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FIRM and AFFILIATE OFFICES

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September 9, 2022

VIA E-MAIL ONLY

Hon. Tricia Caliguire, ALJ  
Office of Administrative Law  
P.O. Box 049  
Trenton, NJ 08625-0049

**Re: In the Matter of the Petition of New Jersey American Water  
OAL Docket No.: PUC 00319-2022S  
BPU Docket No.: W022010004**

Dear Judge Caliguire:

This Firm represents Intervenor Paul Savas in this matter. Please accept the within letter as an informal motion, made pursuant to N.J.A.C. 1:1-10.2 and, by reference, N.J.A.C. 1:1-10.1, as well as the April 8, 2022 Prehearing Order (Paragraph 6) and the Court's August 12 scheduling letter. We are seeking to take two depositions, one of Laura Cummings, Executive Director of the Southeast Morris County Municipal Utilities Authority ("SMCMUA") and one of Vincent Monaco, a former employee of New Jersey American Water Company (NJAW).

This request is carefully tailored and limited to approximately one half day for the non-party Ms. Cummings and no more than one day for Mr. Monaco (now apparently retired, and it is unclear at this juncture whether Mr. Monaco is a party witness or a non-party; this will be resolved when NJAW divulges its witness list), who testified at the underlying Board of Adjustment hearings on this matter and who authored a critical internal NJAW planning memorandum which recommended construction of the proposed new Fenwick Water tank over two alternatives that would have avoided said construction. Requests previously made to counsel for the SMCMUA to voluntarily make Ms. Cummings available for an informal interview and to counsel for NJAW to voluntarily make Mr. Monaco available for a deposition have been rejected.

As demonstrated by the attached exhibits, the proposed deponents have knowledge of "reasonable alternatives" to the proposed Fenwick Tank which are highly relevant to this case. See

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Matter of Petition of South Jersey Gas Company, 447 N.J. Super. 459, 481 (App. Div. 2016) (“When determining reasonable necessity, the Board [of Public Utilities] must consider alternative sites and their advantages and disadvantages, including their costs.”); Application of Hackensack Water Co., 41 N.J. Super. 408, 426 (App. Div. 1956) (“One of such circumstances generally [implicated] is the availability of other locations, not municipality restricted, or, if so, less likely to cause injury to their neighborhood, and their comparative advantages with the plot for which approval is sought.”).

In this case, two potential “reasonable alternatives” to the proposed Fenwick Tank that go to the heart of this litigation are NJAW’s ability to maintain the *status quo* that had existed for at least a decade. The first reasonable alternative would involve continuation of the December 2011 water supply agreement (“the 2011 Water Supply Agreement”) pursuant to which the Morris County Municipal Utilities Authority (“the Morris MUA”) purchased water from the SMCMUA’s Clyde Potts Reservoir and “resold” (or “flipped”) that very same water to NJAW. The second reasonable alternative involves eliminating the Morris MUA as middleman, and for NJAW to contract directly with the SMCMUA for the same water from the Clyde Potts Reservoir. Either alternative solution provides water from the Clyde Potts Reservoir for both water supply and water pressure for firefighting purposes.

#### FACTUAL STATEMENT

Discovery to date has revealed the following information:

May 11, 2018: Morris MUA issued a letter to NJAW, advising of its intent to terminate the 2011 Water Supply Agreement with NJAW effective January 5, 2022. See Exhibit A. The letter set forth financial issues and a pump station at Clyde Potts as reasons that “render the existing operation inefficient and economically undesirable” for the Morris MUA.

May 23, 2018: One week later, Laura Cummings, Executive Director of the SMCMUA, emailed NJAW’s representative and stated that the SMCMUA “needs to pursue modeling a new location for the [Morris MUA] pump station as discussed at a previous meeting.” See Exhibit B.

June 6, 2018: Howard Woods, who was apparently a consultant to the SMCMUA, emailed Laura Cummings and stated that if the Morris MUA gave notice to terminate to NJAW, “that would give **us** the ability to get into the details of **providing water directly to NJAW** ... Unless NJAW wants to buy more water, these limits would be a **good starting point for a new agreement with NJAW**” (emphasis added). See Exhibit C.

The email further stated that the “point of this is that in any discussions we have with NJAW, we should be talking about an agreement that has the rate set outside of the contract.” Id. Notably, the email implied that rates were negotiable, and there was no suggestion that the “Clyde Potts water” would no longer be available to sell to NJAW. Rather, the issue was the ‘rate’ that would be charged by the SMCMUA to NJAW.

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June 2018: An internal NJAW analysis/report, captioned “Morris County Replacement Supply Options – June 2018” – included the option for NJAW to enter into an agreement with the SMCMUA as “feasible” and an alternate option, for NJAW to enter into an agreement with SMCMUA and construct a new pump station to replace the existing one at Clyde Potts as “somewhat feasible.” See Exhibit D.

June 13, 2018: Vince Monaco emailed numerous others at NJAW and stated: “I’m leaning [towards] recommending replacing the MCMUA supply with our own.” Notably, this option required construction of the Fenwick Tank. See Exhibit E.

August 20, 2020: Counsel for NJAW sent a letter to the Borough of Bernardsville Board of Adjustment, stating that its bulk contract with the Morris MUA “cannot be renewed and will be terminated by MCMUA by January 1, 2022. This will result in the loss of approximately 1 million gallons per day of water ... ” Exhibit F. Notably, there was no mention in this letter of an option to enter a direct agreement with the SMCMUA for the Clyde Potts water – an option labelled in the June 2018 internal report as “feasible.”

August 31, 2022: Counsel for the SMCMUA informs counsel for Intervenor Savas via email that Ms. Cummings, the SMCMUA Executive Director, would not be made available for an informal interview. Counsel stated “no request has been made by NJAW to SMCMUA to purchase water at this time.” See Exhibit G.

Thus, to date, discovery has revealed that in the lead up to the termination of the 2011 Water Supply Agreement in January 2022, NJAW considered at least two alternatives to construction of the proposed Fenwick Water Tank, but appears to have rejected them by, e.g., not pursuing negotiations with SMCMUA and not contracting directly for the same water supply provided previously with the SMCMUA, the owner of the Clyde Potts Reservoir.

A. The Southeast Morris County MUA

We now seek a limited deposition of Ms. Cummings, executive director of the SMCMUA. She should be able to provide highly relevant information as to whether 1) the option for NJAW to purchase water directly or indirectly from the Clyde Potts Reservoir was pursued by the Company at any time between MCMUA’s May 18, 2018 letter to NJAW advising of its intent to terminate its contract with NJAW and the actual January 2022 termination date or thereafter, and 2) the feasibility of resolving the technical issues that purportedly prevented renewal of the 2011 Water Supply Agreement, including but not limited to constructing the replacement pump station referenced in her May 23, 2018 email. See Exhibit B.

Ms. Cummings will also have information concerning Howard Woods’ June 6, 2018 email, in which Mr. Woods seems to be preparing Ms. Cummings for an eventual negotiation with NJAW

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over the price of the Clyde Potts water with the “rate to be set outside of the contract.” See Exhibit C.

In short, in contrast to NJAW’s representations at the underlying Board of Adjustment hearings in this matter that water from the Clyde Potts Reservoir was no longer available to it, the contemporaneous documents clearly suggest otherwise, i.e., that the SMCMUA was ready, willing and able to entertain discussions for a direct sale to NJAW with the price negotiable.

We propose that a limited deposition of approximately one half day designed to address and understand the critical issue of the availability of the “Clyde Potts Water” and ultimately to bring sworn testimony from the SMCMUA’s representative to the hearing on this matter, is warranted. Such a deposition will significantly expedite and narrow the issues for the hearing. Without information developed through deposition, the ALJ may be left with an incomplete record concerning the critical alternative of NJAW purchasing the Clyde Potts water from the SMCMUA.

We believe the burden on Ms. Cummings to be minimal – perhaps a half a day of her time. The potential benefits in terms of judicial economy and creating an accurate record as to the facts of the case are substantial.

Intervenor’s request for depositions seeks information that has not been produced through requests for documents and which is not otherwise available to it and meets the requirements of N.J.A.C. 1:10-1(c) and 1:10-2(c).

## B. NJAW

We also seek an approximate full day deposition of Vince Monaco. Mr. Monaco authored the critical internal NJAW memorandum, dated July 2, 2018, setting forth the rationale for the Fenwick Tank project. Exhibit H. His analysis included evaluation of renewal of the 2011 Water Supply Agreement and the alternative option of cutting out the Morris MUA and purchasing the “Clyde Potts water” directly from the SMCMUA. Mr. Monaco is no longer an employee of NJAW, and he had ultimate responsibility for recommending construction of the new Fenwick tank. As such, his knowledge of how and why that decision was made is invaluable.

