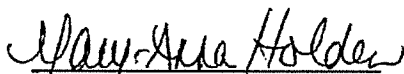
The Board **HEREBY DIRECTS** the Company to file tariff pages conforming to the terms and conditions of the Stipulation and this Order within five (5) days from the effective date of this Order.

The effective date of this Order is March 26, 2018, with rates to become effective on April 1, 2018.


DATED: 3/26/18

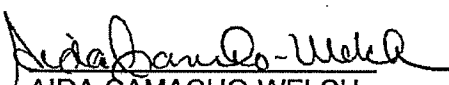
BOARD OF PUBLIC UTILITIES
BY:


JOSEPH L. FIORDALISO
PRESIDENT


MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
SECRETARY

BPU DOCKET NO. WR17101049
OAL DOCKET NO. PUC 16144-2017S

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities.

IN THE MATTER OF MIDDLESEX WATER COMPANY FOR APPROVAL OF AN INCREASE
IN ITS RATES FOR WATER SERVICE AND OTHER TARIFF CHANGES, AND FOR AN
ORDER AUTHORIZING SPECIAL ACCOUNTING TREATMENT OF INCOME TAX REFUND
PROCEEDS AND FUTURE INCOME TAX DEDUCTIONS

BPU DOCKET NO. WR17101049

SERVICE LIST

Stephen B. Genzer, Esq.
Saul Ewing Arnstein & Lehr LLP
One Riverfront Plaza, Suite 1520
Newark, NJ 07102
sgenzer@saul.com

Jay L. Kooper, Esq.
Vice President, General Counsel & Secretary
Middlesex Water Company
1500 Ronson Road
Iselin, NJ 08830-3020
jkooper@middlesexwater.com

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
sbrand@rpa.nj.gov

Louis N. Rainone, Esq.
Rainone Coughlin & Minchello, LLP
555 U. S Highway One South
Suite 440
Iselin, NJ 08830
lrainone@NJRCMLaw.com

Michael J. Baker, Esq.
Hoagland Longo, Moran, Dunst & Doukas, LLP
40 Paterson Street
New Brunswick, NJ 08903
mbaker@Hoaglandlongo.com

Maria L. Moran, Director
Division of Water
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Maria.moran@bpu.nj.gov

Veronica Beke
Deputy Attorney General
Department of Law & Public Safety
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029
veronica.beke@law.njoag.gov

Alex Moreau
Deputy Attorney General
Department of Law & Public Safety
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029
alex.moreau@law.njoag.gov

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EXHIBIT A-1

No. 9065 F.

MAR 14 2018

WAL SHAW

RECEIVED
CASE M



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

MAR 14 2018

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 16144-17

AGENCY DKT. NO. WR17101049

**IN THE MATTER OF THE PETITION
FOR APPROVAL OF AN INCREASE
IN ITS RATES FOR WATER SERVICE
AND OTHER TARIFF CHANGES
FOR MIDDLESEX WATER COMPANY.**

Stephen B. Genzer, Esq., for petitioner Middlesex Water Company (Saul, Ewing, Arnstein & Lehr, attorneys)

Jay L. Kooper, Vice President, General Counsel and Secretary (Middlesex Water Company/Pinelands Water Company)

Veronica Beke and Renee Greenberg, Deputy Attorneys General, for Staff of the Board of Public Utilities (Gurbir S. Grewal, Attorney General of New Jersey, attorney)

Debra F. Robinson and Susan E. McClure, Assistant Deputies Rate Counsel, for Division of Rate Counsel (Stefanie A. Brand, Director)

Michael J. Baker, Esq., for intervenor, Township of East Brunswick (Hoagland, Longo, Moran, Dunst & Dukas, attorneys)

Louis N. Rainone, Esq., for intervenors, Township of Marlboro and Old Bridge Municipal Utilities Authority (Rainone Coughlin Minchello, attorneys)

Record Closed: March 12, 2018

Decided: March 14, 2018

BEFORE **TRICIA M. CALIGUIRE, ALJ**:

This proceeding involves a petition by Middlesex Water Company (Middlesex) for an increase in its rates for water service, to make other tariff changes, and for other relief, filed on October 10, 2017, with the Board of Public Utilities (Board). The petition was transmitted to the Office of Administrative Law on October 30, 2017, for determination as a contested case. A telephone prehearing conference was held on December 11, 2017, and a prehearing order issued on December 26, 2017.

Motions for leave to intervene were filed pursuant to N.J.A.C. 1:1-16.1 et seq., by the Township of East Brunswick (East Brunswick), the Township of Marlboro (Marlboro), the Old Bridge Municipal Utilities Authority (OBMUA), and New Jersey American Water Company, Inc. (NJAW). All motions were granted. On January 18, 2018, Middlesex filed a request with the Board for interlocutory review of the decision to grant intervenor status to NJAW. The parties provided the undersigned with a copy of the Board's decision to rescind NJAW's intervenor status and remand the matter for consideration of participant status for NJAW. To-date, the order documenting the Board's decision has not been filed with the OAL, obviating the need for action on the remand. However, in keeping with the intention of the Board, NJAW has been removed from the above service list.

On January 17, 2018, a duly-noticed public hearing was held in the Middlesex service territory, at Woodbridge High School, Woodbridge, New Jersey. No members of the public appeared at the hearing, and no members of the public submitted written comments on the proposed rate increase prior to or following the public hearing. Neither petitioner nor

OAL DKT. NO. PUC 16144-17

staff of the Board made comments at the public hearing; the comments made by the representative of the Division of Rate Counsel at the public hearing were transcribed and made a part of the record.

The parties filed on March 8, 2018, a Stipulation of Settlement which resolves all issues in this proceeding. Said Stipulation of Settlement has been signed by petitioner, Staff of the Board, the New Jersey Division of Rate Counsel, and the Township of East Brunswick. On March 12, 2018, intervenors Marlboro Township and OBMUA submitted letters of no objection to the settlement as evidenced by the Stipulation of Settlement.

The Stipulation of Settlement indicates the terms of settlement, and is attached and fully incorporated herein.

I have reviewed the terms of settlement and I **FIND**:

1. The parties have voluntarily agreed to the settlement as evidenced by their signatures or their representatives' signatures on the attached document.
2. The settlement fully disposes of all issues in controversy between the parties and is consistent with the law.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.


Within thirteen days from the date on which this recommended decision was mailed to the parties, any party may file written exceptions with the **SECRETARY OF THE BOARD**

OAL DKT. NO. PUC 16144-17

OF PUBLIC UTILITIES, 44 South Clinton Avenue, P.O. Box 350, Trenton, NJ 08625-0350, marked "Attention: Exceptions." A copy of any exceptions must be sent to the judge and to the other parties.

March 14, 2018

DATE



TRICIA M. CALIGUIRE, ALJ

Date Received at Agency:

3/14/18

Date Mailed to Parties:

nd

Wed, 14, 2018 10:50AM

OAL DKT. NO. PUC 16144-17

No. 9065 EXHIBIT A-1

APPENDIX

EXHIBITS

Jointly Submitted:

J-1 Stipulation of Settlement

J-1

STATE OF NEW JERSEY BOARD OF PUBLIC UTILITIES

IN THE MATTER OF MIDDLESEX	:	STIPULATION OF SETTLEMENT
WATER COMPANY FOR APPROVAL	:	
OF AN INCREASE IN ITS RATES	:	BPU DOCKET NO. WR17101049
FOR WATER SERVICE AND OTHER	:	OAL DOCKET NO. PUC 16144-2017S
TARIFF CHANGES, AND FOR AN	:	
ORDER AUTHORIZING SPECIAL	:	
ACCOUNTING TREATMENT OF	:	
INCOME TAX REFUND PROCEEDS	:	
AND FUTURE INCOME TAX	:	
DEDUCTIONS	:	

APPEARANCES:

Stephen B. Genzer, Esq., Saul Ewing Arnstein & Lehr LLP, and Jay L. Kooper, Esq., on behalf of Middlesex Water Company, Petitioner

Veronica Beke, Deputy Attorney General, and Renee Greenberg, Deputy Attorney General (Gurbir S. Grewal, Attorney General of New Jersey), on behalf of the Staff of the New Jersey Board of Public Utilities

Debra F. Robinson, Esq., Deputy Rate Counsel, and Susan McClure, Esq., Assistant Deputy Rate Counsel, on behalf of the Division of Rate Counsel (Stefanie A. Brand, Director)

Louis S. Rainone, Esq., Rainone, Coughlin & Minchello, LLP, on behalf of the Old Bridge Municipal Utilities Authority and Marlboro Township

Michael J. Baker, Esq., Hoagland, Longo, Moran, Dunst & Doukas, LLP on behalf of the Township of East Brunswick

TO THE HONORABLE TRICIA M. CALIGUIRE, ALJ:

This Stipulation of Settlement resolves all issues raised in BPU Docket No. WR17101049 in which Middlesex Water Company ("Middlesex" or the "Company") seeks to increase its rates for water service and other tariff changes. The Signatory Parties to this Stipulation of Settlement are Middlesex, the Division of Rate Counsel ("Rate Counsel"), the Staff of the Board of Public Utilities ("Staff"), and the Township of East Brunswick ("East

Brunswick”) (collectively the “Signatory Parties”). Also participating in this proceeding are the following entities who filed Motions to Intervene, which were unopposed by the Company: the Old Bridge Municipal Utilities Authority (“OBMUA”) and Marlboro Township (“Marlboro”)¹ (collectively the “Intervenors”) (together, the Signatory Parties and the Intervenors shall be designated the “Parties”). The Parties expect that the Intervenors will each submit letters confirming that they do not object to the terms of the Stipulation of Settlement.

As a result of an analysis of the petition, pre-filed testimony and exhibits, several conferences, negotiations, responses to hundreds of information requests and follow-up requests, and following a public hearing held in the service territory, the Signatory Parties execute this agreement to resolve the issues in dispute in this matter. Further, as specifically noted in Paragraph 13 of this Stipulation, this Stipulation includes within it recognition of an action jointly agreed upon by the Signatory Parties as applied to this base rate proceeding pursuant to the January 31, 2018 Order of the New Jersey Board of Public Utilities (“Board” or “BPU”) in BPU Docket No. AX18010001, *In the Matter of the New Jersey Board of Public Utilities’ Consideration of the Tax Cuts and Jobs Act of 2017* (“Generic Tax Order”). Recognizing that the BPU retained jurisdiction over proceedings on the Generic Tax Order, the Signatory Parties are not requesting any specific New Jersey Office of Administrative Law (“OAL”) findings with respect to that Generic Tax Order but only findings related to the within Stipulation resolving this base rate proceeding. The Company has indicated its willingness to submit a separate letter filing with the Board, recognizing how the results of this Stipulation fully meet the requirements of that Generic Tax Order.

¹ By Board Order dated January 31, 2018, the intervenor status of New Jersey-American Water Company, Inc. (“NJAW”) was rescinded given the statutory intervention of Marlboro Township by OAL Order dated January 29, 2018.

The Signatory Parties hereto AGREE and STIPULATE that:

On October 10, 2017, Middlesex Water Company, a public utility corporation of the State of New Jersey, pursuant to N.J.S.A. 48:2-21, and N.J.A.C. 14:1-5.11, 14:1-5.12, 14:9-7.1 et seq. and N.J.A.C. 14:9-10.1 et seq., filed a petition to increase rates for water service, to make other tariff changes, and to update the base consumption and base costs established in the Company's prior base rate proceeding² and utilized when setting the Company's Purchased Water Adjustment Clause ("PWAC") under N.J.A.C. 14:9-7.1 et seq.

First, the Company requested a rate increase of approximately \$15.3 million or approximately 19.76% above the adjusted annual level of present rate revenues for the test year ending December 31, 2017. Second, the Company requested authority to make other tariff changes to become effective on the date on which the new rates became effective unless the Board decided to act earlier on any of the proposed changes. Third, the Company requested authorization to reinstitute a Distribution System Improvement Charge ("DSIC") through a new Foundational Filing to include future planned DSIC-eligible projects.³ Fourth, the Company requested deferred accounting treatment of regulatory case intervention costs associated with Middlesex's intervention in New Jersey American Water Company's current rate case, BPU Docket No. WR17090985.⁴ Fifth, the Company requested authorization of special accounting treatment to reflect Middlesex's tax accounting change for repair and maintenance expenditures

² The Company's prior base rate case in BPU Docket No. WR15030391 concluded by Order of the Board filed August 19, 2015, with rates effective August 29, 2015.

³ The Company's last DSIC Foundational Filing was approved by the Board on August 20, 2014 in BPU Docket No. WR14050508. The DSIC rate was thereafter reset to zero in August 2015 at the conclusion of the Company's last base rate case in BPU Docket No. WR15030391.

⁴ By the OAL Order dated December 18, 2017 in a separately docketed matter, Middlesex was granted intervenor status in the pending NJAW base rate proceeding. See Order Granting Intervention. In the Matter of the Petition of New Jersey American Water Company, Inc., for Approval of Increased Tariff Rates and Charges for Water and Sewer Service, Change in Depreciation Rates, and Other Tariff Modifications, BPU Docket No. WR17090985 (Dec. 18, 2017).

in accordance with the Internal Revenue Service's final Tangible Property Regulations ("TPR")⁵ issued on September 9, 2013 and adopted by Middlesex on September 9, 2015.⁶

The Board transmitted the matter to the OAL for hearing as a contested case and Administrative Law Judge Tricia M. Caliguire was assigned to the base rate proceeding. On November 21, 2017, the Board issued an Order suspending the proposed rate increase until March 15, 2018.⁷ A telephone pre-hearing conference was held on December 11, 2017. A pre-hearing order, identifying issues and scheduling the evidentiary hearing was circulated on December 26, 2017. After notice was given, a public hearing in the service territory was held in Woodbridge, New Jersey on the evening of January 17, 2018. No members of the public appeared at the public hearing and no written comments were received. On February 28, 2018, the Board issued an Order further suspending the proposed rate increase until July 15, 2018 unless the Board, prior to that date, makes a determination disposing of the Petition.⁸

⁵ Guidance Regarding Deduction and Capitalization of Expenditures Related To Tangible Property, 78 Fed.Reg. 57747 (Sept. 19, 2013) (amending 26 C.F.R. parts 1 and 602) <<https://www.gpo.gov/fdsys/pkg/FR-2013-09-19/pdf/2013-21756.pdf>>.

⁶ As described in the Petition at paragraph 4 of the Fifth Count (page 11), the accounting treatment is to take the income tax refund proceeds associated with the change in accounting pertaining to all relevant tax years before the tax year of the adoption of the final TPR ("Look Back Period"), the tax year of adoption of the final TPR (2014) and the tax years subsequent to the adoption of the final TPR (2015, 2016, and 2017), defer the refunds for the Look Back Period and subsequent tax years as a regulatory asset, and amortize the balance as a reduction of income tax expense over specific time periods. The Tax Repair Allowance accounting treatment more fully described in Paragraphs 11 and 12 of this Stipulation is wholly separate from the issue concerning the effects of the *Tax Cuts and Jobs Act of 2017* and the Generic Tax Order in BPU Docket No. AX18010001 as described in Paragraph 13 of this Stipulation.

⁷ See Order Suspending Increases, Changes or Alterations in Rates for Water Service, In the Matter of Middlesex Water Company for Approval of an Increase in its Rates for Water Service and Other Tariff Changes, and for an Order Authorizing Special Accounting Treatment of Income Tax Refund Proceeds and Future Income Tax Deductions, BPU Dkt No. WR17101049 (Nov. 21, 2017).

⁸ See Order Further Suspending Increases, Changes or Alterations in Rates for Water Service, In the Matter of Middlesex Water Company for Approval of an Increase in its Rates for Water Service and Other Tariff Changes, and for an Order Authorizing Special Accounting Treatment of Income Tax Refund Proceeds and Future Income Tax Deductions, BPU Dkt No. WR17101049 (Feb. 28, 2018).

The Company has provided a number of updates to its original filing, including updated information regarding numerous aspects of the Company's financial condition, operations, and capital investment.

Settlement Terms

Numerous settlement discussions were held among the Parties, and this process resulted in the following stipulations among the Signatory Parties:

1. For the purposes of this agreement, the Company's total rate base is agreed to be \$245,154,300 based on a 12-month test year ending December 31, 2017, adjusted for certain known and measurable changes.

2. Also for the purposes of this agreement only, the Signatory Parties agree to a capital structure consisting of 47.00% long-term debt, 0.25% preferred stock, and 52.75% common equity with respective cost rates of 3.02%, 5.06%, and 9.60%. Based on this capital structure and cost rates, the Signatory Parties have therefore calculated an overall rate of return (ROR) of 6.496%. The table below shows how this ROR is obtained.

	Cap. Structure	Cost Rate	Weighted Cost Rate
Long Term Debt	47.00%	3.02%	1.419%
Preferred Stock	0.25	5.06	0.013
Common Equity	<u>52.75</u>	9.60	<u>5.064</u>
	100.00%		= 6.496%

The Signatory Parties, therefore, propose a 6.496% ROR or weighted average cost of capital (WACC) be applied to rate base in order to resolve this case.

3. The Signatory Parties agree that applying this 6.496% ROR to the rate base of \$245,154,300 results in a \$5,486,500 increase to the Company's revenue requirement, which represents an approximate 7.18% increase over the present rate revenue of \$76,361,490. The table below shows how the \$5,486,500 increase in revenue requirement can be obtained,

Rate Base	\$245,154,300
Rate of Return	x 6.496%
Required Operating Income	\$ 15,935,223
Operating Income-Present Rates	<u>- 12,180,427</u>
Deficiency	3,744,796
Revenue Conversion Factor	<u>x 1.46510</u>
Revenue Requirement	\$ 5,486,500

The methodology for the revenue conversion factor did not change from the approved methodology used in the prior base rate case and it did use the as filed with the petition 35% federal income tax rate. The final revenue conversion factor does take into consideration the lower federal income tax rate of 21% effective January 1, 2018 due to the *Tax Cuts and Jobs Act of 2017*.

4. The Signatory Parties therefore agree that the \$5,486,500 increase to the Company's revenue requirement represents a level of revenue necessary to ensure that the Company will continue to provide safe, adequate, and proper water service to its customers. See Exhibit A (Proof of Revenues).

5. The Company has submitted its proposed tariff pages, annexed hereto as Exhibit B (Tariff), pursuant to N.J.A.C. 14:3-1.3, and the Signatory Parties agree that those Rate Schedules implement the terms of this Stipulation. The proposed tariff pages reflect an increase of approximately 8.40% for General Metered Service [Rate Schedule No. 1]. The tariffs also reflect the following changes:

- (a) no increase in the Private Fire Service fixed rate [Rate Schedule No. 2];
- (b) the Public Fire Service rate [Rate Schedule No. 3] has been revised to reflect that hydrant charges have been increased 5.64% while inch foot charges have not been changed, resulting in an overall increase of 4.0%;
- (c) the Service Under Contract rate [Rate Schedule No. 5] has been increased 4.84%;
- (d) the Special Contract Service rate [Rate Schedule No. 6] has been increased 1.68%;

(c) the Transmission Service South River Basin rate [Rate Schedule No. 7] has been increased 19.92%⁹; and

(f) the Transmission Service Northeast Sector [Rate Schedule No. 8] has been increased approximately 87.49%.¹⁰

The Signatory Parties therefore recommend the proposed tariff pages, including rate schedules reflecting prudent and reasonable rates and charges, be approved in their entirety.

6. While agreeing for purposes of this Stipulation to certain allocation results as evidenced in the proposed tariff pages and proof of revenues exhibits attached to this Stipulation of Settlement, the Parties hereto have not agreed upon any specific allocation methodology in the resolution of the various rate design issues raised in this proceeding.

7. The Company agrees that its request to approve a new DSIC Foundational Filing as part of this base rate case docket is hereby withdrawn.

8. The Signatory Parties agree that the Company shall be allowed to recover its regulatory case intervention costs in the New Jersey-American Water Company ("NJAW") base rate proceeding, pending in BPU Docket No. WR17090985, and that the actual incremental costs incurred by the Company shall be deferred on its books as a regulatory asset, without interest, and shall be recovered in its next immediate PWAC filing following the conclusion of BPU Docket No. WR17090985. The Signatory Parties further agree that should the NJAW rate case conclude with a new rate for Rate Schedule G -- Sales For Resale -- Service To Other Systems

⁹ Rate Schedule No. 7 encompasses the entire South River Basin. Under the terms of this Stipulation, as detailed in Exhibit A (Proof of Revenues), rates for the OBMJA will increase by 8.37% over present rates and Marlboro will increase by 9.23% over present rates.

¹⁰ Rate Schedule No. 8 encompasses the entire Northeast Sector. Under the terms of this Stipulation, as detailed in Exhibit A (Proof of Revenues), rates for the City of Rahway will increase by 16.96% over present rates.

(Base Rate), then the Company shall be allowed to recover the increased costs in its next immediate PWAC filing following the conclusion of BPU Docket No. WR17090985.

9. The Signatory Parties acknowledge and recognize the need of the Company to explore other means of contracting to purchase water from NJAW.¹¹ The Company has agreed to undertake diligent negotiations in good faith on a new purchased water contract with NJAW, such as a commodity-demand contract, at more favorable contract rates. In the event that the Company and NJAW are able to agree to a new purchased water contract, then the costs incurred by the Company, if different from the current cost of purchased water from NJAW, will be recovered in the Company's next immediate PWAC filing. In the event that the Company and NJAW are not able to agree to a new purchased water contract then the Company shall continue to evaluate those transmission and distribution improvements that would be necessary to enable Middlesex to terminate the current purchase water agreement with NJAW effective when the current contract ends in the year 2021.

10. The Signatory Parties request that the PWAC base consumption and base costs data annexed hereto as Exhibit C (PWAC Settlement) be adopted and the findings required by N.J.A.C. 14:9-7.1 et seq. related to the Company's PWAC be entered.

11. In 2013, the Internal Revenue Service ("IRS") issued final Tangible Property Regulations ("TPR")¹² to provide clarity to the question of whether expenditures to maintain, replace or improve tangible property must be capitalized or charged to expense for income tax purposes. Middlesex adopted the final TPR by timely filing with the IRS a required accounting

¹¹ As a direct customer of NJAW, the Middlesex-NJAW contract currently requires the purchase of 3 million gallons per day of treated water at a minimum annual cost of \$2.62 million under the Board-approved Rate Schedule G - Sales For Resale - Service To Other Systems (Base Rate) under the NJAW tariff. By its petitioned base rate case filing in BPU Docket No. WR17090985, NJAW proposes a rate increase of approximately 27.4% to Middlesex.

¹² Guidance Regarding Deduction and Capitalization of Expenditures Related To Tangible Property, 78 Fed.Reg. 57747(Sept. 19, 2013) (amending 26 C.F.R. parts 1 and 602) <<https://www.gpo.gov/fdsys/pkg/FR-2013-09-19/pdf/2013-21756.pdf>>.

change form as part of, and included with, the Company's 2014 federal income tax return. IRS rules allow taxpayers changing their accounting method to apply the change retroactively or, apply it prospectively only. Middlesex elected to apply the change retroactively. Because this accounting change applies only for income tax purposes and not financial or regulatory accounting, it creates book/tax differences for reporting purposes. Middlesex has proposed the Board approve special accounting treatment of the associated net income tax benefit with the adoption of the final TPR for all relevant tax years before the tax year of adoption of the final TPR ("Look Back Period"), the tax year of adoption (2014), and the subsequent tax years (2015, 2016 and 2017). Specifically, Middlesex proposes to defer, for financial accounting purposes only, \$28,738,642 for the Look Back Period and years 2014, 2015, 2016 and 2017. This deferred amount shall be recorded as a regulatory liability in accordance with financial and regulatory accounting requirements and amortized as a reduction of income tax expense over 48 months. Beginning with the tax year 2018, the TPR related income tax benefits are recognized in the year incurred and shall also be recorded in accordance with financial and regulatory accounting requirements. Current capital planning estimates indicate that Utility Plant investment will likely grow by approximately an additional \$305 million by the end of 2022. By the Board specifically authorizing the special accounting treatment described herein, Middlesex expects to mitigate prospectively the impact on customers of future base rate filings. The Signatory Parties therefore agree that the Company's request to receive approval, in its entirety, of the special accounting treatment described herein should be approved.

12. The Financial Accounting Standards Board ("FASB") issued new guidance on the accounting and presentation for retirement benefits (pension plans and other retirement benefits

such as health plans).¹³ The Company is required to adopt the FASB's new guidance on January 1, 2018. Prior to the issuance of this guidance, the Company's revenue requirement was determined in part by recording its Net Periodic Benefit Costs ("NPBC") as an Operations and Maintenance ("O&M") cost. Currently, NPBC is determined by reducing periodic benefit cost by the capitalized component of the periodic benefit costs ("Historic NPBC"). This new guidance requires that only the service cost component of the NPBC is recorded in the same O&M line item as other compensation costs arising from services rendered by employees during the period. The other components of the NPBC (interest cost, expected return on plan assets, amortization of prior service cost/credit, actuarial gain/loss, transition asset/obligation, etc.) are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations (i.e., below the line). In addition, under this new accounting guidance, only the service cost component of the NPBC is subject to capitalization. Accounting for NPBC under this new guidance would result in higher NPBC in O&M, increasing revenue requirements (the increase would be partially offset by lower capitalized periodic benefit cost that would otherwise become part of utility plant). The Signatory Parties agree that the Company shall continue to utilize the Historic NPBC method in its cost of service for setting revenue requirement.

13. As noted supra, on January 31, 2018, the Board issued the Generic Tax Order in BPU Docket No. AX18010001, captioned *In The Matter of the New Jersey Board of Public Utilities' Consideration of the Tax Cuts and Jobs Act of 2017*, concerning the effects of the corporate rate change from 35% to 21% and other adjustments as set forth in the *Tax Cuts and Jobs Act of 2017*. Pursuant to this Order, New Jersey utilities are directed to calculate and defer

¹³ New Guidance Regarding Accounting and Reporting for Postretirement Benefit Costs, FASB Accounting Standards Update 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* <http://www.fasb.org/cs/ContentServer?c=Document_C&cid=1176168888120&d=&pagename=FASB%2FDocument_C%2FDocumentPage>.

with interest the adjustment to rates from January 1, 2018 through March 31, 2018 and to change rates effective April 1, 2018 on an interim basis ("Phase One"). Further, utilities are directed to comply with the provisions of the order by including other adjustments in final rates by July 1, 2018 ("Phase Two"). By this Stipulation, the Signatory Parties agree that the Company has included in this Stipulation of Settlement the effect on rates of both phases of the required calculations as set forth in the Board's Generic Tax Order. Except as noted below, no further action is necessary at this time in the base rate proceeding. In addition, the Signatory Parties propose that Middlesex has, with this Stipulation, accounted for Phase One and Phase Two pursuant to the Board's Generic Tax Order. Nevertheless, if the Board determines a further adjustment is required to account for more than the \$500,000 Phase Two recovery previously accounted for as a result of the analysis already performed, the Company and the Signatory Parties agree to convene and jointly determine the most efficient method for refunding those dollars in addition to the already refunded \$500,000. The Company and Signatory Parties further stipulate that the Company has shared with them the calculation of the Phase Two adjustment, and as agreed will continue to review with them any additional calculations associated with the Phase Two adjustment, and resolve those Phase Two issues with the Signatory Parties. However, the Company agrees that should the Phase Two adjustment result in less than the \$500,000 already returned to customers with this settlement, no further adjustment will be made. With these provisions, the Signatory Parties stipulate and agree that all issues and requirements set forth in the Board's January 31, 2018 Generic Tax Order in BPU Docket No. AX18010001 as applied to Middlesex are resolved in this Stipulation of Settlement.

