



March 15, 2022

**Via Electronic Mail and Overnight Mail**

Honorable Aida Camacho Welch  
Secretary of the Board  
New Jersey Board of Public Utilities  
44 South Clinton Avenue  
9<sup>th</sup> 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. WR2203 \_\_\_\_\_

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).

Copies of this Petition and Exhibits have this day been sent by electronic mail to the Department of Law and Public Safety and the Director of the Division of Rate Counsel and, by first class mail, upon the clerks of the various municipalities comprising the Petitioner's service territory and the clerks of the Boards of Chosen Freeholders in each affected county.

Please contact me at (732) 638-7506 or [jkooper@middlesexwater.com](mailto: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

Enclosures

cc: Service List A  
Service List B

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

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

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

On March 15, 2022 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 copies thereof to the Department of Law and Public Safety and to the Director, Division of Rate Counsel by electronic mail.

  
\_\_\_\_\_  
Jay L. Kooper

Dated: March 15, 2022

**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. WR2203 \_\_\_\_\_  
OAL Docket No. PUC \_\_\_\_\_-2022\_  
~ Service List A ~**

**MIDDLESEX WATER COMPANY**

<p><b>Jay L. Kooper</b> Middlesex Water Company 485C Route One South Suite 400 Iselin, NJ 08830 <a href="mailto:jkooper@middlesexwater.com">jkooper@middlesexwater.com</a></p>	<p><b>A. Bruce O'Connor</b> Middlesex Water Company 485C Route One South Suite 400 Iselin, NJ 08830 <a href="mailto:aboconnor@middlesexwater.com">aboconnor@middlesexwater.com</a></p>	<p><b>Robert J. Capko</b> Middlesex Water Company 485C Route One South Suite 400 Iselin, NJ 08830 <a href="mailto:rcapko@middlesexwater.com">rcapko@middlesexwater.com</a></p>
<p><b>Tracy Tyrell</b> Middlesex Water Company <a href="mailto:tyrell@middlesexwater.com">tyrell@middlesexwater.com</a> (electronic only)</p>	<p><b>Yvonne Nieto</b> Middlesex Water Company <a href="mailto:ynieto@middlesexwater.com">ynieto@middlesexwater.com</a> (Electronic only)</p>	<p><b>Michele Tilley</b> Middlesex Water Company 485C Route One South Suite 400 Iselin, NJ 08830 <a href="mailto:mtilley@middlesexwater.com">mtilley@middlesexwater.com</a></p>

**BOARD OF PUBLIC UTILITIES/DIVISION OF LAW**

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

**DIVISION OF RATE COUNSEL**

<p><b>Brian Lipman, Esq.</b> Director Division of Rate Counsel 140 East Front Street, 4<sup>th</sup> Floor P.O. Box 003 Trenton, NJ 08625 <a href="mailto:blipman@rpa.nj.gov">blipman@rpa.nj.gov</a></p>	<p><b>Susan McClure, Esq.</b> Managing Attorney Water &amp; Wastewater Division of Rate Counsel 140 East Front Street - 4<sup>th</sup> Floor Trenton, NJ 08625 <a href="mailto:smcclure@rpa.nj.gov">smcclure@rpa.nj.gov</a></p>	<p><b>Emily Smithman, Esq.</b> Assistant Deputy Rate Counsel Division of Rate Counsel 140 East Front Street – 4<sup>th</sup> Floor Trenton, NJ 08625 <a href="mailto:esmithman@rpa.nj.gov">esmithman@rpa.nj.gov</a></p>
<p><b>Marilyn Silva</b> Division of Rate Counsel 140 East Front Street, 4<sup>th</sup> Floor P.O. Box 003 Trenton, NJ 08625 <a href="mailto:msilva@rpa.nj.gov">msilva@rpa.nj.gov</a> * <i>Electronic Mail Only</i></p>		

03/15/2022

**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. WR2203\_\_\_\_\_**

**~ 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

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IN THE MATTER OF THE PETITION OF :	PETITION
MIDDLESEX WATER COMPANY FOR :	
APPROVAL TO CHANGE THE LEVELS :	Docket No.: WR2203_____
OF ITS PURCHASED WATER :	
ADJUSTMENT CLAUSE PURSUANT TO :	
<u>N.J.A.C. 14:9-7.1, ET SEQ.</u> :	

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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 \$83.8 million in 2021.

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. Effective January 1, 2021, the New Jersey Department of Environmental Protection (“NJDEP”) adopted a maximum contaminant level of 14 parts per trillion for Perfluorooctanoic Acid (“PFOA”), a manufactured chemical that is a member of the group of chemicals known as Per- and Polyfluoralkyl Substances (“PFAS”). In September 2021, Middlesex received notice from NJDEP that groundwater from its Park Avenue wellfield (“Park Avenue Wellfield”) exceeded NJDEP’s new limit. As a result of this exceedance, Middlesex was issued a Notice of Violation from NJDEP.

8. On November 9, 2021, Middlesex, with NJDEP’s approval, stopped pumping water from the Park Avenue Wellfield and engaged in continuous testing to determine that a shutdown was an appropriate action, on an interim basis, until the completion of an enhanced treatment facility at the Park Avenue Wellfield. The treatment facility is expected to be placed into service in mid-2023. The Park Avenue Wellfield is expected to remain offline until mid-2023 barring any unforeseen emergency necessitating reactivation of the Park Avenue Wellfield prior to that date. As a result, Middlesex has developed a plan with NJAW for incremental water purchases from NJAW above Middlesex’s minimum contractual requirement amounts set forth in its current water purchase contract with NJAW, and anticipates incremental purchases while the Park Avenue Wellfield remains offline.

9. On November 15, 2021, NJAW filed a Petition with the New Jersey Board of Public Utilities (“Board”) seeking an increase in the NJAW PWAC rate from \$0.3646 per thousand gallons (tg) to \$0.3995 per tg for an anticipated effective date of April 1, 2022 (BPU Docket No. WR21111220). NJAW’s Petition was transmitted to the New Jersey Office of Administrative Law (“OAL”) and on March 10, 2022, an Administrative Law Judge issued an Initial Decision approving a Stipulation of Settlement in this matter. At present, this case is now before the Board and Middlesex expects the Board will issue a Final Order on the Initial Decision at its March 23, 2022 agenda meeting.

10. Petitioner has intervened and actively participated in all recent NJAW PWAC rate proceedings, including BPU Docket No. WR21111220, by way discovery and settlement meetings attendance and participation.

11. On January 14, 2022, NJAW filed a Petition with the Board seeking an increase in the NJAW base rate from \$2.5543 per tg to \$2.8527 per tg for an effective date of February 13, 2022 (BPU Docket No. WR22010019). By Order dated February 23, 2022 issued in BPU Docket No. WR22010019, the Board suspended the effective date of NJAW’s proposed rate increase to June 13, 2022. At present, this case remains pending before the OAL.

12. Petitioner has intervened and actively participated in all recent NJAW base rate cases, including BPU Docket No. WR19121516, by way of by presenting testimonies, propounding data discovery requests, and actively participating in evidentiary hearings and settlement meetings. By Order dated March 9, 2022, Middlesex has been granted intervenor status in BPU Docket No. WR22010019, NJAW’s current base rate case.



13. Petitioner's last base rate case was filed with the Board on May 19, 2021 in BPU Docket No. WR21050813 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 December 2, 2021 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 December 15, 2021 adopting the Initial Decision and Stipulation and approving a base rate increase in accordance therewith (Exhibit A).

14. Petitioner's last case requesting a change to the level of its PWAC was filed with the Board on November 19, 2020 in BPU Docket No. WR20110722 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 15, 2021 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 24, 2021 adopting the Initial Decision and Stipulation and approving the change to the level of Middlesex's PWAC in accordance therewith (Exhibit A).

15. 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; December 15, 2021, BPU Docket No. WR21050813 (Including Stipulation of Settlement and Initial Decision by OAL) and Board Order; March 24, 2021, BPU Docket No. WR20110722 (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 - Tax Gross-Up Calculation
- EXHIBIT I - Form of Notice to be given of this filing and of Public Hearing

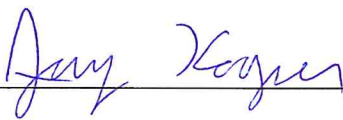
16. Attached hereto and made a part hereof in further support the Petitioner's proposed PWAC increase need is the Testimony of Michele L. Tilley together with Exhibits MLT-1 through MLT-3 attached thereto.

17. 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.

18. 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: March 15, 2022  
Iselin, New Jersey



Agenda Date: 12/15/21  
Agenda Item: 5C

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

WATER

IN THE MATTER OF MIDDLESEX WATER	)	ORDER ADOPTING INTIAL DECISION
COMPANY FOR APPROVAL OF AN INCREASE	)	APPROVING STIPULATION OF
IN ITS RATES FOR WATER SERVICE AND	)	SETTLEMENT
OTHER TARIFF CHANGES	)	
	)	DOCKET NO. WR21050813
	)	OAL DOCKET NO. PUC 04690-2021S

**Parties of Record:**

**Stephen B. Genzer, Esq., Saul Ewing Arnstein and Lehr, LLP**, on behalf of Middlesex Water Company.

**Brian O. Lipman, Esq., Director**, New Jersey Division of Rate Counsel

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

**Carol A. Berlen, Esq., Rainone Coughlin Minchello, LLC**, on behalf of the Township of Marlboro and the Old Bridge Municipal Utilities Authority

**BY THE BOARD:**

On May 20, 2021, pursuant to N.J.S.A. 48:2-21, N.J.A.C.14:1-5.12, N.J.A.C. 14:1-5.11, and N.J.A.C. 14:9-10.4 et seq., Middlesex Water Company ("Middlesex," "Company" or "Petitioner") a public utility of the State of New Jersey subject to the jurisdiction of the New Jersey Board of Public Utilities ("Board"), filed a petition seeking to increase base water rates in the amount of approximately \$31.3 million or 37.79%. Middlesex proposed that the increase become effective on February 22, 2022.<sup>1</sup>

Middlesex is a corporation in the State of New Jersey with its principal offices located at 485C Route One South, Suite 400, Iselin, New Jersey, 08830, which serves approximately 62,000 retail water customers primarily in the eastern portion of Middlesex County, New Jersey. Middlesex's retail customers are located in an approximate 55-mile radius 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.

<sup>1</sup>By correspondence dated May 24, 2021, the Petitioner indicated that it would not implement rates on an interim basis prior to the effective date of the Board's Suspension Order resulting from the June 24, 2021 Agenda meeting.

Middlesex also provides wholesale water under contracts to the City of Rahway, the Townships of Edison and Marlboro, the Borough of Highland Park and the Old Bridge Municipal Utilities Authority. Middlesex also treats, stores and distributes pumping services to the Township of East Brunswick under contract. Additionally, the Company provides water service to approximately 300 customers in Cumberland County, New Jersey. This is referred to as Bayview.

According to the petition, the Company is filing for the recovery of prudently-incurred investments made to address aging drinking water infrastructure and a variety of other improvements to help ensure continued resiliency, reliability and overall quality of service since the last rate case.

Since its last base rate case, which concluded in March 2018 in Docket No. WR17101049, the Company indicates it has invested approximately \$267 million as part of its "Water for Tomorrow" capital improvement program which includes several large scale infrastructure projects, all of which have been completed.

Middlesex further states that it is engaged in the construction of the Western Transmission Main, a large diameter 4.5-mile transmission pipeline needed to provide critical backup water supply and system resiliency. Additionally, the Company completed the construction of a new ozone treatment facility at its Carl J. Olsen Water Treatment plant, where ozone will now be used as a primary disinfectant of byproducts and ensure compliance with increasing regulatory requirements.

Consistent with the requirements of the New Jersey Water Quality Accountability Act, the Company further completed the replacement of aging areas of Middlesex's water distribution system using a risk-based approach, which included the replacement of mains, valves, service lines and meters under the Company's RENEW program, now it's in 26<sup>th</sup> year.

Moreover, the renovation and repurposing of the Company's headquarters which was built in 1984, was completed to address operational and staffing needs and comply with environmental regulations.

The Company adds that other improvements include upgrades to its raw water intake station on the Delaware and Raritan Canal, as well as improvements related to supplementing emergency power generation and further mitigating environmental impacts related to the water treatment process.

By this Order, the Board considers the Initial Decision recommending adoption of the Stipulation of Settlement ("Stipulation") executed by the Company, Board Staff, and the New Jersey Division of Rate Counsel (collectively, "Signatory Parties"), agreeing to an overall increase in revenues totaling \$27,713,843 representing a 33.63% increase over total present water sales revenues of \$82,396,603. The interveners filed letters stating that were not objecting to the Stipulation.

### **BACKGROUND/PROCEDURAL HISTORY**

By Order dated June 24, 2021, the Board suspended the proposed rate increase until October 21, 2021 pending further action on this matter. The matter was subsequently transmitted to the Office of Administrative Law ("OAL") as a contested case, and was assigned to Administrative Law Judge ("ALJ") Jacob S. Gertsman for consideration and hearing.

On July 23, 2021, the East Brunswick Water Utility ("East Brunswick") filed a motion to intervene, which was granted by ALJ Gertsman. Thereafter, on August 5, 2021, ALJ Gertsman issued a

pre-hearing order, identifying issues and scheduling the evidentiary hearings. In addition, the Township of Marlboro ("Marlboro") and Old Bridge Municipal Utilities Authority ("OBMUA") filed a motions to intervene, which were granted by ALJ Gertsman on August 26, 2021.

Two (2) public hearings were held virtually at 4:30 p.m. and 5:30 p.m. on August 31, 2021 with ALJ Gertsman presiding. No members of the public appeared at the virtual public hearings and no written comments were received.

On November 3, 2021, Middlesex updated its petition to include 12 months of actual data. The requested rate increase was modified to approximately \$32.3 million.

By Order dated December 1, 2021, the Board further suspended the proposed rate increase to February 22, 2022.

ALJ Gertsman issued his Initial Decision recommending that the Board adopt the Stipulation.

### **STIPULATION**

As a result of an analysis of the petition, pre-filed testimony and exhibits, numerous conferences, negotiations, responses to hundreds of information requests and follow-up requests, the Signatory Parties executed the Stipulation, in which the terms are summarized below.<sup>2</sup>

1. For the purposes of the agreement, the Company's total rate base is agreed to be \$513,537,000 based on a 12-month test year ending September 30, 2021, adjusted for certain known and measurable changes.
2. Also, for the purposes of the agreement only, the Signatory Parties agree to a capital structure consisting of 46.83% long-term debt, 0.17% preferred stock, and 53.00% common equity with respective cost rates of 2.68%, 5.01%, and 9.60%. Based on this capital structure and cost rates, the Signatory Parties have therefore calculated an overall Rate of Return ("ROR") of 6.35%. The table below shows how this ROR is obtained.

Capital Structure	Cost Rate	Weighted Cost Rate	
Long Term Debt	46.83%	2.68%	1.25%
Preferred Stock	0.17%	5.01%	0.01%
Common Equity	<u>53.00%</u>	9.60%	<u>5.09%</u>
	100.00%		6.35%

The Signatory Parties, therefore, propose a 6.35% ROR or Weighted Average Cost of Capital ("WACC") be applied to rate base in order to resolve this case.