The information developed by the deposition of Mr. Monaco is also critical to the ALJ’s (and BPU’s) evaluation of the alternatives to the Fenwick Tank. In the July 2, 2018 Memo, Mr. Monaco sets forth an alternative analysis, which refers to the ‘cost of water’ that would have to be purchased from the SMCMUA and ‘the cost of improv[ing]’ the pump station outside the Clyde Potts Reservoir. See Exhibit H, p. 4. How these figures compare to each other and whether they comprise total costs (they appear not to when compared with cost estimates provided by NJAW in responses to discovery) requires further explanation other than what the documents supplied by NJAW provide.

As to the cost of purchased water, NJAW did not produce even a solitary email concerning negotiations with 1) the SMCMUA about the future pricing of the Clyde Potts water or 2) with the

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Morris MUA regarding its purchase and resale of said water to NJAW. Since NJAW apparently does not have written material evidencing its interactions related to negotiations related to pricing such water and associated pumping station requirements, these can only be secured through a deposition. Intervenor has no other way to obtain such highly relevant information. Simply stated, Mr. Monaco's deposition is critical to this litigation. Since Mr. Monaco has recently retired, scheduling can be accommodated to his schedule, and any other related issues, e.g., trade secrets, can be handled with a reasonable order. See N.J.A.C. 1:1-10.2(c).

Thank you for consideration of this matter.

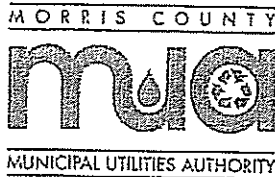
Very truly yours,  
/s/ Phyllis J. Kessler

Phyllis J. Kessler  
Of Counsel

PJK/caj  
Attachments

cc: Service List (*via email only*)  
Mr. Paul Savas (*via email only*)

# EXHIBIT A



May 11, 2018

Via Certified Mail Return Receipt Requested and Electronic Mail  
(tom.shroba@amwater.com)

New Jersey American Water  
167 J. F. Kennedy Parkway  
Short Hills, NJ 07078

New Jersey American Water Company, Inc.  
1025 Laurel Oak Road  
Voorhees, New Jersey 08403  
Attn.: Corporate Secretary

Attn: Thomas Shroba, P.E.  
Vice President - Operations

Re: Borough of Mendham, County of Morris, New Jersey  
Conditional Notice of Intent to Terminate Water Supply Agreement

Dear Mr. Shroba:

As you are aware, New Jersey American Water Company (NJAWC) and Morris County Municipal Utilities Authority (MCMUA) have met several times over the past three and a half years, beginning on December 18, 2015, and most recently July 10, 2017. The purpose of these meetings was to review and discuss long-term plans for the current water supply agreement which serves the Mendham Borough portion of your distribution system.

As a reminder, the existing water supply agreement was executed on December 29, 2011, with an initial term of ten (10) years. The initial term will automatically extend for an additional five (5) years if neither party gives notice of termination within two (2) years of the end of the initial term.

Throughout the course of the recent meetings, several options were discussed for the long-term water supply to NJAWC, as well as discussions on current issues which render the existing operation inefficient and economically undesirable for MCMUA.

The existing MCMUA booster pump station, located to the west of Woodland Road directly in front of the SMCMUA Clyde Potts Reservoir and Water Treatment Facility, was designed as a temporary solution and does not provide adequate redundancy nor operating capacity to meet the minimum purchase obligation. This booster pump station is a critical facility identified as part of MCMUA's Asset Management plan due to its single pump configurations located in a below ground vault without standby power. The booster pump suction is SMCMUA's eighteen-inch (18") main, with discharge through a twelve-inch (12") transmission main owned and operated by MCMUA along Cold Hill Road. The below grade structure prohibits effective maintenance. In addition, MCMUA has documented that whenever the SMCMUA Clyde Potts Water Treatment Facility enters a backwash cycle and reduces flow or when the plant is not operating at capacity, the MCMUA pump is unable to overcome the reduction in suction head which results in an inability to move the 0.6 mgd minimum purchase obligation flow rate with SMCMUA.

214A Center Grove Road, Randolph, NJ 07869  
Phone: (973) 285-8383 • Fax: (973) 285-8397 • E-mail: info@mcmua.com • Website: www.mcmua.com

Morris County's Environmental Resource

A handwritten signature in black ink, appearing to read "Tom Shroba", is located at the bottom center of the page.

Pursuant to the Groundwater Rule, SMCMUA requires increased disinfection contact time (CT) prior to the first customer - the MCMUA booster pump station. There are several ways in which this additional CT can be achieved, such as additional baffles in the clearwell, additional mixing equipment, or the installation of a large diameter stilling pipe at the discharge of the facility, all of which are very costly options.

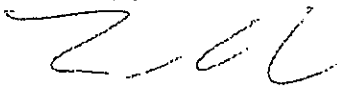
Another concern is water potential impacts associated with blending MCMUA's ground water with SMCMUA's surface water. Whenever a change is made in the source of the water, there are potential water quality impacts to customers. The New Jersey Department of Environmental Protection (NJDEP) is continuously modifying regulations, adjusting reporting limits, and implementing requirements. Although there have been no reportable water quality events to-date, due to NJDEP's ever changing standards, long-term impacts continue to be evaluated.

In addition, the 2017 Water Rate for the purchase of water from SMCMUA Clyde Potts water was \$2,932.88/MG and the 2017 water rate for sale of water from MCMUA to NJAW was \$2,692.86/MG as established in the Water Supply Contracts and all previous water rate increases. This results in a financial loss of \$240.02/MG sold to NJAW. For the year 2017, the total loss was calculated as \$54,109.39 for total water sold. These losses do not account for periods in which operating circumstances prevented the pump from delivering the required water to NJAW.

In consideration of the above factors, MCMUA respectfully advises of its intent to terminate the water supply agreement between New Jersey American Water Company, Inc. and Morris County Municipal Utilities Authority upon contractual expiration on the 5<sup>th</sup> day of January 2022, conditioned upon an amendment to the Water Supply Agreement by and between MCMUA and SMCMUA, dated September 10, 2002 (as amended on June 1, 2012) that would authorize the expiration of all obligations set forth in Article III of said Water Supply Agreement on January 6, 2022. Furthermore, the existing infrastructure utilized to convey the water to your system, such as the 12" Ductile Iron Pipe transmission main located in Cold Hill Road and the existing Booster Station is currently owned, operated, and maintained by MCMUA. We are prepared to negotiate the sale of this critical infrastructure as part of the termination of this agreement, as well as maintain an emergency system interconnection with NJAW.

Should you have any questions, please contact our office.

Very truly yours,



Larry Gindoff  
Executive Director

Cc: Andrew S. Holt, PE, PP, CME, MCMUA Consulting Engineer (aholt.suburbanconsulting.com)  
Shari Shapiro, Esq., Cozen O'Connor  
Vincent Monaco, PE, NJAW Manager Asset Planning  
Frank Marascia, NJAW Production Manager



# EXHIBIT B

I am working on the update to the SMCMUA water model and we would appreciate info on the adjacent service area near Clyde Potts, as Laura mentioned below. I am using Watercad to do this, so if NJAWC has something that is compatible, I can just digitally bring that into our model, that would be great. Otherwise, a scaled service area map would be great as well. I can manually input that info into our model.

Thanks,

Jeff Elam, P.E.  
Principal Engineer  
973 326 6872  
From: Frank J Marascia [mailto:Frank.Marascia@amwater.com]  
Sent: Wednesday, May 23, 2018 8:35 AM  
To: Laura Cummings <lcummings@smcmua.org>  
Cc: Jeff Elam <jelam@smcmua.org>  
Subject: RE: NJ American -SMCMUA

Laura,

No problem, just let us know what you need.

Frank J. Marascia  
Production Manager  
New Jersey American Water  
Northern Operations  
(O) 973-564-5751  
(M) 973-524-0663

~~frank.marascia@amwater.com~~  
\_From: Laura Cummings <lcummings@smcmua.org>  
Sent: Wednesday, May 23, 2018 8:16 AM  
To: Frank J Marascia <Frank.Marascia@amwater.com>  
Cc: Jeff Elam <jelam@smcmua.org>  
Subject: NJ American -SMCMUA

EXTERNAL EMAIL - "Think before you click!"

Frank,  
SMCMUA needs to pursue modeling a new location for the MCMUA pump station as discussed at a previous meeting. We will need the model data for the adjacent service area to do this. Can you provide the necessary information to Jeff (copied on this message)?