14. The Signatory Parties further acknowledge that any increase or resolution of any issue agreed to in this Stipulation shall become effective upon the effective date specified in the Board Order pursuant to N.J.S.A. 48:2-40.

15. This Stipulation is the product of extensive negotiations by the Signatory Parties, and it is an express condition of the settlement embodied by this Stipulation that it be presented to the Board in its entirety without modification or condition. It is also the intent of the Signatory Parties to this Stipulation that this settlement, once accepted and approved by the Board, shall govern all issues specified and agreed to herein. The Signatory Parties to this Stipulation specifically agree that if adopted in its entirety by the Board, no appeal shall be taken by them from the order adopting same as to those issues upon which the Signatory Parties have stipulated herein. The Signatory Parties agree that the within Stipulation reflects mutual balancing of various issues and positions and is intended to be accepted and approved in its entirety. Each term is vital to this Stipulation as a whole, since the Signatory Parties hereto expressly and jointly state that they would not have signed this Stipulation had any terms been modified in any way. In the event any particular aspect of this Stipulation is not accepted and approved by the Board, then any Signatory Party hereto materially affected thereby shall not be bound to proceed under this Stipulation. The Signatory Parties further agree that the purpose of this Stipulation is to reach fair and reasonable rates, and that it will avoid protracted and costly litigation of certain issues and that with respect to any policy or other issues which were compromised in the spirit of reaching an agreement, none of the Signatory Parties shall be prohibited from or prejudiced in arguing a different policy or position before the Board in any other proceeding, as such agreements pertain only to this matter and to no other matter. While the Intervenor has not signed this Stipulation of Settlement, the Parties anticipate that they are each submitting a "no objection" letter to the Stipulation of Settlement.

16. This Stipulation may be executed in as many counterparts as there are signatories of this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

MIDDLESEX WATER COMPANY

March 6, 2018
Date:

By: [Signature]
Saul Ewing Arnstein & Lehr LLP
Stephen B. Genzer, Esq.
Attorney for Petitioner

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey
Board of Public Utilities

Date:

By: _____
Veronica Beke
Deputy Attorney General

STEFANIE A. BRAND, ESQ.
DIRECTOR - RATE COUNSEL

Date:

By: _____
Susan McClure, Esq.
Assistant Deputy Rate Counsel

TOWNSHIP OF EAST BRUNSWICK

Date:

By: _____
Michael J. Baker, Esq.
Hoagland, Longo, Moran, Dunst & Doukas, LLP
Attorney for Intervenor East Brunswick

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MIDDLESEX WATER COMPANY

Date: _____

By: _____
Saul Ewing LLP
Stephen B. Genzer, Esq.
Attorney for Petitioner

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey
Board of Public Utilities

Date: 3/6/2018

By: 
Veronica Beke
Deputy Attorney General

STEFANIE A. BRAND, ESQ.
DIRECTOR - RATE COUNSEL

Date: _____

By: _____
Susan McClure, Esq.
Assistant Deputy Rate Counsel

TOWNSHIP OF EAST BRUNSWICK

Date: _____

By: _____
Michael J. Baker, Esq.
Hoagland, Longo, Moran, Dunst & Doukas, LLP
Attorney for Intervenor East Brunswick

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MIDDLESEX WATER COMPANY

Date

By: _____
Saul Ewing LLP
Stephen B. Genzer, Esq.
Attorney for Petitioner


GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey
Board of Public Utilities

Date:

By: _____
Veronica Beke
Deputy Attorney General

STEFANIE A. BRAND, ESQ.
DIRECTOR - RATE COUNSEL

3/6/18
Date: _____

By: _____

Susan McClure, Esq.
Assistant Deputy Rate Counsel

TOWNSHIP OF EAST BRUNSWICK

Date:

By: _____
Michael J. Baker, Esq.
Hoagland, Longo, Moran, Dunst & Doukas, LLP
Attorney for Intervenor East Brunswick

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MIDDLESEX WATER COMPANY

Date: _____

By: _____
Saul Ewing LLP
Stephen B. Genzer, Esq.
Attorney for Petitioner

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey
Board of Public Utilities

Date: _____

By: _____
Veronica Beke
Deputy Attorney General

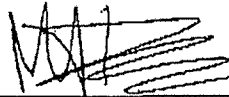
STEFANIE A. BRAND, ESQ.
DIRECTOR - RATE COUNSEL

Date: _____

By: _____
Susan McClure, Esq.
Assistant Deputy Rate Counsel

TOWNSHIP OF EAST BRUNSWICK

Date: 3/5/18

By:  _____
Michael J. Baker, Esq.
Hoagland, Longo, Moran, Dunst & Doukas, LLP
Attorney for Intervenor East Brunswick

MIDDLESEX WATER COMPANY
 RATE CASE 2017
 DOCKET # WR17101049
 SUMMARY OF SETTLEMENT REVENUES

	PRESENT RATES	SETTLEMENT RATES	DIFFERENCE	% CHANGE
RESIDENTIAL	\$32,280,146	\$34,886,428	\$2,606,283	8.07%
COMMERCIAL	12,088,434	13,145,559	1,057,125	8.74%
INDUSTRIAL	<u>8,762,795</u>	<u>9,564,705</u>	<u>801,910</u>	9.15%
SUBTOTAL	53,131,375	57,598,092	4,466,717	8.40%
PRIVATE FIRE SERVICE	5,935,740	5,987,953	52,213	0.88%
PUBLIC FIRE SERVICE	<u>4,646,714</u>	<u>4,832,589</u>	<u>185,875</u>	4.00%
SUBTOTAL	10,582,454	10,820,542	238,088	2.25%
EDISON / HIGHLAND PARK	2,163,946	2,268,662	104,716	4.84%
EAST BRUNSWICK	3,647,865	3,709,063	61,198	1.68%
OLD BRIDGE MUA	2,425,902	2,629,032	203,131	8.37%
MARLBORO	3,869,402	4,226,611	357,208	9.23%
RAHWAY	<u>326,719</u>	<u>382,135</u>	<u>55,416</u>	16.96%
SUBTOTAL	12,433,834	13,215,503	781,668	6.29%
SALES REVENUE	76,147,663	81,632,736	5,485,073	7.20%
MISCELLANEOUS	105,456	105,456	0	
BAYVIEW	108,343	108,343	0	
ROUNDING	<u>29</u>	<u>1,456</u>	<u>1,427</u>	
GRAND TOTAL	<u>\$ 76,361,491</u>	<u>\$ 81,847,991</u>	<u>\$ 5,486,500</u>	7.18%

MIDDLESEX WATER COMPANY
RATE CASE 2017
DOCKET # WR17101049

			EXISTING			PROPOSED			
RESIDENTIAL	MONTHLY BILLS	QTRLY BILLS	MONTHLY RATE	QTRLY RATE	REVENUE	MONTHLY RATE	QTRLY RATE	REVENUE	
	3/8"	189,912	\$ 46.20	\$ 138.60	\$ 6,432,404	\$ 47.26	\$ 141.78	\$ 6,798,917	4.50%
	3/4"	31,240	87.05	261.15	2,722,759	70.89	212.67	2,214,804	4.55%
	1"	4,956	113.28	340.84	552,828	116.14	348.42	586,820	4.32%
	1 1/2"	728	226.60	679.80	154,892	236.25	708.75	171,900	4.30%
	2"	264	562.40	1,687.20	365,874	378.00	1,134.00	307,560	4.30%
					11,381,353			11,871,822	4.31%
USAGE (CCF)		501,924,775	0.0416373	125,089,782	20,888,782	0.0458527	137,546,805	23,014,805	10.12%
					\$ 52,200,140			\$ 34,883,426	8.07%
			EXISTING			PROPOSED			
COMMERCIAL	MONTHLY BILLS	QTRLY BILLS	MONTHLY RATE	QTRLY RATE	REVENUE	MONTHLY RATE	QTRLY RATE	REVENUE	
	3/8"	5,504	\$ 15.10	\$ 45.30	\$ 82,910	\$ 15.76	\$ 47.28	\$ 85,168	4.30%
	3/4"	2,210	22.85	68.55	50,293	23.63	70.89	62,459	4.33%
	1"	2,904	37.75	113.25	111,891	39.38	118.14	116,722	4.32%
	1 1/2"	3,828	75.50	226.50	289,014	78.75	236.25	301,485	4.30%
	2"	11,424	120.80	362.40	1,380,019	126.00	378.00	1,438,424	4.30%
	3"	2,736	226.50	679.50	619,704	236.25	708.75	648,380	4.30%
	4"	504	377.50	1,132.50	190,280	393.75	1,181.25	198,450	4.80%
	5"	48	795.00	2,385.00	36,240	787.60	2,372.80	37,800	4.30%
	6"	80	1,208.00	3,624.00	72,480	1,260.00	3,780.00	75,600	4.30%
	10"	36	1,758.50	5,275.50	62,514	1,811.25	5,433.75	65,205	4.50%
					2,892,810			2,968,683	4.31%
USAGE (CCF)		221,510,938	0.0416373	646,532,814	9,223,119	0.0458527	1,014,688,876	10,126,876	10.12%
					\$ 12,098,434			\$ 12,145,669	8.74%
			EXISTING			PROPOSED			
INDUSTRIAL	MONTHLY BILLS	QTRLY BILLS	MONTHLY RATE	QTRLY RATE	REVENUE	MONTHLY RATE	QTRLY RATE	REVENUE	
	3/8"	0	\$ 15.10	\$ 45.30	\$ -	\$ 15.76	\$ 47.28	\$ -	4.33%
	3/4"	34	22.85	68.55	777	23.63	70.89	567	4.32%
	1"	50	37.75	113.25	1,882	39.38	118.14	1,964	4.30%
	1 1/2"	264	75.50	226.50	19,832	78.75	236.25	20,790	4.30%
	2"	444	120.80	362.40	53,625	126.00	378.00	55,944	4.30%
	3"	460	226.50	679.50	103,720	236.25	708.75	113,400	4.30%
	4"	1,008	377.50	1,132.50	380,520	393.75	1,181.25	396,900	4.30%
	5"	708	795.00	2,385.00	554,540	787.60	2,372.80	557,650	4.30%
	6"	168	1,208.00	3,624.00	217,440	1,260.00	3,780.00	229,900	4.30%
	10"	84	1,758.50	5,275.50	145,868	1,811.25	5,433.75	162,146	4.30%
					1,484,821			1,527,877	4.50%
USAGE (CCF)		175,274,917	0.0416373	447,974,974	7,297,974	0.0458527	5,038,838	8,038,838	10.12%
					\$ 8,762,705			\$ 9,584,708	9.15%
GENERAL METERED SERVICE REVENUE					\$ 63,131,376			\$ 57,596,692	9.10%
			EXISTING			PROPOSED			
PRIVATE FIRE WITH HOSE	MONTHLY BILLS	QTRLY BILLS	MONTHLY RATE	QTRLY RATE	REVENUE	MONTHLY RATE	QTRLY RATE	REVENUE	
	1"	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
	2"	12	76.26	228.78	2,709	78.25	234.75	2,709	0.00%
	3"	0	165.52	496.56	0	165.52	496.56	0	0.00%
	4"	120	276.31	828.93	59,092	276.31	828.93	59,092	0.00%
	6"	936	565.43	1,696.29	538,028	565.43	1,696.29	538,028	0.00%
	8"	1,484	809.59	2,428.77	1,185,240	809.59	2,428.77	1,185,240	0.00%
	10"	480	1,208.00	3,624.00	623,335	1,208.00	3,624.00	623,333	0.00%
					2,405,602			2,405,992	0.00%
PRIVATE FIRE WITHOUT HOSE	MONTHLY BILLS	QTRLY BILLS	MONTHLY RATE	QTRLY RATE	REVENUE	MONTHLY RATE	QTRLY RATE	REVENUE	
	1"	12	\$ 25.10	\$ 75.30	\$ 2,108	\$ 25.10	\$ 75.30	\$ 2,108	0.00%
	2"	168	82.07	246.21	26,326	82.07	246.21	26,326	0.00%
	3"	396	124.29	372.87	59,669	124.29	372.87	59,669	0.00%
	4"	2,662	206.23	618.69	545,912	206.23	618.69	545,912	0.00%
	6"	2,004	418.14	1,254.42	1,088,411	418.14	1,254.42	1,088,411	0.00%
	8"	1,728	593.27	1,779.81	1,048,921	593.27	1,779.81	1,048,921	0.00%
	10"	132	959.59	2,878.77	126,600	959.59	2,878.77	126,600	0.00%
	12"	12	1,416.90	4,250.70	17,018	1,416.90	4,250.70	17,018	0.00%
					3,013,021			3,013,021	0.00%
					6,420,013			6,420,013	0.00%
USAGE (CCF)		12,389,177	0.0416373	31,572,727	515,727	0.0458527	3,567,840	567,840	10.12%
					\$ 8,935,740			\$ 8,887,853	0.98%
PUBLIC FIRE	INCH FEET	HYDRANTS	RATE	HYD CHG	REVENUE	RATE	HYD. CHG	REVENUE	
	33,246,313	4,605	\$ 0.040560	\$ 702.51	\$ 4,848,714	\$ 0.040560	\$ 742.10	\$ 4,852,689	4.00%
USAGE (CCF)			BASE RATE	TRANSMISSION RATE	REVENUE	BASE RATE	TRANSMISSION RATE	REVENUE	
WHOLESALE 1	E.Brunswick	2,394,286	\$ 1,523.57	\$ -	\$ 3,647,835	\$ 1,549.92	\$ -	\$ 3,709,083	1.88%
WHOLESALE 2	Edison/Hld Pk	985,388	\$ 2,241.63	\$ -	\$ 2,183,843	\$ 2,350.00	\$ -	\$ 2,288,652	4.84%
WHOLESALE 3	Rshway	124,379	\$ 2,241.53	\$ 386.26	\$ 326,719	\$ 2,350.00	\$ 722.23	\$ 382,156	16.98%
WHOLESALE 4	Old Bridge	628,654	\$ 2,241.53	\$ 680.31	\$ 2,425,902	\$ 2,360.00	\$ 923.00	\$ 2,620,032	6.37%
	Marlboro	1,223,333	\$ 2,241.63	\$ -	\$ 2,742,138	\$ 2,360.00	\$ -	\$ 2,874,833	9.25%
	Marlboro	1,642,500	\$ -	\$ 666.31	\$ 1,127,264	\$ 823.00	\$ -	\$ 1,351,778	0.39%
		7,170,452			\$ 12,359,654			\$ 13,216,403	
MISCELLANEOUS					REVENUE			REVENUE	
RAYVIEW					105,450			105,450	
ROUNDING	Roundings				108,343			108,343	
					20			1,455	
					\$ 76,361,491			\$ 81,847,991	7.18%

MIDDLESEX WATER COMPANY

Fourth Revised Sheet No. 11

B.P.U. No. 1 - WATER

Cancelling

Third Revised Sheet No. 11

4B

STANDARD TERMS AND CONDITIONS

2. APPLICATION FOR ESTABLISHMENT OF SERVICE

- 2.1 Application for water service may be made by telephone, by mail or in person. Such application shall be made, and accepted, and any applicable deposits and fees shall be paid before any service is provided.
- 2.2 Written application is required only for establishment of service to a location not previously served. Application forms, where required, will be provided by the Company upon request.
- 2.3 All applications shall be made by the prospective customer or the customer's duly authorized agent.
- 2.4 A separate application for water service must be made for each water connection, including fire and irrigation service.
- 2.5 Applications for water service are not transferable. Each new owner or occupant of the premises to be supplied is required to make a new application.
- 2.6 Application shall not be accepted from a present or former customer in arrears on a valid bill for water service on any other premises for which the customer had made application for water service except in cases where a mutually agreed payment plan has been established between such customer and the Company for payment of a valid bill which is past due.
- 2.7 Each customer shall notify the Company promptly of any change of ownership of the premises supplied under his application.
- 2.8 Where more than one rate schedule is available to particular customers, the utility shall have at all times the duty to assist such customers in the selection of the rate schedule most favorable for their individual requirements and to make every reasonable effort to insure that such customers are served under the most advantageous schedule.
- 2.9 Application may be made for a new connection and service pipe through which water service is not immediately desired. A special form of agreement shall be entered into, which provides that the customer shall bear the entire expense of making the connection, subject to a refund of the cost of installing the service line from the main to the curb, including the curb stop, whenever regular service is commenced. No refunds will be made after ten years from the date of installation of the connection.

Date of Issue: October 10, 2017

Effective for service

Issued by: Dennis W. Doll, President
1500 Ronsón Road
Iselin, New Jersey 08830-0452

Rendered on and after:

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated, in Docket No. WR17101049.

MIDDLESEX WATER COMPANY

Third Revised Sheet No. 13
Cancelling
Second Sheet No. 13

B.P.U. No. 1 - WATER

STANDARD TERMS AND CONDITIONS

3. CUSTOMERS' DEPOSITS (Continued)

3.7 Following discontinuance of service, the customer will receive a refund of any deposit, together with outstanding interest, less any amount due for unpaid bills.

3.8 Deposits will be required to guarantee the payment for metered water used for construction purposes where no advance payments have been made. These deposits will be based upon the cost of the meter, the cost of the backflow prevention device plus the estimated amount of water which may be used during construction. When the meter and backflow prevention device are returned to the Company in good condition, the deposit will be refunded together with outstanding interest, less any amount due for unpaid bills.

Date of Issue: October 10, 2017

Effective for service
Rendered on and after:

Issued by: Dennis W. Doll, President
1500 Ronson Road
Iselin, New Jersey 08830-3020

Filed pursuant to an Order of the Board of Regulatory Commissioners, State of New Jersey, dated, in Docket No. WR17101049.

MIDDLESEX WATER COMPANY

Fifth Revised Sheet No. 14

B.P.U. No. 1 - WATER

Cancelling

Fourth Revised Sheet No. 14

STANDARD TERMS AND CONDITIONS

4. SERVICE PIPES

4.1 The service pipe from the distribution main to the curb line, including the curb stop, meter pit and meter will be furnished, installed and maintained by the Company at its expense, except as otherwise provided in this Tariff.

4.2 Only employees or other persons authorized by the Company will be permitted to make connections to the mains, access meter pits, operate curb stops and remove, service, or repair meters of the Company.

4.3 The Company will control the size of the opening to be made in the distribution main and the size of the service pipe to be installed.

4.4 No service pipe will be installed until the connecting pipe has been installed and staked by the Customer within 24" of the curb or edge of pavement; or where the connecting pipe is installed in the same trench with sewer pipe, gas pipe, electric conduit or any other facility.

4.5 A curb stop and meter pit will be installed by the Company at or near the premises, in such a manner as to permit the attachment of the customer's connecting pipe up to and including 2" diameter pipe. The curb stop or meter pit is available for turning on and shutting off the supply of water in emergencies or for purposes of repair. Only Company employees or persons duly authorized to do so by the Company are permitted to operate the curb stop or meter pit.

4.6 No premises shall be supplied by more than one service pipe, unless agreed upon by the Company.

4.7 Where two or more customers, within a single, contiguous structure, are supplied through a single service pipe, the piping of the meter enclosure shall provide a separate lock valve ahead of the inlet to each customer's meter.

4.8 (Reserved for Future Use)

Date of Issue: October 10, 2017

Effective for service
Rendered on and after:

Issued by: Dennis W. Doll, President
1500 Ronson Road
Iselin, New Jersey 08830-0452

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated, in Docket No. WR17101049.

MIDDLESEX WATER COMPANY

Fourth Revised Sheet No. 15

B.P.U. No. 1 - WATER

Cancelling

Third Revised Sheet No. 15

STANDARD TERMS AND CONDITIONS

4. SERVICE PIPES (Continued)

4.9 Any change requested by the customer in the location or configuration of the existing service pipe, if approved by the Company, shall be made at the expense of the customer including the necessary modifications to comply with the Company's cross connection control and exterior meter enclosure requirements.

4.10 Where a service pipe is for temporary use, the customer shall bear the entire expense of making the connection, subject to a refund whenever service is established on a permanent basis.

4.11 Where a service pipe is available for a customer's premises, the customer may obtain a larger size service without charge, provided such service is established on a permanent basis. Any subsequent request for a reduction in the size of the meter shall be subject to Company approval and the payment by the customer of the cost of installing the larger size service.

4.12 Where a large size service pipe has been installed at the request of a customer, for premises not previously supplied, any subsequent request for a reduction in the size of the meter shall be subject to Company approval and the payment by the customer of the difference between the cost of installing the service pipe and the cost of installing a service line that is usually installed with the new sized meter.

4.13 Charges and costs, if any, associated with special road opening and restoration requirements imposed by the governing agency shall be reimbursed by the customer (or prospective customer) requesting said work resulting in the need to open a roadway under moratorium. This includes fines or charges in excess of normal road opening permit fees, costs for restoration work required, and any other costs incurred by the Company for this work. The burden of obtaining the approval of the governing agency for this road opening, and any costs related to this approval shall be the responsibility of the customer (or prospective customer).

4.14 Charges for service pipe installation that are excessive shall be paid by the Customer. The cost of a service pipe installation shall be considered excessive if the cost of the installation exceeds two (2) times the average cost of the same diameter service of the previous 12 month calendar year. The Customer shall reimburse the Company for the difference between the actual installation costs and the amount used to determine if the costs is excessive.

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1500 Ronson Road
Iselin, New Jersey 08830-0452

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STANDARD TERMS AND CONDITIONS

5. CONNECTING PIPES

5.1 A connecting pipe attached to the service pipe shall be installed at the expense of the customer to convey the water supply within the property of the customer.

5.2 The connecting pipe is the property of the customer and shall be maintained and kept in repair by customer. The un-metered length of any connecting pipe shall not exceed 10' in length, as measured from the curb stop or curb line to the proposed point of metering.

5.3 The connecting pipe shall be of strength and quality approved by the local municipal construction code or other authority with jurisdiction.

5.4 The connecting pipe shall be installed by a licensed plumber or other approved mechanic prior to the installation of the Company's service pipe. The Connecting pipe shall be installed to within 24" of the curb or edge of pavement, the termination point staked and the pipe shall be properly sealed by the plumber or mechanic to prevent the entry of ground water into the pipe. The pipe shall be installed without sharp bends, at right angles to the line of the street, in a trench not less than four feet in depth, to avoid damage and possible interruption to service caused by freezing. The pipe shall not be installed within three feet of any permanent excavation or vault or other subsurface structure. Other utility service pipes, such as sewer or gas, shall not be installed in the same trench.

5.5 The Company reserves the right to inspect the installation prior to backfilling the trench and to withhold the supply of water service whenever such installation or any part thereof is deemed by the Company to be leaking, unsafe, inadequate or unsuitable for receiving service, or to interfere with or impair the continuity or quality of service to the customer or to others.

5.6 No attachment shall be made to the service or connecting pipe, or any branch thereof, between the meter and the main.

5.7 The customer shall make all changes in the connecting pipe due to changes in grade, relocation of mains, or other causes, at the customer's expense, unless the change is instituted by the Company.

5.8 Where it is necessary to install a connecting pipe on the property of persons other than the applicant for service, written authority from such property owners, in a form approved by the Company, shall be obtained by the applicant.

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MIDDLESEX WATER COMPANY

Revised Sheet No. 17
Cancelling
Revised Sheet No.17

B.P.U. No. 1 - WATER

STANDARD TERMS AND CONDITIONS

6. METERS

6.1 The Company will furnish, install and maintain meters without charge, except as otherwise provided in this Tariff, and will determine the size, type and make of meter to be used, based on the service desired.

6.2 No unmetered connections are permitted.

6.3 (Reserved for Future Use.)

6.4 (Reserved for Future Use.)

6.5 The Company may require a remote meter reading device to be purchased and installed by the Company at the expense of the Company.

6.6 (Reserved for Future Use.)

6.7 The location of the meter and the arrangement of the fittings and pipe shall be subject to inspection and approval by the Company. Valves are to be installed on the inlet and outlet side of the meter.

6.8 Meters shall be installed inside a permanent meter enclosure located no more than 10-feet from the curb stop unless otherwise required or agreed to by the Company. When meters are permitted by the Company to be installed inside the customer's commercial, multi-unit dwelling or industrial building, the meters shall be located in a clean, dry, heated, illuminated, safe place not subject to great variations in temperature, within 5-feet to the point of entrance of the connecting pipe. The location shall be separated from the remainder of the premise by a permanent wall with a single exterior entrance such as to be easily accessible, with a minimum of inconvenience to the

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MIDDLESEX WATER COMPANY

Fourth Revised Sheet No. 18

B.P.U. No. 1 - WATER

Cancelling

Third Revised Sheet No. 18

STANDARD TERMS AND CONDITIONS

6. METERS (Continued)

Company, for reading, inspecting, testing, changing and making necessary adjustments or repairs. For meters larger than 4" located within the premise, the customer shall provide a paved concrete surface that is readily accessible to self-propelled, mechanical lifting equipment without the need to dismantle or remove any portions of the structure, landscape or features of the property to remove the meter.

6.9 For meters one and one-half inches (1-1/2") in size and larger, if requested by the Customer, or when service cannot readily be interrupted for testing or replacing the meter per BPU regulations, or upon the Company's discovery of open bypass, the installation for said meter shall be equipped with metered and cross connection controlled bypass piping of a type and arrangement approved by the Company which will permit the removal or testing of the meter without interruption of water service.

6.10 (Reserved for Future Use.)

6.11 Where it is necessary to install a meter enclosure outside of the public right-of-way, or in a driveway, roadway, or any other location determined to be unacceptable by the Company the installation is subject to the approval of the Company and the cost of installing, operating and maintaining the meter enclosure shall be the responsibility of the customer.

6.12 Company installed and owned meter enclosure shall be located in an accessible place, protected from vehicular traffic, away from terraces, fences or other structures and shall be so located that they will not be a hazard to pedestrians.

6.13 If the meter enclosure is installed upon property which is not owned by the customer, the customer is required to furnish the Company written permission from the owner of the property which will be binding on the owner, his administrators, executors, heirs, successors and assigns.