<sup>2</sup> Although summarized in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusion in this Order.

3. The Signatory Parties agree that applying this 6.35% ROR to the rate base of \$513,537,000 results in a \$27,713,843 increase to the Company's present revenue requirement, which is \$82,396,603. The table below shows how the \$27,713,843 increase in revenue requirement can be obtained.

Rate Base	\$513,537,000
Rate of Return	<u>x6.35%</u>
Required Operating Income	\$32,609,600
Operating Income-Present Rates	<u>-13,687,780</u>
Deficiency	18,921,820
Revenue Conversion Factor	<u>x 1.46465</u>
Revenue Requirement Increase	\$ 27,713,843

The methodology for the revenue conversion factor did not change from the approved methodology used in the prior base rate case.

4. The Signatory Parties therefore agree that the \$27,713,843 increase to the Company's revenue requirement represents a level of revenue necessary to help ensure that the Company will continue to provide safe, adequate, and proper water service to its customers. See: Exhibit A of the Stipulation (Proof of Revenues).
5. The \$27,713,843 increase to the Company's revenue requirement will be implemented in two phases. See Exhibit A – Phase I and Exhibit A – Phase II of the Stipulation. The initial Phase I increase is intended to be effective January 1, 2022, upon a Board Order approving the Stipulation. The Phase II increase is intended to be effective January 1, 2023.
6. The Company has submitted its proposed tariff pages, annexed to the Stipulation 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 40.06% for General Metered Service [Rate Schedule No. 1]. The tariffs also reflect the following changes:
- no increase in the Private Fire Service fixed rate [Rate Schedule No. 2].
  - the Public Fire Service rate [Rate Schedule No. 3] has been revised to reflect that hydrant charges have been increased 5.61% while inch foot charges have not been changed, resulting in an overall increase of 4.0%.
  - the Service Under Contract rate [Rate Schedule No. 5] has been increased 20.92%.
  - the Special Contract Service rate [Rate Schedule No. 6] has been increased 31.32%.
  - the Transmission Service South River Basin rate [Rate Schedule No. 7] has been increased 77.40%. Rate Schedule No 7 encompasses the South River Basin. Under the terms of the Stipulation as detailed in Exhibit A of the Stipulation ("Proof of Revenues") rates for the OBMUA will increase by 35.57% over present rates and Marlboro will increase by 40.24% over present rates.

- (f) (f) the Transmission Service Northeast Sector [Rate Schedule No. 8] has been increased approximately 116.77%. Rate Schedule No 8 encompasses the entire the entire Northeast Sector. Under the terms of this Stipulation of Settlement as detailed in Exhibit A (Proof of Revenues) rates for the city of Rahway will increase by 43.45% over present rates.

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

7. While agreeing for purposes of the Stipulation to certain cost of service allocation results as evidenced in the proposed tariff pages and proof of revenues exhibits attached to the Stipulation, the Signatory Parties have not agreed upon any specific allocation methodology in the resolution of the various rate design issues raised in this proceeding.
8. The Signatory Parties request that the Purchased Water Adjustment Clause ("PWAC") base consumption and base costs data annexed to the Stipulation 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.
9. The Company agrees that its request to approve a new Distribution System Improvement Charge ("DSIC") Foundational Filing as part of this base rate case docket is hereby withdrawn.
10. The Company agrees to schedule mutually convenient meetings with OBMUA, Marlboro and East Brunswick on an approximately quarterly basis to discuss, explore and try to address issues of concern to OBMUA, Marlboro and East Brunswick and Middlesex.
11. The Company recognizes a change in the accounting for post-test year additions, which will be reviewed in the Company's next rate base case.
12. The Company agrees that post-test year additions associated with the Raw Water Pumping Station generator project includes the test of the performance of the ozone generators equipment the Company is going to perform within its system and acknowledges that they shall be removed from the rate base.

ALJ Gertsman issued his Initial Decision recommending that the Board adopt the Stipulation.

### **DISCUSSION AND FINDINGS**

The Board is mindful of the impact any rate increase has on its customers. However, the Board has been given broad authority in the general supervision, regulation of and control over public utilities. N.J.S.A. 48:2-13. The Legislature has delegated its power over the activities of public utilities and has vested the Board with broad discretion in the exercise of that authority. See, e.g., In re Public Service Elec. and Gas Company's Rate Unbundling, Stranded Costs and Restructuring Filings, 167 N.J. 377 (2001). In exercising its authority to set just and reasonable rates as mandated by N.J.S.A. 48:2-21, the Board carries out a legislative function which requires the use of its expertise in a manner that is sufficiently flexible to be responsive to changing conditions, and which balances complex and competing interests. Ibid. 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, e.g., FPC v. Hope Natural Gas, 320 U.S. 591, 64 S. Ct. 281, 88 L. Ed. 333 (1944); N.J.S.A. 48:2-21 and N.J.S.A. 48:3-1. Therefore, having reviewed the record in this matter, including ALJ Gertsman's Initial Decision and 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. Based on the foregoing, 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 of the Stipulation, as if they were fully set forth at length herein, subject to the following:

- a. The tariff sheets attached to the Stipulation containing rates and charges conforming to the Stipulation and designed to produce the additional revenues to which the Parties have stipulated herein are; and
- b. The stipulated increase and the tariff design allocations for each customer classification are **HEREBY ACCEPTED**.

Based upon the foregoing, the Board **HEREBY APPROVES** an overall increase in revenues in the amount of \$27,713,843 representing an 33.63% increase. For example, an average residential customer using 2,000 cubic feet of water per quarter, the overall increase would be implemented over two (2) years as follows: for Phase I, the quarterly bill would increase by \$40.91, from \$138.95 to \$179.86; and for Phase II, the quarterly bill would increase by \$13.65, from \$179.86 to \$193.51 per quarter.

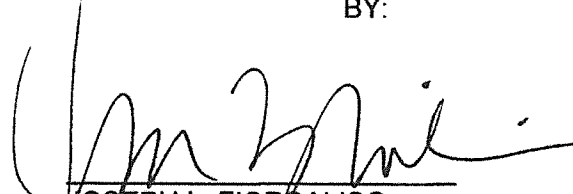
The Board **HEREBY ORDERS** the Company to submit complete revised tariffs conforming to the terms and conditions of the Stipulation and this Order within five (5) days from the date of this Order.

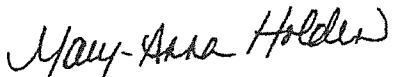
Agenda Date: 12/15/21  
Agenda Item: 5C

This Order shall be effective on December 22, 2021, with rates to go into effect on January 1, 2022 and January 1, 2023.


DATED: December 15, 2021

BOARD OF PUBLIC UTILITIES  
BY:

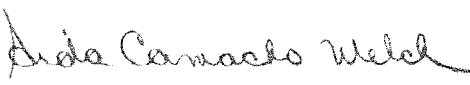
  
\_\_\_\_\_  
JOSEPH L. FIORDALISO  
PRESIDENT

  
\_\_\_\_\_  
MARY-ANNA HOLDEN  
COMMISSIONER

  
\_\_\_\_\_  
DIANNE SOLOMON  
COMMISSIONER

  
\_\_\_\_\_  
UPENDRA J. CHIVUKULA  
COMMISSIONER

  
\_\_\_\_\_  
ROBERT M. GORDON  
COMMISSIONER

ATTEST:   
\_\_\_\_\_  
AIDA CAMACHO-WELCH  
SECRETARY

IN THE MATTER OF MIDDLESEX WATER COMPANY FOR APPROVAL OF AN INCREASE  
IN ITS RATES FOR WATER SERVICE AND OTHER TARIFF CHANGES  
BPU DOCKET NO. WR21050813 & OAL DOCKET NO. PUC 04690-21

SERVICE LIST

<p><b>Middlesex Water Company</b> Stephen B. Genzer, Esq. Saul Ewing, Arnstein &amp; Lehr, LLP One Riverfront Plaza, Suite 1520 1037 Raymond Blvd, Newark, NJ 07102-5426 <a href="mailto:stephen.genzer@saul.com">stephen.genzer@saul.com</a></p> <p>Jay L. Kooper Esq. Vice President and General Secretary Middlesex Water Company 485C Route One South, Suite 400 Iselin, NJ 08830 <a href="mailto:jkooper@middlesexwater.com">jkooper@middlesexwater.com</a></p> <p><b>Township of Marlboro and Old Bridge Municipal Utilities Authority</b> Rainone, Coughlin Minchello, LLC 535 U.S. Hwy. One South, Suite 440 Iselin, NJ 08830 Iselin, NJ 08830</p> <p>Carol A. Berlen, Esq. <a href="mailto:cberlen@njrcmlaw.com">cberlen@njrcmlaw.com</a></p> <p>Louis Rainone, Esq. <a href="mailto:lrainone@njrcmlaw.com">lrainone@njrcmlaw.com</a></p> <p><b>East Brunswick Township</b> Michael J. Baker, Esq. Hoagland, Longo, Moran, Dunst &amp; Doukas, LLP 40 Paterson Street, PO Box 480 New Brunswick, NJ 08903 <a href="mailto:mbaker@hoaglandlongo.com">mbaker@hoaglandlongo.com</a></p> <p><b>Department of Law and Public Safety</b> Division of Law Public Utilities Section 25 Market Street, Post Office Box 112 Trenton, NJ 08625</p> <p>Pamela Owen, DAG, Assistant Section Chief <a href="mailto:pamela.owen@law.njoag.gov">pamela.owen@law.njoag.gov</a></p>	<p><b>Division of Rate Counsel</b> 140 East Front Street, 4<sup>th</sup> Floor Post Office Box 003 Trenton, NJ 08625-0003</p> <p>Brian Lipman, Director <a href="mailto:blipman@rpa.nj.gov">blipman@rpa.nj.gov</a></p> <p>Susan McClure, Esq., Assistant Deputy Rate Counsel <a href="mailto:smcclure@rpa.nj.gov">smcclure@rpa.nj.gov</a></p> <p><b>Board of Public Utilities</b> 44 South Clinton Avenue, 1st Floor Post Office Box 350 Trenton, NJ 08625-0350</p> <p>Aida Camacho, Welch, Secretary <a href="mailto:board.secretary@bpu.nj.gov">board.secretary@bpu.nj.gov</a></p> <p><u>Division of Water</u></p> <p>Michael Kammer, Director <a href="mailto:mike.kammer@bpu.nj.gov">mike.kammer@bpu.nj.gov</a></p> <p>Yanina Lepore, Principal Engineer <a href="mailto:yanina.lepore@bpu.nj.gov">yanina.lepore@bpu.nj.gov</a></p> <p>Kofi Ocansey, Administrative Analyst <a href="mailto:kofi.ocansey@bpu.nj.gov">kofi.ocansey@bpu.nj.gov</a></p> <p><u>Counsel's Office</u></p> <p>Suzanne Patnaude, Esq., Senior Counsel <a href="mailto:suzanne.patnaude@bpu.nj.gov">suzanne.patnaude@bpu.nj.gov</a></p>
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<p>Meliha Arnautovic, DAG <a href="mailto:meliha.arnautovic@law.njoag.gov">meliha.arnautovic@law.njoag.gov</a></p> <p>Terel Klein, DAG <a href="mailto:Terel.Klein@law.njoag.gov">Terel.Klein@law.njoag.gov</a></p> <p>Brandon Simmons, DAG <a href="mailto:brandon.simmons@law.njoag.gov">brandon.simmons@law.njoag.gov</a></p> <p>Steven Chaplar, DAG <a href="mailto:steven.chaplar@law.njoag.gov">steven.chaplar@law.njoag.gov</a></p>	
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**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES  
OFFICE OF ADMINISTRATIVE LAW**

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<b>IN THE MATTER OF MIDDLESEX</b>	:	
<b>WATER COMPANY FOR APPROVAL</b>	:	<b>STIPULATION OF SETTLEMENT</b>
<b>OF AN INCREASE IN ITS RATES</b>	:	
<b>FOR WATER SERVICE AND OTHER</b>	:	<b>OAL DOCKET NO. PUC 04690-2021S</b>
<b>TARIFF CHANGES</b>	:	<b>BPU DOCKET NO. WR21050813</b>
	:	

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**APPEARANCES:**

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

Terel Klein, Deputy Attorney General (Andrew Bruck, Acting Attorney General of New Jersey), on behalf of the Staff of the New Jersey Board of Public Utilities

Susan McClure, Esq., Managing Attorney, Water and Wastewater, Chirstine Juarez, Esq., Assistant Deputy Rate Counsel, and Emily Smithman, Esq., Assistant Deputy Rate Counsel on behalf of the Division of Rate Counsel (Brian O. Lipman, Director)

Louis N. Rainone, Esq. and Carol A. Berlen, Esq., Rainone Coughlin & Minchello, LLC, 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 Water Utility

**TO THE HONORABLE JACOB S. GERTSMAN, ALJ:**

This Stipulation of Settlement resolves all issues raised in BPU Docket No. WR21050813 in which Middlesex Water Company (“Middlesex” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) seeking to increase its rates for water service and other tariff changes. The Signatory Parties to this Stipulation of Settlement are Middlesex, the New Jersey Division of Rate Counsel (“Rate Counsel”), and the Staff of the Board (“Staff”) (collectively “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”), Marlboro Township (“Marlboro”) and

the Township of East Brunswick Water Utility (“East Brunswick”) (collectively “Intervenors”) (together, the Signatory Parties and the Intervenors shall be designated as “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, numerous conferences, negotiations, responses to hundreds of information requests and follow-up requests, and following public hearings held in the service territory, the Signatory Parties execute this agreement to resolve the issues in dispute in this matter.

The Signatory Parties hereto AGREE and STIPULATE that:

On May 20, 2021, 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 proceeding<sup>1</sup> 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 \$31.3 million or 37.79% above the adjusted annual level of present rate revenues for the test year ending September 30, 2021. Second, the Company requested the 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 the authorization to

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<sup>1</sup> The Company’s prior base rate case in BPU Docket No. WR17101049 concluded by Order of the Board filed March 26, 2018 with rates effective April 1, 2018.

reinstitute a Distribution System Improvement Charge (“DSIC”) through a new Foundational Filing to include future planned DSIC-eligible projects.<sup>2</sup>

The Board transmitted the matter to the Office of Administrative Law (“OAL”) for hearing as a contested case and Administrative Law Judge Jacob S. Gertsman (“ALJ Gertsman”) was assigned to the base rate proceeding. On June 24, 2021, the Board issued an Order suspending the proposed rate increase until October 21, 2021.<sup>3</sup> A telephone pre-hearing conference was held on July 7, 2021. A pre-hearing order, identifying issues and scheduling the evidentiary hearing was circulated on August 5, 2021. After proper notice, two public hearings were held virtually at 4:30 p.m. and 5:30 p.m. on August 31, 2021 with ALJ Gertsman presiding. No members of the public appeared at the public hearing and no written comments were received. It is the Parties’ understanding that the Board intends to issue at its December 1, 2021 agenda meeting, a second Order further suspending the proposed rate increase until February 22, 2022 unless the Board, prior to that date, makes a determination disposing of the petition.

