

*Adelphia → Now, NSAW*

Exhibit C

SEWER SERVICE AGREEMENT

THIS AGREEMENT, made this 12th day of October, 1988 by and between the HOWELL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY, a public body, duly created pursuant to Chap. 183, L. 1957, known as the "Municipal Utilities Authority Law", N.J.S.A.40:B-1 et seq., having its principal office at P. O. Box 638, Howell Township, New Jersey, hereinafter referred to as the "Authority", and the ADELPHIA SEWER COMPANY, a public utility corporation of the State of New Jersey, having its principal office at Suite 12, Village Mall, Freehold, New Jersey 07728, hereinafter referred to as the "Company";

W I T N E S S E T H:

WHEREAS, the Manasquan River Regional Sewerage Authority (hereinafter referred to as "MRRSA") was created by the adoption of parallel ordinances by the Boroughs of Farmingdale and Freehold and the Townships of Howell, Freehold and Wall, and is a body politic and corporate in the State of New Jersey, which operates an interceptor sewer system and pumping station providing transmission of sewage from the collection system of the creating Municipalities to the Ocean County Utilities Authority facilities; and

WHEREAS, pursuant to service agreements entered into between MRRSA and the Ocean County Utilities Authority (hereinafter referred to as "OCUA"), dated September 16, 1981, the sewage emanating from MRRSA is treated and disposed of by OCUA; and

WHEREAS, the Authority has entered into a service agreement with MRRSA dated June 1979 and revised December 1979, and a supplemental agreement dated February 27, 1980; and

WHEREAS, the Authority is required to have all sewage originating within the Township of Howell, except for that which is disposed of by septic systems, delivered to the MRRSA facilities for treatment and disposal by OCUA; and

WHEREAS, the Authority pursuant to the service agreements, must pay for the transmission, treatment and disposal of sewage in accordance with a schedule of charges promulgated by MRRSA from time to time; and

WHEREAS, pursuant to the terms of the service agreements between the Authority and MRRSA and pursuant to order of the Superior Court in the matter of Manasquan River Regional Sewerage Authority v. Adelpia Sewer Company, et al., Docket No. C-2448-85E dated June 7, 1985, the Authority and Company hereby enter into an agreement to provide for the transmission, treatment and disposal of sewage emanating from the franchise area of the Company within Howell Township.

NOW THEREFORE, in consideration of the mutual covenants, conditions and agreements herein set forth, the parties hereto agree to and with each other as follows:

1. The Company acknowledges receipt of the service agreement between the Authority and MRRSA dated June, 1979 and revised December 1979, the supplemental agreement between the Authority and MRRSA dated February 27, 1980, and the agreement between MRRSA and OCUA dated September 16, 1981.

2. The Company is hereby bound by virtue of the within agreement to the terms of the agreements between the Authority and MRRSA and MRRSA and OCUA as set forth in Paragraph One above, together with amendatory and supplemental agreements entered into from time to time.

3. The Company shall comply with the Rules and Regulations of MRRSA and OCUA together with supplements and amendments which may be promulgated by the respective bodies from time to time. The Company shall comply with the Rules and Regulations of the Authority, together with supplements and amendments which may be promulgated by the Authority from time to time, as they relate to use by the Company of the facilities of MRRSA and OCUA.

4. The Company has connected directly to the MRRSA facilities and the Company has the right to connect to the MRRSA facilities at other points as may be reasonable and necessary in order to satisfy the needs of its customers in accordance with the Rules and Regulations of MRRSA. By virtue of the direct connection to the MRRSA facilities, the sewage emanating from the Company's franchise area is transmitted, treated and disposed of by MRRSA and OCUA, and is not collected, transmitted, treated or disposed of by the Authority.

5. The sewage transmitted by the Company to the MRRSA facilities for transmission, treatment and disposal is billed to the Authority by MRRSA, and therefore the parties hereto agree to establish a schedule of charges which the Company shall be obligated to pay to the Authority in accordance with the terms and conditions hereinafter set forth. The schedule of charges shall provide for revenues sufficient to pay the service charges imposed by MRRSA and OCUA together with the administrative costs incurred by the Authority.