6.14 The meter enclosure shall be frost-proof, heated when above-ground and either well drained or watertight and shall be provided with a secure cover or access door with a convenient locking device. Meter enclosures shall be kept clear of snow, ice, dirt, mulch, trees/shrubs, fences, landscaping, vehicles, equipment or any other objects which might prevent ready accessibility for reading, inspecting, testing, changing and making necessary adjustments or repairs of the meter.

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MIDDLESEX WATER COMPANY

Fourth Revised Sheet No. 19
Cancelling
Third Sheet No. 19

B.P.U. No. 1 - WATER

STANDARD TERMS AND CONDITIONS

6. METERS (Continued)

6.15 The Company maintains and repairs meters except in case of misuse or damage by frost, hot water or external causes, in which event the cost of repairing and replacing the meter shall be charged to the customer, said charge to be based on the direct labor and equipment costs of removing, repairing, replacing and/or resetting the meter.

6.16 All meters are carefully tested before being placed in service and are inspected periodically while in service. Therefore, the quantity of water recorded by the meter, as ascertained by periodic meter readings, shall be taken to be the amount delivered to the customer, except where the meter has been found to be registering fast or has ceased to register.

6.17 Where the meter has ceased to register or where access to the meter cannot be obtained, meter readings may be estimated by a fair and reasonable method based upon the best information available.

6.18 If a customer observes an unusual increase over the average quantity of water used, which cannot be accounted for, the Customer should inform the Company immediately.

6.19 When a billing dispute is known to exist, the utility shall, prior to removing the meter, advise the customer that the customer may have the meter tested by the utility or may have the Board either conduct a test of the meter or witness a testing of the meter by the utility, and that in any event the customer may have the test witnessed by a third party. (N.J.A.C. 14:3-4.5(c))

A meter test arising from a billing dispute may be appropriate in instances which include, but are not limited to, unexplained increased consumption, crossed meters, consumption while account is vacant or any other instance where the meter's accuracy might be an issue in a bill dispute.

A report giving results of such tests shall be made to the customer, and a complete record of such test shall be kept on file at the office of the utility in accordance with N.J.A.C. 14:3-4.7 Meter records.

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MIDDLESEX WATER COMPANY

Third Revised Sheet No. 20

B.P.U. No. 1 - WATER

Cancelling

Second Sheet No. 20

STANDARD TERMS AND CONDITIONS

6. METERS (Continued)

6.20 If a meter is found to be registering fast by more than 1 1/2 percent, an adjustment of charges will be made.

6.21 If a meter, upon test, is found to register within the prescribed limits of accuracy, the Company reserves the right to reset the same meter in the premises from which it was removed.

6.22 Only employees or persons authorized by the Company shall remove the meter under any circumstances.

6.23 Tampering with the meter, meter pit, curb stops, valves, or its connections is prohibited.

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MIDDLESEX WATER COMPANY

Fifth Revised Sheet No. 21

B.P.U. No. 1 - WATER

Cancelling

Fourth Revised Sheet No. 21

STANDARD TERMS AND CONDITIONS

7. CUSTOMERS' PREMISES

7.1 The Company may refuse to provide a water service connection with any customer's piping system or furnish water to any connecting pipe already installed, when the customer's piping system is not installed in accordance with the regulations of the Company (including but not limited to the Cross Connection Control Plan) and of the municipality in which the premises are located; or when the piping system on the premises has not been protected from allowing groundwater/soil to enter the connecting pipe or when it is not at sufficient depth to prevent freezing.

7.2 The Company shall have the right of reasonable access to a customer's premises and to all property supplied by it, at reasonable times, for the purpose of inspection incident to the rendering of service, reading meters or inspecting, testing or repairing its facilities used in connection with supplying service, or for the removal of its property.

7.3 The customer shall obtain or cause to be obtained, all permits needed by the Company for access to its facilities. The Company, where necessary, will make application for any street opening permits for installing its service connections and shall not be required to furnish service until after such permits are granted. The municipal charge, if any, for permission to open the street shall be paid by the customer.

7.4 Reserved.

7.5 The customer shall not permit access to the meter or other facilities of the Company except to employees of the Company, duly authorized state regulatory officials and the customer's certified backflow prevention device testers.

7.6 In case of defective service, the customer shall not interfere with the apparatus or appliances belonging to the Company but shall notify the Company immediately.

7.7 All piping within a customer's premises shall comply with State, municipal and other regulations in force with respect thereto.

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MIDDLESEX WATER COMPANY

Revised Sheet No. 22

B.P.U. No. 1 - WATER

Cancelling

Revised Sheet No. 22

STANDARD TERMS AND CONDITIONS

7. CUSTOMERS' PREMISES (Continued)

7.8 Physical connections, such as cross connections, either permanent or temporary, between pipes on a customer's premises supplied by the Company and any unapproved source of supply are strictly prohibited.

7.9 In any premises where an NJDEP approved auxiliary water source is permitted, the pipes carrying water from the mains of the Company are required to be marked in some distinctive manner for ready identification.

7.10 No device or connection shall be permitted between pipes or fixtures carrying water from the mains of the Company and any portion of the plumbing system of the premises or any other piping system on the premises in cases where the system is not designed to prevent backflow or back-siphonage in accordance with the Company's Cross Connection Control Plan.

7.11 If a premise is to remain unoccupied for an indefinite period, customers are advised to have the interior plumbing drained, especially during cold weather, to avoid damage to pipes and fixtures. When requested, the Company will suspend service to unoccupied premises temporarily by shutting off the water at the curb and removing the meter.

7.12 Whenever leakage occurs on pipes and facilities owned by the customer, the customer shall make the necessary repairs without delay. If the customer fails to make said repairs, the Company reserves the right to discontinue the supply until such time as the leak is repaired. A reconnection charge will apply should the Company take action to physically discontinue water service.

7.13 All costs associated with periodic testing of an approved backflow prevention device and reporting of said test results shall be the responsibility of the Customer. The reporting format and mechanism for reporting test results shall be determined by the Company.

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MIDDLESEX WATER COMPANY
 B.P.U. No. 1 - WATER

Sixth Revised Sheet No. 25
 Cancelling
 Fifth Revised Sheet No. 25

STANDARD TERMS AND CONDITIONS

9. DISCONTINUANCE OF SERVICE

9.1 The Company shall, upon reasonable notice, when it can be reasonably given, have the right to suspend or curtail or discontinue service for the following reasons:

9.1.1 For the purpose of making permanent or temporary repairs, changes or improvements in any part of its system;

9.1.2 For compliance in good faith with any governmental order or directive notwithstanding such order or directive subsequently may be held to be invalid;

9.1.3 For any or the following acts or omissions on the part of the customer;

(a) Nonpayment of a valid bill due for service furnished at the present or previous location. However, nonpayment for business service shall not be a reason for discontinuance of residence service, except in cases of diversion of service pursuant to N.J.A.C. 14:3-7.8 and service shall not be discontinued for nonpayment of repairs charges, merchandise charges and non-tariff contracted service charges between the customer and the utility, nor shall notice threatening such discontinuance be given.

(b) Tampering with any facility of the Company; theft of service, failure to install, test and maintain adequate cross connection control as required under the Company's Cross Connection Control Plan.

(c) Fraudulent representation in relation to the use of service.

(d) Customer moving from the premises, unless the customer requests that service be discontinued;

(e) Providing the Company's service to another without approval of the Company.

(f) Failure to make or increase an advance payment or deposit as provided for in these regulations or the Company's tariff;

(g) Refusal to contract for service where such contract is required;

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MIDDLESEX WATER COMPANY

Fourth Revised Sheet No. 27

B.P.U. No. 1 - WATER

Cancelling

Third Revised Sheet No. 27

STANDARD TERMS AND CONDITIONS

10. PRIVATE FIRE PROTECTION SERVICE

10.1 Customers are required to make separate written application for private fire protection service and enter into an agreement pertaining to conditions for service.

10.2 Private fire service installations shall be made in accordance with the provisions of this Tariff regarding the installation of service and connecting pipes and other facilities. Private fire protection systems that include storage tanks, pumping equipment, fire hydrants and/or any combination of these will be required to comply with the Company's Cross Connection Control Plan.

10.3 Private fire service lines that do not include fire hydrants, storage tanks, pumping equipment and/or any combination of these shall be equipped with a rated fire service meter and double check valve assembly in accordance with the Company's Cross Connection Control Plan; private fire service lines without private hydrants shall be equipped with detector-check type meters and shall be used exclusively for fire protection purposes. The connecting pipe shall be the at least the same size as the meter.

10.4 No water shall be used through private fire protection facilities except for purposes of testing or in case of fire.

10.5 The charge for private fire service is based on the size of the meter. Bills are rendered monthly. No charge is made for water used solely for fire extinguishing purposes or for reasonable testing purposes, provided the Company receives written notification in advance that tests are to be made.

10.6 Where a tank, standpipe or other storage facility is used, it shall be so constructed and arranged as to protect the water from pollution and shall conform with all applicable rules and regulations of the State Department of Environmental Protection and the Company's Cross Connection Control Plan.

10.7 Authorized representatives of the Company shall have the right to inspect all fire protection facilities on a customer's premises at reasonable hours.

10.8 The customer shall be responsible for all costs associated with a fire watch program is required by local officials in response to emergency or planned work performed by the Company that interrupts or is anticipated to interrupt water supply to fire services.

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MIDDLESEX WATER COMPANY

Fifth Revised Sheet No. 29

D.P.U. No. 1 - WATER

Cancelling

Fourth Revised Sheet No. 29

STANDARD TERMS AND CONDITIONS

12. WATER MAIN EXTENSIONS

12.1 Applications for extensions may be made in person, by telephone or by mail, at any Commercial Office of the Company. Upon receipt of such application, the Company will make a survey and advise the applicant as to the most suitable plan for installing the proposed extension and the probable cost to the customer.

12.2 Distribution mains will be extended only in public streets or highways or in new streets or highways, not yet accepted, but which have been laid out according to an accepted plan approved by the appropriate authority to be in public streets or highways. The Company will require an easement with terms acceptable to the Company in cases where the streets or highways have not been accepted. In no case, however, will distribution mains be installed until streets or highways have been rough graded to an established and approved grade. In the alternative, and at the sole and absolute discretion of the Company, mains may be installed in properly configured and recorded easements with terms acceptable to the Company

12.3 Water main extensions will be installed pursuant to agreements which will be prepared in accordance with all applicable laws of the State and Board of Public Utilities regulations and orders including but not limited to those regulations contained in N.J.A.C. 14:3-1, N.J.A.C. 14:3-6, N.J.A.C. 14:3-8 and N.J.A.C. 14:3-10.

12.4 Each extension shall become a part of the distribution system of the Company and shall be owned, maintained and controlled by the Company.

12.5 The Company shall have the right to connect additional customers to an extension and to construct further extensions thereto.

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RATE SCHEDULE NO. 1
GENERAL WATER SERVICE - GS

APPLICABILITY:

Applicable to the use of water supplied through meters in the entire territory served by the Company.

CHARACTER OF SERVICE:

Continuous except as limited by "Standard Terms and Conditions".

RATE:

General Water Service

Consumption Charges
 Rate per Thousand
Cubic Feet
 \$45.9275

Facilities Charge

<u>Size of Meter</u>	<u>Per Quarter</u>	<u>Per Month</u>
5/8"	\$ 47.25	\$ 15.75
3/4"	70.89	23.63
1"	118.14	39.38
1-1/2"	236.25	78.75
2"	378.00	126.00
3"	708.75	236.25
4"	1,181.25	393.75
6"	2,362.50	787.50
8"	3,780.00	1,260.00
10"	5,433.75	1,811.25
12"	10,153.92	3,384.64

Billing shall be based on the facilities charge plus consumption charges (shown above) for each period.

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 1500 Ronson Road
 Iselin, New Jersey 08830-3020

The State of New Jersey enacted Ch. 443 of the Laws of New Jersey 1983 concerning the periodic testing of public water supplies which establishes a water tax of \$0.01 per 1,000 gallons of water. This tax is reflected and included in the above rates.

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated _____, in Docket No. WR17101049.

MIDDLESEX WATER COMPANY

Tenth Revised Sheet No. 33A
Cancelling
Ninth Sheet No. 33A

B.P.U. No. 1 - WATER

RATE SCHEDULE NO. 1 (Continued)

GENERAL WATER SERVICE - GS

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGES

A charge of \$0.00 per thousand cubic feet will be made to recover the increased purchased water costs.

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MIDDLESEX WATER COMPANY

Twenty-sixth Revised Sheet No. 36

Canceling

B.P.U. No. 1 - WATER

Twenty-fifth Revised Sheet No. 36

RATE SCHEDULE NO. 3

MUNICIPAL SERVICE - MS

APPLICABILITY:

Applicable to municipalities and fire districts of municipalities throughout the territory served by the Company.

CHARACTER OF SERVICE:

Continuous except as limited by "Standard Terms and Conditions".

RATE:

A. ANNUAL FIRE PROTECTION CHARGES:

Inch Foot Charge

Yearly charge of \$0.04056 per inch foot of distribution and transmission mains serving the municipality or fire district.

Hydrant Charge

Yearly charge of \$742.10 for each hydrant.

The amount of the bill will be the total of the Inch Foot Charge and the Hydrant Charge.

B. OTHER MUNICIPAL SERVICE:

Water for any use other than fire protection shall be charged for at General Water Service rate, Rate Schedule No. 1, Sheet No. 32 and Sheet No. 33, delivery to be determined by meter measurement when feasible, otherwise by estimate of the Company of the quantity delivered based on such factors as the diameter and length of time of the connection. Fire hydrants are not to be used for such purposes except upon the express consent of the Company in each case.

MINIMUM CHARGE:

None.

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MIDDLESEX WATER COMPANY

Twenty-third Revised Sheet No. 40
Cancelling

B.P.U. No. 1 - WATER

Twenty-second Revised Sheet No. 40

RATE SCHEDULE NO. 5

SERVICE UNDER CONTRACT - SC

APPLICABILITY:

Applicable to service provided under special agreements. Such special agreements are available to customers that meet criteria as specified by the Board of Public Utilities and such agreements will be filed with the Board on a case by case basis.

CHARACTER OF SERVICE:

Continuous except as limited by "Standard Terms and Conditions".

RATE:

All water used shall be charged at the rate of \$2,350.00 per million gallons.

TERMS OF PAYMENT:

Bills will be rendered monthly.
A customer has at least 15 days from the postmark on the bill to pay a valid bill for service.

SPECIAL PROVISIONS:

As provided under special agreements.

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EXHIBIT A22
V. 9965

MIDDLESEX WATER COMPANY

Tenth Revised Sheet No. 40A

B.P.U. No. 1 - WATER

Cancelling

Ninth Sheet No. 40A

RATE SCHEDULE NO. 5

SERVICE UNDER CONTRACT - SC

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGES

A charge of \$0.00 per million gallons will be made to recover the increased purchased water costs.

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MIDDLESEX WATER COMPANY

Sixteenth Revised Sheet No. 41

Canceling

B.P.U. No.1- WATER

Fifteenth Revised Sheet No. 41

RATE SCHEDULE NO. 6

SPECIAL CONTRACT SERVICE

SCS

APPLICABILITY:

Applicable to water treatment and pumping services provided to customers under special agreements at the option of the Company.

CHARACTER OF SERVICE:

Continuous except as limited by "Standard Terms and Conditions".

RATE:

All water used shall be charged at the rate of \$1,549.13 per million gallons.

TERMS OF PAYMENT:

Bills will be rendered monthly.

A customer has at least 15 days from the postmark on the bill to pay a valid bill for service.

SPECIAL PROVISIONS:

As provided under special agreements.

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MIDDLESEX WATER COMPANY

Thirteenth Revised Sheet No. 42
Cancelling
Twelfth Revised Sheet No. 42

B.P.U. No. 1 - WATER

RATE SCHEDULE NO. 7

TRANSMISSION SERVICE SOUTH RIVER BASIN - TR-SRB

APPLICABILITY:

Applicable to water transmission service to the South River Basin area provided to customers under special agreements at the option of the Company.

CHARACTER OF SERVICE:

Continuous except as limited by "Standard Terms and Conditions".

RATE:

All water used shall be charged at the combined rate of \$823.00 per million gallons for transmission plus the rate for Service Under Contract as provided in Rate Schedule No. 5.

TERMS OF PAYMENT:

As provided by contract.
Bills to be rendered monthly.
A customer has at least 15 days from the postmark on the bill to pay a valid bill for service.

SPECIAL PROVISIONS:

As provided under special agreements.

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MIDDLESEX WATER COMPANY

Sixth Revised Sheet No. 43

Cancelling

B.P.U. No. 1 - WATER

Fifth Sheet No. 43

RATE SCHEDULE NO. 8

TRANSMISSION SERVICE – NORTHEAST SECTOR

APPLICABILITY:

Applicable to water transmission service to the Northeast area provided to customers under special agreements at the option of the Company.

CHARACTER OF SERVICE:

Continuous except as limited by "Standard Terms and Conditions".

RATE:

All water used shall be charged at the combined rate of \$/22.33 per million gallons for transmission plus the rate for Service Under Contract as provided in Rate Schedule No. 5.

TERMS OF PAYMENT:

As provided by contract.

Bills to be rendered monthly.

A customer has at least 15 days from the postmark on the bill to pay a valid bill for service.

SPECIAL PROVISIONS:

As provided under special agreements.

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1500 Ronson Road
Iselin, New Jersey 08830-0452

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated _____, in Docket No. WR17101049.

MIDDLESEX WATER COMPANY
PURCHASED WATER ADJUSTMENT CLAUSE
2017 BASE RATE CASE

1. BASE LEVEL DATA UNDER N.J.A.C. 14:9-7.4(a)1

NEW JERSEY WATER SUPPLY AUTHORITY BASE CONTRACT = 9,855.0 MG
COST PER MILLION GALLONS (06/30/2017) -

TIER ONE	- FIRST 20 MILLION GALLONS	\$336.00
	NEXT SEVEN MILLION GALLONS	\$405.37
TIER TWO	- PURCHASES ABOVE BASE CONTRACT	\$403.20
TIER THREE	- PURCHASES 10% ABOVE MONTHLY AVERAGE OF BASE CONTRACT	\$403.20

NEW JERSEY AMERICAN WATER COMPANY BASE CONTRACT = 1,095.0 MG
COST PER MILLION GALLONS (12/31/2017) - \$2,804.20

2. N.J.A.C. 14:9-7.4(a)2

ACTUAL NUMBER AND CLASSES OF CUSTOMERS (12/31/2017)		
	RESIDENTIAL	55,749
	COMMERCIAL	2,277
	INDUSTRIAL	274
	PRIVATE FIRE	1,060
	CONTRACT SALES	6

3. N.J.A.C. 14:9-7.4(a)3

ACTUAL VOLUME OF WATER PURCHASED (Test Year 12/31/2017) - 10,985.3 MG

4. N.J.A.C. 14:9-7.4(a)4

PROPOSED COST PER UNIT METHOD:
ANNUAL REVENUE REQUIREMENT
FOR PURCHASED WATER ADJUSTMENT/WATER BILLED

5. N.J.A.C. 14:9-7.4(b)

BASE CONSUMPTION (Test Year 12/31/2017)	12,351.0 MG
LESS: EAST BRUNSWICK	(2,394.3) MG
BASE CONSUMPTION FOR RECOVERY OF PWAC	9,956.7 MG

BASE COSTS

NEW JERSEY WATER SUPPLY AUTHORITY COST PER THOUSAND GALLONS -

TIER ONE	- FIRST 20 MILLION GALLONS	\$0.33600
	NEXT SEVEN MILLION GALLONS	\$0.40537
TIER TWO	- PURCHASES ABOVE BASE CONTRACT	\$0.40320
TIER THREE	- PURCHASES 10% ABOVE MONTHLY AVERAGE OF BASE CONTRACT	\$0.40320

NEW JERSEY AMERICAN WATER COMPANY COST PER THOUSAND GALLONS \$2.80420

Agenda Date: 03/27/20
Agenda Item: 5A



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE PETITION OF
MIDDLESEX WATER COMPANY FOR APPROVAL
TO CHANGE THE LEVELS OF ITS PURCHASED
WATER ADJUSTMENT CLAUSE PURSUANT TO
N.J.A.C. 14:9-7.1 ET SEQ.

-) ORDER ADOPTING INITIAL
-) DECISION SETTLEMENT AND
-) STIPULATION OF SETTLEMENT
-)
-) BPU DOCKET NO. WR19111463
-) OAL DOCKET NO. PUC 17126-2019S

Parties of Record:

Jay L. Kooper, Esq., Vice President, General Counsel and Secretary, Middlesex Water Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On November 14, 2019, Middlesex Water Company ("Company," "Middlesex," or "Petitioner"), a public utility corporation of the State of New Jersey, filed a petition with the New Jersey Board of Public Utilities ("Board") pursuant to N.J.A.C. 14:9-7.1 et seq., seeking Board approval of an increase of its Purchased Water Adjustment Clause ("PWAC") to recover increased purchased water costs together with deferred costs and associated expenses. The Company originally requested an increase in annual revenue of \$599,762 over pro forma present rate revenues of \$81,900,087, which represents an overall increase of approximately 0.73%.

By this Order, the Board considers an Initial Decision Settlement ("Initial Decision") recommending adoption of a stipulation of settlement ("Stipulation") executed by the Company, the New Jersey Division of rate Counsel ("Rate Counsel"), and Board Staff ("Staff") (collectively, "Parties"), agreeing to an overall increase in purchased water cost in the amount of \$32,741.

BACKGROUND/PROCEDURAL HISTORY

Middlesex services approximately 61,000 retail water customers in the Townships of Edison and Woodbridge, the Boroughs of South Plainfield, Metuchen, and Carteret, and the City of South Amboy in Middlesex County; the Township of Clark in Union County; and the Township of Downe in Cumberland County (collectively, "General Water Service Customers" or "GWS Customers").

On a contract basis, the Company serves part of the Township of Edison, the Borough of Highland Park, the Old Bridge Municipal Utilities Authority, the Marlboro Township Municipal Utilities Authority, and the City of Rahway (collectively, "Contract Customers"). The Company also services, under a special contract basis for water treatment and pumping services, the Township of East Brunswick ("East Brunswick"). GWS Customers receive finished water that is distributed through Middlesex's transmission facilities. The Contract Customers and East Brunswick receive service that differs from that provided by Middlesex to its GWS Customers. East Brunswick purchases water from the New Jersey Water Supply Authority ("NJWSA") and sends this unfinished water to Middlesex, which, in turn, treats the water and sends the finished water back to East Brunswick's facilities for distribution to East Brunswick's customers. The Contract Customers are provided with finished water that is treated by Middlesex and subsequently distributed by the Contract Customers.

Middlesex purchases water through two water purchase contracts. (1) for untreated water from the NJWSA; and (2) for treated water from New Jersey-American Water Company ("NJAW"). The Company was notified of an increase in its purchased water rate from NJAW from \$0.4154 per thousand gallons ("tg") to \$0.4453 per tg effective April 1, 2019, pursuant to BPU Docket No. WR18111241.

On December 4, 2019, this matter was transferred to the Office of Administrative Law ("OAL") and was assigned to Administrative Law Judge Tricia M. Caliguire ("ALJ Caliguire"). A pre-hearing conference (via telephone) was convened by ALJ Caliguire on January 6, 2020, and a pre-hearing Order was issued on January 13, 2020.

After publication of notice in newspapers of general circulation in the Company's service territory, two public hearings were held on the evening of February 13, 2020, at 4:30 p.m. and 5:30 p.m., at the Fords Branch of the Woodbridge Public Library, located at 211 Ford Avenue in Fords, New Jersey, with ALJ Caliguire presiding. No members of the public appeared at the public hearings or filed written comments with the Board with regard to the proposed PWAC rate filing.

On January 3, 2020, the Company, in response to interrogatory RCR-2 issued by Rate Counsel, informed the Parties that subsequent to the filing of the Petition in this matter, the Company was notified by NJAW of an additional 24.9 million gallons of incremental water purchased above the level of its minimum requirement in the Company's water purchase agreement with NJAW. This increase resulted in a final billing reflecting a purchase of 180.5 gallons instead of the 155.5 gallons indicated in the Petition, resulting in an incremental water purchase cost of \$70,725 ("Incremental Purchase Cost").

On March 2, 2020, ALJ Caliguire issued an Initial Decision in this matter, recommending adoption of the Stipulation executed by the Parties, finding they had voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues and is consistent with the law. No exceptions were received by the Board.

STIPULATION¹

Subsequent to the public hearing, the Parties engaged in settlement negotiations. As a result of these discussions and extensive discovery, the Parties reached a settlement on all issues and entered into the Stipulation on February 26, 2020. A copy of the Stipulation is attached to this Order, which provides in part as follows:

1. The purchased water costs, established pursuant to Petitioner's last PWAC rate order dated December 18, 2018 in BPU Docket No. WR18080948 amounted to \$6,576,981 as appears on the Exhibit A attached and made a part of this Stipulation. The new base cost of purchased water as agreed to by the Signatory Parties is agreed to be \$6,609,722, resulting in an increase in purchased water cost of \$32,741, as more fully set forth in Exhibit A.
2. The Signatory Parties agree that the sum of the allowable expense in this matter is set forth in Exhibit A and is agreed to be \$593,694, including:
 - a. Rate proceeding expense of \$500 representing a 50% share of total rate proceeding expenses of \$1,000.
 - b. Additional purchased water costs of \$474,392.
 - c. True-up of 2018 PWAC (BPU Docket No. WR18080948) of \$1,442.
 - d. A revenue tax factor of 14.2529% and the resulting revenue tax of \$84,619.
3. For purposes of this matter, the base consumption established in Petitioner's last base rate case in million gallons (mg) is agreed to be 12,351.0 mg. This amount is reduced by the amount attributable to the Township of East Brunswick ("East Brunswick")² of 2,394.3 mg, resulting in a base consumption for recovery of the PWAC of 9,956.7 mg as more fully set forth in Exhibit A.
4. For General Water Service ("GWS") Customers under Rate Schedule No. 1, Revised Tariff Sheet No. 33A, a charge of \$ 0.6024 per thousand cubic feet shall be made to recover the increased purchased water costs, reflected on Rate Schedule No. 1, Revised Tariff Sheet No. 33A, attached and made a part of this Stipulation.

¹ Although described in this Order at some length, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions in this Order.

² East Brunswick purchases untreated water under its own contract with the NJWSA. The Company pumps the untreated water to its primary treatment plant from the intake connection with the NJWSA. Once the Company performs the water treatment services, East Brunswick takes delivery of the treated water at the Company's primary treatment plant. The Company does not purchase water from the NJWSA to fulfill its obligation under its contract with East Brunswick. Therefore, none of the increased purchased water costs sought or agreed to in this proceeding should be allocated to East Brunswick.