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:

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<sup>2</sup> 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.

<sup>3</sup> See In the Matter of Middlesex Water Company for Approval of an Increase in its Rates for Water Service and Other Tariff Changes, BPU Dkt No. WR21050813 (June 24, 2021).

1. For the purposes of this agreement, the Company's total rate base is agreed to be \$513,537,000 based on a 12-month test year ending September 30, 2021, 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 46.83% long-term debt, 0.17% preferred stock, and 53.00% common equity with respective cost rates of 2.68%, 5.01%, and 9.60%. Based on this capital structure and cost rates, the Signatory Parties have therefore calculated an overall Rate of Return ("ROR") of 6.35%. The table below shows how this ROR is obtained.

	Capital Structure	Cost Rate	Weighted Cost Rate
Long Term Debt	46.83%	2.68%	1.25%
Preferred Stock	0.17%	5.01%	0.01%
Common Equity	53.00%	9.60%	5.09%
	100.00%		6.35%

The Signatory Parties, therefore, propose a 6.35% 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 6.35% ROR to the rate base of \$513,537,000 results in a \$27,713,843 increase to the Company's present revenue requirement, which is \$82,396,603. The table below shows how the \$27,713,843 increase in revenue requirement can be obtained.



Rate Base	\$513,537,000
Rate of Return	<u>x 6.35%</u>
Required Operating Income	\$32,609,600
Operating Income-Present Rates	<u>-13,687,780</u>
Deficiency	18,921,820
Revenue Conversion Factor	<u>x 1.46465</u>
Revenue Requirement Increase	\$ 27,713,843

The methodology for the revenue conversion factor did not change from the approved methodology used in the prior base rate case.

4. The Signatory Parties therefore agree that the \$27,713,843 increase to the Company's revenue requirement represents a level of revenue necessary to help 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 \$27,713,843 increase to the Company's revenue requirement will be implemented in two phases. See Exhibit A – Phase I and Exhibit A – Phase II. The initial Phase I increase is intended to be effective January 1, 2022 upon a Board Order approving this Stipulation of Settlement. The Phase II increase is intended to be effective January 1, 2023.

6. 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 of Settlement. The proposed tariff pages reflect an increase of approximately 40.06% 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 5.61% 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 20.92%;

- (d) the Special Contract Service rate [Rate Schedule No. 6] has been increased 31.32%;
- (e) the Transmission Service South River Basin rate [Rate Schedule No. 7] has been increased 77.40%. Rate Schedule No. 7 encompasses the South River Basin. Under the terms of this Stipulation of Settlement, as detailed in Exhibit A (Proof of Revenues), rates for the OBMUA will increase by 35.57% over present rates and Marlboro will increase by 40.24% over present rates; and
- (f) the Transmission Service Northeast Sector [Rate Schedule No. 8] has been increased approximately 116.77%. Rate Schedule No. 8 encompasses the entire Northeast Sector. Under the terms of this Stipulation of Settlement, as detailed in Exhibit A (Proof of Revenues), rates for the City of Rahway will increase by 43.45% over present rates.

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

7. While agreeing for purposes of this Stipulation of Settlement to certain cost of service 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.

8. The Signatory Parties request that the Purchased Water Adjustment Clause (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.

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

10. The Company agrees to schedule mutually convenient meetings with OBMUA, Marlboro and East Brunswick on an approximately quarterly basis to discuss, explore and try to address issues of concern to OBMUA, Marlboro, East Brunswick and Middlesex.

11. The Company recognizes a change in the accounting for post-test-year additions which will be reviewed in the Company's next base rate case.

12. The Company agrees that post-test-year additions associated with the Raw Water Pumping Station generator project includes the test of the performance of the ozone generators equipment the Company is going to perform within its system, and acknowledges that they shall be removed from the rate base.<sup>4</sup>

13. This Stipulation of Settlement is the product of extensive negotiations by the Signatory Parties, and it is an express condition of the settlement embodied by this Stipulation of Settlement 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 of Settlement 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 of Settlement 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 of Settlement 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

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<sup>4</sup> The Company requested recognition of \$125,000 of post-test year additions. See Exhibit P-2 update, dated July 28, 2021. The Company asserted that the scope of these post-test year additions included the test of the performance of the ozone generator equipment within its system. However the Parties agree that the \$125,000 post-test year additions represents routine and recurring projects that are not major in nature and consequence, and therefore should not be recognized in rates.

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 of Settlement. The Signatory Parties further agree that the purpose of this Stipulation of Settlement is to achieve fair and reasonable customer rates, and that it will avoid protracted and costly litigation of specific 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.

14. This Stipulation of Settlement 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

Nov. 29, 2021  
Date:

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

ANDREW BRUCK  
ACTING ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the New Jersey  
Board of Public Utilities

\_\_\_\_\_  
Date:

By: \_\_\_\_\_  
Terel Klein  
Deputy Attorney General

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MIDDLESEX WATER COMPANY

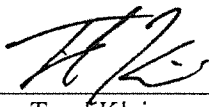
Date:

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

ANDREW BRUCK  
ACTING ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the New Jersey  
Board of Public Utilities

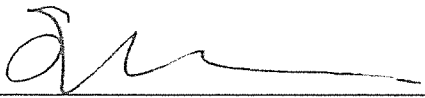
November 29, 2021

Date:

By:  \_\_\_\_\_  
Teref Klein  
Deputy Attorney General

BRIAN O. LIPMAN, ESQ.  
DIRECTOR - RATE COUNSEL

11/29/21  
Date:

By:   
Susan McClure, Esq.  
Managing Attorney, Water and Wastewater

MIDDLESEX WATER COMPANY  
BPU DOCKET NO. WR21050813

	EXISTING RATES	PHASE ONE		
		SETTLEMENT PROPOSED RATES	DIFFERENCE	% CHANGE
RESIDENTIAL	\$35,237,771	\$45,603,362	\$10,365,590	29.42%
COMMERCIAL	14,138,236	18,487,824	4,349,588	30.76%
INDUSTRIAL	<u>8,038,582</u>	<u>10,560,737</u>	<u>2,522,155</u>	31.38%
SUBTOTAL	57,414,589	74,651,923	17,237,333	30.02%
PRIVATE FIRE SERVICE	6,306,337	6,306,337	0	0.00%
PUBLIC FIRE SERVICE	<u>4,968,849</u>	<u>5,167,585</u>	<u>198,736</u>	4.00%
SUBTOTAL	11,275,186	11,473,922	198,736	1.76%
EDISON / HIGHLAND PARK	2,409,746	2,795,531	385,785	16.01%
EAST BRUNSWICK	3,753,399	4,640,111	886,712	23.62%
OLD BRIDGE MUA	2,762,785	3,440,394	677,609	24.53%
MARLBORO TOWNSHIP	3,951,599	5,028,099	1,076,500	27.24%
RAHWAY	<u>598,496</u>	<u>793,528</u>	<u>195,032</u>	32.59%
SUBTOTAL	13,476,026	16,697,664	3,221,638	23.91%
SALES REVENUE	82,165,802	102,823,508	20,657,707	25.14%
MISCELLANEOUS	127,971	127,971	0	
BAYVIEW	102,849	102,849	0	
ROUNDING	<u>(19)</u>	<u>0</u>	<u>19</u>	
GRAND TOTAL	<u>\$ 82,396,603</u>	<u>\$ 103,054,328</u>	<u>\$ 20,657,726</u>	25.07%

MIDDLESEX WATER COMPANY  
BPU DOCKET NO. WR21050813

PHASE ONE									
	MONTHLY BILLS	QTRLY BILLS	EXISTING			SETTLEMENT PROPOSED			% INCREASE
			MONTHLY RATE	QTRLY RATE	REVENUE	MONTHLY RATE	QTRLY RATE	REVENUE	
RESIDENTIAL									
5/8"		185,892		\$ 47.25	\$ 8,783,397		\$ 57.36	\$ 10,662,765	21.40%
3/4"		31,964		70.89	2,265,928		86.04	2,750,183	21.37%
1"		6,012		118.14	710,258		143.40	862,121	21.38%
1 1/2"		736		236.25	173,880		286.80	211,085	21.40%
2"		292		378.00	110,376		458.88	133,893	21.40%
USAGE (CCF)		505,835,703		0.0458527	12,043,839		0.0612515	14,620,146	33.58%
					23,193,933			30,983,215	29.42%
					<u>\$35,237,771</u>			<u>\$ 45,603,362</u>	
COMMERCIAL									
5/8"	3,252		\$ 15.75		\$ 51,219	\$ 19.12		\$ 62,178	21.40%
3/4"	2,076		23.63		49,056	28.68		59,540	21.37%
1"	2,904		39.38		114,360	47.80		138,811	21.38%
1 1/2"	3,912		78.75		308,070	95.60		373,987	21.40%
2"	11,556		126.00		1,456,056	152.96		1,767,606	21.40%
3"	2,796		236.25		660,555	286.80		801,893	21.40%
4"	696		393.75		274,050	477.99		332,681	21.39%
6"	60		787.50		47,250	955.99		57,359	21.40%
8"	144		1,260.00		181,440	1,529.58		220,260	21.40%
10"	48		1,811.25		86,940	2,198.77		105,541	21.40%
12"	12		3,386.25		40,635	4,110.74		49,329	21.40%
USAGE (CCF)		237,033,052		0.0458527	3,269,630		0.0612515	3,969,185	33.58%
					10,668,605			14,518,639	30.76%
					<u>\$14,136,236</u>			<u>\$ 18,487,824</u>	
INDUSTRIAL									
5/8"	0		\$15.75		\$ -	\$ 19.12		\$ -	21.40%
3/4"	24		23.63		567	28.68		688	21.38%
1"	96		39.38		3,780	47.80		4,589	21.40%
1 1/2"	264		78.75		20,790	95.60		25,238	21.40%
2"	444		126.00		55,944	152.96		67,914	21.40%
3"	468		236.25		110,565	286.80		134,222	21.40%
4"	948		393.75		373,275	477.99		453,135	21.39%
6"	612		787.50		481,950	955.99		585,066	21.40%
8"	204		1,260.00		257,040	1,529.58		312,034	21.40%
10"	84		1,811.25		152,145	2,198.77		184,697	21.40%
USAGE (CCF)		143,558,085		0.0458527	1,456,056		0.0612515	1,767,584	33.58%
					6,582,526			8,793,154	31.38%
					<u>\$ 8,038,582</u>			<u>\$ 10,560,737</u>	30.02%
GENERAL METERED SERVICE		886,426,840			<u>\$57,414,589</u>			<u>\$ 74,651,923</u>	
PRIVATE FIRE WITH HOSE									
1"			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
2"	12	8	75.25	225.75	2,709	71.82	215.46	2,586	-4.56%
3"	0	0	165.52	496.56	0	157.98	473.94	-	
4"	120	32	276.31	828.93	59,683	263.72	791.16	56,964	-4.56%
6"	936	4	565.43	1,696.29	536,028	539.66	1,618.98	511,598	-4.56%
8"	1,464	0	809.59	2,428.77	1,185,240	772.71	2,318.13	1,131,247	-4.56%
10"	504	0	1,298.61	3,895.83	654,499	1,239.45	3,718.35	624,683	-4.56%
					2,436,159			2,327,077	
PRIVATE FIRE WITHOUT HOSE									
1"	12	44	\$ 25.10	\$ 75.30	\$ 3,614	\$ 23.96	\$ 71.88	\$ 3,450	-4.54%
2"	324	92	62.07	186.21	37,242	59.25	177.75	35,550	-4.54%
3"	396	28	124.29	372.87	59,659	118.63	355.89	56,942	-4.55%
4"	2,724	156	208.23	618.69	658,286	196.83	590.49	628,281	-4.56%
6"	2,136	192	419.14	1,257.42	1,136,708	400.05	1,200.15	1,084,936	-4.55%
8"	1,752	8	599.27	1,797.81	1,064,304	571.97	1,715.91	1,015,819	-4.56%
10"	144	0	959.59	2,878.77	138,181	915.88	2,747.64	131,887	-4.56%
12"	12	0	1,418.20	4,254.60	17,018	1,353.59	4,060.77	16,243	-4.56%
	10,536	564			3,115,012			2,973,108	-4.55%
USAGE (CCF)		16,425,776		0.0458527	5,553,171		0.0612515	5,300,233	33.58%
					753,166			1,006,104	0.00%
					<u>\$ 6,306,337</u>			<u>\$ 6,306,337</u>	
PUBLIC FIRE	INCH FEET	HYDRANTS	RATE	HYD. CHG	REVENUE	RATE	HYD. CHG	REVENUE	
	35,141,067	4,775	\$0.040560	\$ 742.10	\$ 4,968,849	\$0.040560	\$ 783.72	\$ 5,167,585	4.00%
WHOLESALE 1	E.Brunswick	2,422,908	\$ 1,549.13		\$ 3,753,399	\$ 1,915.10		\$ 4,640,111	23.62%
WHOLESALE 2	Edison/Hld Pk	1,025,424	\$ 2,350.00		\$ 2,409,746	\$ 2,726.22		\$ 2,795,531	16.01%
WHOLESALE 3	Rahway	194,802	\$ 2,350.00	\$ 722.33	\$ 598,496	\$ 2,726.22	\$ 1,347.29	\$ 793,528	32.59%
WHOLESALE 4	Old Bridge	870,717	\$ 2,350.00	\$ 823.00	\$ 2,762,785	\$ 2,726.22	\$ 1,225.00	\$ 3,440,394	24.53%
	Marlboro	1,106,307	\$ 2,350.00		\$ 2,599,821	\$ 2,726.22		\$ 3,016,036	16.01%
	Marlboro	1,642,500		\$ 823.00	\$ 1,351,778		\$ 1,225.00	\$ 2,012,063	48.85%
		7,262,658			<u>\$13,476,026</u>			<u>\$ 16,697,664</u>	23.91%
SALES REVENUE					582,165,802			582,165,802	25.14%
MISCELLANEOUS					127,971			127,971	
BAYVIEW					102,849			102,849	
ROUNDING					(19)			0	
TOTAL REVENUE REQUIREMENT					<u>\$82,396,603</u>			<u>\$ 103,054,328</u>	25.07%