A. The parties agree that the service charge to the Company shall be based upon the total flow of sewage from the facilities of the Company to the facilities of MRRSA as determined in accordance with Paragraph 5B gallon basis which rate shall not exceed the rate charged to the Authority by MRRSA and OCUA. The Authority may add to this rate an administrative charge in order to reimburse it for the cost of administering this Agreement, which charge shall not exceed fifty (\$50.00) per million gallons. The aforesaid service charge is illustrated by the following mathematical equation:

$$\text{Service Charge} = (\text{Rate per million gallons} + \text{administrative charge}) \times \text{flow in million gallons}$$

B. The parties agree that the most equitable method of measuring the sewage flow subject to the service charge is by measuring the metered water consumption during the autumn and winter months of customers of the Company whose sewage is transmitted by the Company to the MRRSA facilities, and adding thereto an infiltration factor of 15%. As soon as practicable after February 28 of each year (which date is the regular quarterly meter reading date of the Company), the Company shall advise the HTMUA of the total metered water consumption of its customers during the preceding six (6)-month period, which amount shall be multiplied by two (2) in order to produce the annual metered water consumption of the Company. At the same time, the Company shall advise the Authority of the average number of sewer connections in its system, the average annual sewage flow per connection, and the average daily sewage flow per connection. The above sewage flow data shall be used to calculate the initial annual service charge payable to the Authority for the calendar year which began on January 1 by multiplying the average annual flow per connection by the number of connections in service as of January 1 of each year. Said initial annual service charge shall be



payable in equal quarterly installments in accordance with Paragraph 6 below. The Company also shall advise the Authority of all new connections to its system subsequent to January 1 of each year and the daily sewage flow from these new connections shall be presumed to equal the average daily sewage flow per connection computed after the February 28 meter reading. The Authority shall bill for new connections from the date that the unit is first occupied, and not from the date that a Certificate of Occupancy is issued. The operation of this Paragraph is illustrated by Appendix A which uses the Company's sewage flow data from 1987-88.

C. The Authority may provide a surcharge for sewage and other wastes delivered by the Company to the MRRSA facilities in the event that it is determined, from time to time, that the quality and characteristics of the sewage and related wastes pursuant to the Rules and Regulations of MRRSA and OCUA are greater in strength than the concentration values established as representative of normal sewage. Such surcharge shall equal any surcharges or additional charges imposed upon the Authority by MRRSA and OCUA by reason of the quality and characteristics of the sewage and related wastes transmitted by the Company to the MRRSA facilities, and the Company reserves the right to challenge any such surcharge in the appropriate forum having jurisdiction.

6. The Authority shall issue bills for the service charge on or about April 1, July 1, October 1, and January 1 of each year. Payment of the bills by the Company shall be due (within the meaning of N.J.S.A. 40:14B-41, if applicable) 30 days after receipt of the bill from the Authority. In the event that the annual sewage flow is adjusted for any reason after the Company has advised the Authority of same, the Company shall notify the Authority of the adjustment and the next bill from the Authority to the Company for service charges shall reflect the adjustment.

The Company's books and records relating to metered water consumption of its customers shall be available to the Authority for review upon reasonable notice to the Company so that the Authority can verify the data supplied by the Company to the Authority.

7. The Authority may revise the rate per million gallons charged to the Company pursuant to Paragraph 5 above in accordance with the procedures contained in the Municipal Utilities Authority Law, N.J.S.A. 40:14B-1, et seq. The Authority shall notify the Company in accordance with Paragraph 11 below of all proposed revisions of the rate charged to the Company and of the date, time and place of all public hearings held by the Authority with respect to the proposed rate revision at least thirty (30) days prior to any such public hearing. Such revised rate shall become effective nine (9) months after the date of adoption of the revised rate by the Authority or as of the date that the Company's tariff is revised by the New Jersey Board of Public Utilities (BPU), whichever date is earlier.

A. In the event that the Authority adopts any rate revision, the Company shall have thirty (30) days after the date of adoption to determine and to notify the Authority whether it will seek a tariff revision from the BPU to reflect the aforesaid rate revision. In the event that the Company seeks but does not obtain a tariff revision from the BPU within nine (9) months after the Authority adopts the rate revision, the rate revision shall become effective as of the date set forth in this Paragraph 7, but payment of the increase shall be deferred until such time as the Company's tariff is revised by the BPU, provided, however, that the aforesaid deferment of payment shall be available to the Company only if it notifies the Authority of its intention to seek a tariff revision from the BPU within the aforesaid thirty (30) day period and if it pursues the tariff revision

before the BPU diligently and in good faith. The deferred payments shall be payable by the Company commencing as of the effective date of its tariff revision, shall be included as an item in the Authority's regular quarterly bills and shall be paid on a pro rata basis for a six (6) month period after the effective date of the tariff revision.