Thank you

Sent from my Verizon Wireless 4G LTE smartphone  
This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed.  
If you have received this email in error, please notify the sender. Please note that any views or opinions presented in this email are solely those of the author and do not necessarily represent those of American Water Works Company Inc. or its affiliates. The recipient should check this email and any attachments for the presence of viruses. American Water accepts no liability for any damages caused by any virus transmitted by this email.  
American Water Works Company Inc., 1025 Laurel Oak Road, Voorhees, NJ 08043  
www.amwater.com

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed.  
If you have received this email in error, please notify the sender. Please note that any views or opinions presented in this email are solely those of

# EXHIBIT C

## Richard Schkolnick

---

**From:** Howard Woods <howard@howardwoods.com>  
**Sent:** Wednesday, June 6, 2018 6:38 PM  
**To:** Laura Cummings P. E.  
**Cc:** Sidney D. Weiss; Jeff Elam PE, PP, CPWM  
**Subject:** Re: MCMUA 05/11/18 Letter

Dear Laura;

I am testifying at a hearing at OAL on Monday (NJAW Rate Case), but after that we can review this. Here are a few comments on the letter and the Agreement for discussion next week:

The September 10, 2002 Agreement, as amended July 1, 2012 is perpetual but there is an expiration provision with regard to MCMUA's obligation to buy water from SMCMA. Paragraph 3.4 allows the MCMUA obligation to purchase water and SMCMA's obligation to provide water to expire on the seventh anniversary of the Delivery Date of that water or on another earlier or later date agreed to in writing. Unless there is some other written agreement concerning the expiration date, I read Larry's letter as a proposal to allow Article III to expire on January 6, 2022 (January, not June). With Article III expired, Article IV, which address our bills to MCMUA only has value if we contemplate spot sales to MCMUA. I think it may be better to either have this Article IV expire along with Article III or, in the alternative, it should be replaced with language that allows us to bill MCMUA at tariffed rates in effect at the time of use. That will get us away from billing at the PVWC rates and line us up better with cost of service allocation principals. The June 2012 Amendment already indicates that Articles V and VI are of no further effect. So, what we have left is Article I, our agreement to buy water from MCMUA as amended by the June 2012 amendment, Article II (MCMUA rates to us), and Article VII, which includes a series of insurance and miscellaneous provisions including an obligation to cooperate in emergencies. I don't see a minimum purchase obligation in this agreement, so if we are looking for an expense to cut, subject to operational needs, of course, this could be one.

While Larry is proposing to have the MCMUA obligation to purchase water expire on January 6, 2022, the Reduction Period, in which we have agreed to reduce the 1.0 MGD we could purchase from MCMUA to a maximum of 0.5 MGD, ends on December 31, 2021 (i.e., the week before). So, at the end of 2021, we pick up 0.5 MGD in peak day capacity on paper and we loose 0.6 MGD of minimum annual sales the following week.

The Agreement between MCMUA and NJAW is dated January 6, 2012 and it runs for an initial ten-year term. So, the last day that MCMUA is obligated to provide water to NJAW is January 5, 2022 (one day before the date that MCMUA wants to terminate their obligation to buy water from us). In order to effect this termination date, MCMUA will need to give NJAW notice of termination by January 5, 2020 (two years before the end of the Initial Term). I recall that we collectively discussed the possibility that MCMUA might give this notice early, so it would be good to determine if they have done anything at this point. If they have provided notice, that would give us the ability to get into the details of providing water directly to NJAW. The MCMUA agreement has NJAW buying a minimum of 220 MGY (0.603 MGD). The maximum day is limited to 1.0 MGD, the Maximum Month is 30.5 MGM (0.984 MGD) and the Maximum Year is 237 MGY (0.649 MGD). Unless NJAW wants to buy more water, these limits would be a good starting point for a new agreement with NJAW.

With respect to rates, you will recall that the last COSS indicated that the wholesale rate was to MCMUA was too low. The existing rate charged to MCMUA was \$2.0893/ccf in the 2016 COSS. The full cost recommended rate was \$2.60/ccf and, of course, this was not implemented due to the language in the September 10, 2002 agreement that ties the rate charged to the PVWC rate. The full cost rate is equivalent to \$3,475.94/MG. Based on Larry's letter, we were billing MCMUA \$2,932.88/MG in 2017. The MCMUA-NJAW contract allows MCMUA to charge NJAW 111% of the MCMUA base rate. The rate they were charging NJAW in 2017, according to Larry's letter, was \$2,692.86/MG. I believe

that the PVWC's projected 2022 rate is \$3,009.27 per Million Gallons. At 220 MGY, this would amount to \$662,039.40 in water charges. The PVWC power surcharge is running you about an average of \$6,000 per month. If we assume no inflation in the power surcharge the total PVWC charges would be \$734,039.40 for 220 MGY. This would result in an effective rate to MCMUA of \$3,336.54 per MG or \$2.496 per ccf. Our 2016 full cost rate inflated at 3% per year to 2022 would be about \$4,275/MG. The point of this is that in any discussions we have with NJAW, we should be talking about an agreement that has the rate set outside of the contract. In addition, it should not be a rate tied solely to the cost of purchasing water from PVWC. If we are going to contract to sell water to NJAW at a location other than the current point of sale, I assume we will be providing water that may be Clyde Potts water, water from our wells or water purchased from PVWC or a blend of there three determined by operational considerations. That is why it is not appropriate to charge only the PVWC cost. The full cost wholesale rate recommended in the 2016 COSS is the lowest recommended rate in the Study (even lower than the Lifeline retail rate). The low rate is justified because of the contract limits. If the amount of peaking is kept to a minimum, the extra-capacity cost allocations are low and that is why the rate is lower.

Regards,

Howard

Howard J Woods Jr, PE  
Howard J Woods Jr & Assoc LLC  
49 Overhill Road  
East Brunswick NJ 08816-4211

Phone: (267) 254-5667

[E-mail: howard@howardwoods.com](mailto:howard@howardwoods.com)

On Jun 6, 2018, at 11:45 AM, Laura Cummings <[lcummings@smcmua.org](mailto:lcummings@smcmua.org)> wrote:

<20180511.mcmua.ltr.pdf>

# EXHIBIT D

Morris County MUA Replacement Supply Options - June 2018									
Alternatives	Description	Purchase 7,400' - 12" CIP from MCMUA	New Booster Station	Other Improvements	Total Capital Cost	Operating Cost (Pwr & PWAC)	CapEx for Opex Leverage	CapEx for Opex Favorable	Feasibility
Option 1	Option 1 - A "do nothing option", other than renegotiation a new long-term agreement with MCMUA.	\$ -	\$ -	\$ -	\$ -	\$ 681,127	\$ 4,800,000	n/a	not feasible
Option 2	Option 2 - NJAW enters into a new L-T agreement with SMC/MUA to purchase water with same or similar limits as the current agreement with County.	\$ 500,000	\$ 2,500,000	\$ 500,000	\$ 3,500,000	\$ 808,533	\$ 5,700,000	n/a	feasible
Option 2a	Same as Option 2, except new Clyde Potts BS is moved significantly downstream of current location along Woodland Road near W. Main St.	\$ 500,000	\$ 3,000,000	\$ 500,000	\$ 4,000,000	\$ 808,533	\$ 5,700,000	n/a	somewhat feasible
Option 3	NJAW replaces the lost supply from MCMUA with its own source via improvements identified by 2016 CPS as projects A5, A-13, B-10, and B-14.	\$ 500,000	\$ -	\$ 4,800,000	\$ 5,300,000	\$ 141,750	\$ 4,800,000	No	feasible
Option 4	Option 4 - NJAW replaces most of the lost supply from MCMUA with its own source similar to Option 3. And NJAW enters into a new L-T Agreement with MCMUA with very small purchases approx. 0.05 - 0.1 MGD while retaining existing infrastructure in place, except Clyde Potts BS would be retired which is a primary driver of both the County and the SMC/MUA to resolve current treatment issues.	\$ 500,000	\$ -	\$ 4,300,000	\$ 4,800,000	\$ 161,720	\$ 4,600,000	yes	feasible

# EXHIBIT E



## RE NJ American -SMCMUA(3).pdf

From: Vincent Monaco <vincent.monaco@amwater.com>  
To: Frank J Marascia <frank.marascia@amwater.com>  
Date: Wed, 13 Jun 2018 16:19:48 -0400

From:  
To:  
Cc:  
Vincent Monaco  
Frank J Marascia  
Subject:  
Date:  
Frank

I'm comfortable with you providing a response unless there other concerns.