MIDDLESEX WATER COMPANY  
BPU DOCKET NO. WR21050813

	EXISTING RATES	PHASE TWO			TOTAL PERCENTAGE INCREASE
		SETTLEMENT PROPOSED RATES	DIFFERENCE	% CHANGE	
RESIDENTIAL	\$35,237,771	\$49,063,185	\$3,459,823	7.59%	39.23%
COMMERCIAL	14,138,236	19,946,176	1,458,352	7.89%	41.08%
INDUSTRIAL	<u>8,038,582</u>	<u>11,407,831</u>	<u>847,094</u>	8.02%	41.91%
SUBTOTAL	57,414,589	80,417,192	5,765,269	7.72%	40.06%
PRIVATE FIRE SERVICE	6,306,337	6,306,337	0	0.00%	0.00%
PUBLIC FIRE SERVICE	<u>4,968,849</u>	<u>5,167,585</u>	<u>0</u>	0.00%	4.00%
SUBTOTAL	11,275,186	11,473,922	0	0.00%	1.76%
EDISON / HIGHLAND PARK	2,409,746	2,913,794	118,262	4.23%	20.92%
EAST BRUNSWICK	3,753,399	4,929,043	288,932	6.23%	31.32%
OLD BRIDGE MUA	2,762,785	3,745,433	305,038	8.87%	35.57%
MARLBORO TOWNSHIP	3,951,599	5,541,677	513,578	10.21%	40.24%
RAHWAY	<u>598,496</u>	<u>858,566</u>	<u>65,039</u>	8.20%	43.45%
SUBTOTAL	13,476,026	17,988,512	1,290,849	7.73%	33.49%
SALES REVENUE	82,165,802	109,879,626	7,056,118	6.86%	33.73%
MISCELLANEOUS	127,971	127,971	0		
BAYVIEW	102,849	102,849	0		
ROUNDING	<u>(19)</u>	<u>0</u>	<u>0</u>		
GRAND TOTAL	<u>\$ 82,396,603</u>	<u>\$ 110,110,446</u>	<u>\$ 7,056,118</u>	6.85%	33.63%

MIDDLESEX WATER COMPANY  
BPU DOCKET NO. WR21050813

		PHASE TWO							TOTAL	
		EXISTING			SETTLEMENT PROPOSED			PERCENTAGE INCREASE	PERCENTAGE INCREASE	
RESIDENTIAL	MONTHLY BILLS	QTRLY BILLS	MONTHLY RATE	QTRLY RATE	REVENUE	MONTHLY RATE	QTRLY RATE	REVENUE		
5/8"		185,892		\$ 47.25	\$ 8,783,397		\$ 60.60	\$ 11,265,055	5.65%	28.25%
3/4"		31,964		70.89	2,265,928		90.96	2,907,445	5.72%	28.31%
1"		6,012		118.14	710,258		151.56	911,179	5.69%	28.29%
1 1/2"		736		236.25	173,880		303.06	223,052	5.67%	28.28%
2"		292		378.00	110,376		484.92	141,597	5.67%	28.29%
USAGE (CCF)		505,835,703		0.0458527	12,043,839		0.0664541	15,448,328	8.49%	44.93%
					23,193,933			33,614,856	7.59%	39.23%
					<u>\$35,237,771</u>			<u>\$ 49,063,185</u>		
COMMERCIAL	MONTHLY BILLS	QTRLY BILLS	MONTHLY RATE	QTRLY RATE	REVENUE	MONTHLY RATE	QTRLY RATE	REVENUE		
5/8"	3,252		\$ 15.75		\$ 51,219	\$ 20.20		\$ 65,690	5.65%	28.25%
3/4"	2,076		23.63		49,056	30.32		62,944	5.72%	28.31%
1"	2,904		39.38		114,360	50.52		146,710	5.69%	28.29%
1 1/2"	3,912		78.75		308,070	101.02		395,190	5.67%	28.28%
2"	11,556		126.00		1,456,056	161.64		1,867,912	5.67%	28.29%
3"	2,796		236.25		660,555	303.06		847,356	5.67%	28.28%
4"	696		393.75		274,050	505.10		351,550	5.67%	28.28%
6"	60		787.50		47,250	1,010.19		60,611	5.67%	28.28%
8"	144		1,260.00		181,440	1,616.29		232,746	5.67%	28.28%
10"	48		1,811.25		86,940	2,323.41		111,524	5.67%	28.28%
12"	12		3,386.25		40,635	4,343.75		52,125	5.67%	28.28%
USAGE (CCF)		237,033,052		0.0458527	3,269,630		0.0664541	4,194,358	8.49%	44.93%
					10,868,605			15,751,818	7.89%	41.08%
					<u>\$14,138,236</u>			<u>\$ 19,946,176</u>		
INDUSTRIAL	MONTHLY BILLS	QTRLY BILLS	MONTHLY RATE	QTRLY RATE	REVENUE	MONTHLY RATE	QTRLY RATE	REVENUE		
5/8"	0		\$15.75		\$ -	\$ 20.20		\$ -		
3/4"	24		23.63		567	30.32		728	5.72%	28.34%
1"	96		39.38		3,780	50.52		4,850	5.69%	28.29%
1 1/2"	264		78.75		20,790	101.02		26,669	5.67%	28.28%
2"	444		126.00		55,944	161.64		71,768	5.67%	28.29%
3"	468		236.25		110,565	303.06		141,832	5.67%	28.28%
4"	948		393.75		373,275	505.10		478,835	5.67%	28.28%
6"	612		787.50		481,950	1,010.19		618,236	5.67%	28.29%
8"	204		1,260.00		257,040	1,616.29		329,723	5.67%	28.29%
10"	84		1,811.25		152,145	2,323.41		195,166	5.67%	28.28%
USAGE (CCF)		143,558,085		0.0458527	1,456,056		0.0664541	1,867,808	8.49%	44.93%
					6,582,526			9,540,023	8.02%	41.91%
					<u>\$ 8,038,582</u>			<u>\$ 11,407,831</u>	7.72%	40.06%
GENERAL METERED SERVICE		886,426,840			<u>\$57,414,589</u>			<u>\$ 80,417,192</u>		
PRIVATE FIRE WITH HOSE	MONTHLY BILLS	QTRLY BILLS	MONTHLY RATE	QTRLY RATE	REVENUE	MONTHLY RATE	QTRLY RATE	REVENUE		
1"			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
2"	12	8	75.25	225.75	2,709	70.66	211.98	2,544	-1.62%	-6.10%
3"	0	0	165.52	496.56	0	155.43	466.29	-		
4"	120	32	276.31	820.93	59,683	259.47	778.41	56,046	-1.61%	-6.09%
6"	936	4	565.43	1,696.29	536,028	530.97	1,592.91	503,360	-1.61%	-6.09%
8"	1,464	0	809.59	2,428.77	1,185,240	760.26	2,280.78	1,113,021	-1.61%	-6.09%
10"	504	0	1,298.61	3,895.83	654,499	1,219.48	3,658.44	614,618	-1.61%	-6.09%
					2,438,159			2,289,587		
PRIVATE FIRE WITHOUT HOSE	MONTHLY BILLS	QTRLY BILLS	MONTHLY RATE	QTRLY RATE	REVENUE	MONTHLY RATE	QTRLY RATE	REVENUE		
1"	12	44	\$ 25.10	\$ 75.30	\$ 3,614	\$ 23.57	\$ 70.71	\$ 3,394	-1.63%	-6.10%
2"	324	92	62.07	186.21	37,242	58.29	174.87	34,974	-1.62%	-6.09%
3"	396	28	124.29	372.87	59,659	116.72	350.16	56,026	-1.61%	-6.09%
4"	2,724	156	206.23	618.69	658,286	193.66	580.98	618,163	-1.61%	-6.10%
6"	2,136	192	419.14	1,257.42	1,136,708	393.60	1,180.80	1,067,443	-1.61%	-6.09%
8"	1,752	8	599.27	1,797.81	1,064,304	562.75	1,688.25	999,444	-1.61%	-6.09%
10"	144	0	959.59	2,878.77	138,181	901.12	2,703.36	129,761	-1.61%	-6.09%
12"	12	0	1,418.20	4,254.60	17,018	1,331.78	3,995.34	15,981	-1.61%	-6.09%
USAGE (CCF)		16,425,776		0.0458527	3,115,012		0.0664541	2,925,186	-1.61%	-6.09%
					5,553,171			5,214,777	8.49%	44.93%
					<u>\$ 6,306,337</u>			<u>\$ 6,306,337</u>	0.00%	0.00%
PUBLIC FIRE	INCH FEET	HYDRANTS	RATE	HYD. CHG	REVENUE	RATE	HYD. CHG	REVENUE		
	35,141,067	4,775	\$0.040560	\$ 742.10	\$ 4,968,849	\$0.040560	\$ 783.72	\$ 5,167,585	0.00%	4.00%
		USAGE (MG)	BASE RATE	TRANSMISSION RATE	REVENUE	BASE RATE	TRANSMISSION RATE	REVENUE		
WHOLESALE 1	E.Brunswick	2,422,908	\$ 1,549.13		\$ 3,753,399	\$ 2,034.35		\$ 4,929,043	6.23%	31.32%
WHOLESALE 2	Edison/Hld Pk	1,025,424	\$ 2,350.00		\$ 2,409,746	\$ 2,841.55		\$ 2,913,794	4.23%	20.92%
WHOLESALE 3	Rahway	194,802	\$ 2,350.00	\$ 722.33	\$ 598,496	\$ 2,841.55	\$ 1,565.83	\$ 858,566	8.20%	43.45%
WHOLESALE 4	Old Bridge	870,717	\$ 2,350.00	\$ 823.00	\$ 2,762,785	\$ 2,841.55	\$ 1,460.00	\$ 3,745,433	8.87%	35.57%
	Marlboro	1,106,307	\$ 2,350.00		\$ 2,599,821	\$ 2,841.55		\$ 3,143,627	4.23%	20.92%
	Marlboro	1,642,500		\$ 823.00	\$ 1,351,778		\$ 1,460.00	\$ 2,398,050	19.18%	77.40%
		7,262,658			<u>\$13,476,026</u>			<u>\$ 17,988,512</u>	7.73%	33.49%
SALES REVENUE					582,165,802			5109,879,626	6.86%	33.73%
MISCELLANEOUS					127,971			127,971		
BAYVIEW					102,849			102,849		
ROUNDING					(19)			(19)		
TOTAL REVENUE REQUIREMENT					<u>\$82,396,603</u>			<u>\$110,110,446</u>	6.85%	33.63%

MIDDLESEX WATER COMPANY

B.P.U. No. 1 - WATER

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MIDDLESEX WATER COMPANY

TARIFF

for

WATER SERVICE

Applicable in

ALL TERRITORY SUPPLIED BY THE COMPANY

IN CUMBERLAND, MIDDLESEX, MONMOUTH AND UNION COUNTIES

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Date of Issue: May 20, 2021

Effective for service

Rendered on and after:

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

January 1, 2022

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey dated \_\_\_\_\_, in Docket No. WR21050813.

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

Sixth Revised Sheet No. 14  
Cancelling  
Fifth Revised Sheet No. 14

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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 exterior meter enclosure shall provide a separate lock valve ahead of the inlet to each customer's meter.

4.8 (Reserved for Future Use)

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Date of Issue: May 20, 2021

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485C Route 1 South  
Suite 400  
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MIDDLESEX WATER COMPANY  
B.P.U. No. 1 - WATER

Fifth Revised Sheet No. 15  
Cancelling  
Fourth Revised Sheet No. 15

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

January 1, 2022

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated \_\_\_\_\_, in Docket No. WR21050813.

MIDDLESEX WATER COMPANY

Seventh Revised Sheet No. 22  
Cancelling  
Sixth Revised Sheet No. 22

B.P.U. No. 1 - WATER

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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, including but not limited to private wells, 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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Date of Issue: May 20, 2021

Effective for service  
Rendered on and after:

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

January 1, 2022

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated \_\_\_\_\_, in Docket No. WR21050813.

MIDDLESEX WATER COMPANY

Thirty-second Revised Sheet No. 32

B.P.U. No. 1 - WATER

Cancelling

Thirty-first Revised Sheet No. 32

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

<u>Size of Meter</u>	<u>Consumption Charges</u>	
	Rate per Thousand <u>Cubic Feet</u>	
	\$61.3263	
	<u>Facilities Charge</u>	
	<u>Per Quarter</u>	<u>Per Month</u>
5/8"	\$ 57.36	\$ 19.12
3/4"	86.04	28.68
1"	143.40	47.80
1-1/2"	286.80	95.60
2"	458.88	152.96
3"	860.40	286.80
4"	1,433.97	477.99
6"	2,867.97	955.99
8"	4,588.74	1,529.58
10"	6,596.31	2,198.77
12"	12,332.22	4,110.74

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

Date of Issue: May 20, 2021

Effective for Service

Rendered on and After:

Issued by: Dennis W. Doll, President  
 485C Route 1 South  
 Suite 400  
 Iselin, New Jersey 08830-3020

January 1, 2022

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. WR21050813. EXHIBIT A-1

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

Fourteenth Revised Sheet No. 33A  
Cancelling  
Thirteenth Revised Sheet No. 33A

---

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.

---

Date of Issue: May 20, 2021

Effective for service

Rendered on and after:

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

January 1, 2022

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated \_\_\_\_\_, in Docket No. WR21050813.



MIDDLESEX WATER COMPANY

Twenty-fifth Revised Sheet No. 34

Canceling

B.P.U. No. 1 - WATER

Twenty-fourth Revised Sheet No. 34

RATE SCHEDULE NO. 2  
PRIVATE FIRE SERVICE - PFS

APPLICABILITY:

Applicable to customers throughout entire territory for private fire protection service. Excludes residential customers with a service line of 2" or less, any residential health care facility and any rooming or boarding house (NJSA 48:19-18).

CHARACTER OF SERVICE:

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

RATE:

Sprinkler connections with hose or hydrants connected to them on private property where such sprinkler connections and hydrants are independently metered and used for fire service only.

<u>Size of Meter</u>	<u>Charge per Quarter</u>	<u>Charge per Month</u>
2"	\$ 215.46	\$ 71.82
3"	473.94	157.98
4"	791.16	263.72
6"	1,618.98	539.66
8"	2,318.13	772.71
10"	3,718.35	1,239.45
12"	5,498.22	1,832.74

Sprinkler connections without hose or hydrants connected to them on private property where such sprinkler connections are independently metered and used for fire service only.

<u>Size of Meter</u>	<u>Charge per Quarter</u>	<u>Charge per Month</u>
1"	\$ 71.88	\$ 23.96
2"	177.75	59.25
3"	355.89	118.63
4"	590.49	196.83
6"	1,200.15	400.05
8"	1,715.91	571.97
10"	2,747.64	915.88
12"	4,060.77	1,353.59

Consumption Charges

In accordance with Paragraph 10.4 of the "Standard Terms and Conditions", water for any use other than fire protection shall be charged at the General Water Service Rate for Consumption Charges (as shown on Sheet No. 32).

Date of Issue: May 20, 2021

Effective for service  
Rendered on and after:

Issued by: Dennis W. Doll, President  
485C Route 1 South, Suite 400  
Iselin, New Jersey 08830-3020

January 1, 2022

MIDDLESEX WATER COMPANY

Twenty-seventh Revised Sheet No. 36

B.P.U. No. 1 - WATER

Canceling

Twenty-sixth Revised Sheet No. 36

## RATE SCHEDULE NO. 3

MUNICIPAL SERVICE - MSAPPLICABILITY:

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 \$783.72 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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Date of Issue: May 20, 2021

Effective for service  
Rendered on and after:

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

January 1, 2022

MIDDLESEX WATER COMPANY

Fourth Revised Sheet No. 38

B.P.U. No. 1 - WATER

Cancelling

Third Revised Sheet No. 38

## RATE SCHEDULE NO. 4

MISCELLANEOUS SERVICEAPPLICABILITY:

Applicable to the following classes of miscellaneous service throughout the entire territory.