8. Both the Company and the Authority recognize that there are areas of land in their respective franchise/service areas which are not "improved" with public sewerage service. Both parties also recognize that some of these areas in the Company's franchise area are located very closely or adjacent to areas in the Authority's service area which are improved with public sewerage service, and that some of these areas in the Authority's service areas are located very closely or adjacent to areas in the Company's franchise area which are improved with public sewerage service. Both parties further recognize the desirability of making public sewerage service available to such areas where practical. Therefore, the parties agree that in the event public sewerage service is requested for such areas, they will cooperate in good faith to make public sewerage available to such unimproved areas even though such area is not located within its respective franchise/service area). Applications for public sewerage service in such areas shall have their applications reviewed in the following manner:

A. If such unimproved area is located in the Company's franchise area, the Company shall review the application under its regular operating procedures. The Company shall review the application in the ordinary course and, if the application is acceptable but for the fact that, in the construct the necessary lines, mains and other appurtenances necessary to supply such area with public sewerage service, then the Company shall grant

the applicant a conditional approval. Such approval shall be conditioned on the Authority's consent to allow the applicant to connect to the Authority's lines/mains located nearby. The Authority, if requested by applicant, shall in good faith, review the application and based on such good faith review grant consent to such connection. The Authority's consent to such connection may be conditioned upon the applicant paying to the Authority all fees, charges and expenses, including connection fees, payable to the Authority or extensions and connections pursuant to its then existing rules and regulations. Customers in the Company's franchise area connected to the Authority's facilities under this paragraph shall be billed for sewerage service by the Company at the Company's prevailing rates at the time, and the Authority shall bill the Company for the sewerage service provided hereunder at the Authority's then prevailing rates at the time.

2. If such unimproved area is located in the Authority's service area, the Authority shall review the application under its regular operating procedures. The Authority shall review the application in the ordinary course and, if the application is acceptable but for the fact that in the Authority's discretion, it is commercially impractical for the Authority to construct the necessary lines, mains and other appurtenances necessary to supply such area with public sewerage service, then the Authority shall grant the applicant a conditional approval. Such approval shall be conditioned on the Company's consent to allow the applicant to connect to the Company's lines/mains located nearby. The Company, if requested by applicant, shall in good faith, review the application and based on such good faith review, grant consent to such connection. The Company's consent to such connection may be conditioned on the applicant

paying to the Company all fees, charges and expenses payable to the Company for extensions and connections pursuant to its then existing rules and regulations. Customers in the Authority's service area connected to the Company's facilities under this paragraph shall be billed for sewerage service by the Authority at the Authority's prevailing rates at the time, and the Company shall bill the Authority for sewerage service provided hereunder at the Company's then prevailing rates. The Authority may in lieu of payment of such bills to the Company, credit such amounts that may be due hereunder on the bills rendered by the Authority for service charges pursuant to Paragraph 5 above.

C. The foregoing standards and procedures contained in this Paragraph 8 shall be applicable only to individual connections or their equivalent. In the event that a major subdivision development requests service, and the utility in whose franchise/service area the development is located determines that it would be more practicable and feasible for the development to be serviced by the other utility, then the parties hereto agree to consult with each other and the applicant in order to determine the most efficient and economical manner in which to service the applicant's development, consistent with the sound and orderly expansion of their respective systems.

9. The Company hereby agrees to comply with all present and future laws and regulations of MRRSA, OCUA, the State of New Jersey and the United States concerning all sewage and waste disposed and discharged into the MRRSA system.

10. The obligation of the Authority to transmit and dispose of sewage and other waste emanating from the franchise area of the Company in



Howell Township shall only be to the extent allowed and provided for in the service agreements between the Authority and MRRSA and MRRSA and OCUA and the amendments and supplements thereto which may be executed by the Authority, MRRSA and OCUA from time to time.

11. The Authority agrees to forward copies of all correspondence, notices and other documents received from MRRSA and OCUA, or their representatives, to the Company within fifteen (15) days after the Authority's receipt thereof. If the Authority fails to do so, the Company shall not be bound by any directives, orders or requirements of MRRSA and OCUA contained in such documents until such time as the Authority forwards them to the Company.