5. For service under contract customers, Rate Schedule No. 5, Revised Tariff Sheet No. 40A, PWAC charges agreed to herein result in a charge of \$30.86 per million gallons, reflected on Rate Schedule No. 5, attached and made part of this Stipulation.
6. As a result of this Stipulation, a residential customer with a 5/8" meter using 2,300 cubic feet or 17,204 gallons of water per quarter will see his/her water bill increase from \$152.99 to \$154.27 per quarter, an increase of \$1.28 per quarter, or an increase of 0.84%.

[Stipulation at 3-4.]

DISCUSSION AND FINDINGS

Having reviewed the Initial Decision and the Stipulation, the Board **FINDS** that the Parties have voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. The Board **FINDS** the Initial Decision, which adopts the Stipulation, to be reasonable in the public interest, and in accordance with the law. Therefore, the Board **HEREBY ADOPTS** the Initial Decision and the Stipulation, attached hereto, including all attachments and schedules, as its own, incorporating by reference the terms and conditions to the Stipulation, as if they were fully set forth at length herein, subject to the following: In accordance with the provisions of N.J.A.C. 14:9-7.3(c), the Petitioner shall file with the Board, no later than 45 days after the adjustment clause has been in effect for one year, a PWAC true-up schedule in connection with this proceeding. Copies of the true-up schedule shall be served upon all Parties to the present proceeding.

The Board **HEREBY ACCEPTS** the tariff pages attached to the Stipulation as filed with the Board, which shall become effective for service rendered on or after April 4, 2020, as shown on Exhibit A to the attached Stipulation.

With respect to the Incremental Purchase Cost of \$70,725, the Company shall record this amount as a deferred debit and include this amount in either its next PWAC filing or its next base rate case filing with the Board, whichever filing occurs first.

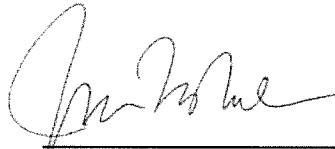
The Parties acknowledge and recognize the need of the Company to explore other means of contracting to purchase water from NJAW. The Company has agreed to undertake diligent negotiations in good faith on a new purchased water contract with NJAW, such as a commodity-demand contract, at more favorable contract rates.

This Order shall be effective on April 4, 2020.

DATED: March 27, 2020

BOARD OF PUBLIC UTILITIES

BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF THE PETITION OF MIDDLESEX WATER COMPANY FOR APPROVAL
TO CHANGE THE LEVELS OF ITS PURCHASED WATER ADJUSTMENT CLAUSE
PURSUANT TO N.J.A.C. 14:9-7.1 ET SEQ.

BPU DOCKET NO. WR19111463
OAL DOCKET NO. PUC 17126-2019S

SERVICE LIST

Jay L. Kooper, Esq.
Vice President, General Counsel
and Secretary
Middlesex Water Company
1500 Ronson Road
Iselin, NJ 08850
jkooper@middlesexwater.com

Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003

Stefanie A. Brand, Esq., Director
sbrand@rpa.nj.gov

Susan McClure, Esq.
Assistant Deputy Rate Counsel
smcclure@rpa.nj.gov

Department of Law & Public Safety
Division of Law
Public Utilities Section
R.J. Hughes Justice Complex, 7th Floor West
25 Market Street, Post Office Box 112
Trenton, N.J. 08625

Pamela Owen, Esq.
Assistant Section Chief
pamela.owen@law.njoag.gov

Meliha Arnautovic,
Deputy Attorney General
meliha.arnautovic@law.njoag.gov

Alex Moreau, Deputy Attorney General
alex.moreau@law.njoag.gov

Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Aida Camacho-Welch
Secretary of the Board
Board.secretary@bpu.nj.gov

Michael Kammer, Director
Division of Water
mike.kammer@bpu.nj.gov

Megan Lupo, Bureau Chief
Division of Water
Megan.lupo@bpu.nj.gov

Kofi Ocansey, Administrative Analyst
Division of Water
Kofi.ocansey@bpu.nj.gov

Suzanne Patnaude, Esq.
Senior Counsel
Office of the Chief Counsel
Suzanne.patnaude@bpu.nj.gov

RECEIVED
CASE MANAGEMENT
2020 MAR -9 A. 10:18
BOARD OF PUBLIC UTILITIES
TRENTON, NJ



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

STATE OF NEW JERSEY

MAR 09 2020

PM 2:05:39

INITIAL DECISION SETTLEMENT

OAL DKT. NO. PUC 17126-19

AGENCY DKT. NO. WR19111463

**IN THE MATTER OF THE PETITION
OF MIDDLESEX WATER COMPANY FOR
APPROVAL TO CHANGE THE LEVELS OF ITS
PURCHASED WATER ADJUSTMENT CLAUSE
PURSUANT TO N.J.A.C. 14:9-7.1, et seq.**

Jay L. Kooper, Vice President, General Counsel and Secretary (Middlesex Water Company)

Meliha Arnautovic and **Alex Moreau**, Deputy Attorneys General, for Staff of the Board of Public Utilities (Gurbir S. Grewal, Attorney General of New Jersey, attorney)

Debra F. Robinson and **Susan E. McClure**, Assistant Deputies Rate Counsel, for Division of Rate Counsel (Stefanie A. Brand, Director)

Record Closed: February 28, 2020

Decided: March 2, 2020

BEFORE TRICIA M. CALIGUIRE, ALJ:

This proceeding involves the November 14, 2019, petition of Middlesex Water Company (Middlesex, Company) filed with the New Jersey Board of Public Utilities (Board) seeking approval of an increase in the Company's purchased water adjustment clause (PWAC) to recover increased purchased water costs, deferred costs, PWAC rate case

*CMS
K. Graham
D. Thomas
M. Karmel
K. O'Consey
S. Patrucco
P. Owen*

OAL DKT. NO. PUC 17126-19

expenses, and gross receipts and franchise taxes. The petition was transmitted to the Office of Administrative Law (OAL) on December 4, 2019, for determination as a contested case. A telephone prehearing conference was held on January 6, 2020, and a prehearing order issued on January 13, 2020.

On February 13, 2020, two duly-noticed¹ public hearings were held in the Company's service territory, at 4:30 p.m. and 5:30 p.m., at the Woodbridge Public Library, Fords Branch, 211 Ford Avenue, Fords, New Jersey. No members of the public appeared at either hearing and no members of the public submitted written comments regarding the Company's petition. The comments made by petitioner, staff of the Board, and the representative of the Division of Rate Counsel at the public hearings were transcribed and made a part of the record.

On February 28, 2020, the parties filed a Stipulation of Settlement which resolves all issues in this proceeding. (J-1.) Said Stipulation of Settlement has been signed by petitioner, staff of the Board, and the New Jersey Division of Rate Counsel.

The Stipulation of Settlement indicates the terms of settlement, and is attached and fully incorporated herein.

I have reviewed the terms of settlement and I **FIND**:

1. The parties have voluntarily agreed to the settlement as evidenced by their signatures or their representatives' signatures on the attached document.
2. The settlement fully disposes of all issues in controversy between the parties and is consistent with the law.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

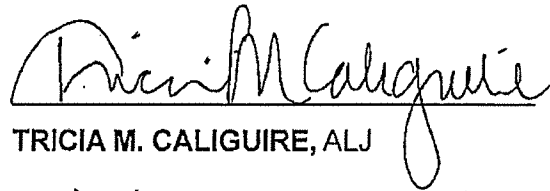
¹ Proof of service and publication of the public notice of the hearings was made part of the record.

OAL DKT. NO. PUC 17126-19

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

March 2, 2020

DATE


TRICIA M. CALIGUIRE, ALJ

Date Received at Agency:

3/2/2020

Date Mailed to Parties:

3/2/2020

nd

OAL DKT. NO. PUC 17126-19

APPENDIX

EXHIBITS

Jointly Submitted:

J-1 Stipulation of Settlement

J-1

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES
OFFICE OF ADMINISTRATIVE LAW

RECEIVED

2020 FEB 28 P 3:45

STATE OF NEW JERSEY
OFFICE OF ADMIN. LAW

In The Matter of the Petition of
Middlesex Water Company for
Approval To Change The Levels of Its
Purchased Water Adjustment Clause
Pursuant To N.J.A.C. 14:9-7.1 et seq.

OAL Docket No. PUC 17126-2019S
BPU Docket No. WR19111463

STIPULATION OF SETTLEMENT

APPEARANCES:

Jay L. Kooper, Esq., Vice President, General Counsel & Secretary, on behalf of Middlesex Water Company, Petitioner

Melihan Arnautovic, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (Gurbir S. Grewal, Attorney General of the State of New Jersey)

Debra F. Robinson, Esq., Managing Attorney, Water and Wastewater and Susan McClure, Esq. Assistant Deputy Rate Counsel, on behalf of the Division of Rate Counsel (Stefanie A. Brand, Director)

TO THE HONORABLE TRICIA M. CALIGUIRE, ALJ AND THE BOARD OF PUBLIC UTILITIES:

This Stipulation of Settlement resolves all issues in OAL Docket No. PUC 17126-2019S and BPU Docket No. WR19111463 in which Middlesex Water Company (the "Company" or "Petitioner") seeks Board approval of its Purchased Water Adjustment Clause ("PWAC") to recover increased purchased water costs, together with deferred costs, as more fully set forth in the Exhibits attached to the Petition and other materials filed herein. The Signatory Parties to this Stipulation of Settlement, which comprise the Parties that have participated in this proceeding are the Company, the Division of Rate Counsel ("Rate Counsel"), and the Staff of the Board of Public Utilities ("Staff") (collectively the "Signatory Parties").

As a result of an analysis of Petitioner's pre-filed testimony and exhibits, extensive discovery conducted, conferences, negotiations, and two public hearings held on February 13, 2020 in Fords, New Jersey, the Signatory Parties have come to an agreement on the issues in dispute in this matter. The Signatory Parties hereto agree and stipulate as follows:

The procedural history of this matter is as follows:

On November 14, 2019, Petitioner, a public utility corporation of the State of New Jersey, pursuant to N.J.A.C. 14:9-7.1 et seq., filed a petition with the New Jersey Board of Public Utilities ("Board") seeking approval for an increase in its PWAC to recover increased purchased water costs, together with deferred costs, and associated expenses including PWAC rate case expenses, associated gross receipts and franchise taxes. The Company originally requested an increase in annual revenue of \$599,762 over pro forma present rate revenues of \$81,900,087 which represents an overall increase of approximately 0.73%.

The Company purchases water through two water purchase contracts. The first is for untreated water from the New Jersey Water Supply Authority ("NJWSA") and the second is for treated water from New Jersey American Water Company ("NJAW"). The Company was notified of an increase in its purchased water rate from NJAW from \$0.4154 per thousand gallons (tg) to \$0.4453 per tg effective April 1, 2019 pursuant to BPU Docket No. WR18111241.

On December 4, 2019, this Middlesex PWAC matter was transferred to the Office of Administrative Law ("OAL") as a contested case where it was assigned to Administrative Law Judge Tricia M. Caliguire ("ALJ Caliguire"). A Pre-Hearing Conference was convened by ALJ Caliguire on January 6, 2020, and a Pre-Hearing Order was issued on January 13, 2020. After proper notice, two public hearings were held at 4:30 pm and 5:30 pm on February 13, 2020, at the Fords Branch of the Woodbridge Public Library, located at 211 Ford Avenue in Fords, New Jersey, with ALJ Caliguire presiding. No members of the public appeared to provide comments.

On January 3, 2020, the Company, in response to interrogatory RCR-2 issued by Rate Counsel, informed the Signatory Parties that subsequent to the filing of the Petition in this matter, the Company was notified by NJAW of an additional 24.9 million gallons of incremental water purchased above the level of its minimum requirement in the Company's water purchase agreement with NJAW. This increase resulted in a final billing reflecting a purchase of 180.5 gallons instead of the 155.5 gallons indicated in the Petition, resulting in an incremental water purchase cost of \$70,725 ("Incremental Purchase Cost").

Subsequently, agreement was reached among the Signatory Parties resulting in the following stipulation:

1. The purchased water costs, established pursuant to Petitioner's last PWAC rate order dated December 18, 2018 in BPU Docket No. WR18080948 amounted to \$6,576,981 as appears on the Exhibit A, attached and made a part of this Stipulation. The new base cost of purchased water as agreed to by the Signatory Parties is agreed to be \$6,609,722, resulting in an increase in purchased water cost of \$32,741, as more fully set forth in Exhibit A.

2. The Signatory Parties agree that the sum of the allowable expenses in this matter is set forth in Exhibit A and is agreed to be \$593,694, including:

- a. Rate proceeding expenses of \$500 representing a 50% share of total rate proceeding expenses of \$1,000.
- b. Additional purchased water costs of \$474,392.
- c. True-up of 2018 PWAC (BPU Docket No. WR18080948) of \$1,442.
- d. A revenue tax factor of 14.2529% and the resulting revenue tax of 84,619.

3. For purposes of this matter, the base consumption established in Petitioner's last base rate case in million gallons (mg) is agreed to be 12,351.0 mg. This amount is reduced by the amount attributable to the Township of East Brunswick ("East Brunswick")¹ of 2,394.3 mg, resulting in a base consumption for recovery of the PWAC of 9,956.7 mg as more fully set forth in Exhibit A.

4. For General Water Service ("GWS") customers under Rate Schedule No. 1, Revised Tariff Sheet No. 33A, a charge of \$0.6024 per thousand cubic feet shall be made to recover the increased purchased water costs, reflected on Rate Schedule No. 1, Revised Tariff Sheet No. 33A, attached and made a part of this Stipulation.

5. For service under contract customers, Rate Schedule No. 5, Revised Tariff Sheet No. 40A, PWAC charges agreed to herein result in a charge of \$30.86 per million gallons, reflected on Rate Schedule No. 5, attached and made part of this Stipulation.

6. As a result of this Stipulation, a residential customer with a 5/8" meter using 2,300 cubic feet or 17,204 gallons of water per quarter will see his/her water bill increase from \$152.99 to \$154.27 per quarter, an increase of \$1.28 per quarter, or an increase of 0.84%. Petitioner shall file a new tariff sheet with the Board, with copies to the Signatory Parties, in conformity with this Stipulation, to become effective on such date as the Board may direct.

7. In accordance with N.J.A.C. 14:9-7.4, Petitioner shall file with the Board, not later than 45 days after the adjustment clause has been in effect for one year, a PWAC true-up schedule in connection with this proceeding. Copies of the true-up schedules shall be served upon all parties

¹ East Brunswick purchases untreated water under its own contract with the NJWSA. The Company pumps the untreated water to its primary treatment plant from the intake connection with the NJWSA. Once the Company performs the water treatment services, East Brunswick takes delivery of the treated water at the Company's primary treatment plant. The Company does not purchase water from the NJWSA to fulfill its obligation under its contract with East Brunswick. Therefore, none of the increased purchased water costs sought or agreed to in this proceeding should be allocated to East Brunswick.

to the present proceeding. In accordance with N.J.A.C. 14:9-7.3, this PWAC, if approved by the Board, shall remain in effect until the Company's next rate case, provided that the Company submits an annual year-end true-up as described above and an annual petition for adjustment of the PWAC amount in accordance with N.J.A.C. 14:9-7.4.

8. With respect to the above-referenced Incremental Purchase Cost of \$70,725, the Company shall record this amount as a deferred debit and include this amount in either its next PWAC filing or its next base rate case filing with the Board, whichever filing occurs first.

9. The Signatory Parties acknowledge and recognize the need of the Company to explore other means of contracting to purchase water from NJAW. The Company has agreed to undertake diligent negotiations in good faith on a new purchased water contract with NJAW, such as a commodity-demand contract, at more favorable contract rates.

10. This Stipulation is the product of negotiations by the Signatory Parties, and it is an express condition of the settlement embodied by this Stipulation that it be presented to the Board in its entirety without modification or condition. It is also the intent of the Signatory Parties to this Stipulation that this settlement, once accepted and approved by the Board, shall govern all issues specified and agreed to herein. The Signatory Parties to this Stipulation specifically agree that if adopted in its entirety by the Board, no appeal shall be taken by them from the order adopting same as to those issues upon which the Signatory Parties have stipulated herein. The Signatory Parties agree that the within Stipulation reflects mutual balancing of various issues and positions and is intended to be accepted and approved in its entirety. Each term is vital to this Stipulation as a whole, since the Signatory Parties hereto expressly and jointly state that they would not have signed this Stipulation had any terms been modified in any way. In the event any particular aspect of this Stipulation is not accepted and approved by the Board, then any Party hereto materially affected thereby shall not be bound to proceed under this Stipulation. The Signatory Parties further

agree that the purpose of this Stipulation is to reach fair and reasonable rates, and that it will avoid costly litigation of certain issues and that with respect to any policy or other issues which were compromised in the spirit of reaching an agreement, none of the Signatory Parties shall be prohibited from or prejudiced in arguing a different policy or position before the Board in any other proceeding, as such agreements pertain only to this matter and to no other matter.

11. It is specifically understood and agreed that this Stipulation has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, the Company, Board Staff and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein in total or by specific item. The Signatory Parties further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of the Stipulation.

12. All rates are subject to audit by the Board.

13. This Stipulation may be executed in as many counterparts as there are Signatory Parties of this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

MIDDLESEX WATER COMPANY

February 26, 2020
Date

By: Jay Kooper
Jay L. Kooper, Esq.
Vice President, General Counsel & Secretary

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey Board
of Public Utilities

Date

By: _____
Meliha Arnautovic
Deputy Attorney General

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

Date

By: _____
Susan McClure, Esq.
Assistant Deputy Rate Counsel

13. This Stipulation may be executed in as many counterparts as there are Signatory Parties of this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

MIDDLESEX WATER COMPANY

Date

By: _____
Jay L. Kooper, Esq.
Vice President, General Counsel & Secretary

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey Board
of Public Utilities

2/25/2020
Date

By: Meliha Arnautovic
Meliha Arnautovic
Deputy Attorney General

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

Date

By: _____
Susan McClure, Esq.
Assistant Deputy Rate Counsel

13. This Stipulation may be executed in as many counterparts as there are Signatory Parties of this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

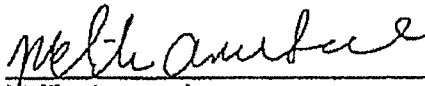
MIDDLESEX WATER COMPANY

Date

By: _____
Jay L. Kooper, Esq.
Vice President, General Counsel & Secretary

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey Board
of Public Utilities

2/25/2020
Date

By: 
Meliha Arnautovic
Deputy Attorney General

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

2/28/2020
Date

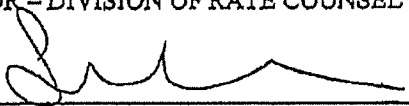
By: 
Susan McClure, Esq.
Assistant Deputy Rate Counsel

EXHIBIT A

MIDDLESEX WATER COMPANY
PURCHASED WATER ADJUSTMENT CLAUSE
PROPOSED COST PER UNIT OF VOLUME
BPU DOCKET NO. WR19111463

PURCHASED WATER COSTS PURSUANT TO BPU DOCKET NO. WR18080948	\$ 6,576,981
NEW COST OF PURCHASED WATER (EXHIBIT E, PAGE 2 OF 2)	6,609,722
INCREASE IN BASE PURCHASED WATER COST	<u>\$ 32,741</u>
RATE PROCEEDINGS COSTS (EXHIBIT G)	500
ADDITIONAL PURCHASED WATER COSTS (EXHIBIT E, PAGE 3 OF 3)	474,392
TRUE-UP OF 2018 PWAC, BPU DOCKET NO. WR18080948 (EXHIBIT H)	\$1,442
REVENUE TAX FACTOR @ (EXHIBIT I) 14.2529%	84,619
SUM OF ALLOWABLE EXPENSES	<u><u>\$ 593,694</u></u>
BASE CONSUMPTION - MILLION GALLONS (MG)	
	<u>MG</u>
BASE CONSUMPTION PURSUANT TO BPU DOCKET NO. WR17101049	12,351.0
LESS: EAST BRUNSWICK PURSUANT TO BPU DOCKET NO. WR17101049	<u>(2,394.3)</u>
BASE CONSUMPTION FOR RECOVERY OF PWAC	<u><u>9,956.7</u></u>
CURRENT PWAC RATE PER TCF (RATE SCHEDULE NO. 1, SHEET NO. 33A)	\$0.0486
CURRENT PWAC RATE PER MG (RATE SCHEDULE NO. 5, SHEET NO. 40A)	\$2.4900
PROPOSED PWAC RATE PER TCF (RATE SCHEDULE NO. 1, SHEET NO. 33A)	\$0.6024
PROPOSED PWAC RATE PER MG (RATE SCHEDULE NO. 5, SHEET NO. 40A)	\$30.8600

EXHIBIT A

MIDDLESEX WATER COMPANY

Twelfth Revised Sheet No. 33A

B.P.U. No. 1 - WATER

Cancelling

Eleventh Sheet No. 33A

RATE SCHEDULE NO. 1 (Continued)

GENERAL WATER SERVICE - GS

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGES

A charge of \$0.6024 per thousand cubic feet will be made to recover the increased purchased water costs.

Date of Issue: November 14, 2019

Effective for service

Rendered on and after:

Issued by: Dennis W. Doll, President
485C Route 1 South
Suite 400
Iselin, New Jersey 08830-0452

April 4, 2020

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey dated March 25, 2020, in Docket No. WR19111463.

EXHIBIT A

MIDDLESEX WATER COMPANY

B.P.U. No. 1 - WATER

Twelfth Revised Sheet No. 40A
Cancelling
Eleventh Sheet No. 40A

RATE SCHEDULE NO. 5

SERVICE UNDER CONTRACT - SC

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGES

A charge of \$30.86 per million gallons will be made to recover the increased purchased water costs.

Date of Issue: November 14, 2019

Issued by: Dennis W. Doll, President
485C Route 1 South
Suite 400
Iselin, New Jersey 08830-0452

Effective for service
Rendered on and after:

April 4, 2020

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey dated March 25, 2020, in
Docket No. WR19111463.

Exhibit A

MIDDLESEX WATER COMPANY
PURCHASED WATER ADJUSTMENT CLAUSE
BPU DOCKET NO. WR19111463

			PRESENT RATES BPU DOCKET NO. WR18080948		PROPOSED RATES BPU DOCKET NO. WR19111463		
			PWAC RATE	REVENUE	PWAC RATE	REVENUE	DIFFERENCE
RESIDENTIAL	USAGE (CCF)	501,924,775	0.0000486	24,394	0.0006024	302,359	277,968
COMMERCIAL	USAGE (CCF)	221,510,968	0.0000486	10,785	0.0006024	133,438	122,673
INDUSTRIAL	USAGE (CCF)	175,274,917	0.0000486	8,518	0.0006024	105,586	97,087
SUBTOTAL				43,677		541,383	497,708
PRIVATE FIRE	USAGE (CCF)	12,386,177	0.0000486	602	0.0006024	7,461	6,859
PUBLIC FIRE	USAGE (CCF)		0.0000486		0.0006024		
SUBTOTAL				602		7,461	6,859
SUB-TOTAL				44,279		548,845	504,565
EDISON / HIGHLAND PARK	USAGE (MG)	965,388	2.49	2,404	30.86	29,792	27,388
EAST BRUNSWICK	USAGE (MG)	2,394,288	N/A	0	N/A	0	0
OLD BRIDGE MUA	USAGE (MG)	828,564	2.49	2,063	30.86	25,569	23,508
MARLBORO	USAGE (MG)	1,223,333	2.49	3,046	30.86	37,752	34,706
RAHWAY	USAGE (MG)	124,379	2.49	310	30.86	3,838	3,529
SUBTOTAL				7,823		96,952	89,129
ROUNDING				(6)		(6)	0
TOTAL PWAC REVENUE				52,096		645,790	593,694

RATE SCHEDULE G
SALES FOR RESALE - SERVICE TO OTHER SYSTEMS

APPLICABILITY

Applicable to Sales for Resale customers receiving service from the Company as of December 8, 2008. Applicable to customers served by the Company throughout Service Area 2 that have a contract demand of 500,000 or more gallons per day pursuant to a contract entered into with the Company at the Company's sole option. The charge for metered Service to Other Systems Under Contract shall consist of the total of Water Charge and the Purchased Water Adjustment Clause (PWAC) Charge, as shown on Rate Schedule O-1.

CHARACTER OF SERVICE

Continuous, except as limited by written agreement.

WATER CHARGE

<u>Consumption</u>	<u>Rate Per 1,000 Gallons</u>	
	<u>Non-Exempt</u>	<u>Exempt</u>
All water usage	\$2.9574	\$2.5543

	<u>Rate Per 100 Gallons</u>	
	<u>Non-Exempt</u>	<u>Exempt</u>
All water usage	\$0.29574	\$0.25543

TERMS OF PAYMENT

Valid bills for sale of water under this schedule will be rendered monthly in arrears (or quarterly at the option of the Company), and are due (15) days from the date of the postmark on the envelope in which the bill was transmitted. All bills shall list a due date. Thereafter, the Company may not discontinue water service unless written notice is provided giving the customer at least ten (10) days' notice prior to the proposed discontinuance.

TERMS

Subject to written agreement.

CONDITIONS

Subject to the "Standard Terms and Conditions" except as otherwise set forth in this Schedule.

SPECIAL PROVISION

*Non-Exempt consumption charges reflect a water tax of \$.01 per 1,000 gallons of water consumed pursuant to N.J.S.A. 58:12A-21(a). Exempt consumption charges reflect a water tax of \$.01 multiplied by 0.8636945 per 1,000 gallons. This water tax is not applicable for sales for resale service.

Issued: October 30, 2020

Effective: November 1, 2020

By: Cheryl Norton, President
One Water Street, Camden, NJ 08102
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR19121516 dated October 28, 2020.

RATE SCHEDULE O-1
PURCHASED WATER ADJUSTMENT CLAUSE (PWAC)

APPLICABILITY

Applicable to all Metered Water Customer classes served by the Company in all service areas for water service, except for Manasquan Uninterruptible Service, and those customers subject to Rate Schedules I and J. The PWAC charge, as defined under the Standard Terms and Conditions of this tariff, is designed to recover the cost of purchased water associated with the normal operations of the Company and allow the Company to achieve a zero or near-zero deferred balance each April 1st on its purchased water costs.

CHARACTER OF SERVICE

Continuous, except as limited by the "Standard Terms and Conditions."

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGE

In addition to all other charges for metered service, the following charges per one hundred gallons, per one thousand gallons, per 10 cubic feet and per 100 cubic feet for all sales will be made to recover purchased water costs not included in the Water Charge or any other Charge:

	<u>Gallons Per Month</u>	<u>Rate Per 100 Gallons</u>	<u>Rate Per 1,000 Gallons</u>
Non-Exempt	All	\$0.05113	\$0.5113
Exempt	All	\$0.04425	\$0.4425

The PWAC Charge is also applicable to any difference between the quantity of water actually purchased by the customer and any applicable take-or-pay commitment.