From: Frank J Marascia  
Sent: Wednesday, June 13, 2018 3:29 PM  
To: Vincent Monaco <Vincent.Monaco@amwater.com>  
Cc: William A Lewis <William.Lewis@amwater.com>; Dana Wright <Dana.Wright@amwater.com>; Bryan Slota <Bryan.Slota@amwater.com>; Thomas Shroba <Tom.Shroba@amwater.com>; Donald C Shields <Donald.Shields@amwater.com>  
Subject: RE: NJ American -SMCMUA

Vince,

If you are comfortable with it, I will provide a professional response.

Frank J. Marascia  
Production Manager  
New Jersey American Water  
Northern Operations  
(O) 973-564-5751  
(M) 973-524-0663  
frank.marascia@amwater.com

From: Vincent Monaco  
Sent: Wednesday, June 13, 2018 3:06 PM  
To: Frank J Marascia <Frank.Marascia@amwater.com>  
Cc: William A Lewis <William.Lewis@amwater.com>; Dana Wright <Dana.Wright@amwater.com>; Bryan Slota <Bryan.Slota@amwater.com>; Thomas Shroba <Tom.Shroba@amwater.com>; Donald C Shields <Donald.Shields@amwater.com>  
Subject: RE: NJ American -SMCMUA

Frank, Agreed!

I think what we need to tell them now is that we are still evaluating our options including selfsufficiency.

Thus no decision is made as to which options we ultimately select. With regard to us providing portions of our model or distribution network, I do not recommend doing so.

Dana,  
perhaps what we could provide is either a typical SCADA output over a period of 48 hours (if William A Lewis; Dana Wright; Bryan Slota; Thomas Shroba; Donald C Shields  
RE: NJ American -SMCMUA

Wednesday, June 13, 2018 4:19:48 PM

available) in the area (MCMUA's current PS and/or FCV) or our own model EPS output in terms of the HGL at an assumed flow 1 MGD for peak day, one simulation at Clyde Potts and another simulation along Woodland Road – near W. Main Street. My preference is to provide graphical outputs of the resultant HGLs from our model.

Tom/Don

I'm leaning recommending replacing the MCMUA supply with our own and retain a minimal flow < 0.1 MGD from Morris County should they be agreeable otherwise replace it altogether. I have a draft document prepared and will be sharing with you soon. Waiting for internal comments before sharing with you for your consideration. Should have available for you either later this week or sometime early next week.

From: Frank J Marascia

Sent: Wednesday, June 13, 2018 2:23 PM

To: Vincent Monaco <Vincent.Monaco@amwater.com>

Cc: William A Lewis <William.Lewis@amwater.com>; Dana Wright <Dana.Wright@amwater.com>;

Bryan Slota <Bryan.Slota@amwater.com>; Thomas Shroba <Tom.Shroba@amwater.com>

Subject: FW: NJ American -SMCMUA

Vince,

I think we should let SMCMUA know what direction we are heading, whether by meeting or email. As you can see from below, they are continuing to press me regarding building a pump station for us. As discussed, we want to maintain our relationship.

Frank J. Marascia

Production Manager

New Jersey American Water

Northern Operations

(O) 973-564-5751

(M) 973-524-0663

frank.marascia@amwater.com

From: Jeff Elam <jelam@smcmua.org>

Sent: Wednesday, June 13, 2018 1:58 PM

To: Frank J Marascia <Frank.Marascia@amwater.com>

Cc: Laura Cummings <lcummings@smcmua.org>

Subject: RE: NJ American -SMCMUA

EXTERNAL EMAIL - "Think before you click!"

Hi Frank,

Are you available Friday or Monday for a short sit down review of your distro system in the Mendham and Park Ave areas? I can come to your place...

Jeff Elam, P.E

Principal Engineer

973 326 6872

From: Jeff Elam

Sent: Friday, May 25, 2018 11:31 AM

To: 'Frank J Marascia' <Frank.Marascia@amwater.com>

Cc: Laura Cummings <lcummings@smcmua.org>

Subject: RE: NJ American -SMCMUA

Hi Frank,

# EXHIBIT F



Niall J. O'Brien  
Also Member of Pennsylvania Bar  
nobrien@archerlaw.com  
856-616-2696 Direct  
856-673-7160 Direct Fax

Archer & Greiner, P.C.  
One Centennial Square  
Haddonfield, NJ 08033-2374  
856-795-2121 Main  
856-795-0574 Fax  
[www.archerlaw.com](http://www.archerlaw.com)

August 12, 2020

**VIA OVERNIGHT DELIVERY**

Frank Mottola, Administrator  
Zoning Board of Adjustment  
166 Mine Brook Road  
Bernardsville, NJ 07924

**Re: New Jersey American Water Company, Inc.  
Fenwick Storage Tank Reliability Improvements  
RESPONSE TO BURGIS ASSOCIATES PLANNING REVIEW  
Application for Conditional Use (and Height) Variances, Conditional Use  
Approval and Preliminary and Final Site Plan Approval  
Block 5, Lot 5 / Mendham Road, Borough of Bernardsville  
Our File No. NEW248.042**

Dear Mr. Mottola:

On behalf of our client, New Jersey American Water Supply, Inc. (the "Applicant"), please accept ten (10) copies of this letter as our response to the Planning Review Memorandum on Application No. 20-01 prepared by Burgis Associates, dated June 17, 2020, in connection with the above-referenced Application.

We are also submitting the following:

1. Revised Site Development Plans entitled "Fenwick Tank Replacement Project, New Jersey American Water, Borough of Bernardsville, Somerset County, NJ" prepared by Buchart Horn, dated February 2020 and last revised August 2020, consisting of five (5) sheets – ten (10) signed and sealed sets;
2. Aerial Exhibit Showing Structures and Topographic Features within 300 feet of the property – ten (10) copies; and
3. "Boundary and Topographic Survey of Block 5, Lot 5, Borough of Bernardsville, Somerset County, New Jersey," prepared by Finelli Consulting Engineers, dated February 14, 2019, and last revised July 21, 2020 – four (4) copies.

Our responses to the numbered Comments within the Planning Review Letter are set forth below in **bold** below.

**RESPONSE:** *Because there is no site traffic other than the Applicant's maintenance and service personnel, no off-street parking is proposed or necessary. Because the Water Tank facility is, and will continue to be unmanned, there is no land use within Section 9-10.6 which closely resembles the Public Utility Facility and, therefore, it is the Applicant's understanding that this Conditional Use Standard is met.*

5. Except in the event of an emergency, no operation shall be conducted within 300 feet of any residential unit between the hours of 8:30 p.m. and 6:00 a.m. Monday through Saturday, or at any time on Sunday. In any case, no operation shall produce or create any noise, dust, smoke, fumes or odors which exceed the limits established by any applicable State, County, Municipal or other governmental regulation.

**RESPONSE:** *Except during emergency events, the Applicant's maintenance and service personnel will visit the site approximately once daily, during the hours of 8:30 p.m. and 6:00 a.m. Monday through Saturday. The operation of the facility will not create any impacts in terms of noise, dust, smoke, fumes or odors. Therefore, this Conditional Use Standard is met.*

6. The burden of proof shall be on the applicant to show that the proposed installation in the specific location is reasonably necessary for the efficient operation of the public utility system.

**RESPONSE:** *The replacement of the larger and higher Water Storage Tank to replace the existing Water Storage Tank on the property is necessary for the Applicant's maintenance of reliability of water supply and to maintain adequate water pressure for firefighting and other needs. The Applicant currently has a bulk sale purchase agreement with the Morris County Municipal Utilities Authority (MCMUA) which cannot be renewed and will be terminated by MCMUA by January 1, 2022. This will result in the loss of approximately 1 million gallons per day (1 MGD) of water to the portion of NJAW's distribution system in portions of Mendham and Bernardsville (known as the ML Gradient) previously provided by the MCMUA. The Fenwick Water Storage Tank is the sole gravity storage mechanism for the ML Gradient.*

*When the MCMUA contract is terminated, the existing Tower Mountain Booster Station (BPS) is the only means of transferring water to the ML Gradient. The existing Tower Mountain BPS does not have sufficient pumping capacity to meet the Peak Day demands of the ML Gradient without the volume and pressure previously supplied by the MCMUA into the northern portion of the ML Gradient. Due to insufficient pumping capacity, the existing Water Storage Tank cannot be replenished from the early morning to early afternoon hours (approximately 10-12 hours) during Peak Daily Demands. This will result in potential deficits in fire flow storage volume and lower than normal system pressures within the ML Gradient. In short, there may be insufficient volume and pressure to fight fires and lower pressure for daily use.*

*Once the MCMUA terminates their agreement with NJAW, there will no longer be any contractual obligation for MCMUA to provide water to NJAW. In an emergency, the MCMUA might be able to deliver some water to NJAW, but this will be based on supply availability and entirely at MCMUA's discretion. Additionally, the emergency interconnection would no longer be considered part of NJAW's firm capacity which may place NJAW in regulatory noncompliance with respect to such issues as the ability to maintain the required minimum of 20 PSI throughout the ML Gradient distribution system. In addition, meeting emergency flows in the event of a fire occurring during Peak Day or Average Day Demands would be problematic due to the reduced storage concerns in the existing Fenwick Tank.*

*For these reasons, the additional storage volume and gravity pressure provided by the larger Water Storage Tank is necessary to maintain the adequacy of the public utility water supply.*

The application requires the following relief:

1. Use variance pursuant to N.J.S.A. 40:55D-70 (d)(3) for development that does not satisfy the conditional use requirements of §12-25.2 i. Specifically, the development does not comply with the maximum height limitation and setback requirements of the R-1-10 zone per items 3 and 4 of the conditional use standards.