CHARACTER OF SERVICE:

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

RATEWATER FOR BUILDING OR OTHER TEMPORARY PURPOSE

No person, other than municipal fire and Company personnel, is permitted to operate or take water from any public fire hydrant for building construction unless except upon the express consent of the Company in each case.

Metered

Water for building or other temporary purpose will be supplied through meters when feasible and charged for at General Water Service Rate, including Water Consumption and Facilities Charges.

See rates for General Water Service, Rate Schedule No. 1, Sheet No. 32, Sheet No. 33 and Sheet No. 33A.

Unmetered:

The rates shall be the same as set forth under the General Water Service, Rate Schedule No. 1, on the basis of the Company's estimate of the volume of water to be used. Charges shall be payable in advance.

Special Provisions

Where metered service is provided, a deposit equal to the cost of the meter shall be made with the Company. The meter shall be kept safe and accessible during its use. The deposit, less the cost of repairs to the meter, if any, will be returned to the applicant by the Company after surrender of the meter and payment of all charges for water supplied through it.

Date of Issue: May 20, 2021

Effective for service

Rendered on and after:

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

January 1, 2022

MIDDLESEX WATER COMPANY

Twenty-fourth Revised Sheet No. 40

B.P.U. No. 1 - WATER

Canceling

Twenty-third Revised Sheet No. 40

## RATE SCHEDULE NO. 5

SERVICE UNDER CONTRACT - SCAPPLICABILITY:

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 \$2,726.22 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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Date of Issue: May 20, 2021

Effective for service

Rendered on and after:

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

January 1, 2022

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated \_\_\_\_\_, in Docket No. WR21050813.

MIDDLESEX WATER COMPANY

B.P.U. No. 1 - WATER

EXHIBIT A-1

EXHIBIT B

Fourteenth Revised Sheet No. 40A

Cancelling

Thirteenth Revised 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.

---

Date of Issue: May 20, 2021

Effective for service

Rendered on and after:

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

January 1, 2022

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey dated \_\_\_\_\_, in Docket No. WR21050813.

EXHIBIT A-1

MIDDLESEX WATER COMPANY

Seventeenth Revised Sheet No. 41

B.P.U. No.1- WATER

Canceling

Sixteenth 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 \$1,915.10 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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Date of Issue: May 20, 2021

Effective for service

Rendered on and after:

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

January 1, 2022

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated \_\_\_\_\_, in Docket No. WR21050813.

MIDDLESEX WATER COMPANY

B.P.U. No. 1 - WATER

EXHIBIT A-1

EXHIBIT B

Fourteenth Revised Sheet No. 42  
Cancelling  
Thirteenth Revised Sheet No. 42

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 \$1,225.00 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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Date of Issue: May 20, 2021

Effective for service

Rendered on and after:

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

January 1, 2022

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated \_\_\_\_\_, in Docket No. WR21050813.

EXHIBIT A-1

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 \$1,347.29 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.

Date of Issue: May 20, 2021

Effective for service

Rendered on and after:

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

January 1, 2022

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated \_\_\_\_\_, in Docket No. WR21050813.



MIDDLESEX WATER COMPANY  
PURCHASED WATER ADJUSTMENT CLAUSE  
2021 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 = COST PER MILLION GALLONS (02/28/2021) -	9,855.0 MG
--	------------

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 = COST PER MILLION GALLONS (02/28/2021) -	1,095.0 MG \$2,918.90
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## 2. N.J.A.C. 14:9-7.4(a)2

ACTUAL NUMBER AND CLASSES OF CUSTOMERS (09/30/2021)

RESIDENTIAL	56,190
COMMERCIAL	2,297
INDUSTRIAL	267
PRIVATE FIRE	1,106
CONTRACT SALES	6

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

ACTUAL VOLUME OF WATER PURCHASED (Test Year 09/30/2021) -	10,964.25 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 09/30/2021)	12,373.5 MG
LESS: EAST BRUNSWICK	(2,422.9) MG
BASE CONSUMPTION FOR RECOVERY OF PWAC	9,950.6 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	\$2.918.90
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**State of New Jersey**  
OFFICE OF ADMINISTRATIVE LAW

**INITIAL DECISION**

**SETTLEMENT**

OAL DKT. NO. PUC 04690-21

AGENCY DKT. NO. WR21050813

**IN THE MATTER OF THE PETITION OF  
MIDDLESEX WATER COMPANY FOR APPROVAL  
OF AN INCREASE IN ITS RATES FOR WATER SERVICE  
AND OTHER TARIFF CHANGES, PURSUANT  
TO N.J.S.A. 48.2-21, N.J.A.C. 14:1-5.11, AND 14:9-10.4.**

---

**Jay L. Kooper**, Vice President, General Counsel and Secretary, for petitioner, Middlesex Water Company

**Stephen B. Genzer**, Esq., for petitioner (Saul Ewing Arnstein & Lehr, LLP, attorneys)

**Meliha Arnautovic** and **Brandon Simmons**, Deputy Attorneys General, for Staff of the Board of Public Utilities (Andrew J. Bruck, Acting Attorney General of New Jersey, attorney)

**Susan E. McClure**, Managing Attorney, and **Christine Juarez**, Assistant Deputy Rate Counsel, for Division of Rate Counsel (Brian O. Lipman, Director)

**Michael J. Baker**, Esq., for intervenor, Township of East Brunswick Water Utility (Hoagland, Longo, Moran, Dunst & Doukas, LLP, attorneys)

**Carol A. Berlen, Esq.**, for intervenors, Township of Marlboro and Old Bridge Municipal Utilities Authority (Rainone Coughlin Minchello, LLC, attorneys)

Record Closed: November 29, 2021

Decided: December 2, 2021

BEFORE **JACOB S. GERTSMAN**, ALJ t/a:

This proceeding involves a petition by Middlesex Water Company (Company) with the Board of Public Utilities (Board) seeking approval of its revised tariff sheets providing for an increase in its charges for water service and to make other revisions of the Company's tariff pursuant to N.J.S.A. 48:2-21, N.J.A.C. 14:1-5.11, 14:1-5.12, and 14:9-10.4.,

This matter was transmitted to the Office of Administrative Law (OAL), on May 20, 2021, for determination as a contested case, pursuant to N.J.A.C. 10:120A et seq. and assigned to the undersigned, who conducted the initial case management conference on July 7, 2021.

Motions to Intervene were filed by the Township of East Brunswick Water Utility on July 23, 2021, and Township of Marlboro and Old Bridge Utilities Authority on August 26, 2021, pursuant to N.J.A.C. 1: 1-16.1 et seq. The motions were granted on August 5 and August 30, 2021, respectively. Duly noticed public hearings were held via Zoom Video Communications (Zoom) on August 31, 2021, at 4:30 p.m. and 5:30 p.m.<sup>1</sup> No members of the public appeared at either hearing.<sup>2</sup>

Evidentiary hearings were scheduled for December 15, 16, 17 and 20, 2021. Prior to the commencement of the hearings, the parties filed on November 29, 2021, a Stipulation of Settlement (J-1), resolving all issues in this proceeding. Said Stipulation has been signed by petitioner, Staff of the Board of Public Utilities, and the Division of Rate Counsel. It indicates the terms of settlement and is attached and fully incorporated herein. Intervenors Township of

<sup>1</sup> Public hearings were held virtually due to the COVID-19 pandemic.

<sup>2</sup> Transcripts of the public hearings have not been provided to the undersigned and will be forwarded to the Board by the parties.

Marlboro, and Old Bridge Municipal Utilities Authority submitted a letter indicating no objection to the Stipulation of Settlement.

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

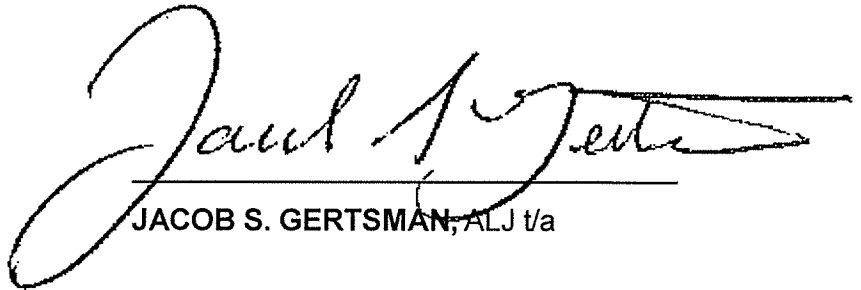
1. The parties have voluntarily agreed to the settlements as evidenced by their signatures or their representatives' signatures on the attached document.
2. The settlements fully dispose of all issues in controversy between the parties and is consistent with the law.

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.

December 2, 2021 \_\_\_\_\_

DATE



\_\_\_\_\_

JACOB S. GERTSMAN, ALJ t/a

Date Received at Agency:

\_\_\_\_\_

Date Mailed to Parties:

\_\_\_\_\_

JSG/sm

Agenda Date: 03/24/2021  
Agenda Item: 5A



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

WATER

IN THE MATTER OF THE PETITION OF ) ORDER ADOPTING INITIAL  
MIDDLESEX WATER COMPANY FOR APPROVAL ) DECISION SETTLEMENT  
TO CHANGE THE LEVELS OF ITS PURCHASED )  
WATER ADJUSTMENT CLAUSE PURSUANT TO ) BPU DOCKET NO. WR20110722  
N.J.A.C. 14:9-7.1 ET SEQ. ) OAL DOCKET NO. PUC 10953-2020S

**Parties of Record:**

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

BY THE BOARD:

On November 19, 2020, 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 \$489,922 over pro forma present rate revenues of \$82,493,782 which represents an overall increase of approximately 0.59%.

By this Order, the Board considers an 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 \$6,784,265 resulting in an increase in purchase water cost of \$174,554 as more fully set forth in Exhibit A attached to the Stipulation.

**BACKGROUND/PROCEDURAL HISTORY**

Middlesex services approximately 61,000 retail water customers in the Township of Edison and Woodbridge, the Borough 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

Agenda Date: 03/24/2021

Agenda Item: 5A

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 a decrease in its purchased water rate from NJAW from \$0.4453 per thousand gallons ('tg') to \$0.4425 per tg effective April 1, 2020, pursuant to BPU Docket No. WR1911465. The Company was subsequently notified of an increase in the NJAW base rate from \$2.3921 per tg to \$2.553 per tg effective November 1, 2020 pursuant to BPU Docket No. WR19121516.

On November 23, 2020, this matter was transferred to the Office of Administrative Law ("OAL") and was assigned to Administrative Law Judge Jacob S. Gertsman ("ALJ Gertsman"). A pre-hearing conference was convened via telephone by ALJ Gertsman on January 12, 2021, and a Prehearing Order was issued on January 12, 2021.

After publication of notice in newspapers of general circulation in the Company's service territory, two public hearings were held virtually at 4:30 p.m. and 5:30 p.m. on February 25, 2021. No members of the public appeared at the public hearings or filed written comments with the Board with regard to the proposed PWAC filing.

### **STIPULATION<sup>1</sup>**

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 March 10, 2021 and March 21, 2021. A copy of the Stipulation is attached to this Order, which provides as follows:

The purchased water costs, established pursuant to Petitioner's last PWAC rate Order, dated March 27, 2020, in BPU Docket No. WR1911463, amounted to \$6,609,722 as appears on Exhibit A attached to the Stipulation. The new base cost of purchased water as agreed by the Parties is \$6,784,265, resulting in an increase in purchased water cost of \$174,543, as set forth in Exhibit A of the Stipulation.

The Parties agree that the sum of the allowable expense in this case as set forth in Exhibit A to the Stipulation is \$456,260, which includes:

- a. Rate proceeding expense of \$500 representing a 50% share of total rate proceeding expenses of \$1,000.

<sup>1</sup> 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.

Agenda Date: 03/24/2021  
 Agenda Item: 5A

- b. Additional purchased water costs of \$91,092.
- c. NJAW base rate case intervention costs of \$74,950, which the Signatory Parties have determined after a review of the facts in this matter are just and reasonable expenses.
- d. True-up of 2019 PWAC (BPU Docket No. WR19111463) of (\$20,466).
- e. A revenue tax factor of 14.2234% and the resulting revenue tax of \$64,896.

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 East Brunswick <sup>2</sup> 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 of the Stipulation.

For General Water Service Customers under Rate Schedule No. 1, Revised Tariff Sheet 33A, a charge of \$ 1.0280 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 (Stipulation).

For Contract Customers service, Rate Schedule No. 5, Revised Tariff Sheet No. 40A, PWAC charges agreed to result in a charge of \$52.67 per million gallons, reflected on Rate Schedule No. 5, attached to the Stipulation.

As a result of this settlement, a residential customer with a 5/8-inch meter, using 2,300 cubic feet or 17,204 gallons of water per quarter, would see their water bill increase from \$154.27 to \$155.24 per quarter, an increase of \$0.97 per quarter or 0.63%.

On March 15, 2021, ALJ Gertsman 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.

### **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

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<sup>2</sup> 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.

Agenda Date: 03/24/2021  
Agenda Item: 5A

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.

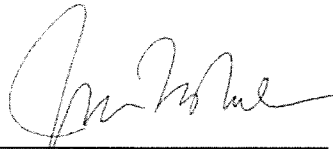
The Board **HEREBY ACCEPTS** the tariff pages attached to the Stipulation as filed with the Board, which shall become effective for service rendered on or after April 4, 2021, as shown on Exhibit A to the attached Stipulation.

In accordance with N.J.A.C. 14:9-7.4, the 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 schedule shall be served upon all Parties to the present proceeding.

This Order shall be effective on April 3, 2021.