12. The parties acknowledge that the Authority has billed the Company for interest in an amount in excess of \$20,000.00 from June 1986 to date and that the Company has consistently objected to payment of same since there was no service agreement between the parties as required by the Court Order of June 7, 1985. In a good faith effort to resolve this issue, and in order to avoid litigation, the Authority agrees to release the Company from any obligation to pay this claim.

13. The Company agrees that within six (6) months after the date of this Agreement, it will file a petition with the New Jersey Board of Public Utilities seeking an adjustment of the rates that it charges to its customers as set forth in its existing tariff.

14. All notices shall be deemed to have been given or made when mailed by certified mail, return receipt requested, postage pre-paid, or delivered to the parties, at the addresses listed below, or such other addresses as any such party may designate in writing to the other parties from time to time for such purposes:



Howell Township Municipal Utilities Authority  
P. O. Box 638  
Howell, New Jersey 07731-0580

The Adelpia Sewer Company  
Suite 12, Village Mall  
Freehold, New Jersey 07728

15. This service agreement shall in all respects be governed by and construed in accordance with the laws of the State of New Jersey.

16. The Company shall comply with all directives issued by and requirements of MFRSA and OCUA, issued pursuant to the terms of the Service Agreements as set forth herein.

17. This Agreement may be executed in any number of counterparts, each of which shall be executed by the Authority and by the Company and all of which shall be regarded, for all purposes, as one original, and shall constitute and be one and the same.

18. The said parties do bind themselves and their successors and assigns.

19. If any term, covenant, condition or provision of this Agreement, or the application thereof to any person or circumstance, shall at any time or to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant, condition and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

20. This Agreement constitutes the entire agreement between the parties concerning the subject matter herein and supercedes all prior

agreements between them, whether written or oral, express or implied. This Agreement may be modified only by a writing duly authorized and executed by both parties.

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

ATTEST:

*Bob Prang*

HOWELL TOWNSHIP MUNICIPAL  
UTILITIES AUTHORITY

By: *[Signature]*

ATTEST:

*Margaret M. Hark*

ADELPHIA SEWER COMPANY

By: *[Signature]*  
jlc

APPENDIX A

<u>Quarter</u> <u>Ending</u>	<u>Metered Water</u> <u>Consumption (in 000's)</u>	<u>Number of</u> <u>Connections</u>
11/30/87	14,685	1360
02/29/88	<u>13,367</u> 28,052	1411
Annual Metered Water Consumption (28,052,000 x 2)		56,104,000
Infiltration (15%)		<u>+8,416,000</u>
Total Annual Sewage Flow		64,520,000
Average Number of Connections (9/1/87 to 2/29/88)		1386
Average Annual Sewage Flow Per Connection		46,551
Average Daily Sewage Flow Per Connection		127.54
Number of connections as of January 1, 1988		1360
Total Initial Sewage Flow for 1988 (46,551 x 1360)		63,309,360
HTMUA Service Rate \$4388 per million gallons		63,309,360
		x <u>\$4388</u>
Annual Service Charge Payable to HTMUA		<u>\$277,801.47</u>
Quarterly Service Charge		\$ 69,450.37
Service Charge for New Connections Added During the Year	\$.5596 per connection per day	

Revised 6-1-73

6-18-73  
12-20-73

2-11-74

*Service Agreement*

*Xerox of  
Executed Agreement*

**THIS AGREEMENT** made and dated as of the 21st day of July ,  
One Thousand Nine Hundred and Seventy-~~two~~ six ,

**BETWEEN**

**THE OCEAN COUNTY SEWERAGE AUTHORITY** (hereinafter referred to as  
"Authority"), a public body politic and corporate of the State of New  
Jersey,

**AND**  
**NEW JERSEY WATER COMPANY**

(hereinafter referred to as a  
"Participant").