**RESPONSE:** *Acknowledged. The Applicant respectfully repeats the Variance request.*

2. Variance from §14-2.6 to exceed the 250 square foot limitation of slope disturbance for slopes in excess of 30% to permit a disturbance of 2,550 square feet.

**RESPONSE:** Variance Approval is requested from Ordinance §14-2.6 to exceed the 500 square foot limitation of slope disturbance for slopes between 25-29.99% to permit disturbance of 805 square feet and the 250 square foot limitation of slope disturbance for slopes in excess of 30% to permit a disturbance of 1,220 square feet.

#### **Statutory Criteria**

The applicant has asserted in their application that the proposed water tower is an inherently beneficial use. The significance of this determination is if a use is determined to be inherently beneficial, it presumptively satisfies the positive criteria of a use variance application. There is no enhanced burden of proof for such an application pursuant to the New Jersey Supreme Court's "Medici Decision" nor does an applicant need to demonstrate that the site is particularly suited for the use.

**RESPONSE:** As set forth above, the installation of the larger and higher Water Storage Tank is necessary, and an essential component of the Applicant's Public Utility water distribution system in the immediate area in which it is located and is needed to maintain the reliability of water supply and water pressure for firefighting and other use and, thereby being of such value in promoting the public welfare, should may be deemed an

# EXHIBIT G

## Jacoby, Carol A.

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**From:** David Ruitenberg <druitenberg@murphymckeonlaw.com>  
**Sent:** Wednesday, August 31, 2022 11:14 AM  
**To:** Amerikaner, David B.  
**Cc:** Kessler, Phyllis J.  
**Subject:** RE: New Jersey American Water - BPU Matter

David,

I apologize for the late response on this. SMCMUA's Executive Director returned from vacation this past Monday. We discussed what if any benefit there would be to an informal interview and concluded that there would be none.

As I explained when we spoke earlier this summer, no request has been made by NJAW to SMCMUA to purchase water at this time. In addition, any such proposed agreement by SMCMUA to sell water to NJAW would be subject to the approval of SMCMUA's four creating municipalities, which are the Town of Morristown, Morris Township, the Borough of Morris Plains and Hanover Township.

Therefore, the documents previously produced will need to suffice.

Best,  
Dave

*David J. Ruitenberg, Esq.*

Murphy McKeon, P.C.  
51 Route 23 South \* P.O. Box 70 \* Riverdale \* New Jersey \* 07457  
Phone: 973-835-0100 \* Fax: 973-835-1732  
Email: [druitenberg@murphymckeonlaw.com](mailto:druitenberg@murphymckeonlaw.com)

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**From:** Amerikaner, David B. <DBAmerikaner@duanemorris.com>  
**Sent:** Wednesday, August 31, 2022 10:57 AM  
**To:** David Ruitenberg <druitenberg@murphymckeonlaw.com>  
**Cc:** Kessler, Phyllis J. <PJKessler@duanemorris.com>  
**Subject:** RE: New Jersey American Water - BPU Matter

Dave,  
I'm following up on the conversation we had a few weeks ago regarding a voluntary interview with the executive director of the SMCMUA regarding the NJAW issues. Were you able to connect with your client on this topic? Thanks very much.

David

---

**From:** Amerikaner, David B.  
**Sent:** Wednesday, August 3, 2022 8:09 AM  
**To:** David Ruitenberg <[druitenberg@murphymckeonlaw.com](mailto:druitenberg@murphymckeonlaw.com)>  
**Cc:** Kessler, Phyllis J. <[PJKessler@duanemorris.com](mailto:PJKessler@duanemorris.com)>  
**Subject:** RE: New Jersey American Water - BPU Matter

I'm working remotely too. My cell is (213) 220-7365. Thanks.



---

**From:** David Ruitenber <[druitenberg@murphymckeonlaw.com](mailto:druitenberg@murphymckeonlaw.com)>  
**Sent:** Wednesday, August 3, 2022 10:36 AM  
**To:** Amerikaner, David B. <[DBAmerikaner@duanemorris.com](mailto:DBAmerikaner@duanemorris.com)>  
**Cc:** Kessler, Phyllis J. <[PJKessler@duanemorris.com](mailto:PJKessler@duanemorris.com)>  
**Subject:** RE: New Jersey American Water - BPU Matter

Yes, though I'll call you because I'll be home grabbing lunch at 1. Which number should I use?

*Dave Ruitenber*

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**From:** Amerikaner, David B. <[DBAmerikaner@duanemorris.com](mailto:DBAmerikaner@duanemorris.com)>  
**Sent:** Wednesday, August 3, 2022 10:23 AM  
**To:** David Ruitenber <[druitenberg@murphymckeonlaw.com](mailto:druitenberg@murphymckeonlaw.com)>  
**Cc:** Kessler, Phyllis J. <[PJKessler@duanemorris.com](mailto:PJKessler@duanemorris.com)>  
**Subject:** RE: New Jersey American Water - BPU Matter

Dave,  
Would 1 pm work? Thanks.

---

**From:** David Ruitenber <[druitenberg@murphymckeonlaw.com](mailto:druitenberg@murphymckeonlaw.com)>  
**Sent:** Wednesday, August 3, 2022 9:59 AM  
**To:** Amerikaner, David B. <[DBAmerikaner@duanemorris.com](mailto:DBAmerikaner@duanemorris.com)>  
**Cc:** Kessler, Phyllis J. <[PJKessler@duanemorris.com](mailto:PJKessler@duanemorris.com)>  
**Subject:** RE: New Jersey American Water - BPU Matter

Hey David,

All well here and I hope the same for you. Let me move a couple things off my desk and I'll give you a call this AM. If a later time is better, let me know.

*Dave Ruitenber*

---

**From:** Amerikaner, David B. <[DBAmerikaner@duanemorris.com](mailto:DBAmerikaner@duanemorris.com)>  
**Sent:** Tuesday, August 2, 2022 9:44 PM  
**To:** David Ruitenber <[druitenberg@murphymckeonlaw.com](mailto:druitenberg@murphymckeonlaw.com)>  
**Cc:** Kessler, Phyllis J. <[PJKessler@duanemorris.com](mailto:PJKessler@duanemorris.com)>  
**Subject:** New Jersey American Water - BPU Matter

Dave,  
I hope this email finds you well. Do you have a few minutes tomorrow to discuss your client's production in this matter in response to the subpoena that we served, and next steps? Thanks very much.

**David Amerikaner**  
Special Counsel

Duane Morris LLP  
30 South 17th Street  
Philadelphia, PA 19103-4196  
**P:** +1 215 979 1939  
**F:** +1 215 754 4891  
**C:** +1 213 220 7365

[DBAmerikaner@duanemorris.com](mailto:DBAmerikaner@duanemorris.com)  
[www.duanemorris.com](http://www.duanemorris.com)

For more information about Duane Morris, please visit <http://www.DuaneMorris.com>

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# EXHIBIT H

**To:** Donald C. Shields, VP – Engineering  
Tom Shroba, VP – Operations

**Date:** July 2, 2018

**Copy:** William A. Lewis, Sr. Director – Operations North  
Mike Wolan, Engineering Mgr. – North; Dana Wright, Sr. Planning Engineer  
Frank Marascia, Production Manager – Operations North

**From:** Vince Monaco, Mgr. Engineering – Asset Planning

**Subject:** Morris County Municipal Utilities Authority – Supply Replacement Recommendation

**Recommendation:** Replace the existing Morris County Municipal Utilities Authority (MCMUA) with NJAW supply by implementing multiple conveyance improvement projects previously identified in the 2016 Comprehensive Planning Study for the Passaic Basin System. The preferred alternative is Option 4 as described below subject to MCMUA willingness to enter into a Long-Term (L-T) agreement with NJAW for nominal purchase of 25,000 gallons per day. A conference call is set for July 19<sup>th</sup> to discuss Option 4 with MCMUA and our desire to purchase L-T a nominal quantity in the 25,000 to 100,000 gallon per day.