FILING

The Company shall endeavor to make an annual PWAC filing no later than December 1st of each year proposing a PWAC rate to be effective on or about the following April 1st.

The notice of filing and of public hearing in the annual PWAC proceedings shall include the specific rate change proposed to be implemented on April 1st. The notice shall also include the impact of such potential increases on a benchmark bill.

The annual PWAC filing shall contain, but not be limited to, the following:

1. A reconciliation of actual versus estimated costs and revenues from the last Board approved PWAC charge for purchased water;
2. Projected rates supported by projected volumes, revenues, and projected purchased water costs;
3. Deferred balances and the timeframe over which they are proposed to be collected or returned;
4. A written explanation of the circumstances that caused the deferred balances in (3) above;
5. A written explanation of any significant activities or trends which may affect costs for the prospective period; and
6. Updated tariff sheets to reflect any change to the PWAC rate.

The benchmark bill shall be the average residential water customer bill for a twelve-month period.

(Continued)

Issued: October 30, 2020

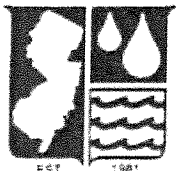
Effective: November 1, 2020

By: Cheryl Norton, President
One Water Street, Camden, NJ 08102
Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. WR19121516 dated October 28, 2020.

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM

Table 2 - Rate History of Water Charges per Million Gallons of Raw Water Daily
Fiscal Year 2005 – Fiscal Year 2021

Effective Date	O&M Charge	1981 Bond Charge 7/1/86-10/30/06	1998 Bond Charge 8/1/98-11/1/13	NJEIFP/NJIB Debt Component	Capital Fund Component	Source Water Protection Component	Total Charge per MG	Percent Increase -Decrease
July 1, 2004	122.75	28.31	41.71		12.23	10.00	215.00	2.38%
July 1, 2005	111.80	28.24	41.51		20.45	13.00	215.00	0.00%
July 1, 2006	133.13	19.55	41.32		21.00	13.00	228.00	6.05%
July 1, 2007	138.71		41.29		33.00	15.00	228.00	0.00%
July 1, 2008	142.34		40.66		33.00	15.00	231.00	1.32%
July 1, 2009	142.39		40.61		33.00	15.00	231.00	0.00%
July 1, 2010	142.55		40.45		33.00	15.00	231.00	0.00%
July 1, 2011	145.66		40.34		30.00	15.00	231.00	0.00%
July 1, 2012	145.84		40.16		30.00	15.00	231.00	0.00%
July 1, 2013	152.00			25.00	30.00	24.00	231.00	0.00%
July 1, 2014	167.00			25.00	30.00	24.00	246.00	6.49%
July 1, 2015	171.00			25.00	33.00	24.00	253.00	2.85%
July 1, 2016	171.00			25.00	33.00	24.00	253.00	0.00%
July 1, 2017	194.00			85.00	33.00	24.00	336.00	32.81%
July 1, 2018	194.00			85.00	33.00	24.00	336.00	0.00%
July 1, 2019	194.00			85.00	33.00	24.00	336.00	0.00%
July 1, 2020	194.00			85.00	33.00	24.00	336.00	0.00%



NEW JERSEY WATER SUPPLY AUTHORITY

P.O. BOX 5196 · CLINTON, N.J. 08809 · (908) 638-6121 · (908) 638-5241 (FAX)

NEW JERSEY WATER SUPPLY AUTHORITY

Notice of Rate Proposal - Raritan Basin System

Take notice pursuant to the provisions of Chapter 293 of the Laws of 1981 (N.J.S.A. 58:1B-1 et. seq.) the New Jersey Water Supply Authority has proposed no revisions to its Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System to cover the Authority's Operational and Debt Service expenses for the Authority's fiscal year which commences on July 1, 2020.

The proposed rates will constitute no change in FY2021 to the existing regulations found at N.J.A.C. 7:11-2.1 et seq. as follows: no change to the in the sales base of 182.353 million gallons per day; no change to the Operations and Maintenance Rate Component of \$194.00 per million gallons; no change to the Debt Service Rate Component for the New Jersey Environmental Infrastructure Financing Program of \$85.00 per million gallons; no change in the Source Water Protection Fund Component of \$24.00 per million gallons; and no change in the Capital Fund Component of \$33.00 per million gallons.

The proposal is scheduled to be published in the New Jersey Register dated January 6, 2020. A final version of the Basis and Background (B&B) document containing the full text of the proposed revisions to the Rate Schedule, together with supporting information is available from the New Jersey Water Supply Authority's website at <http://www.njwsa.org> or individual requests for the full text of the proposed rate adjustments should be sent to the New Jersey Water Supply Authority.

The Authority will conduct a Pre-public Hearing meeting with its contractual water users and any interested parties at 10:00 a.m. on Friday, January 10, 2020 in the Authority's Executive Office conference room located at 1851 Highway 31, Clinton, New Jersey, to present and explain the rate adjustment proposal, answer questions, and provide any additional data requested in accordance with the rate making procedure specified in N.J.A.C. 7:11-2.14.

Notice is hereby given that the Authority will hold a Public Hearing on Friday, February 7, 2020 at 10:00 a.m. in the Authority's Executive Office Conference Room located at 1851 Highway 31, Clinton, New Jersey, to provide the opportunity for

public comments and statements on the proposed revisions. Interested persons may present statements orally or in writing relevant to the proposed action.

Written comments may be submitted until March 16, 2020 at which time the public record will be closed.

All comments should be addressed to:

Executive Director
New Jersey Water Supply Authority
1851 Highway 31
Post Office Box 5196
Clinton, New Jersey 08809
info@njwsa.org

WATER SERVICE AGREEMENT

BETWEEN

MIDDLESEX WATER COMPANY

AND

ELIZABETHTOWN WATER COMPANY

THIS AGREEMENT made this 28th day of February, 2006,

BETWEEN

ELIZABETHTOWN WATER COMPANY, a public utility and corporation organized under the laws of the State of New Jersey, with its principal office 131 Woodcrest Road, Cherry Hill, County of Camden, State of New Jersey,

hereinafter referred to as "ELIZABETHTOWN,"

AND

MIDDLESEX WATER COMPANY, a public utility and corporation organized under the laws of the State of New Jersey, with its office 1500 Ronson Road, Iselin, Woodbridge Township, County of Middlesex, State of New Jersey,

hereinafter referred to as "MIDDLESEX,"

WHEREAS, MIDDLESEX desires to obtain an additional supply of potable water for its use and for that of its customers; and

WHEREAS, ELIZABETHTOWN has a Rate Schedule No. 8, "Service to Other Systems Under Contract," filed under authority of the New Jersey Board of Public Utilities, and MIDDLESEX desires to obtain a supply of water under that rate schedule and subject to its provisions, as may be amended and supplemented under approval of the New Jersey Board of Public Utilities; and

WHEREAS, ELIZABETHTOWN and MIDDLESEX presently have an Agreement for water supply dated April 28, 1995 as extended by agreement dated December 21, 2005, and the parties desire to have this Agreement supersede the said extended Agreement;

NOW, THEREFORE, in consideration of the mutual promises and covenants herein, it is agreed by the parties hereto as follows:

1. Effective upon the execution of this Agreement, ELIZABETHTOWN agrees to sell, deliver and transport to MIDDLESEX 3,000,000 gallons of potable water per day and MIDDLESEX agrees to accept and pay for a minimum daily quantity of water in the amount of 3,000,000 gallons per day (MGD) from the water sources and supplies of ELIZABETHTOWN at the rate set forth in Rate Schedule No. 8, "Service to Other Systems Under Contract," and subject to its provisions as they may be amended and supplemented under approval of the New Jersey Board of Public Utilities.

If available in ELIZABETHTOWN's reasonable determination, ELIZABETHTOWN will allow MIDDLESEX to take, on an as needed basis, as much water as ELIZABETHTOWN is capable of providing without affecting the minimum daily quantity requirement.

2. The initial obligation of both parties to perform in accordance with the terms and conditions of this contract shall begin upon the date of signing this contract and expire five (5) years from said date, provided that this agreement shall renew for additional five (5) year periods unless either party gives notice to the other no later than one (1) year before the end of the then current term.

3. All water supplied to MIDDLESEX by ELIZABETHTOWN shall be metered by meters owned and maintained by ELIZABETHTOWN, at the existing meter station commonly known as Tingley Lane, and such other locations as may be agreed upon by the parties.

4. Where the words "daily" is used in this Agreement, it shall refer to the 24-hour period between daily meter readings. Meter readings shall be taken daily when feasible, and if not, the meter readings shall be averaged over a weekly or monthly period to arrive at an average daily quantity of water delivered.

5. In the event that the total daily quantity of water delivered by ELIZABETHTOWN exceeds 3,000,000 gallons per day, such excess quantity of water shall be paid for at the rate set forth in Rate Schedule No. 8, "Service to Other Systems Under Contract."

6. The parties hereby agree that the agreed upon minimum daily quantity of water shall not be decreased during the term of this Agreement.

7. All water supplied and delivered to MIDDLESEX pursuant to this Agreement will comply with all primary Federal and State Safe Drinking Water Act requirements. ELIZABETHTOWN will provide notice to MIDDLESEX of any violation in the water supplied to MIDDLESEX of the Maximum Contamination Levels, as required in the Federal and State Safe Drinking Water Acts. ELIZABETHTOWN will provide to MIDDLESEX a copy of New Jersey Department of Environmental Protection Safe Drinking Water Act Water Quality Reports for the ELIZABETHTOWN supply.

8. ELIZABETHTOWN agrees to provide a continuous, regular and uninterrupted transmission of water, subject to the terms of this Agreement, and subject further to interruptions by reasons of an Act of God, strike, State or Municipal interference or other causes beyond its control. In such event, ELIZABETHTOWN shall not be liable to MIDDLESEX for damages by reason of interruptions in supply of water to MIDDLESEX or its customers as a result of such interruptions unless the same arises out of any gross negligence, breach of warranty or other breach of duty by ELIZABETHTOWN.

ELIZABETHTOWN agrees to excuse payment obligations of MIDDLESEX if, by reason of an Act of God, strike, State or Municipal interference or other causes outside either party's control, there is a disruption of water being transmitted to MIDDLESEX by ELIZABETHTOWN.

9. MIDDLESEX shall completely indemnify, protect and save harmless ELIZABETHTOWN from any and all costs, expenses, including legal fees, liabilities, losses, claims, suits and proceedings of whatsoever nature arising out of any negligence, breach of warranty or other breach of duty by MIDDLESEX in relation to the obligations contained herein.

10. ELIZABETHTOWN shall completely indemnify, protect and save harmless

MIDDLESEX from any and all costs, expenses, including legal fees, liabilities, losses, claims, suits and proceedings of whatsoever nature arising out of any negligence, breach of warranty or other breach of duty by ELIZABETHTOWN in relation to the obligations contained herein.

11. ELIZABETHTOWN and MIDDLESEX hereby release the other from all claims, liability and performance under the aforesaid contract dated April 28, 1995 as extended by agreement on December 21, 2005, unless such claims or liability shall have accrued by the effective date of this Agreement.

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

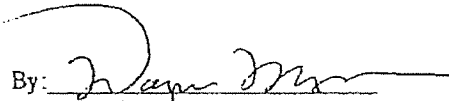
13. This Agreement shall be filed with the Board of Public Utilities of the State of New Jersey and approved by the Department of Environmental Protection of the State of New Jersey, as required.

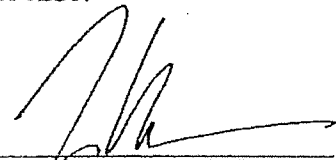
IN WITNESS WHEREOF, the ELIZABETHTOWN WATER COMPANY has caused these presents to be signed by its Vice President and its corporate seal to be affixed hereto and attested by its Secretary, and the MIDDLESEX WATER COMPANY, in the County of Middlesex, has caused these presents to be signed by its President and its corporate seal to be affixed hereto and attested by its Secretary, the day and year first written above.

(SEAL)

ELIZABETHTOWN WATER COMPANY

ATTEST:

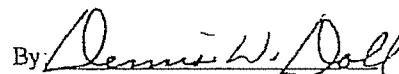
By: 
Wayne Morgan
Vice President- Service Delivery


Secretary Jordan S. Mersky
Assistant Secretary

(SEAL)

MIDDLESEX WATER COMPANY

ATTEST:

By: 
Name Dennis W. Doll
Title President


Secretary

ELIZABETHTOWN WATER COMPANY
E. P. U. No. 7 - WATER

Twelfth Revised Sheet No. 57
Superseding Eleventh Revised Sheet No. 57

RATE SCHEDULE NO. 8
SERVICE TO OTHER SYSTEMS UNDER CONTRACT

APPLICABILITY

Applicable to municipal water systems and to water utilities using 500,000 or more gallons per day as defined in N.J.S.A. 48:2-13, by contract, at the option of the Elizabethtown Water Company.

CHARACTER OF SERVICE

Continuous throughout the year except as limited by written agreement.

RATES

<u>Consumption</u>	<u>Rate per Million Gallons</u>	
	<u>Non-Exempt</u>	<u>Exempt*</u>
All water usage	\$1,814.80	\$1,570.39

Billing shall include the consumption charge and PWAC (as shown on Sheet No. 57A) charge for each billing period.

TERMS OF PAYMENT

At least 15 days time for payment of a valid bill shall be allowed after sending a bill. The Company may discontinue service for non-payment of a valid bill provided it gives the customers at least 10 days written notice. The notice cannot be issued until after the expiration of the said 15-day period.

TERMS

Subject to written agreement.

CONDITIONS

Subject to "Standard Terms and Conditions."

*Applicable to exempt utilities pursuant to N.J.S.A. 54:30A-17 (b) and 50 (c).

Date of Issue: February 19, 2004

Effective for service rendered
on and after July 1, 2004

Issued by: Andrew M. Chapman, President
989 Lenox Drive Suite 224
Lawrenceville, NJ 08648

Filed pursuant to Order of the Board of Public Utilities in Docket No. WR03070510

ELIZABETHTOWN WATER COMPANY
B. P. U. No. 7 - WATER

Third Revised Sheet No. 57A
Superseding Second Revised Sheet No. 57A

(Superseded by Original Sheet No. 58. Rate Schedule 9)

Date of Issue: October 5, 2004

Effective for service rendered
on and after October 5, 2004

Issued by: Andrew M. Chapman, President
989 Lenox Drive Suite 224
Lawrenceville, NJ 08648

Filed pursuant to Order of the Board of Public Utilities in Docket No. WR04070683.

RATE SCHEDULE NO. 9
PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGE

APPLICABILITY

Applicable to all Metered Water Customer classes in the entire territory served for Water Service including General Metered Service, Optional Industrial Wholesale and Service To Other Systems Under Contract.

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGE:

In addition to all other charges for metered service, the following charges per one hundred gallons, per one thousand gallons, per 10 cubic feet and per 100 cubic feet for all sales will be made to recover increases in the purchased water costs not included in the Consumption or any other Charge:

	<u>Gallons</u> <u>Per Month</u>	<u>Gallons</u> <u>Per Quarter</u>	<u>Rate Per</u> <u>1,000 Gallons</u>
Non-Exempt	All	All	\$0.0086
Exempt	All	All	\$0.0075
	<u>Cubic Feet</u> <u>Per Month</u>	<u>Cubic Feet</u> <u>Per Quarter</u>	<u>Rate Per</u> <u>100 Cubic Feet</u>
Non-Exempt	All	All	\$0.0064
Exempt	All	All	\$0.0056

Note: One cubic foot is equivalent to approximately 7.48 gallons.

TERMS OF PAYMENT

See Rate Schedules for Applicable Customer Classes

Date of Issue: October 5, 2004

Effective for service rendered
on and after October 5, 2004

Issued by: Andrew M. Chapman, President
989 Lenox Drive Suite 224
Lawrenceville, NJ 08648

Filed pursuant to Order of the Board of Public Utilities in Docket No. WR04070683.

WATER PURCHASE CONTRACT RBS-2A

THIS WATER PURCHASE CONTRACT is made this 25th day of September, 2003 by and between the New Jersey Water Supply Authority (the "Authority"), an instrumentality of the State of New Jersey created pursuant to the provisions of the New Jersey Water Supply Authority Act, P.L. 1981, C. 293, as amended, N.J.S.A. 1B §58:1B-1 et seq. and Middlesex Water Company ("Middlesex"), a corporation existing under the laws of the State of New Jersey (also referred to herein as "the Purchaser").

BACKGROUND

Pursuant to the Authority Act, the Authority was established for the express purpose of operating water supply facilities, including those water supply facilities theretofore operated by the State. In accordance with the Authority Act, the Authority operates, inter alia, the System.

In connection with the operation of the System, the Authority, both in its own right and as the successor to the water supply facilities of the State, is a party with various System Water Purchasers, including the Purchaser, to Existing Contracts pursuant to which the Authority makes water available for purchase by such System Water Purchasers.

The Authority contemplates from time to time, undertaking various improvements to the System and in connection therewith, expects to adopt a Resolution which will authorize, inter alia, the issuance of Bonds for the purpose of making funds available to finance various projects for the System. Pursuant to a Bond Resolution, certain of the revenues received by the Authority from

System Water Purchasers will be pledged by the Authority to pay the principal of and interest on Bonds.

The parties hereto are entering into this Contract, which is one of several Water Purchase Contracts to be entered into by the Authority with System Water Purchasers, in order (i) to supercede the Existing Contracts between the Authority and the Purchaser and (ii) to provide for the sale to and purchase of water by the Purchaser consistent with the Purchaser's projected needs.

NOW THEREFORE, in consideration of the mutual covenants and premises herein contained, the parties hereto, intending to be legally bound hereby, agree as follows:

SECTION 1. Definitions.

Unless the context clearly establishes otherwise, the following terms, when used in this Contract or in the Background hereto, shall have the following meanings:

"Annual Budget" means the annual budget of the Authority relating to the System (which shall include all costs, obligations and expenses properly allocable to the System in accordance with generally accepted accounting principles and cost allocation principles), as amended or supplemented, adopted or in effect for a particular Fiscal Year.

"Annual Payment" means the aggregate amount projected by the Authority to be payable to the Authority by the Purchaser for Uninterruptible Service during each Annual Payment Period, which

Annual Payment shall be determined by (a) multiplying the applicable rates and charges for Uninterruptible Service set forth in the Rate Schedule in effect during the relevant Annual Payment Period by the number of MG of water contracted for by the Purchaser for Uninterruptible Service on an annual basis as set forth in this Contract, subject to adjustment to reflect any special allocations, charges, credits or adjustments provided for pursuant to the provisions of this Contract or any Rate Schedule, which may include but not be limited to: (i) adjustments based upon the water being derived from the System within the Delaware River Basin; (ii) debt service allocated specifically to those customers of the Authority who benefit from the debt to which such debt service relates; and (iii) for withdrawals within the Raritan Basin, an evaluation of the equivalent sustained supply and the application of an appropriate production factor, all as contemplated by and/or set forth in the Rate Schedule and (b) adding thereto any charges for access to the System and any other charges imposed on the Purchaser by this Contract.

"Annual Payment Period" means the calendar year, commencing January 1, 2004 during which Uninterruptible Service is to be provided to the Purchaser hereunder.

"Annual Requirements" means the aggregate amount required during each Annual Payment Period to pay, or make provision for, all (i) Operation and Maintenance Expenses; (ii) Debt Service; and (iii) other requirements of the System required to be paid as is

set forth in the Resolution, or in any Rate Schedule, or in any documents relating to Other Indebtedness, including but not limited to amounts required to meet the rate covenant set forth in Section 713 of the Resolution; provided, however, that the amount to be included for Debt Service in each Annual Payment Period shall be that amount accruing in the Bond Year or Bond Years, or corresponding portion thereof, commencing during the Fiscal Year within which such Annual Payment Period or portion thereof falls.

"Authority" means the New Jersey Water Supply Authority established pursuant to the Authority Act.

"Authority Act" means the "New Jersey Water Supply Authority Act", P.L. 1981, c.293, as amended (N.J.S.A. 58:1B-1 et seq.).

"Authorized Officer" means the Chairman, Vice Chairman, Treasurer, Secretary or Executive Director of the Authority or any person or persons designated by the Authority to act on behalf of the Authority.

"Bonds" means all bonds, notes or other evidences of indebtedness issued by the Authority and outstanding under the Resolution and each Supplemental Resolution to finance or refinance any cost, expense or liability paid or incurred or to be paid or incurred by the Authority in connection with the financing, planning, designing, constructing, acquiring, operating or maintaining of any part of the System.

"Bond Year" means, with respect to any Bonds, the twelve-month period (and such shorter initial period, if any) established with

respect to the issuance of such Bonds in a Supplemental Resolution, and with respect to Other Indebtedness, the twelve-month period (and such shorter initial period, if any) established with respect to the issuance of such Other Indebtedness in the documents relating to the issuance of such Other Indebtedness.

"Credit Facility" means a policy of municipal bond insurance, a letter of credit, a surety bond, a loan agreement, a standby bond purchase agreement or other type of credit agreement, facility, insurance or guaranty arrangement pursuant to which funds can be obtained to pay the principal or redemption price of Bonds or Other Indebtedness and interest thereon.

"Debt Service" for any period means, as of any date of calculation, with respect to (A) Outstanding Bonds, an amount equal to the sum of (i) the interest accruing during such period on such Bonds, and (ii) that portion of the principal of such Bonds accruing during such period, all as is set forth in the Resolution and (B) Other Indebtedness, an amount equal to (i) the interest accruing during such period on such Other Indebtedness and (ii) that portion of the principal accruing on such Other Indebtedness during such period, all as is set forth in the documents relating to the issuance of such Other Indebtedness.

"Department" means the New Jersey Department of Environmental Protection.

"Division" means the Water Supply Administration in the Department.

"Event of Default" means a default by the Purchaser of the provisions of this Contract as a result of the occurrence of any of the events set forth in Section 10 hereof.

"Existing Contracts" means the existing water use contracts for the System between the Authority and System Water Purchasers covering the provisions of water from the System.

"Fiscal Year" means the twelve-month period commencing on July 1 of each year and continuing through the following June 30.

"Force Majeure" means acts of God, strikes, lockouts or other industrial disturbances; orders of the Government of the United States or the State or any agency or instrumentality thereof or of any civil or military authority; acts of terrorism, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts and explosions; breakage or accidents to machinery, pipelines, dams or canals, other than as a result of the negligence of the party claiming inability to comply with its obligations; partial or entire failure of water supply, other than as a result of the negligence of the party claiming inability to comply with its obligations; arrests, civil disturbances; acts of any public enemy; and any other events not reasonably within the control of and not as a result of the negligence of the party claiming inability to comply with its obligations.

"GPM" means gallons of water per minute.

"General Fund" means the fund denominated as such and created

pursuant to the Resolution.

"Liquidity Facility" means an irrevocable letter of credit or other irrevocable Credit Facility issued by a financial institution or insurance company, which letter of credit or Credit Facility is payable on demand in the event the terms under which such letter of credit or Credit Facility was issued require payment thereunder.

"Major Rehabilitation Fund" means the fund denominated as such and created pursuant to the Resolution.

"MG" means million gallons of water.

"MGD" means million gallons of water per day.

"Minimum Dependable or Safe Yield" means that amount of water, from time to time determined by the Authority in accordance with applicable laws or regulations and presently estimated to be 225 MGD, which the System is capable of supplying continuously throughout a repetition of the most severe drought of record.

"Monthly Water Payments" means either (i) the amount obtained by dividing the amount of the Annual Payment for any Fiscal Year by twelve or (ii) such other or different required monthly payments for which the Authority gives notice to the Purchaser pursuant to Sections 4B, or 4E hereof.

"Operation and Maintenance Expenses" for any period means the amount (as set forth in the Annual Budget of the Authority, as from time to time amended) of all current costs, obligations and expenses of, or arising in connection with, the (i) operation, maintenance and administration of the System, and minor additions

or improvements thereof or thereto, or (ii) performance of any Water Purchase Contract, including, but not limited to, the items set forth herein below and items set forth in the Resolution as Operation and Maintenance Expenses, in each case, to the extent properly allocable to the System and, as applicable, determined on the cash basis of accounting and/or in accordance with generally accepted accounting and cost allocation principles:

(i) all repairs and ordinary replacements and reconstruction of the System; all wages, salaries and other personnel costs, including costs of pension, retirement, health and other employee benefit programs; all fuel, utilities, supplies and equipment; and all supervisory, engineering, accounting, auditing, legal and financial advisory services;

(ii) all taxes and payments in lieu of taxes;

(iii) all costs of insurance for the System, including any forms of self insurance (or self insurance reserves) maintained by the Authority, and payment of all claims not covered by the Authority's insurance;

(iv) all fees and expenses incurred in connection with any Credit Facility, Liquidity Facility, Reserve Account Credit Facility, the issuance of any Bonds or the issuance of any Other Indebtedness, and all fees and expenses of counsel, fiduciaries and others in connection with any such Credit Facility, Liquidity Facility, Reserve Account Credit Facility,

Bonds or Other Indebtedness; provided, however, that none of the foregoing shall be considered as Operation and Maintenance Expenses to the extent required to be capitalized under the Supplemental Resolution authorizing such Bonds or the documents authorizing such Other Indebtedness or paid out of the proceeds of such Bonds or Other Indebtedness;

(v) all amounts required, pursuant to applicable law, to be deposited into the Rebate Fund;

(vi) all amounts required to be deposited, in accordance with the Resolution, into any reserve fund established for Operation and Maintenance Expenses; and

(vii) allowance for depreciation with respect to equipment and property having a depreciable life of greater than three (3) years but less than ten (10) years; and

(viii) any other costs, expenses or obligations required to be paid by the Authority under the provisions of any Water Purchase Contract, contract relating to the System, any agreement or instrument relating to the Bonds or Other Indebtedness or by law;

"Other Indebtedness" means all bonds, other than the Bonds or other obligations issued pursuant to the Resolution, notes or other evidences of indebtedness issued by the Authority, and Outstanding, including financing agreements and arrangements with the State, to finance or refinance any cost, expense or liability paid or incurred or to be paid or incurred by the Authority in connection

with the financing, planning, designing, constructing, acquiring, operating or maintaining of any part of the System; provided, however, that Other Indebtedness shall not include obligations for supplies and services which are to be paid by the Authority out of current revenues, or obligations under leases which are not required to be capitalized under generally accepted accounting principles.