DATED: March 24, 2021

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



Agenda Date: 03/24/2021  
 Agenda Item: 5A

**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. WR20110722  
 OAL DOCKET NO. PUC 10953-2020S**

**SERVICE LIST**

<p>Jay L. Kooper, Esq., Vice President,                  General Counsel and Secretary                  Middlesex Water Company                  1500 Ronson Road                  Iselin, NJ 08850  <a href="mailto:jkooper@middlesexwater.com">jkooper@middlesexwater.com</a></p> <p><b>Division of Rate Counsel</b>                  140 East Front Street, 4<sup>th</sup> Floor                  Post Office Box 003                  Trenton, NJ 08625-0003</p> <p>Stefanie A. Brand, Esq., Director                  Division of Rate Counsel  <a href="mailto:sbrand@rpa.nj.gov">sbrand@rpa.nj.gov</a></p> <p>Susan McClure, Esq.                  Assistant Deputy Rate Counsel  <a href="mailto:Smcclure@rpa.nj.gov">Smcclure@rpa.nj.gov</a></p> <p><b>Department of Law and Public Safety</b>                  Division of Law                  Public Utilities Section                  R.J Hughes Justice Complex, 7<sup>th</sup> Floor West                  25 Market Street, Post Office Box 112                  Trenton, NJ 08625</p> <p>Pamela Owen                  Assistant Section Chief  <a href="mailto:Pamela.owen@law.njoag.gov">Pamela.owen@law.njoag.gov</a></p> <p>Meliha Arnautovic                  Deputy Attorney General  <a href="mailto:Meliha.arnautovic@law.njoag.gov">Meliha.arnautovic@law.njoag.gov</a></p> <p>Brandon Simmons                  Deputy Attorney General  <a href="mailto:Brandon.simmons@law.njoag.gov">Brandon.simmons@law.njoag.gov</a></p>	<p>Board of Public Utilities                  44 South Clinton Avenue, 9<sup>rd</sup> Floor                  Post Office Box 350                  Trenton, NJ 08625-0350</p> <p>Aida Camacho-Welch                  Secretary of the Board  <a href="mailto:Board.secretary@bpu.nj.gov">Board.secretary@bpu.nj.gov</a></p> <p>Michael Kammer, Director                  Division of Water  <a href="mailto:Mike.kammer@bpu.nj.gov">Mike.kammer@bpu.nj.gov</a></p> <p>Megan Lupo, Bureau Chief                  Division of Water  <a href="mailto:Megan.lupo@bpu.nj.gov">Megan.lupo@bpu.nj.gov</a></p> <p>Suzanne Patnaude, Esq.                  Senior Counsel                  Office of the Chief Counsel  <a href="mailto:Suzanne.patnaude@bpu.nj.gov">Suzanne.patnaude@bpu.nj.gov</a></p>
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**State of New Jersey**  
OFFICE OF ADMINISTRATIVE LAW

**INITIAL DECISION SETTLEMENT**

OAL DKT. NO. PUC 10953-20

AGENCY DKT. NO. WR20110722

**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.**

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**Jay L. Kooper**, Vice President, General Counsel and Secretary, for petitioner, Middlesex Water Company

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

**Brian O. Lipman**, Litigation Manager, and **Susan E. McClure**, Assistant Deputy Rate Counsel, for Division of Rate Counsel (Stefanie A. Brand, Director)

Record Closed: March 15, 2021

Decided: March 15, 2021

BEFORE **JACOB S. GERTSMAN**, ALJ:

This proceeding involves a petition by the Middlesex Water Company (Middlesex) pursuant to N.J.A.C. 14:9-7.1 et seq., seeking approval of a change to the level of its purchased

water adjustment clause (PWAC), to recover increased purchased water costs, together with deferred costs.

The petition was transmitted to the Office of Administrative Law (OAL) on November 23, 2020, for determination as a contested case, and assigned to the undersigned on January 7, 2021, who conducted the initial case management conference on January 12, 2021. Duly noticed public hearings were held via Zoom Video Communications (Zoom) on February 25, 2020, at 4:30 p.m. and 5:30 p.m.<sup>1</sup> No members of the public appeared at either hearing and no written comments were received.

The parties filed on March 15, 2021, a Stipulation of Settlement (J-1) which resolves all issues in this proceeding. Said Stipulation of Settlement has been signed by petitioner, respondent Board of Public Utilities, and Division of Rate Counsel. It indicates the terms of settlement and is attached and fully incorporated herein.

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

1. The parties have voluntarily agreed to the settlements as evidenced by their signatures or their representatives' signatures on the attached document.
2. The settlements fully dispose 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

<sup>1</sup> Public hearings were held virtually due to the COVID-19 pandemic.

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 15, 2021 \_\_\_\_\_  
DATE

  
\_\_\_\_\_  
JACOB S. GERTSMAN, ALJ t/a

Date Received at Agency: \_\_\_\_\_

Date Mailed to Parties: \_\_\_\_\_

JSG/nd

**APPENDIX**

**EXHIBITS**

**Jointly Submitted**

J-1 Stipulation of Settlement

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

In The Matter of the Petition of	:	
Middlesex Water Company for	:	OAL Docket No. PUC 10953-2020S
Approval To Change The Levels of Its	:	BPU Docket No. WR20110722
Purchased Water Adjustment Clause	:	
Pursuant To N.J.A.C. 14:9-7.1 et seq.	:	

STIPULATION OF SETTLEMENT

APPEARANCES:

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

Meliha 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)

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

TO THE HONORABLE JACOB S. GERTSMAN, ALJ AND THE BOARD OF PUBLIC UTILITIES:

This Stipulation of Settlement (“Stipulation”) resolves all issues in OAL Docket No. PUC 10953-2020S and BPU Docket No. WR20110722 in which Middlesex Water Company (“Company” or “Petitioner”) seeks approval by the New Jersey Board of Public Utilities (“Board”) 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, which comprise the parties that have participated in this proceeding are the Company, the Division of Rate Counsel (“Rate Counsel”), and Board Staff (“Staff”) (collectively, “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 virtually on February 25, 2021, 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 19, 2020, 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 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 \$489,922 over pro forma present rate revenues of \$82,493,782 which represents an overall increase of approximately 0.59%.

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 a decrease in its purchased water rate from NJAW from \$0.4453 per thousand gallons (tg) to \$0.4425 per tg effective April 1, 2020 pursuant to BPU Docket No. WR19111465. The Company was subsequently notified of an increase in the NJAW base rate from \$2.3921 per tg to \$2.5543 per tg effective November 1, 2020 pursuant to BPU Docket No. WR19121516.

On November 23, 2020, this matter was transferred to the Office of Administrative Law ("OAL") as a contested case where it was assigned to Administrative Law Judge Jacob S. Gertsman ("ALJ Gertsman"). A Pre-Hearing Conference was convened by ALJ Gertsman on January 12, 2021. After proper notice, two public hearings were held virtually at 4:30 p.m. and 5:30 p.m. on February 25, 2021, with ALJ Gertsman presiding. No members of the public attended.

Subsequently, an 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 March 27, 2020 in BPU Docket No. WR19111463 amounted to \$6,609,722 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 \$6,784,265, resulting in an increase in purchased water cost of \$174,543, 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 \$456,260, 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 \$91,092;
- c. NJAW base rate case intervention costs of \$74,950, which the Signatory Parties have determined after a review of the facts in this matter are just and reasonable expenses;
- d. True-up of 2019 PWAC (BPU Docket No. WR19111463) of (\$20,466); and
- e. A revenue tax factor of 14.2234% and the resulting revenue tax of \$64,896.



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")<sup>1</sup> 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 \$1.0280 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 \$52.67 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 \$154.27 to \$155.24 per quarter, an increase of \$0.97 per quarter, or an increase of 0.63%. 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

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<sup>1</sup> 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.

Signatory Parties 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. 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.

9. 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.

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

11. 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

March 10, 2021  
Date

By: Jay L. 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.  
Managing Attorney, Water and Wastewater

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MIDDLESEX WATER COMPANY

March 10, 2021  
Date

By: Jay L. 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

3/12/21  
Date

By: Meliha Arnautovic  
Meliha Arnautovic  
Deputy Attorney General

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

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Susan McClure, Esq.  
Managing Attorney, Water and Wastewater

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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

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Meliha Arnautovic  
Deputy Attorney General

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

March 12, 2021  
Date

By: *Susan McClure*  
Susan McClure, Esq.  
Managing Attorney, Water and Wastewater

**MIDDLESEX WATER COMPANY  
PURCHASED WATER ADJUSTMENT CLAUSE  
PROPOSED COST PER UNIT OF VOLUME  
BPU DOCKET NO. WR20110722**

PURCHASED WATER COSTS PURSUANT TO BPU DOCKET NO. WR19111463	\$ 6,609,722
NEW COST OF PURCHASED WATER	6,784,265
INCREASE IN BASE PURCHASED WATER COST	<u>\$ 174,543</u>
RATE PROCEEDINGS COSTS	75,450
ADDITIONAL PURCHASED WATER COSTS	91,092
INCREMENTAL PURCHASE COST PER BPU DOCKET NO. 19111463	70,725
TRUE-UP OF 2019 PWAC, BPU DOCKET NO. WR19111463	(20,446)
REVENUE TAX FACTOR @ 14.2234%	64,896
SUM OF ALLOWABLE EXPENSES	<u><u>\$ 456,260</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)	\$1.0280
PROPOSED PWAC RATE PER MG (RATE SCHEDULE NO. 5, SHEET NO. 40A)	\$52.6700

EXHIBIT A

MIDDLESEX WATER COMPANY

B.P.U. No. 1 - WATER

Thirteenth Revised Sheet No. 33A

Cancelling

Twelfth Sheet No. 33A

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RATE SCHEDULE NO. 1 (Continued)

GENERAL WATER SERVICE – GS

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGES

A charge of \$1.0280 per thousand cubic feet will be made to recover the increased purchased water costs.

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Date of Issue: November 19, 2020

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 1, 2021

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey dated March 24, 2021, in Docket No. WR20110722.



EXHIBIT A

MIDDLESEX WATER COMPANY

B.P.U. No. 1 - WATER

Thirteenth Revised Sheet No. 40A

Cancelling

Twelfth Sheet No. 40A

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RATE SCHEDULE NO. 5

SERVICE UNDER CONTRACT - SC

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGES

A charge of \$52.67 per million gallons will be made to recover the increased purchased water costs.

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Date of Issue: November 19, 2020

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 1, 2021

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey dated March 24, 2021, in Docket No. WR20110722.

MIDDLESEX WATER COMPANY  
PURCHASED WATER ADJUSTMENT CLAUSE  
BPU DOCKET NO. WR20110722

			PRESENT RATES BPU DOCKET NO. WR19111463		PROPOSED RATES BPU DOCKET NO. WR20110722		
			PWAC RATE	REVENUE	PWAC RATE	REVENUE	DIFFERENCE
RESIDENTIAL	USAGE (CCF)	501,924,775	0.0006024	302,359	0.0010280	515,979	213,619
COMMERCIAL	USAGE (CCF)	221,510,968	0.0006024	133,438	0.0010280	227,713	94,275
INDUSTRIAL	USAGE (CCF)	175,274,917	0.0006024	105,586	0.0010280	180,183	74,597
SUBTOTAL				541,383		923,875	382,491
PRIVATE FIRE	USAGE (CCF)	12,386,177	0.0006024	7,461	0.0010280	12,733	5,272
PUBLIC FIRE	USAGE (CCF)		0.0006024		0.0010280		
SUBTOTAL				7,461		12,733	5,272
SUB-TOTAL				548,845		936,608	387,763
EDISON / HIGHLAND PARK	USAGE (MG)	965.388	30.86	29,792	52.67	50,847	21,055
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	52.67	43,640	18,071
MARLBORO	USAGE (MG)	1,223.333	30.86	37,752	52.67	64,433	26,681
RAHWAY	USAGE (MG)	124.379	30.86	3,838	52.67	6,551	2,713
SUBTOTAL				96,952		165,471	68,520
ROUNDING				(6)		(29)	(23)
TOTAL PWAC REVENUE				645,790		1,102,050	456,260

**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 1<sup>st</sup> 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</u> <u>Per Month</u>	<u>Rate</u> <u>Per 100 Gallons</u>	<u>Rate</u> <u>Per 1,000 Gallons</u>
Non-Exempt	All	\$0.04221	\$0.4221
Exempt	All	\$0.03646	\$0.3646

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 1<sup>st</sup> of each year proposing a PWAC rate to be effective on or about the following April 1<sup>st</sup>.

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 1<sup>st</sup>. 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: July 1, 2021

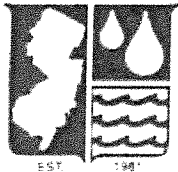
Effective: July 1, 2021

By: Mark K. McDonough, President  
One Water Street, Camden, NJ 08102  
Filed pursuant to Order of the Board of Public Utilities entered in  
Docket No. WR20110719 dated June 24, 2021.

NEW JERSEY WATER SUPPLY AUTHORITY  
RARITAN BASIN SYSTEM

**Table 2 - Rate History of Water Charges per Million Gallons of Raw Water Daily**  
Fiscal Year 2006 – Fiscal Year 2022

Effective Date	O&M Charge	1981 Bond Charge 7/1/86-10/30/06	1998 Bond Charge 8/1/98-11/1/13	NJEFP/NJIB Debt Component	Capital Fund Component	Source Water Protection Component	Total Charge per MG	Percent Increase -Decrease
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%
July 1, 2021	194.00			85.00	33.00	24.00	336.00	0.00%



## NEW JERSEY WATER SUPPLY AUTHORITY

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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, 2022.

These revisions propose to amend existing regulations found at N.J.A.C. 7:11-2.1 et seq. as follows: no change in the sales base of 182.339 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 3, 2022. 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 by means of online platform and teleconference call via Webex at 10:00 a.m. on Friday, January 7, 2022 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 by means of online platform and teleconference call on Friday, February 4, 2022 at 10:00 a.m. 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.

Details for joining either meeting will be available on the Authority's website at <http://www.njwsa.org>, by request to [mrollman@njwsa.org](mailto:mrollman@njwsa.org), or by calling 908-638-6121.

Written comments may be submitted until March 15, 2022 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](mailto: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.

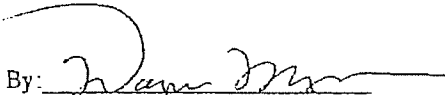
13. This Agreement shall be filed with the Board of Public Utilities of the State of New Jersey and approved by the Department of Environmental Protection of the State of New Jersey, as required.

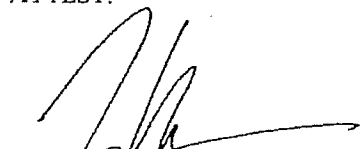
IN WITNESS WHEREOF, the ELIZABETHTOWN WATER COMPANY has caused these presents to be signed by its Vice President and its corporate seal to be affixed hereto and attested by its Secretary, and the MIDDLESEX WATER COMPANY, in the County of Middlesex, has caused these presents to be signed by its President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

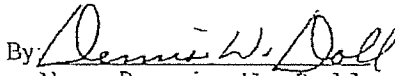
By:   
Wayne Morgan  
Vice President- Service Delivery

  
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

EXHIBIT C-1

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

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

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

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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.

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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

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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

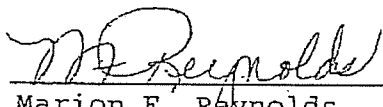
  
\_\_\_\_\_  
FRANK SCANGARELLA  
BUSINESS MANAGER


By:   
\_\_\_\_\_  
Henry S. Patterson III  
Executive Director

(Purchaser Seal)

ATTEST:

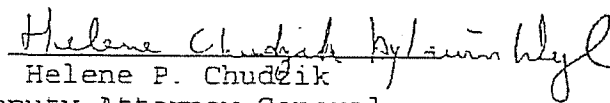
MIDDLESEX WATER COMPANY

  
\_\_\_\_\_  
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. WR2202XXXX**

	<u>BPU DOCKET NO.</u> <u>WR21050813</u>	<u>12/31/2021</u>
NUMBER AND CLASSES OF CUSTOMERS		
RESIDENTIAL	56,190	56,192
COMMERCIAL	2,297	2,285
INDUSTRIAL	267	267
PRIVATE FIRE	1,106	1,106
CONTRACT SALES	6	6
 VOLUME OF WATER PURCHASED	 10,964.25 MG	 11,016.33 MG (A)

- (A) The Company's annual obligation (take or pay) under its purchased water contracts is 10,950.0 MG. 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 purchased (paid for) was higher than the minimum purchase obligation under the contracts.