An alternative analysis was completed and included the following options:

Option 1 - A “do nothing option”, other than renegotiation a new long-term agreement with MCMUA. Risk associated with a do nothing option is considerable and likely not feasible as the MCMUA already indicated it is not interested in renewing current agreement under similar terms and conditions;

Option 2 – NJAW enters into a new L-T agreement with Southeast Morris County Municipal Utilities Authority (SMCMUA) to purchase water with same or similar limits as the current agreement with MCMUA;

Option 3 – NJAW replaces the lost supply from MCMUA with its own source via improvements mentioned earlier and identified by 2016 CPS as projects A5, A-13, B-10, and B-14. The cost of these projects is estimated to be \$15.3 million of which \$11 million is needed to improve water supply in the Mendham Low Gradient – 772 HGL irrespective of replacement of the MCMUA current supply. Only B-14, estimated at \$4.3 million, is needed in addition to the other three recommended projects to replace the lost supply from MCMUA; and

Option 4 – Similar to option 3, NJAW replaces the lost supply from MCMUA with its own source via improvements mentioned earlier and identified by 2016 CPS as projects A5, A-13, B-10, and B-14. Additionally, NJAW enters into a new L-T Agreement with MCMUA with very small purchases estimating 25 to 100 TG per day while retaining the existing infrastructure in place, except the Clyde Potts BS purchase point can be eliminated which is a primary driver of both the County and the SMCMUA to resolve current treatment issues. The minimum recommended daily purchase from the MCMUA is 25 TG per day.

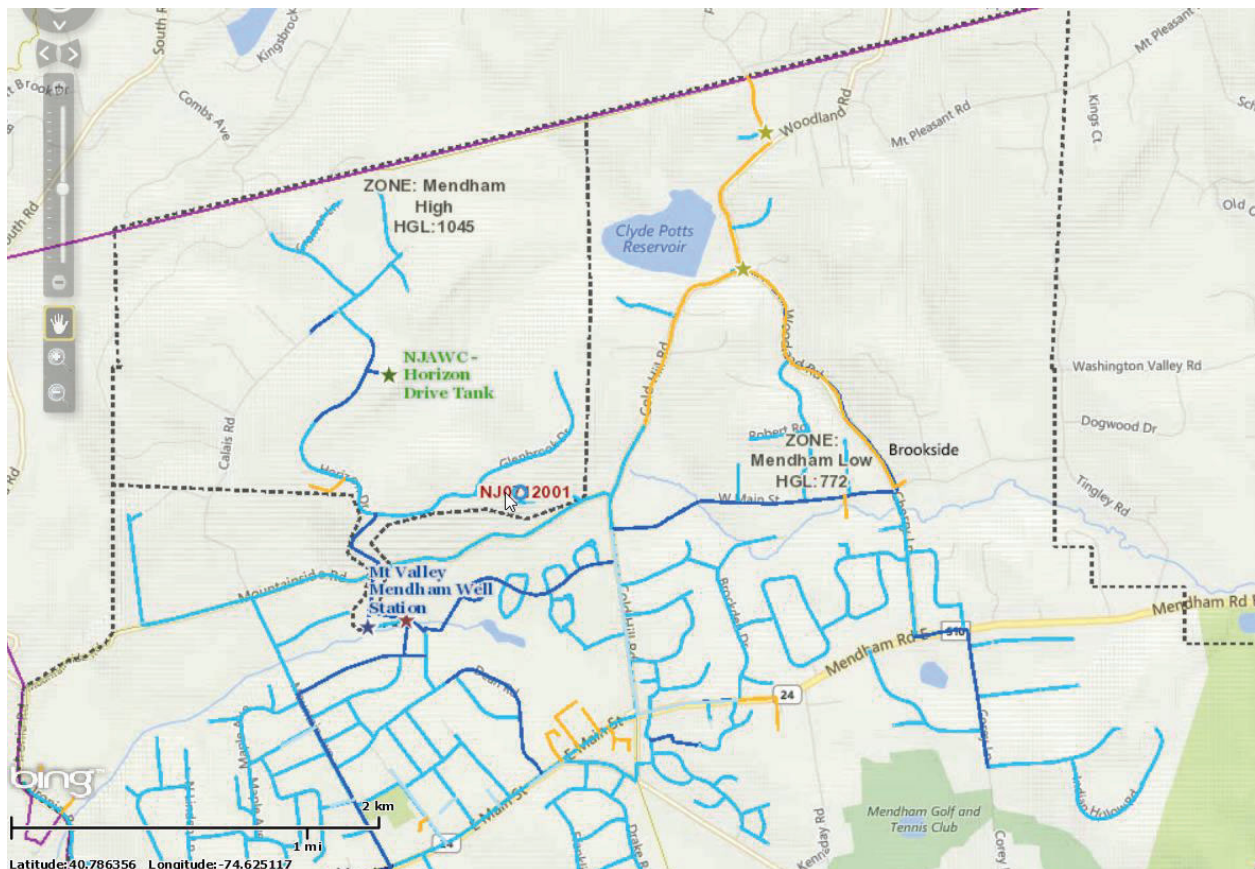
In addition to the economic benefit and sustainability, Option 4 offers other indirect benefits and summarized as follows: Gravity transfer, No additional pump station to maintain, No emergency power to worry about, High and consistent quality groundwater, No CT issue, No T&O issue, No cyanotoxin issue, and Highly buffered supply....good for corrosion control and LCR compliance.

**Background** – NJAW regularly purchase water from MCMUA (220 MGY min, with 1 MGD, 31 MGM, and 232 MGY max limits). Purchases are made at two IC: Clyde Potts WTP<sup>1</sup> (regular) and Cold Hill/Woodland Rd intersection (supplemented via FCV and RPZ controlled by MCMUA when more than 0.6 MGD is needed).

**Issues** – there are three distinct issues at hand that need to be evaluated and addressed:

1. MCMUA issued a conditional notice of intent to terminate the current agreement with a 24-month notice issued on May 11<sup>th</sup>, 2018 in a letter to Thomas Shroba, VP-Operations. Current agreement expires on January 5<sup>th</sup>, 2022;
2. MCMUA owns pump station and 12-inch CIP transmission mains along Cold Mill Road and Woodland Road (approximately 1.5 miles);
3. Inadequate supply from Clyde Potts WTP due treatment limitations during cold weather temperatures and during filter backwashes; and
4. NJAW Mendham Low (HGL:772) supply, storage, and conveyance in the area is marginal.

Below is a general map of the area and existing IC where NJAW purchases from MCMUA directly and via SMCMUA at Clyde Potts Reservoir.



<sup>1</sup> Clyde Potts WTP is owned and operated by Southeast Morris County MUA (SMCMUA). IC is via an existing booster station owned and operated by Morris County MUA (MCMUA) located on an easement deriving water directly from the Clyde Potts WTP.

The **2016 Passaic CPS** identified four projects needed to correct the marginal supply condition in the Mendham Low pressure zone (HGL:772). The recommended projects specific to Mendham Low as compiled by Dana Wright on 1/15/2018 include the following:

Project A-5	New Fenwick Elevated Tank and Tower Mountain BS Improvements	\$5,800,000
Project A-13	Install 7,900 Feet of 16-In on Hilltop Rd and 2,600 Feet of 12-In on Horizon Dr.	\$3,700,000
Project B-10	Parallel Ex. Basking Ridge BS Suction and Discharge Piping. Total of 4,900 Feet of 12-In.	\$1,500,000
Project B-14	Twin Lakes Loop and Mt Airy BS Improvements. Total of 12,000 Feet of 12-In.	\$4,300,000
<b>Total</b>		<b>\$15,300,000</b>

It is important to note, project A5, A-13 and B-10 (\$11,000,000) listed above are needed whether NJAW continues to buy water from MCMUA or not. The Twin Lakes Loop (project B-14) becomes a must and would need to be reprioritized if MCMUA or its local replacement supply (i.e. SMCMUA) is lost along with the other three projects. Otherwise, the reliability of the system is compromised.