"Outstanding" means (A) with reference to Bonds, as of any date, Bonds theretofore or thereupon being authenticated and delivered under the Resolution or any Supplemental Resolution except to the extent that any particular Bonds are not deemed to be outstanding pursuant to the provisions of the Resolution and (B) with respect to Other Indebtedness, such Other Indebtedness theretofore or thereupon being authenticated and delivered pursuant to any documents relating to the issuance thereof except to the extent that any particular Other Indebtedness is not deemed to be outstanding as specifically provided therein.

"Overdraft Service" means (i) the supply of water from the System, to the extent and from time to time available, in excess of aggregate Uninterruptible Service, for certain, interim, interruptible, non-guaranteed uses which a System Water Purchaser is authorized to withdraw pursuant to a Contract or (ii) such other definition as is set forth in the Rate Schedule.

"Peaking Factor" means (i) the percentage equivalent of that volume of Overdraft Service available from the System for a given

period in excess of Uninterruptible Service, which a customer may divert without charge or (ii) such other definition as is set forth in the Rate Schedule.

"Point of Delivery" or "Point of Diversion" means the location where the System, including surface and ground water supplies, interconnects with the Purchaser's Interconnection System.

"Production Factor" means the inverse ratio between any upstream allocation for a consumptive or depletive water diversion and its equivalent in sustained supply at the confluence at the Millstone and Raritan Rivers as follows: $\text{Production factor} = \frac{\text{Safe yield at the confluence}}{\text{yield at the point of diversion}}$ (see N.J.A.C. 7:11-2.8).

"Projected Annual Requirements" means the aggregate amount projected by the Authority in its Annual Budget, as from time to time amended, to be required during each Annual Payment Period to pay all Annual Requirements.

"Prudent Water Supply Practices" means, as of any particular time, any practices, methods and acts engaged in or approved by a significant portion of the water supply industry operating in areas having comparable characteristics to those of the System, or any of the practices, methods and acts which, in the exercise of reasonable judgment in the light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good practices,

reliability, safety and expedition. Prudent Water Supply Practices are not intended to be limited to the optimum practice, method or act, to the exclusion of all others, but rather are intended to be a spectrum of possible practices, methods or acts expected to accomplish the desired results.

"Purchaser" means the party to this Contract, which is purchasing water from the Authority.

"Purchaser's Interconnection System" means the buildings, structures, piping, valves, meters and other control apparatus and equipment, installed or to be installed by or on behalf of, and owned and/or used by, the Purchaser (i) to connect Purchaser's system with the System at the Point of Delivery and to withdraw, measure, control and monitor the flow and quality of the water that the Purchaser withdraws from the System, and (ii) to transport such water to the Purchaser's system.

"Rates" means the charges from time to time determined and established by the Authority in accordance with the Rate Schedule.

"Rate Schedule" means the "Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Delaware and Raritan Canal - Spruce Run/Round Valley Reservoirs System" promulgated from time to time by the Authority and set forth in the New Jersey Administrative Code, all in accordance with applicable laws and regulations, as the same may from time to time be amended, and in accordance with the provisions of the System Rules and Regulations, which Rate Schedule establishes the rates, charges and

debt service assessments by the Authority for water derived from the System in accordance with the following:

(a) Uninterruptible Service. The Rates per MG set forth in such Rate Schedule for Uninterruptible Service shall be established for each Annual Payment Period on the basis of:

(i) the Projected Annual Requirements for such Fiscal Year;

(ii) multiplied by the production factor for the diversion;

(iii) divided by the lesser of: (a) the annualized amount of MGD of water from the System during such Fiscal Year which the Authority determines is available for Uninterruptible Service and for Standby Service or (b) the annualized amount of MGD of water from the System which is required to be provided by the Authority by the terms of all Water Supply Contracts for Uninterruptible Service and for Standby Service in effect during such Fiscal Year, in each case, times 365 (366 during a leap year); provided, however, that the Authority may exclude for any period, for purposes of computation hereunder, the Uninterruptible Service and Standby Service under any Water Purchase Contract where an Event of Default has occurred and is continuing.

(b) Overdraft Service. The Rate(s) per MG for average daily diversions in excess of the Peaking Factor during a calendar month and year shall be the amounts set forth in the Rate Schedule.

(c) Short-term Service. The Rates for Short-term Service established for each Annual Payment Period shall be the amounts set forth in the Rate Schedule.

(d) Standby Service. The Rates set forth in such Rate Schedule for Standby Service shall be established for each Annual Payment Period on the basis of (i) a standby charge for each month during which Standby Service is available, equal to the capacity, in MGD, of the Purchaser's withdrawal facilities to be served by such Standby Service plus (ii) a charge (against which the standby charge for such month shall be credited), for water actually consumed in any month, at the rate per MG established by the Rate Schedule for Uninterruptible Service.

(e) Special User Service. The Rates for Special User Service established for each Annual Payment Period shall be the amounts set forth in the Rate Schedule.

"Rebate Fund" means the fund denominated as such and created pursuant to the Resolution.

"Reserve Account Credit Facility" means a surety bond, insurance policy, letter of credit, line of credit or other Credit Facility satisfying the requirements set forth in Section 518 of the Resolution.

"Resolution" means the resolution adopted by the Authority authorizing the issuance of Bonds, and all Supplemental Resolutions.

"Revenue Fund" means the fund denominated as such and created pursuant to the Resolution.

"Short-term Service" means (i) the supply of water from the System, to the extent from time to time available, in excess of

aggregate Uninterruptible Service, for certain interim, interruptible, non-guaranteed or short-term uses, such as growing agricultural or horticultural products, meeting extraordinary requirements in consumer demand for potable or industrial water as a result of transfers arising from a declaration of drought by the Department, meeting non-seasonal extraordinary requirements in consumer demand for potable or industrial water, or emergent maintenance or temporary failure of a critical component of a System Water Purchaser's infrastructure which a System Water Purchaser is authorized to withdraw pursuant to a Contract or (ii) such other definition as is set forth in the Rate Schedule.

"Special User Service" means the supply of water from the Raritan River Basin, which a System Water Purchaser is authorized to continuously withdraw, without interruption, to be returned by the Purchaser to the stream channel of the System at a point reasonably considered by the Authority to be at or in the near vicinity of the point of withdrawal, substantially undiminished in quantity and not substantially degraded in quality, all as is determined by the Authority.

"Standby Service" means the supply of water from the System for certain occasional uses, such as fire protection or other emergencies, natural or otherwise, which a System Water Purchaser is authorized to withdraw pursuant to a Contract.

"State" means the State of New Jersey.

"Supplemental Resolution" means any resolution enacted by

the Authority supplemental to the Resolution in connection with the issuance of any particular Bonds, which Supplemental Resolution shall, inter alia, establish the specific terms applicable to such particular Bonds.

"System" means the water supply system operated by the Authority known as the Delaware and Raritan Canal - Spruce Run/Round Valley Reservoirs System, and any expansion thereof, the major components of which presently consist of the Delaware and Raritan Canal water supply transmission facility, the Spruce Run and Round Valley Reservoirs and an interconnecting pumping station located where the Raritan and Millstone Rivers meet adjacent to the Delaware and Raritan Canal, together with all component plants, structures and other real or personal property, and additions and improvements thereto, necessary or useful and convenient for the accumulation, supply or transmission of water including but not limited to: reservoir facilities, settling and sediment storage basins, dams, dikes, intake and reservoir pipelines, force mains, pump stations and intake structures.

"System Rules and Regulations" means the Rules for the Use of Water from the Delaware and Raritan Canal and Spruce Run/Round Valley Reservoirs System, adopted on April 24, 1987 and effective on May 18, 1987 and presently set forth in Section 7:11-3.1 et. seq. of the New Jersey Administrative Code, and any amendments from time to time hereafter made thereto.

"System Water Purchaser" means any party to a Water

Purchase Contract with the Authority.

"Uninterruptible Service" means the supply of water from the System which a System Water Purchaser is authorized continuously to withdraw, without interruption, for potable or industrial water supply purposes, pursuant to a Contract.

"Water Act" means the "Water Supply Management Act", P.L. 1981, c. 262, as amended (N.J.S.A. 58:1A-1 et. seq.) and the rules promulgated thereunder.

"Water Purchase Contracts" or "Contracts" means the contracts, and all supplements thereto, providing for Uninterruptible, Short-term, Standby Service or Special User Service with respect to water from the System to one or more System Water Purchasers.

"Water Supply Plan Approval" means any approval by the Department of the purchase of water from the System, whether in the form of a water supply allocation permit, an interim approval of a water supply plan submitted as may be required by the Department for a water supply allocation permit, or otherwise.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, corporations, districts, agencies and bodies. Any capitalized term used herein and not otherwise defined shall have the meaning set forth in the Resolution.

SECTION 2. Water Service To Be Provided

A. The Authority shall supply and make available for delivery to the Purchaser, on and after the date hereof, and the Purchaser shall be entitled to utilize the following water service, subject to the other terms and conditions of this Contract and the System Rules and Regulations:

(i)(a) Uninterruptible Service in the amount of 27 MGD, which is the average amount of Uninterruptible Service permitted to be withdrawn by the Purchaser subject to the provisions of Section 2(B) hereof;

(b) Overdraft Service of that number of MGD necessary to meet Purchaser's diversionary needs in excess of Uninterruptible Service.

(ii) Short Term Service of that number of MGD which shall be established by one or more separate agreements, which shall be supplemental hereto and incorporated herein, between the Authority and the Purchaser, entered into for such term as the Purchaser and the Authority shall agree, with the number of MGD so established to be the maximum amount of Short-term Service permitted to be withdrawn by the Purchaser in any twenty-four (24) hour period during the period covered by such separate and supplemental agreements except as otherwise limited by Section 2B hereof;

B. Purchaser shall not withdraw water, in the aggregate for all Uninterruptible Service provided hereunder, at rates

greater than an average of 27 million gallons in any twenty-four (24) hour period; 822 million gallons per month, which per minute, daily and monthly amounts shall be appropriately adjusted to reflect fluctuations in water use; and an average of nine thousand, eight hundred, and fifty-five (9,855) million gallons in any year from January 1, 2004 through November 30, 2023. The Purchaser shall immediately notify the Authority of any such withdrawals in excess of said amount.

C. If the Authority determines that rationing the water derived from the System is necessary by reason of drought conditions or an emergency, it shall allocate all available water first to providing Uninterruptible Service under all Water Purchase Contracts, without any preference or priority, except that the Authority, in its sole discretion, may exclude Water Purchase Contracts where an Event of Default has occurred and is continuing, at the Authority's election, unless the Authority, in accordance with applicable law or regulation, is otherwise directed or required to allocate water in a specific manner, (i) pro rata, in accordance with the volume of water available, to each System Water Purchaser of Uninterruptible Service provided in all Water Purchase Contracts then in effect; or (ii) pro rata in accordance with the volume of water actually provided each System Water Purchaser of Uninterruptible Service pursuant to Water Purchase Contracts during the last preceding Annual Payment Period in which rationing of water was not necessary; or (iii) upon such other basis as shall

be, in the judgment of the Authority, appropriate to distribute fairly among all System Water Purchasers of Uninterruptible Service pursuant to Water Purchase Contracts, the burden of such rationing. In the event that rationing is to be imposed by reason of an emergency for more than a seven-day period, the Authority shall consult with and give appropriate effect to the recommendations, if any, of the Department.

D. If rationing is instituted, or if, other than as a result of an Event of Default, the Authority does not provide to the Purchaser the amount of water constituting Uninterruptible Service hereunder, or advises the Purchaser that it will be unable to do so other than as a result of an Event of Default, the Purchaser shall nevertheless at all times be required to pay for all water from the System constituting Uninterruptible Service available for delivery to the Purchaser.

E. If in the event of an emergency, the Purchaser is legally restricted from purchasing all of the water constituting Uninterruptible Service hereunder, the Purchaser shall only be required to pay for such water constituting Uninterruptible Service as it is legally permitted to purchase (and the Authority is able to supply) during the period of such emergency.

SECTION 3. System Water Quality.

A. The water to be supplied by the Authority hereunder shall be raw, untreated water which the Authority shall supply to all System Water Purchasers without distinction as to source or quality variations of the water supplied and subject to the hazards inherent in natural streams. THE AUTHORITY MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AS TO THE QUALITY OF ANY WATER SUPPLIED OR THE CONDITION OF THE SYSTEM, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. However, the Authority, based upon water quality data supplied to it by any System Water Purchaser or other water quality data which may be obtained by the Authority, will take all reasonable measures to determine the source of water degradation and will exercise all appropriate administrative and legal rights under applicable law to compel the Department to assure that the stream water quality is in compliance with applicable stream standards.

B. (1) In the event of contaminant discharges, spills or runoff to the Authority's water supplies which constitute an emergency and require immediate action to maintain the supply of water from the System, the Authority will take immediate corrective action either: (i) through requesting the appropriate agency to take such action or, (ii) directly, by its own personnel and/or outside contractors, to contain and, if necessary to remove such

contaminants from the water supply, in the Authority's sole discretion. In addition, to the extent it is legally able to do so and it determines that such action is in the best interests of the Authority, the Authority will seek to recover all costs and damages resulting from any such incidents from the parties responsible.

(2) If the Authority and the Purchaser, at the request of the Purchaser, agree that the quality of the water derived from the System is not of sufficient quality to be treated by the Purchaser for the purposes for which such water is to be used or there is any trend towards degradation of such water as a result of contamination in the quality of water derived from the System, the Authority and such Purchaser shall jointly (i) request the Department to take appropriate action to implement corrective measures or (ii) take other administrative or operational measures.

SECTION 4. Payment for Water Services

A. General. Purchaser agrees to make all payments for water services available hereunder in the amounts, at the times and places and in the manner provided herein subject to the Rate Schedule and as modified from time to time, by the System Rules and Regulations.

B. Purchaser agrees to pay Seller a rate equal to one-hundred percent of the total rate set forth in such Rate Schedule for Uninterruptible Service (see Section 2(A)(i)(a)) as illustrated in the following formula: Uninterruptible Service * # of days in

the month * rate;

C. Purchaser agrees to pay Seller a Monthly Overdraft Rate equal to one-hundred and twenty percent of the total rate set forth in said Rate Schedule for Uninterruptible Service (see Section 2(A)(i)(a)) for average daily diversions for any calendar month in excess of a Peaking Factor of ten-percent of Uninterruptible Service as illustrated in the following formula: actual monthly diversion in excess of 10% of Uninterruptible Service * 1.20 * rate * days in the month;

D. Purchaser agrees to pay Seller an Annual Overdraft Rate equal to one-hundred and fifteen percent of the total rate set forth in said Rate Schedule for Uninterruptible Service (see Section 2(A)(i)(a)) for average daily diversion for any calendar year in excess of Purchaser's Uninterruptible Service as illustrated in the following formula: average daily diversion in excess of Uninterruptible Service * 1.15 * rate * days in the year. The annual overdraft period shall coincide with the calendar year;

E. Uninterruptible Service. Purchaser agrees to make Monthly Water Payments for Uninterruptible Water Services no later than thirty (30) days from the date of each billing by the Authority to the Purchaser. Except as hereinafter provided, payments for Uninterruptible Service shall be based on the number of days in each month, whether or not the Purchaser actually withdraws the full amount of water available to it as Uninterruptible Service; provided, however, that the Purchaser

shall not be required to make payment for water that the Authority does not make available to the Purchaser except where such non-provision of water is as a result of an Event of Default. The Authority shall notify the purchaser not later than thirty days prior to the beginning of each Annual Payment Period of the amount of the Purchaser's Annual Payment for Uninterruptible Service and the amounts of the Monthly Water Payments.

F. Short-term Service. Purchaser agrees to pay not later than thirty (30) days from the date of each billing by the Authority to the Purchaser, the charges for water actually consumed as Short-term Service in the immediate preceding month.

G. Overdraft Payments. The Purchaser agrees to pay annually, the charges for those diversions referenced in Sections 4(C) and 4(D) above. The monthly overdraft payment will be remitted in November of the year in which the overdraft occurs. The annual overdraft payment will be remitted in February of the year following the year in which the overdraft occurred.

H. Retroactive Debt Service Payment. The Purchaser agrees to pay to the Authority the following additional amounts:

i. An amount equal to two million, two hundred and forty-five thousand, six hundred and seventeen dollars and twenty-four cents (\$2,245,617.24), which sum represents the retroactive payment of a full proportionate share of the total annual payments of Debt Service for the 1958, 1969, and 1981 bonds made to the Authority by other purchasers of water from the System during the

periods from July 1, 1983 through June 30, 1988 (1958 bonds), from July 1, 1988 through June 30, 2002 (1969 bonds) and from October 1, 1985 through December 31, 2003 (1981 bonds), for that certain 7 MGD of water initially contracted for purchase by the Purchaser commencing on January 1, 2004. Purchaser shall receive a credit of three hundred two thousand, nine hundred fifteen dollars and eighty-four cents (\$302,915.84), representing the total retroactive debt paid by Purchaser associated with 7 mgd of unsold water as a prior system customer since 1983. Purchaser's adjusted retroactive debt payment for the 1958, 1969, and 1981 bonds shall be one million, nine hundred and forty-two thousand, seven hundred and one dollars, and forty cents (\$1,942,701.40). Said payment is to be made on the first day of each month in 238 equal monthly installments of eight thousand, one hundred and twenty-eight dollars, and forty-six cents (\$8,128.46) commencing March 1, 2004 and continuing through December 1, 2023 and one final payment of eight thousand, one hundred and twenty-seven dollars, and ninety-two cents (\$8,127.92) payable on January 1, 2024; and

ii. An amount equal to one million, two hundred and eighty-seven thousand, nine hundred and thirty-eight dollars and thirty-eight cents (\$1,287,900.38), which sum represents the retroactive payment of a full proportionate share of the total annual Debt Service payments for the 1988 Water System Revenue Bonds made to the Authority by other purchasers of water from the System during the period from July 1, 1989 through June 30, 1998

for that certain 7 MGD of water initially contracted for purchase by the Purchaser commencing on January 1, 2004. Purchaser shall receive a credit of one hundred seventy-one thousand, nine hundred and forty-three dollars, and fifty-eight cents (\$171,943.58), representing the total retroactive debt paid by Purchaser associated with 7 MGD of unsold water as a prior system customer since 1983. Purchaser's adjusted retroactive debt payment for the 1988 bond issue shall be one million, one hundred fifteen thousand, nine hundred and fifty-six dollars and eighty cents. (\$1,115,956.80). Said payments are to be made on the first day of each month in 238 equal monthly installments of four thousand, six hundred and sixty-nine dollars and twenty-eight cents (\$4,669.28) commencing March 1, 2004 and continuing through December 1, 2023, and one final payment of four thousand, six hundred and sixty-eight dollars and sixteen cents (\$4,668.16) payable on January 1, 2024; and

iii. An amount equal to five hundred and forty-four thousand, eighty-four dollars and twenty-five cents (\$544,084.25), which sum represents the retroactive payment of a full proportionate share of the total annual payments of Debt Service for the 1998 Water Surplus Revenue Refunding Bonds made to the Authority by other purchasers of water from the System during the period from July 1, 1999 through December 31, 2003 for that certain 7 MGD of water initially contracted for purchase by the Purchaser commencing on January 1, 2004. Purchaser shall receive a credit of

seventy-two thousand, six hundred and thirty-nine dollars (\$72,639.00), representing the total retroactive debt paid by Purchaser associated with 7 MGD of unsold water as a prior system customer since 1983. Purchaser's adjusted retroactive debt payment for the 1998 bond issue shall be four hundred and seventy-one thousand, four hundred and forty-five dollars and twenty-five cents (\$471,445.25). Said payments are to be made on the first day of each month in 238 equal monthly installments of one thousand, nine hundred and seventy-two dollars and fifty-seven cents (\$1,972.57) commencing March 1, 2004 and continuing through December 1, 2023, and one final payment of one thousand, nine hundred and seventy-two dollars and fifty-seven cents (\$1,972.57) payable on January 1, 2024.

I. Production Factor Payments. The Rate Schedule and System Rules provide that for a depletive diversion at any location above the confluence of the Millstone and Raritan Rivers, the Total Daily Allotment Charge shall be multiplied by the Production Factor, which is equal to System Safe Yield at the point of delivery. The Purchaser agrees to a Production Factor of 1.000 for its diversion and to pay the dollar equivalent to the Authority in Purchaser's Monthly Water Payments for Uninterruptible Water Services.

J. Absolute Obligation. Purchaser's obligations hereunder to pay for water in the manner set forth in this Contract shall be absolute and unconditional, and shall not be affected by

any failure by the Authority to perform its obligations hereunder, other than a failure by the Authority to supply water constituting Uninterruptible Service (in which event, as herein provided, Purchaser shall be unconditionally obligated to pay for the water available for taking), except as a result of an Event of Default, or be subject to any other defense or to any reduction, whether by offset, counterclaim or otherwise, except for any reductions or credits provided for herein, in the Rate Schedule or in the System Rules and Regulations.

K. Overdue Payments. All payments for service which are not made by the due date therefore and any other sums required to be paid by the Purchaser to the Authority pursuant to this Contract shall bear interest at a per annum rate equal to the prime rate, as from time to time established by Chase Manhattan Bank as its prime rate (with any changes in such prime rate to be effective on any date that such rate is changed) plus 2%, such interest to be calculated from the due date of any required payment until actual payment thereof.

L. Rate Adjustments and Procedures. The Authority reserves the right from time to time to adopt adjustments to the Rate Schedule and to the System Rules and Regulations in accordance with applicable laws and regulations. If as a result of any such adjustments the payments for service hereunder are adjusted by the Authority, the Authority shall notify the Purchaser of the adjustments and of any revised schedule of Monthly Water Payments

required to reflect such adjustments and the same shall, without any further act of the Authority or the Purchaser, constitute an amendment to this Contract.

SECTION 5. Delivery and Withdrawal of Water.

A. All water shall be withdrawn from the System at the Purchaser's sole cost and expense. Title to all water supplied from the System shall be in the Authority to the Point of Delivery, at which point title shall vest in the Purchaser upon its withdrawal of such water.

B. The Authority hereby grants to the Purchaser for the term of this Contract a right which shall permit access to Purchaser and its designated representatives upon and over the System as may be necessary, at Purchaser's sole cost and expense, to install and construct at the Point of Delivery, and to replace, repair, operate and maintain, Purchaser's Interconnection System.

C. The Purchaser shall not install or construct nor make any material alterations in Purchaser's Interconnection System without the prior written approval of the Authority. Purchaser shall submit engineering plans therefore to the Authority for its review and approval.

D. The Authority or its designated representatives shall have the right at any time to examine Purchaser's Interconnection System from the Point of Diversion to and including the flow meter or measuring devices (hereafter "flow meters"). The Authority

shall comply with all reasonable security protocols developed by Purchaser in conducting its inspections. The Purchaser shall, at its sole cost and expense, within ten (10) days (or such longer period as may be required by law) after receipt of written demand from the Authority, make such modifications or repairs to Purchaser's Interconnection System from the Point of Diversion to and including the flow meters as, in the opinion of the Authority, may be required to eliminate leakage of water from, or potential damage to the System. If Purchaser should fail to make such modifications or repairs, the Authority may do so and the Purchaser agrees to reimburse the Authority on demand for the Authority's cost therefore.

E. The Purchaser shall purchase or construct, install, operate, maintain and repair, as a part of Purchaser's Interconnection System, at its sole cost and expense and in a manner which the Authority determines to be in accordance with Prudent Water Supply Practices, automated flow meters at the point(s) of diversion that electronically transmit daily diversionary flow information to the Seller, of the type and at location(s) approved by the Authority. The Purchaser shall have such flow meters tested for accuracy at its own sole cost and expense by a testing firm approved by the Authority (i) at least once during each Fiscal Year; (ii) following meter repairs; and (iii) at such other times as the Authority may reasonably request. Each test shall be evidenced by a certified report, which

Purchaser will cause such testing firm to furnish to the Authority.

F. Monthly meter readings of water shall be taken by the Purchaser on the last day of each month, or if such last day falls on Sunday or legal holiday, on the first working day thereafter. The Purchaser shall keep a daily record of flow rates and cumulative daily water withdrawal totals and shall submit to the Authority, not later than the tenth (10th) business day of each month, copies of such records for the preceding month. The Authority or its designated representatives shall have the right at any time to examine the flow meters or other measuring device, and any repairs or replacements made to such flow meter or other measuring device. Purchaser shall submit written certifications with its monthly meter readings.

G. The Purchaser agrees to indemnify, defend and hold harmless the Authority from and against all claims, damages or losses suffered, sustained or required to be paid by the Authority, arising from any act or omission of the Purchaser, its officers, agents, representatives or employees, in connection with Purchaser's Interconnection System, the operation thereof, or any activities carried out by the Purchaser, its officers, employees, agents or representatives, on the premises of, or with respect to, the System, or with respect to any of the services which are the subject of this Contract.

H. The Authority, subject to the provisions of the New Jersey Tort Claims Act, shall be responsible and shall at its own

expense, defend itself against any and all suits, claims, losses, demands or damages of whatsoever kind or nature, arising out of or in connection with any act or omission of the Authority, its employees, agents or contractors, in performance of the obligations assumed by the Authority pursuant to this Agreement. The Authority hereby releases the Purchaser from any and all liabilities, claims, losses, costs, expenses and demands of any kind or nature whatsoever, arising under the state or federal law, solely out of or in connection with the Authority's performance of the obligations assumed by the Authority pursuant to this Agreement.

I. In the event that any of the flow meters required to be maintained by the Purchaser shall fail to properly operate, the Authority may make necessary estimates of or adjustments in accordance with the System Rules and Regulations, to the amounts of water withdrawn by the Purchaser and to be charged by the Authority to the Purchaser for any period during which such failure exists and continues. The Purchaser agrees that at the request of the Authority it will repair or replace such meters, at its sole cost and expense. If the Purchaser fails to repair or replace the meters within 60 days following notice from the Authority, the Authority, may suspend the withdrawal of water by the Purchaser until such time as the meter is repaired or replaced; provided, however, that the Purchaser shall be required to continue to honor its payment obligations for water pursuant to this Contract during the period of such suspension, as if such suspension had not occurred.

SECTION 6. Force Majeure.

If by reason of Force Majeure either the Authority or Purchaser shall be rendered unable to satisfy its obligations under this Contract, in whole or in part, and shall give notice and all of the particulars of such Force Majeure in writing to the other such party hereto within a reasonable time after the occurrence of the event or cause relied on, then the obligation of the party giving such notice, to the extent affected by such Force Majeure, shall be suspended during the continuance of such inability; provided, however, that the existence of Force Majeure shall in no event affect the obligation of the Purchaser to make the Monthly Water Payments and other payments required under this Contract, but if less than the amount of water required to be supplied hereunder is supplied or available for supply, nothing in this Section 6 shall require the Purchaser to make payment for water other than in an amount equal to the greater of (i) the water actually supplied or (ii) the water available for supply by the Authority. Either party so affected shall use its best efforts to remove or overcome such Force Majeure as quickly as is practicable.