**MIDDLESEX WATER COMPANY  
PURCHASED WATER ADJUSTMENT CLAUSE  
PROPOSED COST PER UNIT OF VOLUME  
BPU DOCKET NO. WR2203XXXX**

PURCHASED WATER COSTS PURSUANT TO BPU DOCKET NO. WR21050813		\$ 6,726,310
NEW COST OF PURCHASED WATER (EXHIBIT E, PAGE 2 OF 3)		7,094,138
INCREASE IN BASE PURCHASED WATER COST		<u>\$ 367,828.00</u>
RATE PROCEEDINGS COSTS (EXHIBIT G)		\$ 75,625
INCREMENTAL PURCHASED WATER COSTS (EXHIBIT E, PAGE 3 OF 3)		\$ 36,534
ADDITIONAL PURCHASED WATER COSTS (EXHIBIT E, PAGE 4 OF 4)		\$ 2,716,782
REVENUE TAX FACTOR @ (EXHIBIT I)	14.1930%	\$ 528,766
SUM OF ALLOWABLE EXPENSES		<u><u>\$ 3,725,535</u></u>
 BASE CONSUMPTION - MILLION GALLONS (MG)		
		<u>MG</u>
BASE CONSUMPTION PURSUANT TO BPU DOCKET NO. WR21050813		12,373.5
LESS: EAST BRUNSWICK PURSUANT TO BPU DOCKET NO. WR21050813		<u>(2,422.9)</u>
BASE CONSUMPTION FOR RECOVERY OF PWAC		<u><u>9,950.6</u></u>
 CURRENT PWAC RATE PER TCF (RATE SCHEDULE NO. 1, SHEET NO. 33A)		
		\$0.0000
 CURRENT PWAC RATE PER MG (RATE SCHEDULE NO. 5, SHEET NO. 40A)		
		\$0.0000
 PROPOSED PWAC RATE PER TCF (RATE SCHEDULE NO. 1, SHEET NO. 33A)		
		\$3.5646
 PROPOSED PWAC RATE PER MG (RATE SCHEDULE NO. 5, SHEET NO. 40A)		
		\$158.6500

MIDDLESEX WATER COMPANY  
PURCHASED WATER ADJUSTMENT CLAUSE  
BPU DOCKET NO. WR2203XXXX

**SCHEDULE OF BASE COSTS OF PURCHASED WATER  
PER MWC BPU DOCKET NO. WR21050813**

<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 TARIFF SCHEDULE G (BPU DOCKET NO. 19121516)	\$2,554.30	1,095.00	\$2,796,959
PWAC RATE SCHEDULE O-1 (BPU DOCKET NO. WR20110719)	\$364.60		\$399,237
TOTAL NEW JERSEY AMERICAN WATER COST PER MG	\$2,918.90		
BASELINE ADDITIONAL WATER PURCHASES	\$2,918.90	14.25	\$41,591
TOTAL NEW JERSEY AMERICAN WATER			\$3,237,787
<u>NEW JERSEY WATER SUPPLY AUTHORITY</u>			
BASE RATE - TIER 1 (20 MGD)	\$336.00	7,300.00	\$2,452,800
BASE RATE - TIER 2 (7 MGD)	\$405.37	2,555.00	\$1,035,724
TOTAL NEW JERSEY WATER SUPPLY AUTHORITY			\$3,488,524
		<u>10,964.25</u>	<u>\$6,726,310</u>

**SCHEDULE OF PROJECTED 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 TARIFF SCHEDULE G FILED PETITION (BPU DOCKET WR22010019)	\$2,852.70	1,095.0	\$3,123,707
PWAC RATE SCHEDULE O-1 (BPU DOCKET NO. WR20110719)	\$397.80		\$435,591
TOTAL NEW JERSEY AMERICAN WATER COST PER MG	\$3,250.50		
BASELINE ADDITIONAL WATER PURCHASES	\$3,250.50	14.25	\$46,316
TOTAL NEW JERSEY AMERICAN WATER			\$3,605,614
<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
TOTAL NEW JERSEY WATER SUPPLY AUTHORITY			\$3,488,524
		<u>10,964.25</u>	<u>\$7,094,138</u>

**MIDDLESEX WATER COMPANY  
PURCHASED WATER ADJUSTMENT CLAUSE  
BPU DOCKET NO. WR2203XXXX**

**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 - 10/15/22 thru 11/1/22				
Base Rate (Projected Effective Date 10/15/22)	\$ 2,852.70	3.0	17	\$ 145,488
NJAWC - 10/15/22 thru 11/1/22				
Base Rate (In MWC Rates Effective 1/1/22)	<u>\$ 2,554.30</u>	3.0	17	<u>\$ 130,269</u>
	\$ 298.40			<u>\$ 15,219</u>
	<u>PWAC Rate</u>	<u>Take/Pay Volume (MGD)</u>	<u>Days in Period</u>	<u>Total Cost</u>
NJAWC - 4/1/22 thru 11/1/22				
PWAC Rate (Projected Effective Date 4/1/22)	\$ 397.80	3.0	214	\$ 255,388
NJAWC - 4/1/22 thru 11/1/22				
PWAC Rate (In MWC Rates Effective 1/1/22)	<u>\$ 364.60</u>	3.0	214	<u>\$ 234,073</u>
Change	\$ 33.20			<u>\$ 21,315</u>
				<u><u>\$ 36,534</u></u>

MIDDLESEX WATER COMPANY  
PURCHASED WATER ADJUSTMENT CLAUSE  
BPU DOCKET NO. WR2203XXXX

**Water Purchases Over Contractual Take/Pay Minimum Due to Park Ave Shut Down**

<u>Projected</u>	<u>MG/Day</u>	<u># Days</u>	<u>Total MG</u>	<u>Cost/MG</u>	<u>Total Cost</u>
May	3.0	31	93.0	\$ 2,952.10 (B)	\$ 274,545
June	3.0	30	90.0	\$ 2,952.10 (B)	265,689
July	7.0	31	217.0	\$ 2,952.10 (B)	640,606
August	7.0	31	217.0	\$ 2,952.10 (B)	640,606
September	7.0	30	210.0	\$ 2,952.10 (B)	619,941
October 1 - October 15, 2022	3.0	15	45.0	\$ 2,952.10 (B)	132,845
October 16, 2022 - November 1, 2022	3.0	16	48.0	\$ 3,250.50 (C)	<u>156,024</u>

Total Projected Water Purchases Over Contractual Take/Pay Minimum \$ 2,730,256

**Standard Water Purchases Over Contractual Take/Pay Minimum**

<u>Actual</u>	<u>Total MG</u>	<u>Total Cost</u>
October, 2021	2.348	\$ 2,918.90 (A) \$ 6,854
November, 2021	0.141	\$ 2,918.90 (A) 412
December, 2021	0.236	\$ 2,918.90 (A) <u>689</u>

Total Actual Standard Water Purchases Over Contractual Take/Pay Minimum \$ 7,955

<u>Projected</u>	<u>Average MG/Month</u>	<u># Months</u>	<u>Total MG</u>	<u>Cost/MG</u>	<u>Total Cost</u>
January, 2022	1.4	1.0	1.4	\$ 2,918.90 (A)	\$ 4,086
February, 2022	1.5	1.0	1.5	\$ 2,918.90 (A)	4,378
March, 2022	3.3	1.0	3.3	\$ 2,918.90 (A)	9,632
April, 2022	0.7	1.0	0.7	\$ 2,952.10 (B)	<u>2,066</u>

Total Projected Standard Water Purchases Over Contractual Take/Pay Minimum \$ 20,162

Total Additional Water Purchases Over Contractual Take/Pay Minimum \$ 2,758,373  
Less: Baseline Additional Water Purchases (MWC BPU Docket #WR21050813) (41,591)

**Total Additional Purchase Water Costs 2,716,782**

	<u>Rate</u>
NJAWC - 1/1/22 thru 3/31/22	
Base Rate	\$ 2,554.30
PWAC Rate	\$ 364.60
	<u>\$ 2,918.90 (A)</u>

	<u>Rate</u>
NJAWC - 4/1/22 thru 10/15/22	
Base Rate	\$ 2,554.30
PWAC Rate	\$ 397.80
	<u>\$ 2,952.10 (B)</u>
	Projected New PWAC Rate Effective 4/1/22

	<u>Rate</u>
NJAWC - 10/16/22 thru 11/1/22	
Base Rate	\$ 2,852.70
PWAC Rate	\$ 397.80
	<u>\$ 3,250.50 (C)</u>
	Projected New Base Rate Effective 10/15/22

MIDDLESEX WATER COMPANY

~~Four~~teenth Revised Sheet No. 33A  
Cancelling

B.P.U. No. 1 - WATER  
33A

~~Four~~teenth Revised Sheet No.

RATE SCHEDULE NO. 1 (Continued)

GENERAL WATER SERVICE – GS

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGES

A charge of \$ ~~3.56460.00~~ per thousand cubic feet will be made to recover the increased purchased water costs.

Date of Issue: ~~February~~ ~~May~~ 20, 2022~~1~~

Effective for service  
Rendered on and after:

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

January 1, 2022

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated December  
~~15, 2022~~1, in Docket No. WR22021050813.

MIDDLESEX WATER COMPANY

~~Four~~teenth Revised Sheet No. 40A

Cancelling

B.P.U. No. 1 - WATER  
40A

~~Four~~teenth Revised Sheet No.

RATE SCHEDULE NO. 5

SERVICE UNDER CONTRACT - SC

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGES

A charge of ~~\$158.650.00~~ per million gallons will be made to recover the increased purchased water costs.

Date of Issue: ~~February~~ May ~~20, 2022~~

Effective for service  
Rendered on and after:

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

January 1, 2022

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey, dated ~~December 15,~~  
2022, in Docket No. WR2202 ~~1050813.~~

MIDDLESEX WATER COMPANY  
PURCHASED WATER ADJUSTMENT CLAUSE  
BPU DOCKET NO. WR2203XXXX

			<u>PROPOSED RATES</u>	
			<u>PWAC RATE</u>	<u>REVENUE</u>
RESIDENTIAL	USAGE (CCF)	505,835,703	0.0035646	1,803,102
COMMERCIAL	USAGE (CCF)	237,033,052	0.0035646	844,928
INDUSTRIAL	USAGE (CCF)	143,558,085	0.0035646	511,727
SUBTOTAL				<u>3,159,757</u>
PRIVATE FIRE	USAGE (CCF)	16,425,776	0.0035646	58,551
PUBLIC FIRE	USAGE (CCF)		0.0035646	
SUBTOTAL				<u>58,551</u>
SUB-TOTAL				<u>3,218,308</u>
EDISON / HIGHLAND PARK	USAGE (MG)	1,025.424	158.65	162,684
EAST BRUNSWICK	USAGE (MG)	2,422.908	N/A	0
OLD BRIDGE MUA	USAGE (MG)	870.717	158.65	138,139
MARLBORO	USAGE (MG)	1,106.307	158.65	175,516
RAHWAY	USAGE (MG)	194.802	158.65	30,905
SUBTOTAL				<u>507,244</u>
ROUNDING				(17)
TOTAL PWAC REVENUE				<u><u>3,725,535</u></u>

MIDDLESEX WATER COMPANY
PURCHASED WATER ADJUSTMENT CLAUSE
BPU DOCKET NO. WR2203XXXX

Table with multiple columns for Residential, Commercial, Industrial, General Metered Service Revenue, Private Fire, Public Fire, Wholesale, and Miscellaneous. Columns include Monthly/Quarterly Rates and Revenue, with sub-sections for Present Rates and Revenue with Proposed PWAC Rates. The table concludes with a total revenue of \$103,054,328 and a 3.62% adjustment of \$3,725,535.



**MIDDLESEX WATER COMPANY  
PURCHASED WATER ADJUSTMENT CLAUSE  
RATE PROCEEDINGS COSTS  
BPU DOCKET NO. WR2203XXXX**

MWC 2022 PWAC Proceeding Costs

Court Reporter	\$350	
Public Hearing Notices	650	
Public Hearing Rental Space	150	
Misc Supplies	100	
Total	<u>\$1,250</u>	
50% Sharing	<u>50%</u>	\$625
NJAWC Base Rate Case Intervention Costs (1)		<u>\$75,000</u>
Total Costs		<u><u>\$75,625</u></u>

(1) Costs projected to be incurred as an active intervenor in the New Jersey American Water Company (NJAWC) base rate proceeding (BPU Docket No. WR22010019).

**MIDDLESEX WATER COMPANY  
PURCHASED WATER ADJUSTMENT CLAUSE  
TAX GROSS UP CALCULATION  
BPU DOCKET NO. WR2203XXXX**

	Total	@ 7/1/2021 89.944394% Public/Private
	Tax Rates	ROW Adjustment
Franchise - Excise	0.6250%	0.5622%
Franchise	5.0000%	4.4972%
Gross Receipts	0.9375%	0.9375%
Gross Receipts - Excise	7.5000%	7.5000%
Total GRAFT Rate	14.0625%	13.4969%
NJBPU/RC Assessment (A)	0.2688%	0.2688%
Bad Debt	0.4273%	0.4273%
Total		14.1930%

(A)

BPU:	0.00215354244314	2021 Assessment Invoice
Rate Counsel:	0.000534759051924	2021 Assessment Invoice
	0.002688301495064	

**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 \_\_\_\_\_-2022\_  
BPU Docket No. WR2203 \_\_\_\_\_**

PLEASE TAKE NOTICE that on March \_\_, 2022, 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 \$3,725,535 or by 3.62%. 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)	\$0.0000	\$3.5646 per thousand cubic feet
• Rate Schedule No. 5:	Service Under Contract (SC) (Tariff Sheet 40A)	\$0.00	\$158.65 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 \$198.41 TO \$206.61 AN INCREASE OF \$8.20 PER QUARTER, OR APPROXIMATELY 4.13%.

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 \_\_\_\_\_, 2022 beginning at \_:\_ pm and \_:\_ 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, 9<sup>th</sup> Floor, Trenton, NJ 08625-0350. Please include OAL Docket No. PUC \_\_\_\_\_-2022\_ and BPU Docket No. WR2203 \_\_\_\_\_ 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, 9<sup>th</sup> 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>.

**Exhibit I**

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

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MIDDLESEX WATER COMPANY

STATEMENT OF THE DIRECTOR, BUDGETS AND RATES

TESTIMONY OF MICHELE L. TILLEY

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

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

Q. PLEASE STATE YOUR PROFESSIONAL QUALIFICATIONS AND EXPERIENCE.

A. I have been employed by Middlesex Water Company (Middlesex or the Company) since July 2007. My present duties consist of preparing and assisting in all regulatory and rate planning related activities for Middlesex. My responsibilities include the preparation and review of financial statements, work papers, exhibits, pre-filed testimony and other activities in support of the regulatory and planning activities for Middlesex. I have prepared exhibits and analysis for every Company rate matter since my employment began in 2007. My responsibilities also include managing the Company's budget process and income tax compliance filings. Prior to 2007, I held various financial positions in publically traded companies, primarily within the retail industry. I earned a Bachelor of Science Degree in Accounting from Rutgers University in 1989.