Considering that NJAW does not own the 12-inch CIP main on Cold Hill and Woodland Road, but has at least three (3) direct take-off mains from it (Waters Edge Road, Reservoir Ridge Road, and Coe Farm Road), it seems sensible for NJAW to purchase this 12-inch main from the MCMUA regardless of alternatives it chooses to replace the lost supply from the MCMUA agreement. This way NJAW has flexibility on its options and can assure required maintenance and repairs to the main as to minimize service disruption to customers served directly by this main. The estimated length of the 12-inch CIP built in the 1950s is 7,400 feet.

**Options –**

The following options were considered to address the stated issues, each with its own risk and addressed accordingly:

1. Option 1 - A “do nothing option”, other than renegotiation a new long-term agreement with MCMUA. Risk associated with a do nothing option is considerable and can be summarized as follows:
  - a. MCMUA (or “County”) may not be interested at all in continuing with a Long-Term agreement, because it currently has inadequate supply of its own and is dependent on SMCMUA to make-up the short-fall;
  - b. Cost of water will be considerably higher than what is currently and potentially be as high or possibly higher than our GMS rate;
  - c. Correction of the current deficiency of the pump station and proper treatment of Clyde Potts WTP’s supply for “1<sup>st</sup> customer use” at point of delivery (meter chamber). NJAW likely to be required to purchase current pump station and make needed improvements; and
  - d. SMCMUA may not agree to a new agreement and allow NJAW continuation to take water from same location.

2. Option 2 – NJAW enters into a new L-T agreement with SMCMUA to purchase water with same or similar limits as the current agreement with County. This option for certain requires NJAW to purchase the 12-CIP main and very likely the pump station at Clyde Potts from the County. NJAW will seek an emergency Interconnection (IC) agreement with County so as to safeguard the reliability of the system. The County has expressed a willingness to enter into an emergency IC agreement with NJAW to survive the current purchase agreement. Risk associated with this option is somewhat similar to Option 1 and can be summarized as follows:
  - a. Cost of water will be considerably higher than what is currently with County, but we do not believe SMCMUA will be as aggressive in the pricing structure of bulk sales as they should recognize a significant financial benefit in entering into L-T sale agreement with NJAW;
  - b. Cost of improvement of Clyde Potts WTP is significant and may outweigh the financial benefit of an L-T sale agreement. NJAW may be asked to contribute or completely adsorb the cost of the additional treatment at Clyde Potts WTP.
  - c. Upgrading or replacing the pump station – Upgrading of the existing pump station (PS) at Clyde Potts may not be practical, requiring a complete replacement elsewhere. SMCMUA prefers that the PS be located elsewhere downstream of the 18-inch CIP transmission main they own along Woodland Road, after the water has received adequate contact time. *The issue of inadequate treatment is most prevalent during the winter when the treatment plant cannot meet the required 0.5 Giardia Log Inactivation of Clyde Potts typical winter flow (~1 MGD safe yield).* Locating a new PS in Mendham Twp. along Woodland Road (close to Main Street) can be quite challenging from siting requirements as the area has many historic sites where construction of a new PS may not be permitted by the local planning ordinances.
  
3. Option 3 – NJAW replaces the lost supply from MCMUA with its own source via improvements mentioned earlier and identified by 2016 CPS as projects A5, A-13, B-10, and B-14. The cost of these projects is estimated to be \$15.3 million of which \$11 million is needed to improve water supply in the Mendham Low Gradient – 772 HGL irrespective of replacement of the MCMUA current supply. Only B-14, estimated at \$4.3 million, is needed in addition to the other three recommended projects to replace the lost supply from MCMUA. Risk to this option is primarily the capital requirement of \$15.3 million compressed in a relatively short period of approximately three (3) years as the current agreement with MCMUA expires January 5<sup>th</sup>, 2022. There are other risks associated with this option and summarized as follow:
  - a. Timely implementation of each project of the four (4) projects to effectively replace the lost source of supply from the MCMUA;
  - b. Permitting requirements in particular within the Highlands Council’s jurisdiction and those areas designated as “Highlands Preservations” (HC map shows all Mendham Township as planning area – meaning less risk in securing approval);
  - c. Marginal regulatory capacity losses for the Passaic Basin system and within pressure zone. It will need careful evaluation to ascertain compliance with the capacity requirement; and
  - d. Current homes along Cold Hill and Woodland Road will need to be served by either Mendham High (HGL: 1045) or continue with MCMUA supply with drastically reduced contractual limits. The MCMUA may not be interested in entering into a new LT agreement with marginal supply requirements for NJAW to serve existing homes along Cold Hill and Woodland Road & Old Brookside Road which are at higher elevations than Mendham Low.

4. Option 4 – Similar to option 3, NJAW replaces the lost supply from MCMUA with its own source via improvements mentioned earlier and identified by 2016 CPS as projects A5, A-13, B-10, and B-14. Additionally, NJAW enters into a new L-T Agreement with MCMUA with very small purchases estimating 25 to 100 TG per day while retaining the existing infrastructure in place, except the Clyde Potts BS purchase point can be eliminated which is a primary driver of both the County and the SMCMUA to resolve current treatment issues. The minimum recommended daily purchase from the MCMUA is 25 TG per day. Risk to this option is primarily the capital requirement of \$15.3 million compressed in a relatively short period of approximately three (3) years as the current agreement with MCMUA expires January 5<sup>th</sup>, 2022. The other risks associated with this option are similar to Option 3 and summarized as follow:
- a. Timely implementation of each project of the four (4) projects to effectively replace the lost source of supply from the MCMUA;
  - b. Permitting requirements in particular within the Highlands Council’s jurisdiction;
  - c. Some regulatory capacity losses for the Passaic Basin system and within pressure zone; and
  - d. The MCMUA may not be interested in entering into a new LT agreement with marginal supply requirements for NJAW to serve existing homes along Cold Hill and Woodland Road & Old Brookside Road which are at higher elevations than Mendham Low.

#### **Recommendations –**

Asset Planning recommends Option 4 as the preferred option. If County is not interested in entering into a L-T agreement for purchases of minimal amounts of 25 – 100 TG per day, then Option 3 would be the next preference.

While there has not been a focused discussion with Morris County regarding Option 4, considering the de-minimus request for continued sales but much smaller requirements, there may be an interest in their consideration.

Advantages:

Maintains a healthy relationship with Morris County and reducing our purchase by ~95% should provide for significant “Regulatory Capacity” relief to the County which has plagued for past 10 + years;

Resolves the issue of Clyde Potts inadequate winter treatment;

Shifts the burden of the 12-inch CIP transmission main from County to NJAW; and

Affords a bit of flexibility in the schedule should there be any delay in implementation of needed projects, because NJAW will not seek continuation of the current Regulatory Capacity after January 5, 2022. Should there be an interim need for more supply due to an unforeseen implementation delay, the excess volumes taken by NJAW after the expiration of the current agreement are likely to be credited back to Morris County for regulatory capacity determination.

#### **Exhibits**

In the following pages are few exhibits used to support this white paper, including a summary table for the analysis and assumptions, MCMUA 12-inch transmission main, and the Highlands Council Map.