**WITNESSETH :**

**WHEREAS** pursuant to the Sewerage Authorities Law, constituting Chapter 138 of the Pamphlet Laws of 1946, of the State of New Jersey, approved April 23, 1946, the Authority was created by virtue of a resolution duly adopted by the Board of Chosen Freeholders of the County of Ocean, New Jersey, and is a public body politic and corporate of the State of New Jersey, organized and existing under said Law, established as an instrumentality exercising public and essential governmental functions to provide for the public health and welfare, with all necessary or proper powers to acquire, construct, maintain, operate and use sewerage facilities for the relief of the waters in, bordering or entering the District (hereinafter defined) from pollution or threatened pollution and for improvement of conditions affecting the public health; and

**WHEREAS** the Authority is ready to design, finance, construct and put in operation a regional sewerage system, but cannot do so unless substantially all the Participants become legally bound to accept and pay for wastewater treatment service provided by the regional sewerage system from the time such system goes into operation;

**WHEREAS** each Participant has been requested and is willing to have treatable wastewater originating from it or on its properties treated and disposed of by the Authority pursuant to the terms of this Agreement and has duly authorized its proper officials to enter into and execute for it this Agreement;

**Now, THEREFORE**, in consideration of the premises, of the mutual covenants and agreements herein set forth, and of the undertakings of each party to the others, the parties hereto, each binding itself, its successors and assigns, do mutually covenant, promise and agree as follows:

## ARTICLE I.

## DEFINITIONS.

As used or referred to in this Agreement, unless a different meaning clearly appears from the context:

(1) "Act" means the Sewerage Authorities Law, constituting Chapter 138 of Pamphlet Laws of 1946, of the State of New Jersey, approved April 23, 1946, and the acts amendatory thereof and supplemental thereto;

(2) "Authority" shall have the meaning hereinabove given to such term;

(3) "Municipality" means any city of any class, any borough, village, town, township, or any other municipality other than a county or a school district, located within or without the District;

(4) "Government" means the United States of America or any department or agency thereof;

(5) "Local Authority" means any public body corporate and politic of the State of New Jersey;

(6) "Company" means any private corporation formed under the laws of the State of New Jersey or any other state;

(7) "State" means the State of New Jersey or any department or agency thereof;

(8) "Participant" means, in addition to the hereinabove identified party, any of the following who may become a party to a counterpart of this Agreement with the Authority: the Government, the State, a Municipality, Local Authority or Company;

(9) "District" means the area within the territorial boundaries of all the municipal corporations of the State of New Jersey, situate within Ocean County, the Governing Bodies of which have not, prior to the date of this Agreement, adopted a resolution in accordance with Subsection (g) of Section 4 of the Act, and of all municipal corporations of the State of New Jersey, situate within Ocean County, the Governing Bodies of which, prior or subsequent to the date of this Agreement, shall have adopted an ordinance in accordance with Subsection (g) of Section 4 of the Act;

(10) The "Project" consists of all facilities to be constructed to convey, treat, and dispose of wastewater originating in, or delivered to the Authority by Participants. All wastewater will be treated and disposed of in accordance with the requirements of the appropriate regulatory agencies. The facilities will be constructed in three service areas after approval is obtained from the appropriate regulatory agencies, as hereinafter described and shown in the 1973 Master Plan for Wastewater Management, Ocean County, New Jersey, dated February 14, 1973, and any amendments thereto, attached hereto marked Schedule D any by this reference made a part hereof, or any revisions or additions thereto approved by the regulatory agencies having jurisdiction:

1. Northern Service Area--Interceptors start upstream in the westerly portion of the Metedeconk River Basin and proceed downstream to a wastewater treatment facility located south of the mouth of the Metedeconk River. Wastewater originating north of the Metedeconk River and east of Barnegat Bay in the municipalities of Brick, Point Pleasant Beach, Point Pleasant, and Bay Head will be conveyed by interceptor to Wardells Neck where it will be pumped under the Metedeconk River to the treatment facility previously described. The treated effluent will be discharged by an outfall to the Atlantic Ocean east of Mantoloking.

2. Southern Service Area--Interceptors originate in the southern portion of Ocean County in Little Egg Harbor Township and proceed northerly to a wastewater treatment facility located in Stafford Township east of Route 9 and south of Mill Creek. Wastewater originating on Long Beach Island will be conveyed by interceptors serving all political subdivisions on the island to a central point where it will be pumped to the mainland treatment facility previously described. Wastewater originating north and east of the treatment facility in Stafford Township will be conveyed by interceptor to the treatment facility. Treated effluent will be discharged by an outfall to the Atlantic Ocean east of Long Beach Island.