Q. HAVE YOU PREVIOUSLY SPONSORED TESTIMONY IN RATE PETITIONS BEFORE THE NEW JERSEY BOARD OF PUBLIC UTILITIES (NJBPU)?

A. I have filed testimony and exhibits in support of the Company's Purchased Water Adjustment Clauses ("PWAC") under BPU Docket Numbers WR16040306, WR17050524 WR18080948, WR19111463 and WR20110722. I also submitted testimony and supporting

1 exhibits in the Company's last four Base Rate proceedings under BPU Docket Numbers  
2 WR13111059, WR15030391, WR17101049 and WR21050813.

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. In BPU Docket No. WR21050813 the Order issued by the NJBPU and dated  
9 December 15, 2021, specifically found that Middlesex updated all the necessary  
10 information to permit Middlesex to implement a PWAC. That Order is included as  
11 Exhibit A to this 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) and  
18 Tax Gross Up Calculation (Exhibit H) were prepared by me. I am familiar with and  
19 have provided the copies of the documents identified as Exhibits A through C  
20 included as part of the Petition. The Schedule of Customer and Water Purchased has  
21 also been identified as Exhibit MLT-1 to my testimony, the Proposed Cost Per Unit  
22 of Volume as Exhibit MLT-2 and the PWAC Proceedings Costs as Exhibit MLT-3,

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

4 A. Yes.

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

8 A. Yes.

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

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

22

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

3 A. The calculations represent projected incremental purchased water costs expected to  
4 be incurred through October 31, 2022 by Middlesex due to the anticipated changes  
5 in the PWAC rate charged by New Jersey American Water Company (NJAWC) on  
6 April 1, 2022 and in the Base Rate charged by NJAWC projected to be effective  
7 October 15, 2022.

8 Q. CAN YOU DESCRIBE THE ADDITIONAL WATER PURCHASES ABOVE  
9 THE COMPANY'S CONTRACTUAL DAILY TAKE/PAY MINIMUM  
10 VOLUME SHOWN ON EXHIBIT MLT-2, PAGE 4?

11 A. Effective January 1, 2021, the New Jersey Department of Environmental Protection  
12 (NJDEP) adopted a maximum contaminant level of 14 parts per trillion for  
13 Perfluorooctanoic Acid ("PFOA"), a manufactured chemical that is a member of the  
14 group of chemicals known as Per- and Polyfluoroalkyl Substances ("PFAS"). In  
15 September 2021, Middlesex received notice from the NJDEP that groundwater from  
16 its Park Avenue Wellfield exceeded the NJDEP's new limit. As a result of this  
17 exceedance, Middlesex was issued a Notice of Violation from NJDEP. On  
18 November 9, 2021, Middlesex, with NJDEP's approval, stopped pumping water  
19 from the Park Avenue Wellfield and engaged in continuous testing to determine that  
20 a shutdown of the Park Avenue Wellfield was an appropriate action, on an interim  
21 basis, until the completion of an enhanced treatment facility at the Park Avenue  
22 Wellfield. The treatment facility is expected to be placed into service in mid-2023.  
23 The Park Avenue Wellfield is expected to remain offline mid-2023 barring any



1           unforeseen emergency necessitating reactivation of the Park Avenue Wellfield prior  
2           to that date. The first section shown on Exhibit MLT-2, page 4 represents the cost  
3           calculation of incremental water purchases from NJAWC the Company anticipates to  
4           meet customer water demands during peak summer months while the Park Avenue  
5           Wellfield is offline.

6           The second section shown on Exhibit MLT-2, page 4 represents the calculation of  
7           actual incremental purchased water costs incurred from October 1, 2021 through  
8           December 31, 2021 and projected to be incurred from January 1, 2022 through April  
9           30, 2022 by Middlesex due to standard levels of additional water purchased from  
10          NJAWC above the minimum contact requirements.

11        Q.       WHAT IS THE BASIS FOR THE MWC 2022 PWAC PROCEEDING COSTS  
12        SHOWN ON EXHIBIT MLT-3?

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

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

20        A.       The signatory parties to the BPU Order in the Company's Base Rate proceeding  
21        (BPU Docket No. WR17101049), agreed Middlesex shall be allowed to recover  
22        its regulatory case intervention costs incurred as an active intervenor in the 2017  
23        NJAWC base rate proceeding (BPU Docket No. WR17090985). Subsequently,

1 in Middlesex's PWAC proceeding (BPU Docket No. WR20110722), the  
2 Company was also granted recovery of its regulatory intervention costs incurred  
3 as an active intervenor in NJAWC's 2019 base rate proceeding (BPU Docket No.  
4 WR19121516). Recently, NJAWC filed another base rate proceeding (BPU  
5 Docket No. WR22010019). Middlesex anticipates incurring approximately the  
6 same level of regulatory intervention costs as an active intervenor in that base  
7 rate proceeding as well to ensure that its customers are properly represented in  
8 the NJAWC rate matter and that the rate set for water purchased by Middlesex  
9 for its customers is and based on appropriate cost of service metrics. The  
10 Company plans to defer these costs on the Company's books as a regulatory  
11 asset. The costs will be updated throughout the proceeding with actual costs as  
12 they become available..

13

14 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

15 A. Yes.

**MIDDLESEX WATER COMPANY  
PURCHASED WATER ADJUSTMENT CLAUSE  
SCHEDULE OF CUSTOMERS AND WATER PURCHASED  
BPU DOCKET NO. WR2102XXXX**

	<u>BPU DOCKET NO. WR20150813</u>	<u>12/31/2021</u>
NUMBER AND CLASSES OF CUSTOMERS		
RESIDENTIAL	56,190	56,192
COMMERCIAL	2,297	2,285
INDUSTRIAL	267	267
PRIVATE FIRE	1,106	1,106
CONTRACT SALES	6	6
 VOLUME OF WATER PURCHASED	 10,964.25 MG	 11,016.33 MG (A)

- (A) The Company's annual obligation (take or pay) under its purchased water contracts is 10,950.0 MG. 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 purchased (paid for) was higher than the minimum purchase obligation under the contracts.

**MIDDLESEX WATER COMPANY  
PURCHASED WATER ADJUSTMENT CLAUSE  
PROPOSED COST PER UNIT OF VOLUME  
BPU DOCKET NO. WR2203XXXX**

PURCHASED WATER COSTS PURSUANT TO BPU DOCKET NO. WR21050813		\$ 6,726,310
NEW COST OF PURCHASED WATER (EXHIBIT E, PAGE 2 OF 4)		7,094,138
INCREASE IN BASE PURCHASED WATER COST		<u>\$ 367,828</u>
RATE PROCEEDINGS COSTS (EXHIBIT G)		75,625
INCREMENTAL PURCHASED WATER COSTS (EXHIBIT E, PAGE 3 OF 4)		36,534
ADDITIONAL PURCHASED WATER COSTS (EXHIBIT E, PAGE 4 OF 4)		2,716,782
REVENUE TAX FACTOR @ (EXHIBIT I)	14.1930%	528,766
SUM OF ALLOWABLE EXPENSES		<u><u>\$ 3,725,535</u></u>
BASE CONSUMPTION - MILLION GALLONS (MG)		
		<u>MG</u>
BASE CONSUMPTION PURSUANT TO BPU DOCKET NO. WR21050813		12,373.5
LESS: EAST BRUNSWICK PURSUANT TO BPU DOCKET NO. WR21050813		<u>(2,422.9)</u>
BASE CONSUMPTION FOR RECOVERY OF PWAC		<u><u>9,950.6</u></u>
CURRENT PWAC RATE PER TCF (RATE SCHEDULE NO. 1, SHEET NO. 33A)		\$0.0000
CURRENT PWAC RATE PER MG (RATE SCHEDULE NO. 5, SHEET NO. 40A)		\$0.0000
PROPOSED PWAC RATE PER TCF (RATE SCHEDULE NO. 1, SHEET NO. 33A)		\$3.5646
PROPOSED PWAC RATE PER MG (RATE SCHEDULE NO. 5, SHEET NO. 40A)		\$158.6500

MIDDLESEX WATER COMPANY  
PURCHASED WATER ADJUSTMENT CLAUSE  
BPU DOCKET NO. WR2203XXXX

**SCHEDULE OF BASE COSTS OF PURCHASED WATER  
PER MWC BPU DOCKET NO. WR21050813**

<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 TARIFF SCHEDULE G (BPU DOCKET NO. 19121516)	\$2,554.30	1,095.00	\$2,796,959
PWAC RATE SCHEDULE O-1 (BPU DOCKET NO. WR20110719)	\$364.60		\$399,237
TOTAL NEW JERSEY AMERICAN WATER COST PER MG	\$2,918.90		
BASELINE ADDITIONAL WATER PURCHASES	\$2,918.90	14.25	\$41,591
TOTAL NEW JERSEY AMERICAN WATER			\$3,237,787
<u>NEW JERSEY WATER SUPPLY AUTHORITY</u>			
BASE RATE - TIER 1 (20 MGD)	\$336.00	7,300.00	\$2,452,800
BASE RATE - TIER 2 (7 MGD)	\$405.37	2,555.00	\$1,035,724
TOTAL NEW JERSEY WATER SUPPLY AUTHORITY			\$3,488,524
		<b>10,964.25</b>	<b>\$6,726,311</b>

**SCHEDULE OF PROJECTED 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 TARIFF SCHEDULE G FILED PETITION (BPU DOCKET WR22010019)	\$2,852.70	1,095.00	\$3,123,707
PWAC RATE SCHEDULE O-1 (BPU DOCKET NO. WR20110719)	\$397.80		\$435,591
TOTAL NEW JERSEY AMERICAN WATER COST PER MG	\$3,250.50		
BASELINE ADDITIONAL WATER PURCHASES	\$3,250.50	14.25	\$46,316
TOTAL NEW JERSEY AMERICAN WATER			\$3,605,614

**MIDDLESEX WATER COMPANY  
PURCHASED WATER ADJUSTMENT CLAUSE  
BPU DOCKET NO. WR2203XXXX**

**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 - 10/15/22 thru 11/1/22				
Base Rate (Projected Effective Date 10/15/22)	\$ 2,852.70	3.0	16	\$ 136,930
NJAWC - 10/15/22 thru 11/1/22				
Base Rate (In MWC Rates Effective 1/1/22)	<u>\$ 2,554.30</u>	3.0	16	<u>\$ 122,606</u>
	\$ 298.40			<u>\$ 14,324</u>
NJAWC - 4/1/22 thru 11/1/22				
PWAC Rate (Projected Effective Date 4/1/22)	\$ 397.80	3.0	214	\$ 255,388
NJAWC - 4/1/22 thru 11/1/22				
PWAC Rate (In MWC Rates Effective 1/1/22)	<u>\$ 364.60</u>	3.0	214	<u>\$ 234,073</u>
Change	\$ 33.20			<u>\$ 21,315</u>
<b>Total Deferred Purchased Water Costs</b>				<b><u><u>\$ 35,639</u></u></b>

MIDDLESEX WATER COMPANY  
PURCHASED WATER ADJUSTMENT CLAUSE  
BPU DOCKET NO. WR2203XXXX

**Water Purchases Over Contractual Take/Pay Minimum Due to Park Ave Shut Down**

<u>Projected</u>	<u>MG/Day</u>	<u># Days</u>	<u>Total MG</u>	<u>Cost/MG</u>	<u>Total Cost</u>
May	3.0	31	93.0	\$ 2,952.10 (B)	\$ 274,545
June	3.0	30	90.0	\$ 2,952.10 (B)	265,689
July	7.0	31	217.0	\$ 2,952.10 (B)	640,606
August	7.0	31	217.0	\$ 2,952.10 (B)	640,606
September	7.0	30	210.0	\$ 2,952.10 (B)	619,941
October 1 - October 15, 2022	3.0	15	45.0	\$ 2,952.10 (B)	132,845
October 16, 2022 - November 1, 2022	3.0	16	48.0	\$ 3,250.50 (C)	<u>156,024</u>

Total Projected Water Purchases Over Contractual Take/Pay Minimum \$ 2,730,256

**Standard Water Purchases Over Contractual Take/Pay Minimum**

<u>Actual</u>	<u>Total MG</u>	<u>Total Cost</u>
October, 2021	2.348	\$ 2,918.90 (A) \$ 6,854
November, 2021	0.141	\$ 2,918.90 (A) 412
December, 2021	0.236	\$ 2,918.90 (A) <u>689</u>

Total Actual Standard Water Purchases Over Contractual Take/Pay Minimum \$ 7,955

<u>Projected</u>	<u>Average MG/Month</u>	<u># Months</u>	<u>Total MG</u>	<u>Cost/MG</u>	<u>Total Cost</u>
January, 2022	1.4	1.0	1.4	\$ 2,918.90 (A)	\$ 4,086
February, 2022	1.5	1.0	1.5	\$ 2,918.90 (A)	4,378
March, 2022	3.3	1.0	3.3	\$ 2,918.90 (A)	9,632
April, 2022	0.7	1.0	0.7	\$ 2,952.10 (B)	<u>2,066</u>

Total Projected Standard Water Purchases Over Contractual Take/Pay Minimum \$ 20,162

Total Additional Water Purchases Over Contractual Take/Pay Minimum \$ 2,758,373  
Less: Baseline Additional Water Purchases (MWC BPU Docket #WR21050813) (41,591)

**Total Additional Purchase Water Costs**

<u>NJAWC - 1/1/22 thru 3/31/22</u>	<u>Rate</u>
Base Rate	\$ 2,554.30
PWAC Rate	\$ 364.60
	<u>\$ 2,918.90 (A)</u>

<u>NJAWC - 4/1/22 thru 10/15/22</u>	<u>Rate</u>
Base Rate	\$ 2,554.30
PWAC Rate	\$ 397.80 Projected New PWAC Rate Effective 4/1/22
	<u>\$ 2,952.10 (B)</u>

<u>NJAWC - 10/16/22 thru 11/1/22</u>	<u>Rate</u>
Base Rate	\$ 2,852.70 Projected New Base Rate Effective 10/15/22
PWAC Rate	\$ 397.80
	<u>\$ 3,250.50 (C)</u>

**MIDDLESEX WATER COMPANY  
PURCHASED WATER ADJUSTMENT CLAUSE  
RATE PROCEEDINGS COSTS  
BPU DOCKET NO. WR2203XXXX**

MWC 2022 PWAC Proceeding Costs

Court Reporter	\$350	
Public Hearing Notices	650	
Public Hearing Rental Space	150	
Misc Supplies	100	
Total	<u>\$1,250</u>	
50% Sharing	<u>50%</u>	\$625
NJAWC Base Rate Case Intervention Costs (1)		<u>\$75,000</u>
Total Costs		<u><u>\$75,625</u></u>

(1) Costs projected to be incurred as an active intervenor in the New Jersey American Water Company (NJAWC) base rate proceeding (BPU Docket No. WR22010019).