**Morris County MUA Replacement Supply Options - June 2018**

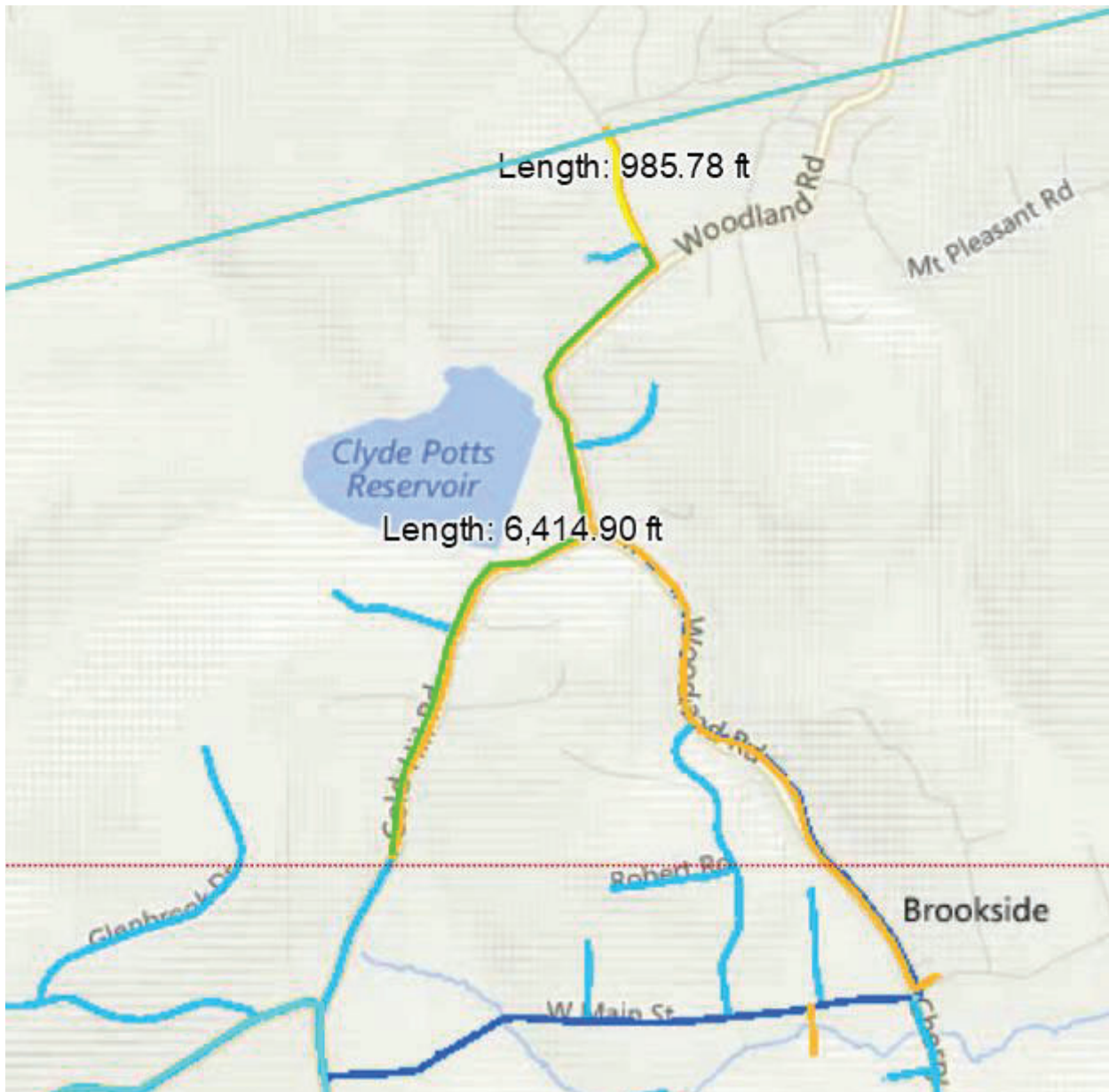
Alternatives	Description	Purchase 7,400' - 12" CIP from MCMUA	New Booster Station	Other Improvements	Total Capital Cost	Operating Cost (Pwr & PWAC)	CapEx for Opex Leverage	CapEx for Opex Favorable	Feasibility
Option 1	Option 1 - A "do nothing option", other than renegotiation a new long-term agreement with MCMUA.	\$ -	\$ -	\$ -	\$ -	\$ 636,567	\$ 4,500,000	n/a	not feasible
Option 2	Option 2 – NJAW enters into a new L-T agreement with SMCMLUA to purchase water with same or similar limits as the current agreement with County.	\$ 300,000	\$ 2,500,000	\$ 500,000	\$ 3,300,000	\$ 808,533	\$ 5,700,000	n/a	feasible
Option 2a	Same as Option 2, except new Clyde Potts BS is moved significantly downstream of current location along Woodland Road near W. Main St.	\$ 300,000	\$ 3,000,000	\$ 500,000	\$ 3,800,000	\$ 808,533	\$ 5,700,000	n/a	somewhat feasible
Option 3	<u>NJAW replaces the lost supply from MCMUA with its own source via improvements identified by 2016 CPS as projects A5, A-13, B-10, and B-14.</u>	\$ 300,000	\$ -	\$ 4,800,000	\$ 5,100,000	\$ 141,750	\$ 4,800,000	yes (-) within 4%)	feasible
Option 4	Option 4 – <u>NJAW replaces most of the lost supply from MCMUA with its own source similar to Option 3. And NJAW enters into a new L-T Agreement with MCMUA with very small purchases approx. 0.05 - 0.1 MGD while retaining existing infrastructure in place, except Clyde Potts BS would be retired which is a primary driver of both the County and the SMCMLUA to resolve current treatment issues.</u>	\$ 300,000	\$ -	\$ 4,300,000	\$ 4,600,000	\$ 161,720	\$ 4,600,000	yes	likely feasible

## Morris County MUA Transmission Main

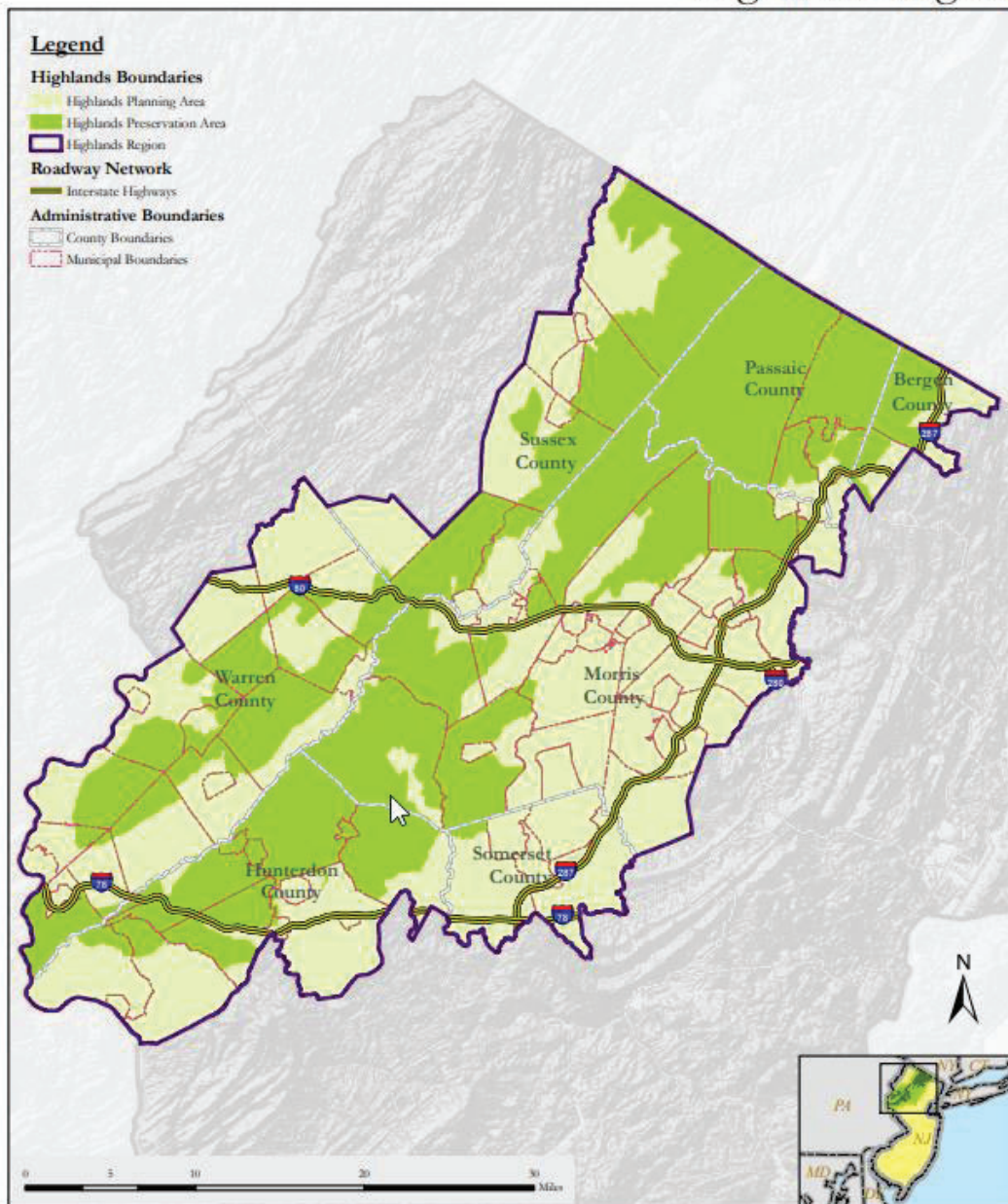
Below is a representation of Morris County MUA 12-inch CIP within Mendham Township

The total main length owned by MCMUA is approximately 7,400 feet and broken down as follows:

- a. Approximately 1,000 feet, from Municipal boundary with Randolph Township to Old Brookside Road IC #1; and
- b. Approximately 6,400 feet along Woodland Road from Old Brookside Road IC #1 to Cold Hill Road at NJAW's PRV (Valve # VMT-0).



# Highlands Region



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**Highlands Regional Master Plan  
Final Draft, November 2007**



Sources:  
New Jersey Highlands Council, 2006