3. Central Service Area--Interceptors start upstream in the westerly portions of the Toms River Basin and proceed downstream to a pumping station located north of the mouth of Toms River. Wastewater will be pumped from this pumping station south under Toms River to a wastewater treatment facility to serve the Toms River Basin as well as areas lying south of Toms River. Interceptors will also start in Union Township and convey wastewater northerly to the treatment facility. The treated effluent will be discharged from an outfall to the Atlantic Ocean east of Island Beach.



(10) The "Project" consists of all facilities to be constructed to convey, treat, and dispose of wastewater and its by-products originating in, or delivered to Ocean County by Participants. All wastewater will be treated and disposed of in accordance with the requirements of the appropriate regulatory agencies. The facilities will be constructed in four service areas after approval is obtained from the appropriate regulatory agencies, as hereinafter described:

1. *Northern Service Area*—Interceptors start upstream in the westerly portion of the Metedeconk River Basin and proceed downstream to a wastewater treatment facility located south of the mouth of the Metedeconk River. Wastewater originating north of the Metedeconk River and east of Barnegat Bay in the municipalities of Brick, Point Pleasant Beach, Point Pleasant, Bay Head and Mantoloking will be conveyed by interceptor to Wardells Neck where it will be pumped under the Metedeconk River to the treatment facility previously described. The treated effluent will be discharged by an outfall to the Atlantic Ocean east of Mantoloking.

2. *Southern Service Area*—Interceptors originate in the southern portion of Ocean County in Little Egg Harbor Township and proceed northerly to a wastewater treatment facility located in Stafford Township east of Route 9 and south of Mill Creek. Wastewater originating on Long Beach Island will be conveyed by interceptors serving all political subdivisions on the island to a central point where it will be pumped to the mainland treatment facility previously described. Wastewater originating north and east of the treatment facility in Stafford Township will be conveyed by interceptor to the treatment facility. Treated effluent will be discharged by an outfall to the Atlantic Ocean east of Long Beach Township.

3. *Central Service Area*—Interceptors start upstream in the westerly portions of the Toms River Basin and proceed downstream to a pumping station located north of the mouth of Toms River. Wastewater will be pumped from this pumping station south under Toms River to a wastewater treatment facility to serve the Toms River Basin as well as areas lying south of Toms River. Interceptors will also start in Union Township and convey wastewater northerly to the treatment facility. The treated efflu-

In the Island Beach section of the Central Service Area interceptors will start in the South Mantoloking section of Brick Township and in the South Seaside Park section of Berkeley Township and convey wastewater southerly and northerly respectively to the Ortley Beach Wastewater Treatment Facility. The treated effluent will be discharged by an outfall to the Atlantic Ocean east of Island Beach.

~~ent will be discharged from an outfall to the Atlantic Ocean east of Island Beach.~~

~~4. Island Beach Service Area Interceptors start in the South Mantoloking section of Brick Township and in the South Seaside Park section of Berkeley Township and convey wastewater southerly and northerly respectively to the Ortley Beach Treatment Facility. The treated effluent will be discharged by an outfall to the Atlantic Ocean east of Island Beach.~~

(11) "Regional Sewerage System" or "Trunk System" means the Project and all sewer conduits, pipe lines, mains, pumping stations, wastewater treatment facilities, disposal systems, plants and works, connections and outfalls, and all other plants, structures, equipment, boats, conveyances and works and other real and tangible personal property acquired or constructed or to be acquired or constructed by the Authority for the purposes of the Authority under the Act, but does not include the local collection sewerage system of any Participant;

(12) "Local Collection Sewerage System" or "Local Sewerage System" means all sewerage systems of Participants which are or may be connected, or are or may be required under the terms of Article III hereof to be connected, with the Regional Sewerage System, including any extensions or enlargements of such systems;

(13) "Plant" means any wastewater treatment facility owned or controlled by a Participant;

(14) "Wastewater" or "wastewater" or "Sewage" means industrial wastes and waterborne human, animal, or vegetable wastes from ~~septic tanks~~, water closets, buildings, residences, industrial establishments or other places, together with such ground water infiltration, surface water, admixtures or other wastes as may be present within normal allowable limits.

(15) "Pollution" shall have the meaning given to such term in the Act;

(16) "Service Charges" means rents, rates, fees, or other charges for direct or indirect connection with, or the use or services of, the Regional Sewerage System which the Authority, under the provisions of Section 8 of the Act, is or may be authorized to charge and collect with regard to persons or real property;

the limits prescribed in the Sewer Use Rules and Regulations marked Schedule B, attached hereto.