SECTION 7. Term of Contract.

A. This Contract shall commence on January 1, 2004 and shall continue until November 30, 2023 unless previously terminated as provided herein as a result of an Event of Default, or extended as provided in Section 7B hereof.

B. If the Purchaser desires to continue the withdrawal of water from the System, contracted for pursuant to this Contract, beyond the date set forth in Section 7A hereof, the Purchaser shall submit to the Authority notification of intent to renew not less than 90 days prior to such date.

C. If the Purchaser has not submitted a notification of intent to renew as provided in Section 7B hereof, the Authority shall notify the Purchaser of the expiration date of the Contract. If, after such notification by the Authority, the Purchaser continues withdrawal of water, the charge for such withdrawal shall be twice the rate per million gallons as is specified in the Rate Schedule then in effect.

D. Within ninety (90) days after termination of this Contract, the Purchaser shall remove from the System Purchaser's Interconnection System and any other facilities installed by Purchaser on the System, shall restore the System to its former condition as nearly as may be practicable and in a manner satisfactory to the Authority and shall release and re-convey the rights granted pursuant to Section 5B hereof. If Purchaser shall fail to remove and restore as aforesaid, the Authority may make such removal and restoration at the sole cost and expense of the Purchaser, which cost and expense shall be paid by the Purchaser to the Authority on demand. The Authority further reserves the right to remove and sell Purchaser's Interconnection System and other facilities to the extent it deems appropriate.

SECTION 8. Insurance

A. Authority Insurance. The Authority shall use reasonable commercial efforts to purchase and carry fire, casualty, public liability and other insurance on the System, or to otherwise establish and fund its own self-insurance program or participate in any State-administered pooled risk or self-insurance program, for purposes and in amounts which ordinarily would be carried or funded by a person or entity owning and maintaining facilities similar to the System.

B. Purchaser Insurance. The Purchaser shall use reasonable commercial efforts to purchase and carry fire, casualty, public liability, and business interruption insurance covering Purchaser's business operations, unless Purchaser is not legally able to maintain business interruption insurance, and shall purchase and carry insurance covering Purchaser's obligations pursuant to Section 5G hereof. All policies of insurance shall be written by insurance companies authorized to do business in the State and shall provide that no change of coverage shall be effected unless at least thirty (30) days' prior notice is given to the Authority. Certified copies of all replacement policies shall be delivered to the Authority not less than thirty (30) days prior to the expiration of any coverage. The "Authority" shall be named as an "Additional Insured" on all public liability insurance policies maintained by the Purchaser for Purchaser's

Interconnection System and any other facilities of the Purchaser located on the System, on all business interruption insurance and all insurance covering Purchaser's obligations pursuant to Section 5G hereof. The proceeds of business interruption insurance shall be payable directly to the Authority to the extent of the Purchaser's obligations to purchase water hereunder.

SECTION 9. Covenants, Representations, and Warrants

A. The Authority shall continuously operate and maintain the System in an efficient manner in accordance with Prudent Water Supply Practices. The Authority shall have no liability in the event that the water, which is actually available to the System is insufficient to permit the Authority to comply with its obligations hereunder.

B. The Authority shall not enter into any Water Purchase Contract which would result in (i) Uninterruptible Service called for under all Water Purchase Contracts to exceed the Maximum Dependable or Safe Yield or (ii) the water supply called for under all contracts or commitments for water of the System to exceed the maximum output capacity of the System.

C. The Authority represents and warrants that it has all licenses and permits presently obtainable from any federal, state or local governmental authority required in order to enter into this Contract and to provide water to Purchaser as herein set forth.

D. The Authority shall exercise reasonable efforts to

execute Contracts, similar in form and content to this Contract, with all other users of the System; provided, however, that notwithstanding the foregoing, the Authority may (i) enter into Contracts for durations other than the term of this Contract and (ii) enter into Contracts, containing terms which may be inconsistent with the terms of this Contract, if the Authority determines it to be necessary in connection with the operation of the System so long as such Contracts do not increase the Purchaser's obligations hereunder for Debt Service unless the Purchaser is benefited as a result of the provisions of such Contract. All Contracts entered into by the Authority shall contain rates and charges for water as are set forth in the Rate Schedule then in effect.

E. The Purchaser represents and warrants that it has all licenses and permits from any federal, state or local governmental authority required in order to enter into this Contract, to divert water from the System in accordance therewith and to operate the Purchaser's Interconnection System.

F. The Purchaser covenants to (i) maintain in good operating order and repair the Purchaser's Interconnection System; (ii) charge and collect taxes, fees and other charges to its residents and customers which, from time to time together with other funds available to the Purchaser, are reasonably estimated to be required by the Purchaser to make the payments to the Authority which are required pursuant to this Contract.

SECTION 10. Events of Default.

Any of the following shall constitute an Event of Default:

If the Purchaser shall (i) fail to make any payment due under this Contract for a period of more than 15 days after any such payment is due or (ii) shall fail or be unable to perform, or shall default in the performance of, any of its obligations under this Contract, and such failure, inability or default in performance is (A) willful or (B) remains uncured for more than 30 days after notice thereof is given by the Authority to Purchaser; provided however, that if such failure, inability or default in performance is incapable of being cured within such 30 day period, the same shall not constitute an Event of Default so long as Purchaser commences to cure such failure, inability or default in performance within such 30 day period and diligently and continuously proceeds to cure the same.

If an Event of Default has occurred, then the Authority may, without further notice, take any one or more of the following actions:

(a) Discontinue the supply and delivery of water under this Contract, including disconnecting Purchaser's Interconnection System from the System during the period of such default, without altering the obligation of the Purchaser to make Monthly Water Payments or any other payment required

by the terms of this Contract;

(b) Bring any suit, action or proceeding at law or in equity necessary or appropriate to enforce any covenant, agreement or obligation against the Purchaser.

(c) Take any other action permitted by law or equity to enforce its rights under this Contract and to recover damages for breach thereof, or

(d) Terminate this contract.

SECTION 11. Payments and Notice.

Unless otherwise provided herein, any payment, notice, communication, request, reply or advice herein provided or permitted to be given, made or accepted by the Authority or the Purchaser to each other shall be given or be served either by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be so notified. For the purposes of notice, the addresses of the Authority and Purchaser shall, until

changed as hereinafter provided, be as follows:

If to the Authority:

New Jersey Water Supply Authority
1851 State Highway 31
Post Office Box 5196
Clinton, New Jersey 08809

Attention: Executive Director

If to the Purchaser:

Middlesex Water Company
1500 Ronson Road
P.O. Box 1500
Iselin, NJ 08830-0452

The Authority and Purchaser shall have the right from time to time and at any time to change their respective addresses by at least fifteen (15) days' written notice to the other party hereto given in the manner hereinabove set forth.

SECTION 12. Severability.

In the event that any one or more of the provisions of this Contract shall for any reason be held to be illegal or invalid by a court of competent jurisdiction, it is the intention of each of the parties hereto that such illegality or invalidity shall not affect any other provision hereof, but this Contract shall be construed and enforced as if such illegal or invalid provision had never been contained herein.

SECTION 13. Incorporation of Rate Schedule and System Rules and Regulations.

The Rate Schedule and the System Rules and Regulations

are hereby incorporated herein by reference as fully as if herein set forth and all of the terms and provisions of such Rate Schedule and System Rules and Regulations shall be part of this Contract and shall be binding upon the Purchaser.

SECTION 14. Calculations of the Authority.

All meter readings to the extent made by the Authority and all calculations made by the Authority of amounts due by a Purchaser pursuant to this Contract, whether based upon meter readings or estimates by the Authority or meter readings by the Purchaser, shall be valid and binding upon the Purchaser absent manifest error by the Authority.

SECTION 15. Termination of Existing Contract.

Except (i) for amounts which may presently be due pursuant to the terms thereof and (ii) as is specifically set forth in this Section 15, this Contract supercedes the Existing Contract being specifically RBS-2 which is deemed by the parties hereto to be terminated.

SECTION 16. Binding Effect.

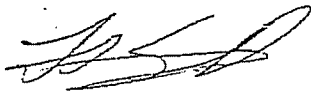
This Contract, when executed and delivered by the parties hereto, shall be a valid and binding agreement, which shall be governed by and construed in accordance with the laws of the State. Neither party hereto may assign its rights or obligations hereunder without the consent of the other party.

IN WITNESS WHEREOF, the Authority and the Purchaser have caused this Contract to be duly executed the date and year above first written.

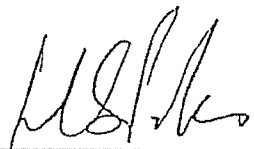
(Authority Seal)

ATTEST:

NEW JERSEY WATER SUPPLY AUTHORITY



FRANK SCANGARELLA
BUSINESS MANAGER

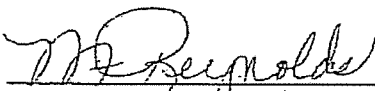
By: 

Henry S. Patterson III
Executive Director


(Purchaser Seal)

ATTEST:

MIDDLESEX WATER COMPANY



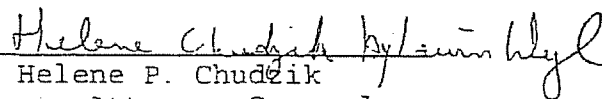
Marion F. Reynolds
Secretary

By: 

Dennis G. Sullivan
President

Reviewed and Approved As to Form Only:

Peter C. Harvey
Attorney General for New Jersey

By: 

Helene P. Chudzik
Deputy Attorney General

**MIDDLESEX WATER COMPANY
PURCHASED WATER ADJUSTMENT CLAUSE
SCHEDULE OF CUSTOMERS AND WATER PURCHASED
BPU DOCKET NO. WR2011 ____**

	<u>BPU DOCKET NO. WR17101049</u>	<u>10/31/2020</u>
NUMBER AND CLASSES OF CUSTOMERS		
RESIDENTIAL	55,749	56,096
COMMERCIAL	2,277	2,281
INDUSTRIAL	274	268
PRIVATE FIRE	1,060	1,097
CONTRACT SALES	6	6
 VOLUME OF WATER PURCHASED	 10,985.3 MG	 10,950.0 MG (A)

(A) The 10,950.0 MG represents the Company's annual obligation (take or pay) under its purchased water contracts. Under a (take or pay) contract, the purchaser is required to pay for a certain amount of water regardless of whether the purchaser takes it or not. In instances where the Company takes less than the contract minimum, it is required to pay for the minimum amount of water under the contract. The actual volume of water used (taken) was lower than the minimum purchase obligation under the contracts.

**MIDDLESEX WATER COMPANY
PURCHASED WATER ADJUSTMENT CLAUSE
PROPOSED COST PER UNIT OF VOLUME
BPU DOCKET NO. WR2011_____**

PURCHASED WATER COSTS PURSUANT TO BPU DOCKET NO. WR19111463	\$ 6,609,722
NEW COST OF PURCHASED WATER (EXHIBIT E, PAGE 2 OF 3)	6,784,265
INCREASE IN BASE PURCHASED WATER COST	<u>\$ 174,543</u>
RATE PROCEEDINGS COSTS (EXHIBIT G)	71,953
ADDITIONAL PURCHASED WATER COSTS (EXHIBIT E, PAGE 3 OF 3)	70,411
INCREMENTAL PURCHASE COST PER BPU DOCKET NO. 19111463 (EXHIBIT A-2)	70,725
TRUE-UP OF 2019 PWAC, BPU DOCKET NO. WR19111463 (EXHIBIT H)	32,607
REVENUE TAX FACTOR @ (EXHIBIT I) 14.2234%	69,683
SUM OF ALLOWABLE EXPENSES	<u><u>\$ 489,922</u></u>
BASE CONSUMPTION - MILLION GALLONS (MG)	
	<u>MG</u>
BASE CONSUMPTION PURSUANT TO BPU DOCKET NO. WR17101049	12,351.0
LESS: EAST BRUNSWICK PURSUANT TO BPU DOCKET NO. WR17101049	<u>(2,394.3)</u>
BASE CONSUMPTION FOR RECOVERY OF PWAC	<u><u>9,956.7</u></u>
CURRENT PWAC RATE PER TCF (RATE SCHEDULE NO. 1, SHEET NO. 33A)	\$0.6024
CURRENT PWAC RATE PER MG (RATE SCHEDULE NO. 5, SHEET NO. 40A)	\$30.8600
PROPOSED PWAC RATE PER TCF (RATE SCHEDULE NO. 1, SHEET NO. 33A)	\$1.0594
PROPOSED PWAC RATE PER MG (RATE SCHEDULE NO. 5, SHEET NO. 40A)	\$54.2800

MIDDLESEX WATER COMPANY
PURCHASED WATER ADJUSTMENT CLAUSE
BPU DOCKET NO. WR2011 _____

**SCHEDULE OF BASE COSTS OF PURCHASED WATER
PER MWC BPU DOCKET NO. WR19111463**

<u>PURVEYOR</u>	<u>RATE PER MG</u>	<u>MINIMUM TAKE OR PAY AMOUNTS (MG)</u>	<u>COST</u>
<u>NEW JERSEY AMERICAN WATER</u>			
BASE RATE	\$2,392.10	1,095.0	\$2,619,350
PWAC RATE	\$445.30		\$487,604
TOTAL NEW JERSEY AMERICAN WATER	\$2,837.40		\$3,106,953
<u>NEW JERSEY WATER SUPPLY AUTHORITY</u>			
BASE RATE - TIER 1 (20 MGD)	\$336.00	7,300.0	\$2,452,800
BASE RATE - TIER 2 (7 MGD)	\$405.37	2,555.0	\$1,035,724
ADDITIONAL PURCHASES (PEAK JULY & AUGUST)	\$403.20	35.3	\$14,245
TOTAL NEW JERSEY WATER SUPPLY AUTHORITY			\$3,502,769
		<u>10,985.3</u>	<u>\$6,609,722</u>

SCHEDULE OF REVISED PURCHASED WATER COSTS

<u>PURVEYOR</u>	<u>RATE PER MG</u>	<u>MINIMUM TAKE OR PAY AMOUNTS (MG)</u>	<u>COST</u>
<u>NEW JERSEY AMERICAN WATER</u>			
BASE RATE	\$2,554.30	1,095.0	\$2,796,959
PWAC RATE	\$442.50		\$484,538
TOTAL NEW JERSEY AMERICAN WATER (TAKE OR PAY)	\$2,996.80		\$3,281,496
<u>NEW JERSEY WATER SUPPLY AUTHORITY</u>			
BASE RATE - TIER 1 (20 MGD)	\$336.00	7,300.0	\$2,452,800
BASE RATE - TIER 2 (7 MGD)	\$405.37	2,555.0	\$1,035,724
ADDITIONAL PURCHASES (PEAK JULY & AUGUST)	\$403.20	35.3	\$14,245
TOTAL NEW JERSEY WATER SUPPLY AUTHORITY			\$3,502,769
		<u>10,985.3</u>	<u>\$6,784,265</u>

MIDDLESEX WATER COMPANY
PURCHASED WATER ADJUSTMENT CLAUSE
BPU DOCKET NO. WR2011_____

Incremental Purchased Water Costs (Contract Requirement)

	<u>Base Rate</u>	<u>Take/Pay Volume (MGD)</u>	<u>Days in Period</u>	<u>Total Cost</u>
NJAWC - 11/1/20 thru 3/31/21				
Base Rate	\$ 2,554.30	3.0	151	\$ 1,157,098
 NJAWC - 11/1/20 thru 3/31/21				
Base Rate	<u>\$ 2,392.10</u>	3.0	151	<u>\$ 1,083,621</u>
	\$ 162.20			<u>\$ 73,477</u>
 NJAWC - 4/1/20 thru 3/31/21				
PWAC Rate	<u>\$ 442.50</u>	<u>3.0</u>	<u>365</u>	<u>\$ 484,538</u>
 NJAWC - 4/1/20 thru 3/31/21				
PWAC Rate	<u>\$ 445.30</u>	<u>3.0</u>	<u>365</u>	<u>\$ 487,604</u>
Change	\$ (2.80)			<u>\$ (3,066)</u>
Total Incremental Purchased Water Costs				<u><u>\$ 70,411</u></u>

MIDDLESEX WATER COMPANY
33A

~~Thirteenth~~ Revised Sheet No.

Cancelling

~~Twelfth~~ ~~Eleventh~~ Sheet No. 33A

B.P.U. No. 1 - WATER

RATE SCHEDULE NO. 1 (Continued)

GENERAL WATER SERVICE – GS

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGES

A charge of \$~~10.05946024~~ per thousand cubic feet will be made to recover the increased purchased water costs.

Date of Issue: November ~~14~~, 20~~19~~

Effective for service
Rendered on and after:

Issued by: Dennis W. Doll, President
485C Route 1 South
Suite 400
Iselin, New Jersey 08830-0452

_____ April 4, 2020 _____

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey dated _____ March 27, 2021, in Docket No. WR201911 _____ 1463.

MIDDLESEX WATER COMPANY
40A

~~Thirteenth~~~~welfth~~ Revised Sheet No.

B.P.U. No. 1 - WATER

Cancelling
~~Twelfth~~~~Eleventh~~ Sheet No. 40A

RATE SCHEDULE NO. 5

SERVICE UNDER CONTRACT - SC

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGES

A charge of ~~\$5430.2886~~ per million gallons will be made to recover the increased purchased water costs.

Date of Issue: November ~~14~~, 2020~~19~~

Effective for service
Rendered on and after:

Issued by: Dennis W. Doll, President
485C Route 1 South
Suite 400
Iselin, New Jersey 08830-0452

_____ April 4, 2020

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey dated _____ March 27,
2021~~0~~, in Docket No. WR2011_____19111463.

MIDDLESEX WATER COMPANY
 PURCHASED WATER ADJUSTMENT CLAUSE
 BPU DOCKET NO. WR2011_____

			PRESENT RATES BPU DOCKET NO. WR19111463		PROPOSED RATES BPU DOCKET NO. WR2011XXXX		DIFFERENCE
			PWAC RATE	REVENUE	PWAC RATE	REVENUE	
RESIDENTIAL	USAGE (CCF)	501,924,775	0.0006024	302,359	0.0010594	531,739	229,380
COMMERCIAL	USAGE (CCF)	221,510,968	0.0006024	133,438	0.0010594	234,669	101,231
INDUSTRIAL	USAGE (CCF)	175,274,917	0.0006024	105,586	0.0010594	185,686	80,101
SUBTOTAL				541,383		952,094	410,711
PRIVATE FIRE	USAGE (CCF)	12,386,177	0.0006024	7,461	0.0010594	13,122	5,660
PUBLIC FIRE	USAGE (CCF)		0.0006024		0.0010594		
SUBTOTAL				7,461		13,122	5,660
SUB-TOTAL				548,845		965,216	416,371
EDISON / HIGHLAND PARK	USAGE (MG)	965.388	30.86	29,792	54.28	52,401	22,609
EAST BRUNSWICK	USAGE (MG)	2,394.288	N/A	0	N/A	0	0
OLD BRIDGE MUA	USAGE (MG)	828.564	30.86	25,569	54.28	44,974	19,405
MARLBORO	USAGE (MG)	1,223.333	30.86	37,752	54.28	66,403	28,650
RAHWAY	USAGE (MG)	124.379	30.86	3,838	54.28	6,751	2,913
SUBTOTAL				96,952		170,530	73,578
ROUNDING				(6)		(34)	(27)
TOTAL PWAC REVENUE				645,790		1,135,712	489,922

MIDDLESEX WATER COMPANY
PURCHASED WATER ADJUSTMENT CLAUSE
BPU DOCKET NO. WR2011

			PRESENT RATES (BPU DOCKET NO. 19111463)			REVENUE WITH PROPOSED PWAC RATES					
	MONTHLY BILLS	QTRLY BILLS	MONTHLY RATE	QTRLY RATE	REVENUE	MONTHLY RATE	QTRLY RATE	REVENUE			
RESIDENTIAL											
5/8"		186,212	\$ 47.25	\$ 151.75	\$ 8,798,517	\$ 47.25	\$ 151.75	\$ 8,798,517	0.00%	\$ -	
3/4"		31,240	70.89	23.63	2,214,604	70.89	23.63	2,214,604	0.00%	\$ -	
1"		4,968	118.14	39.38	586,920	118.14	39.38	586,920	0.00%	\$ -	
1 1/2"		728	236.25	78.75	171,990	236.25	78.75	171,990	0.00%	\$ -	
2"		264	378.00	126.00	99,792	378.00	126.00	99,792	0.00%	\$ -	
					11,871,822			11,871,822	0.00%	\$ -	
USAGE (CCF)	501,924,775		Base Rate	0.0458527	23,014,606	Base Rate	0.0458527	23,014,606	0.00%	\$ -	
			PWAC Rate	0.0006024	302,359	PWAC Rate	0.0010594	531,739	0.00%	\$ -	
					\$ 35,188,788			\$ 35,418,167	0.65%	\$ 229,380	
COMMERCIAL											
5/8"	3,504		\$ 15.75	\$ 15.75	\$ 55,188	\$ 15.75	\$ 15.75	\$ 55,188	0.00%	\$ -	
3/4"	2,220		23.63	23.63	52,459	23.63	23.63	52,459	0.00%	\$ -	
1"	2,964		39.38	39.38	116,722	39.38	39.38	116,722	0.00%	\$ -	
1 1/2"	3,828		78.75	78.75	301,455	78.75	78.75	301,455	0.00%	\$ -	
2"	11,424		126.00	126.00	1,439,424	126.00	126.00	1,439,424	0.00%	\$ -	
3"	2,736		236.25	236.25	646,380	236.25	236.25	646,380	0.00%	\$ -	
4"	504		393.75	393.75	198,450	393.75	393.75	198,450	0.00%	\$ -	
6"	48		787.50	787.50	37,800	787.50	787.50	37,800	0.00%	\$ -	
8"	60		1,260.00	1,260.00	75,600	1,260.00	1,260.00	75,600	0.00%	\$ -	
10"	36		1,811.25	1,811.25	65,205	1,811.25	1,811.25	65,205	0.00%	\$ -	
					2,988,683			2,988,683	0.00%	\$ -	
USAGE (CCF)	221,510,968		Base Rate	0.0458527	10,156,876	Base Rate	0.0458527	10,156,876	0.00%	\$ -	
			PWAC Rate	0.0006024	133,438	PWAC Rate	0.0010594	234,669	0.76%	\$ 101,231	
					\$ 13,278,997			\$ 13,380,228			
INDUSTRIAL											
5/8"	0		\$ 15.75	\$ 15.75	\$ -	\$ 15.75	\$ 15.75	\$ -	0.00%	\$ -	
3/4"	24		23.63	23.63	567	23.63	23.63	567	0.00%	\$ -	
1"	96		39.38	39.38	3,780	39.38	39.38	3,780	0.00%	\$ -	
1 1/2"	264		78.75	78.75	20,790	78.75	78.75	20,790	0.00%	\$ -	
2"	444		126.00	126.00	55,944	126.00	126.00	55,944	0.00%	\$ -	
3"	480		236.25	236.25	113,400	236.25	236.25	113,400	0.00%	\$ -	
4"	1,008		393.75	393.75	396,900	393.75	393.75	396,900	0.00%	\$ -	
6"	708		787.50	787.50	557,550	787.50	787.50	557,550	0.00%	\$ -	
8"	180		1,260.00	1,260.00	226,800	1,260.00	1,260.00	226,800	0.00%	\$ -	
10"	84		1,811.25	1,811.25	152,145	1,811.25	1,811.25	152,145	0.00%	\$ -	
					1,527,877			1,527,877	0.00%	\$ -	
USAGE (CCF)	175,274,917		Base Rate	0.0458527	8,036,828	Base Rate	0.0458527	8,036,828	0.00%	\$ -	
			PWAC Rate	0.0006024	105,586	PWAC Rate	0.0010594	185,686	0.83%	\$ 80,101	
					\$ 9,670,290			\$ 9,750,391		\$ -	
GENERAL METERED SERVICE REVENUE					\$ 58,138,075			\$ 58,548,786	0.71%	\$ 410,711	
PRIVATE FIRE WITH HOSE											
1"	0	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -	
2"	12	8	75.25	225.75	2,709	75.25	225.75	2,709	0.00%	\$ -	
3"	0	0	165.52	496.56	0	165.52	496.56	0	0.00%	\$ -	
4"	120	32	276.31	828.93	59,683	276.31	828.93	59,683	0.00%	\$ -	
6"	936	4	565.43	1,696.29	536,028	565.43	1,696.29	536,028	0.00%	\$ -	
8"	1,464	0	809.59	2,428.77	1,185,240	809.59	2,428.77	1,185,240	0.00%	\$ -	
10"	480	0	1,298.61	3,895.83	623,333	1,298.61	3,895.83	623,333	0.00%	\$ -	
					2,406,992			2,406,992	0.00%	\$ -	
PRIVATE FIRE WITHOUT HOSE											
1"	12	24	\$ 25.10	\$ 75.30	\$ 2,108	\$ 25.10	\$ 75.30	\$ 2,108	0.00%	\$ -	
2"	168	80	62.07	186.21	25,325	62.07	186.21	25,325	0.00%	\$ -	
3"	396	28	124.29	372.87	59,659	124.29	372.87	59,659	0.00%	\$ -	
4"	2,652	160	206.23	618.69	645,912	206.23	618.69	645,912	0.00%	\$ -	
6"	2,004	196	419.14	1,257.42	1,086,411	419.14	1,257.42	1,086,411	0.00%	\$ -	
8"	1,728	8	599.27	1,797.81	1,049,921	599.27	1,797.81	1,049,921	0.00%	\$ -	
10"	132	0	959.59	2,878.77	126,666	959.59	2,878.77	126,666	0.00%	\$ -	
12"	12	0	1,418.20	4,254.60	17,018	1,418.20	4,254.60	17,018	0.00%	\$ -	
					3,013,021			3,013,021	0.00%	\$ -	
					5,420,013			5,420,013	0.00%	\$ -	
USAGE (CCF)	12,386,177		Base Rate	0.0458527	567,940	Base Rate	0.0458527	567,940	0.00%	\$ -	
			PWAC Rate	0.0006024	7,461	PWAC Rate	0.0010594	13,122	0.09%	\$ 5,660	
					\$ 5,995,414			\$ 6,001,074			
PUBLIC FIRE	INCH FEET	HYDRANTS	RATE	HYD. CHG	REVENUE	RATE	HYD. CHG	REVENUE			
	33,245,313	4,695	\$ 0.040560	\$ 742.10	\$ 4,832,589	\$ 0.040560	\$ 742.10	\$ 4,832,589	0.00%	\$ -	
WHOLESALE 1	E. Brunswick	USAGE (MG)	BASE RATE	PWAC RATE	TRANSMISSION RATE	REVENUE	BASE RATE	PWAC RATE	TRANSMISSION RATE	REVENUE	
		2,394,288	\$ 1,549.32	\$ -	\$ -	\$ 3,709,063	\$ 1,549.32	\$ -	\$ -	0.00%	\$ -
WHOLESALE 2	Edison/Hld Pk	965,388	\$ 2,350.00	\$ 30.86	\$ -	\$ 2,298,454	\$ 2,350.00	\$ 54.28	\$ -	0.98%	\$ 22,609
WHOLESALE 3	Rahway	124,379	\$ 2,350.00	\$ 30.86	\$ 722.33	\$ 385,973	\$ 2,350.00	\$ 54.28	\$ 722.33	0.75%	\$ 2,913
WHOLESALE 4	Old Bridge	828,564	\$ 2,350.00	\$ 30.86	\$ 823.00	\$ 2,654,602	\$ 2,350.00	\$ 54.28	\$ 823.00	0.73%	\$ 19,405
	Marlboro	1,223,333	\$ 2,350.00	\$ 30.86	\$ -	\$ 2,912,585	\$ 2,350.00	\$ 54.28	\$ -	0.67%	\$ 28,650
	Marlboro	1,642,500			\$ 823.00	\$ 1,351,778			\$ 823.00		
		7,178,452				\$ 13,312,454			\$ 1,351,778	0.55%	\$ 73,578
						\$ 13,386,032			\$ 1,423		
MISCELLANEOUS					105,456			105,456		\$ -	
BAYVIEW					108,343			108,343		\$ -	
ROUNDING	Rounding=				1,450			1,423		\$ (27)	
					\$ 82,493,782			\$ 82,983,703	0.59%	\$ 489,922	

**MIDDLESEX WATER COMPANY
PURCHASED WATER ADJUSTMENT CLAUSE
RATE PROCEEDINGS COSTS
BPU DOCKET NO. WR2011 _____**

MWC 2020 PWAC Proceeding Costs

Court Reporter	\$350	
Public Hearing Notices	400	
Public Hearing Rental Space	150	
Misc Supplies	<u>100</u>	
Total	<u><u>\$1,000</u></u>	
50% Sharing	<u>50%</u>	\$500

NJAWC Base Rate Case Intervention Costs (1)	<u>\$71,453</u>
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Total Costs	<u><u>\$71,953</u></u>
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(1) Costs incurred as an active intervenor in the New Jersey American Water Company (NJAWC) base rate proceeding (BPU Docket No. WR19121516).