(17) "Annual Charge" shall have the meaning given to such term in Article V hereof;

(18) "Deficiency" shall have the meaning given to such term in Article V hereof;

interceptor

(19) "Extension" means any new sewer main which is not part of the Project and which extends the Regional Sewerage System into territory not theretofore drained into the ~~trunk sewer~~ Regional Sewerage System ~~intercepting sewer or sewage pumping station~~ described in sub-  
 (10) paragraph (5) of Article I hereof, through facilities owned by the Authority;

(20) "Alteration" means any structure which is not completed in connection with original construction with respect to the Project or any enlargement or change of a structure, which enlargement or change is not completed in connection with such original construction, but does not include an Extension, a renewal or replacement of a part of the Project, or an enlargement or change of the sewage treatment plant constructed as part of the Project;

(21) "Governing Body" shall have the meaning given to such term by the Act; and

(22) "Fiscal Year" means the period of twelve calendar months ending with December 31st of any year.

(23) "Consulting Engineer" means the engineering firm of Fellows, Read and Weber, Inc., Toms River, New Jersey and such other or different independent engineer or firm of engineers of national reputation for skill and experience with respect to construction and operation of sewer systems or facilities as may from time to time be employed by the Authority.

## ARTICLE II.

### CONSTRUCTION OF THE PROJECT AND OPERATION OF THE REGIONAL SEWERAGE SYSTEM.

(A) The Authority will, with all practical speed, prepare plans for the construction and financing of the Project, and, upon completion of such financing or the making of arrangements therefor satisfactory to the Authority, will with all practicable speed construct and complete

the Project and place the same in operation. The Authority will thereafter operate and maintain and, to the extent permitted under the terms of Paragraph (B) of this Article, enlarge the Regional Sewerage System so as to treat and dispose of all wastewater, without limitation as to flow, which may thereafter be delivered into the Regional Sewerage System by any Participant in accordance with Article III hereof. Before undertaking substantial construction of any part of the Project, the plans for such construction will be submitted by the Authority to all regulatory agencies having jurisdiction for approval. After said approval has been obtained by the Authority from said regulatory agencies, the Authority will proceed with construction.

The Authority agrees and covenants with the Participant that it shall during the term of this Agreement, treat and dispose of all wastewater delivered to it by the Participant that is in conformance with the Sewer Use Rules and Regulations attached hereto.

(B) The Authority may at any time enlarge or alter the Regional Sewerage System or renew or replace any part thereof, but the Authority shall not construct, and nothing in this Agreement shall be deemed to require the Authority to construct, any Extension or Alteration unless any one of the following shall occur: (1) such Extension or Alteration is required to be made or undertaken by the Authority in order to comply with the terms or provisions of a final order of a court of competent jurisdiction directing or requiring the Authority to carry out or to comply with an order or directive, issued by any regulatory agency having jurisdiction as to the collection, treatment, or disposal of sanitary or other wastes, or the enlargement, improvement, alteration, extension, repair or reconstruction of the System or any part thereof, (2) ~~written consent for the construction of such Extension or Alteration shall have been given in any fiscal year by or on behalf of Participants from which the Authority in the next preceding fiscal year receive not less than fifty one per centum (51%) of all monies received by the Authority during each next preceding~~

- (2) ~~in the case of an Extension, the Authority shall by resolution have found that the estimated charges to be made or imposed by the Authority in accordance with Article IV hereof with respect to the wastewater estimated by the Authority to be delivered and discharged into such Extension during the first full year of operation thereof computed at the rate or rates prescribed by the Authority in accordance with said Article IV and applicable with respect to wastewater delivered into the Regional Sewerage System at the time of adoption of said resolution will equal or exceed the estimated cost of operating and maintaining such Extension during such first full~~ or Alteration
- two and one half ~~year of operation plus four per centum (4%) of the estimated cost of construction of such Extension. (2.5%)~~

Upon completion of the Regional Sewerage System the Authority will notify each Participant that the system is operational and that they now have 180 days to connect their Local Collection Sewerage System to the Regional Sewerage System. At the expiration of said 180 days, if any Participant with a Local Collection Sewerage System has failed to connect to the Regional Sewerage System, said Participant shall pay to the Authority an annual charge which shall be computed by the Authority on the basis of one-half of the average flow set forth next to the Participant's name in Schedule "C" of this Agreement. Upon connecting to the Regional Sewerage System, the annual charge shall be determined in accordance with Article IV of this Agreement.