**Middlesex Water Company
2019 PWAC True-Up Schedule
Docket No. WR19111463**

Month	PWAC Recoverable Costs	PWAC Revenue Billed	Revenue Over (Under) Recovered
January, 2020	4,747	4,443 [b]	(\$304)
February, 2020	3,803	3,559 [b]	(\$244)
March, 2020	3,985	3,730 [b]	(\$255)
April, 2020	15,429	14,440 [b]	(\$988)
May, 2020	34,833	32,601 [b]	(\$2,231)
June, 2020	49,932	46,734 [b]	(\$3,198)
July, 2020	74,873	70,077 [b]	(\$4,796)
August, 2020	63,040	59,002 [b]	(\$4,038)
September, 2020	66,308	62,061 [b]	(\$4,247)
October, 2020	69,744	65,277 [b]	(\$4,467)
November, 2020	62,146	58,165 [c]	(\$3,981)
December, 2020	58,186	54,459 [c]	(\$3,727)
January, 2021	50,137 [d]	46,925 [c]	(\$3,211)
February, 2021	25,822 [d]	24,168 [c]	(\$1,654)
March, 2021	10,709 [d]	10,023 [c]	(\$686)
Sub-Totals	\$593,694 [a]	\$555,666	(\$38,027)
Revenue Tax Factor	14.2529% [a]	14.2529% [a]	
PWAC Revenue Net of Revenue Tax Factor	\$509,075	\$476,468	(\$32,607)
Total Over/(Under) PWAC Recovery			<u><u>\$ (32,607)</u></u>

[a] Per BPU Order in Docket No. WR19111463

[b] Actual PWAC period billings.

[c] Projected billings

[d] Reflects quarterly billed customers.

**MIDDLESEX WATER COMPANY
PURCHASED WATER ADJUSTMENT CLAUSE
TAX GROSS UP CALCULATION
BPU DOCKET NO. WR2011 _____**

	Total Tax Rates	@ 7/1/2020 <u>89.885038%</u> Public/Private ROW Adjustment
Franchise - Excise	0.6250%	0.5618%
Franchise	5.0000%	4.4943%
Gross Receipts	0.9375%	0.9375%
Gross Receipts - Excise	7.5000%	7.5000%
Total GRAFT Rate	<u>14.0625%</u>	<u>13.4935%</u>
NJBPU/RC Assessment (A)	0.2569%	0.2569%
Bad Debt	0.4730%	0.4730%
Total		<u>14.2234%</u>

(A)

BPU:	0.00202592078304	2020 Assessment Invoice
Rate Counsel:	0.000542986991643	2020 Assessment Invoice
	<u>0.002568907774683</u>	

**NOTICE OF PUBLIC HEARING
MIDDLESEX WATER COMPANY
NOTICE OF FILING OF PETITION FOR APPROVAL TO
CHANGE THE LEVELS OF ITS PURCHASED WATER ADJUSTMENT CLAUSE (“PWAC”)
OAL Docket No. PUC _____-2020_
BPU Docket No. WR2011_____**

PLEASE TAKE NOTICE that on November __, 2020, Middlesex Water Company (the “Company”), pursuant to N.J.A.C. 14:9-7.1 et seq., filed a Petition with the Board of Public Utilities (“Board”) of the State of New Jersey for approval to implement a Purchased Water Adjustment Clause (“PWAC”). Through the PWAC, the Company recovers its costs for purchasing water from suppliers, including recovery of increased purchased water costs, deferred costs, PWAC rate case expenses, and associated gross receipts and franchise taxes. The proposed rates would increase annual revenues by \$489,922 or by 0.59%. The increase provides no profit to the Company. The Company believes that this increase is necessary in order for it to be able to provide safe, adequate and proper service to its customers and to prevent the impairment of financial integrity as set forth in the Petition and Exhibits filed in this matter.

The Company is proposing a purchase water adjustment clause charge to recover the increase purchased water costs. The proposed rates for those customers impacted by the rate increase are contained in the tariff sheets and Petition filed with the Board and covered under the following tariffs:

		<u>Current Rate</u>	<u>Proposed Rate</u>
• Rate Schedule No. 1:	General Water Service (GS) (Tariff Sheet 33A)	\$0.6024	\$1.0594 per thousand cubic feet
• Rate Schedule No. 5:	Service Under Contract (SC) (Tariff Sheet 40A)	\$30.86	\$54.28 per million gallons

AN AVERAGE RESIDENTIAL CUSTOMER USING 2,300 CUBIC FEET (17,204 GALLONS) OF WATER PER QUARTER WILL SEE HIS/HER BILL INCREASE FROM \$154.27 TO \$155.32 AN INCREASE OF \$1.05 PER QUARTER, OR APPROXIMATELY 0.68%.

Any relief determined by the Board to be just and reasonable may be allocated by the Board to any class or classes of customers of the Company in such manner and, in such amounts or percentages, as the Board may deem appropriate. The Board may choose to impose a greater portion of the increase on any present or future class or classes, group or groups of customers, may exclude from any increase any of the foregoing, or may vary the amount of percentage increase applicable to any of the foregoing.

PLEASE TAKE FURTHER NOTICE that a virtual public hearing on the Company’s Petition has been scheduled for _____, 2021 beginning at __:__ pm on the following Zoom platform: _____. An Administrative Law Judge from the Office of Administrative Law will preside over the public hearing. Members of the public are invited to attend and express their views on the proposed rate increase. Such comments will be made a part of the final record in the proceeding. Whether or not you attend the public hearing, written comments may be submitted to Hon. _____, ALJ, Office of Administrative Law, P.O. Box 049, Trenton, NJ 08625-0049 and/or Hon. Aida Camacho Welch, Secretary, Board of Public Utilities, 44 South Clinton Avenue, 9th Floor, Trenton, NJ 08625-0350. Please include OAL Docket No. PUC _____-2020_ and BPU Docket No. WR2011_____ in your comment letter.

The complete schedules for the proposed rates are part of the Petition filed with the Board, which was served upon the New Jersey Division of Rate Counsel. The Petition was also served on the Clerks of the Municipalities and on the Clerk of the Board of Chosen Freeholders in the service area of the Company pursuant to N.J.S.A. 48:2-32.2, and a copy of this Notice will also be served on such Clerks. Further information and copies of the Petition may be obtained at the Board’s offices located at 44 South Clinton Avenue, 9th Floor, Trenton, NJ 08625-0350 or at the Company’s offices located at 485C Route 1 South, Suite 400, Iselin, New Jersey 08830. The Petition, testimony, and all attachments are also available for public inspection on the Company’s website at <http://www.middlesexwater.com/customer-care/regulatory>.

Please submit any requests for special accommodations at least 72 hours prior to this hearing to the Company's Counsel, Jay L. Kooper, Esq., at 485C Route 1 South, Suite 400, Iselin, NJ 08830, phone 732-634-1500.

MIDDLESEX WATER COMPANY
485C Route 1 South, Suite 400
Iselin, New Jersey 08830

1 MIDDLESEX WATER COMPANY

2 STATEMENT OF THE DIRECTOR, BUDGETS AND RATES

3 TESTIMONY OF MICHELE L. TILLEY

4

5 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

6 A. Michele L. Tilley, 485C Route 1 South, Suite 400, Iselin, New Jersey 08830.

7 Q. PLEASE STATE YOUR PROFESSIONAL QUALIFICATIONS AND EXPERIENCE.

8 A. I have been employed with Middlesex Water Company (Middlesex or the

9 Company) since July 2007. My present duties consist of preparing and assisting

10 in all regulatory and rate planning related activities for Middlesex. My

11 responsibilities include the preparation and review of financial statements, work

12 papers, exhibits, pre-filed testimony and other activities in support of the

13 regulatory and planning activities for Middlesex. I have prepared exhibits and

14 analysis for every Company rate matter since my employment began in 2007.

15 My responsibilities also include managing the Company's budget process and

16 income tax compliance filings. Prior to 2007, I held various financial positions

17 in publically traded companies, primarily within the retail industry. I earned a

18 Bachelor of Science Degree in Accounting from Rutgers University in 1989.

19 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE REGULATORY BODIES?

20 A. Yes. I have filed testimony and exhibits in support of the Company's Purchased Water

21 Adjustment Clauses ("PWAC") under BPU Docket Numbers WR16040306, WR17050524

22 WR18080948 and WR19111463. I also participated in the Company's previous three Base

1 Rate proceedings under BPU Docket Numbers WR13111059, WR15030391 and
2 WR17101049 where I submitted testimony and supporting exhibits.

3 Q. IS YOUR TESTIMONY IN SUPPORT OF A PETITION FILED BY MIDDLESEX
4 TO IMPLEMENT A PURCHASED WATER ADJUSTMENT CLAUSE (PWAC)?

5 A. Yes.

6 Q. IN THE LAST BASE RATE PROCEEDING FOR MIDDLESEX, WERE BASE
7 LEVEL PWAC DATA ESTABLISHED PURSUANT TO N.J.A.C. 14:9-7.3?

8 A. Yes, in BPU Docket No. WR17101049 the BPU Order dated March 26, 2018,
9 specifically found that Middlesex updated all the necessary information to permit
10 Middlesex to implement a PWAC. That Order is included as Exhibit A to this
11 PWAC Petition.

12 Q. HAVE YOU PREPARED EXHIBITS TO THE PETITION FOR APPROVAL
13 OF A PWAC CONTAINING PURCHASED WATER COSTS, CUSTOMER
14 DATA, CONSUMPTION AND OTHER FINANCIAL INFORMATION?

15 A. Yes. Exhibits to the Petition entitled Schedule of Customers and Water Purchased
16 (Exhibit D), Proposed Cost Per Unit of Volume (Exhibit E), Proposed PWAC Tariff
17 Sheets and Proof of Revenues (Exhibit F), PWAC Proceedings Costs (Exhibit G),
18 2019 PWAC True-Up Schedule (Exhibit H) and Tax Gross Up Calculation (Exhibit
19 I) were prepared by me. I am familiar with and have provided the copies of the
20 documents identified as Exhibits A through C and included as part of the Petition.
21 The Schedule of Customer and Water Purchased has also been identified as Exhibit
22 MLT-1 to my testimony, the Proposed Cost Per Unit of Volume as Exhibit MLT-2,

1 the PWAC Proceedings Costs as Exhibit MLT-3 and the Base Rate Case

2 Intervention Costs as Exhibit MLT-4.

3 Q. TO THE BEST OF YOUR KNOWLEDGE, HAVE THESE EXHIBITS BEEN
4 PREPARED IN ACCORDANCE WITH THE RULES UNDER N.J.A.C. 14:9-
5 7?

6 A. Yes.

7 Q. IS THE FINANCIAL INFORMATION CONTAINED IN THESE EXHIBITS
8 TRUE AND CORRECT TO THE BEST OF YOUR KNOWLEDGE AND
9 BELIEF?

10 A. Yes.

11 Q. WHY HAS THE TOWNSHIP OF EAST BRUNSWICK (“EAST
12 BRUNSWICK”) CONSUMPTION VOLUME BEEN EXCLUDED FROM
13 BASE CONSUMPTION ON EXHIBIT MLT-2?

14 A. Middlesex provides contract water treatment and pumping services to East
15 Brunswick under our Rate Schedule No. 6. East Brunswick purchases untreated
16 water from the New Jersey Water Supply Authority (NJWSA) under its own
17 contract with the NJWSA. Middlesex pumps the untreated water to our primary
18 treatment plant from the intake connection with the NJWSA. Once Middlesex
19 performs the water treatment services, East Brunswick takes delivery of the treated
20 water at our primary treatment plant. Middlesex does not purchase water from the
21 NJWSA to fulfill our obligation under the contract with East Brunswick. Therefore,
22 none of the increased purchased water costs sought in this matter should be allocated
23 to East Brunswick.

1 Q. WHAT IS THE BASIS FOR THE INCREMENTAL PURCHASE COST PER
2 BPU DOCKET NO. 19111463 SHOWN ON EXHIBIT MLT-1?

3 A. The signatory parties to the BPU Order in the Company's most recent PWAC
4 proceeding (BPU Docket No. WR19111463), which is included as part of the
5 petition as part of Exhibit A, agreed Middlesex shall be allowed to recover
6 either in its next PWAC filing or its next base rate case filing, whichever
7 occurred first, the \$70,725 for the cost of an incremental 25.0 million gallons of
8 water purchased above its minimum requirement in the Company's purchase
9 water agreement with New Jersey American Water Company (NJAWC)
10 resulting from the final billing reflecting 180.5 million gallons instead of the
11 155.5 million gallons included in the settlement of BPU Docket No.
12 WR19111463.

13 Q. CAN YOU DESCRIBE THE COST CALCULATIONS SHOWN ON
14 EXHIBIT MLT-2, PAGE 3?

15 A. The calculations represent the actual incremental purchased water costs incurred
16 through October 31, 2020 and expected to be incurred through March 31, 2021 by
17 Middlesex due to a change on April 1, 2020 in the PWAC rate charged by NJAWC
18 and a change in the Base Rate charged by NJAWC effective November 1, 2020. I
19 used the March 31, 2021 date as the last day that the current Middlesex PWAC rate
20 is expected to be in effect.

21 Q. WHAT IS THE BASIS FOR THE MWC 2020 PWAC PROCEEDING COSTS
22 SHOWN ON EXHIBIT MLT-3?

1 A. Middlesex rate proceeding expenses indicated are the full estimated costs associated
2 with this rate proceeding. They include fees for the public hearing court reporter,
3 rental space for the public hearing and miscellaneous administrative costs. These
4 costs will be updated throughout this proceeding with actual costs as more relevant
5 data become available.

6 Q WHAT IS THE BASIS FOR THE NJAWC BASE RATE CASE
7 INTERVENTION COSTS SHOWN ON EXHIBIT MLT-3.?

8 A. The signatory parties to the BPU Order in the Company's most recent Base Rate
9 proceeding (BPU Docket No. WR17101049), which is included as part of the
10 petition as part of Exhibit A, agreed Middlesex shall be allowed to recover its
11 regulatory case intervention costs incurred as an active intervenor in the New
12 Jersey American Water Company (NJAWC) base rate proceeding (BPU Docket
13 No. WR17090985). Since that time, NJAWC filed another base rate proceeding
14 (BPU Docket No. WR19121516). Middlesex was an active intervenor in that
15 base rate proceeding as well. The costs, which have been deferred on the
16 Company's books as a regulatory asset, were incurred by Middlesex to ensure
17 that its customers were properly represented in the NJAWC rate matter and that
18 the rate set for water purchased by Middlesex for its customers is based on
19 appropriate cost of service allocation metrics.

20 Q. WHAT IS THE BASIS FOR THE INFORMATION SUBMITTED ON
21 EXHIBIT MLT-4, WHICH IS DEFINED AS A 2019 PWAC TRUE-UP
22 SCHEDULE?

1 A. As part of the settlement agreement in the Company's most recent PWAC
2 proceeding (BPU Docket No. WR19111463), included in Exhibit A of the current
3 PWAC Petition , Middlesex agreed to file a true-up schedule 45 days after the
4 approved PWAC rate has been in effect for one year. The current Middlesex PWAC
5 rate became effective April 1, 2020. Exhibit MLT-4 reflects the reconciliation
6 between the estimated PWAC revenues billed during twelve months ending March
7 31, 2021 and the recoverable costs approved in Docket No. WR19111463. Since the
8 PWAC rate became effective April 1, 2020, the true-up period represents a
9 combination of actual and estimated PWAC revenues billed to customers. Where
10 estimates were used, the data will be updated for actuals once this information is
11 available.

12 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

13 A. Yes.

**MIDDLESEX WATER COMPANY
PURCHASED WATER ADJUSTMENT CLAUSE
SCHEDULE OF CUSTOMERS AND WATER PURCHASED
BPU DOCKET NO. WR2011_____**

	<u>BPU DOCKET NO. WR17101049</u>	<u>10/31/2020</u>
NUMBER AND CLASSES OF CUSTOMERS		
RESIDENTIAL	55,749	56,096
COMMERCIAL	2,277	2,281
INDUSTRIAL	274	268
PRIVATE FIRE	1,060	1,097
CONTRACT SALES	6	6
 VOLUME OF WATER PURCHASED	 10,985.3 MG	 10,950.0 MG (A)

(A) The 10,950.0 MG represents the Company's annual obligation (take or pay) under its purchased water contracts. Under a (take or pay) contract, the purchaser is required to pay for a certain amount of water regardless of whether the purchaser takes it or not. In instances where the Company takes less than the contract minimum, it is required to pay for the minimum amount of water under the contract. The actual volume of water used (taken) was lower than the minimum purchase obligation under the contracts.

**MIDDLESEX WATER COMPANY
PURCHASED WATER ADJUSTMENT CLAUSE
PROPOSED COST PER UNIT OF VOLUME
BPU DOCKET NO. WR2011_____**

PURCHASED WATER COSTS PURSUANT TO BPU DOCKET NO. WR19111463	\$ 6,609,722
NEW COST OF PURCHASED WATER (EXHIBIT E, PAGE 2 OF 3)	6,784,265
INCREASE IN BASE PURCHASED WATER COST	<u>\$ 174,543</u>
RATE PROCEEDINGS COSTS (EXHIBIT G)	71,953
ADDITIONAL PURCHASED WATER COSTS (EXHIBIT E, PAGE 3 OF 3)	70,411
INCREMENTAL PURCHASE COST PER BPU DOCKET NO. 19111463 (EXHIBIT A-2)	70,725
TRUE-UP OF 2019 PWAC, BPU DOCKET NO. WR19111463 (EXHIBIT H)	\$32,607
REVENUE TAX FACTOR @ (EXHIBIT I) 14.2234%	69,683
SUM OF ALLOWABLE EXPENSES	<u><u>\$ 489,922</u></u>
BASE CONSUMPTION - MILLION GALLONS (MG)	
	<u>MG</u>
BASE CONSUMPTION PURSUANT TO BPU DOCKET NO. WR17101049	<u>12,351.0</u>
LESS: EAST BRUNSWICK PURSUANT TO BPU DOCKET NO. WR17101049	<u>(2,394.3)</u>
BASE CONSUMPTION FOR RECOVERY OF PWAC	<u><u>9,956.7</u></u>
CURRENT PWAC RATE PER TCF (RATE SCHEDULE NO. 1, SHEET NO. 33A)	\$0.6024
CURRENT PWAC RATE PER MG (RATE SCHEDULE NO. 5, SHEET NO. 40A)	\$30.8600
PROPOSED PWAC RATE PER TCF (RATE SCHEDULE NO. 1, SHEET NO. 33A)	\$1.0594
PROPOSED PWAC RATE PER MG (RATE SCHEDULE NO. 5, SHEET NO. 40A)	\$54.2800

MIDDLESEX WATER COMPANY
PURCHASED WATER ADJUSTMENT CLAUSE
BPU DOCKET NO. WR2011 ____

**SCHEDULE OF BASE COSTS OF PURCHASED WATER
PER MWC BPU DOCKET NO. WR19111463**

<u>PURVEYOR</u>	<u>RATE PER MG</u>	<u>MINIMUM TAKE OR PAY AMOUNTS (MG)</u>	<u>COST</u>
<u>NEW JERSEY AMERICAN WATER</u>			
BASE RATE	\$2,392.10	1,095.0	\$2,619,350
PWAC RATE	\$445.30		\$487,604
TOTAL NEW JERSEY AMERICAN WATER	\$2,837.40		\$3,106,953
<u>NEW JERSEY WATER SUPPLY AUTHORITY</u>			
BASE RATE - TIER 1 (20 MGD)	\$336.00	7,300.0	\$2,452,800
BASE RATE - TIER 2 (7 MGD)	\$405.37	2,555.0	\$1,035,724
ADDITIONAL PURCHASES (PEAK JULY & AUGUST)	\$403.20	35.3	\$14,245
TOTAL NEW JERSEY WATER SUPPLY AUTHORITY			\$3,502,769
		<u>10,985.3</u>	<u>\$6,609,722</u>

SCHEDULE OF REVISED PURCHASED WATER COSTS

<u>PURVEYOR</u>	<u>RATE PER MG</u>	<u>MINIMUM TAKE OR PAY AMOUNTS (MG)</u>	<u>COST</u>
<u>NEW JERSEY AMERICAN WATER</u>			
BASE RATE	\$2,554.30	1,095.0	\$2,796,959
PWAC RATE	\$442.50		\$484,538
TOTAL NEW JERSEY AMERICAN WATER (TAKE OR PAY)	\$2,996.80		\$3,281,496
<u>NEW JERSEY WATER SUPPLY AUTHORITY</u>			
BASE RATE - TIER 1 (20 MGD)	\$336.00	7,300.0	\$2,452,800
BASE RATE - TIER 2 (7 MGD)	\$405.37	2,555.0	\$1,035,724
ADDITIONAL PURCHASES (PEAK JULY & AUGUST)	\$403.20	35.3	\$14,245
TOTAL NEW JERSEY WATER SUPPLY AUTHORITY			\$3,502,769
		<u>10,985.3</u>	<u>\$6,784,265</u>

MIDDLESEX WATER COMPANY
PURCHASED WATER ADJUSTMENT CLAUSE
BPU DOCKET NO. WR2011_____

Incremental Purchased Water Costs (Contract Requirement)

	<u>Base Rate</u>	<u>Take/Pay</u> <u>Volume (MGD)</u>	<u>Days in</u> <u>Period</u>	<u>Total Cost</u>
NJAWC - 11/1/20 thru 3/31/21				
Base Rate	\$ 2,554.30	3.0	151	\$ 1,157,098
NJAWC - 11/1/20 thru 3/31/21				
Base Rate	<u>\$ 2,392.10</u>	3.0	151	<u>\$ 1,083,621</u>
	\$ 162.20			<u>\$ 73,477</u>
NJAWC - 4/1/20 thru 3/31/21				
PWAC Rate	<u>\$ 442.50</u>	<u>3.0</u>	<u>365</u>	<u>\$ 484,538</u>
NJAWC - 4/1/20 thru 3/31/21				
PWAC Rate	<u>\$ 445.30</u>	3.0	365	<u>\$ 487,604</u>
Change	\$ (2.80)			<u>\$ (3,066)</u>
				<u><u>\$ 70,411</u></u>

**MIDDLESEX WATER COMPANY
PURCHASED WATER ADJUSTMENT CLAUSE
RATE PROCEEDINGS COSTS
BPU DOCKET NO. WR2011_____**

MWC 2020 PWAC Proceeding Costs

Court Reporter	\$350	
Public Hearing Notices	400	
Public Hearing Rental Space	150	
Misc Supplies	100	
Total	<u>\$1,000</u>	
50% Sharing	<u>50%</u>	\$500

NJAWC Base Rate Case Intervention Costs (1)	<u>\$71,453</u>	
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Total Costs		<u><u>\$71,953</u></u>
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(1) Costs incurred as an active intervenor in the New Jersey American Water Company (NJAWC) base rate proceeding (BPU Docket No. WR19121516).

**Middlesex Water Company
2019 PWAC True-Up Schedule
Docket No. WR19111463**

Month	PWAC Recoverable Costs	PWAC Revenue Billed	Revenue Over (Under) Recovered
January, 2020	4,747	4,443 [b]	(\$304)
February, 2020	3,803	3,559 [b]	(\$244)
March, 2020	3,985	3,730 [b]	(\$255)
April, 2020	15,429	14,440 [b]	(\$988)
May, 2020	34,833	32,601 [b]	(\$2,231)
June, 2020	49,932	46,734 [b]	(\$3,198)
July, 2020	74,873	70,077 [b]	(\$4,796)
August, 2020	63,040	59,002 [b]	(\$4,038)
September, 2020	66,308	62,061 [b]	(\$4,247)
October, 2020	69,744	65,277 [b]	(\$4,467)
November, 2020	62,146	58,165 [c]	(\$3,981)
December, 2020	58,186	54,459 [c]	(\$3,727)
January, 2021	50,137 [d]	46,925 [c]	(\$3,211)
February, 2021	25,822 [d]	24,168 [c]	(\$1,654)
March, 2021	10,709 [d]	10,023 [c]	(\$686)
Sub-Totals	\$593,694 [a]	\$555,666	(\$38,027)
Revenue Tax Factor	14.2529% [a]	14.2529% [a]	
PWAC Revenue Net of Revenue Tax Factor	\$509,075	\$476,468	(\$32,607)
Total Over/(Under) PWAC Recovery			<u><u>\$ (32,607)</u></u>

[a] Per BPU Order in Docket No. WR19111463

[b] Actual PWAC period billings.

[c] Projected billings

[d] Reflects quarterly billed customers.