(C) The Authority will at all times maintain with responsible insurers all such insurance as is customarily maintained with respect to sewerage systems of like character against loss or damage to the Regional Sewerage System and against public or other liability to the extent of not less than that reasonably necessary to protect the interest of the Authority and the Participants, and will at all times maintain with responsible insurers all insurance reasonably required and obtainable within limits and at costs deemed reasonable by the Authority to indemnify and save harmless the Participants against all liabilities, judgments, costs, damages, expenses and attorneys' fees for loss, damage or injury to person or property resulting directly or indirectly from the operation or a failure of operation of the Regional Sewerage System caused by the negligence or willful act of the Authority, its employees or agents. The Authority shall keep the Participant informed of its insurance coverage by including in its annual audit report the amounts of insurance carried.

ARTICLE III.  
 CONNECTIONS TO REGIONAL SEWERAGE SYSTEM.

(A) Upon notice from the Authority, each of the Participants will permit its Local Collection Sewerage System to be connected with the Regional Sewerage System, at the point or points designated therefor in the List of Connection Points attached hereto marked "Schedule A" and by this reference made a part hereof, or at such other point or points upon which such Participant and the Authority may mutually agree. Every such connection shall be made by the Authority at its own cost and expense. Every such connection shall constitute and be operated by the Authority as part of the Project and shall include all such pumping and other facilities as may be necessary to cause all wastewater delivered at said point or points of connection to be discharged into the Regional Sewerage System. Each Participant will deliver all wastewater collected in its Local Collection Sewerage System and deliver at the said point or points of connection. Each Participant, at its own cost and expense, will construct, install and operate any and all extensions of its Local Collection Sewerage System in such a manner as to cause the same to reach to and deliver wastewater at the said point or points of connection. After connection to the Regional Sewerage System, each Participant will keep its Local Collection Sewerage System connected with the Regional Sewerage System, and will deliver and discharge into the Regional Sewerage System all wastewater originating in and collected by it.

In accordance with the Authority's Sewer Use Rules and Regulations attached hereto marked Schedule B and by this reference made a part hereof.

(D) Any Participant who has not constructed a Local Collection Sewerage System at the date of this Agreement agrees that it will proceed forthwith with the planning and construction of such Local Collection Sewerage System as soon as a Professional Engineer, licensed in the State of New Jersey, retained by the Participant, has determined the economic feasibility of the Participant's Local Collection Sewerage System. The determination of economic feasibility must be approved by the Federal and/or State regulatory agencies having jurisdiction in this matter.

(B) Notwithstanding the provisions of Paragraph (A) of this Article, no Participant shall be obligated to deliver and discharge into the Regional Sewerage System wastewater which the Authority may by its written consent exempt from delivery and discharge into the Regional Sewerage System, or to permit or cause its Local Collection Sewerage System collecting or disposing of such wastewater to be connected with the Regional Sewerage System, and no Company shall be obligated to deliver and discharge wastewater into the Regional Sewerage System, whether treated or untreated, which, if discharged into waters in or bordering the State of New Jersey, would not cause or constitute violation of Subsection (a) of Section 28 of the Act, or any laws of the State or the Government relating to said waters or any valid regulation or requirement relating to said waters made pursuant to said laws by any regulatory agency having jurisdiction with respect to said waters, or wastewater which it discharges into the Local Collection Sewerage System of a Participant or to permit or cause its sanitation or drainage system collecting or disposing of such wastewater to be connected with the Regional Sewerage System.

(C) Notwithstanding the provisions of Paragraph (A) of this Article or any other Article hereof, a Participant other than a Company shall not have the right under this Agreement to deliver and discharge into the Regional Sewerage System any wastewater except wastewater collected (1) in such Municipality, or (2) by such Local Authority or (3) in sewers outside such Municipality or Local Authority which at the date of this Agreement are connected with its Local Collection Sewerage System unless the Authority shall have given its written consent to such delivery and discharge. Notwithstanding the provisions of Paragraph (A) of this Article or any other Article hereof, no Company shall have the right under this Agreement to deliver and discharge into the Regional Sewerage System wastewater originating elsewhere than in its plant, unless the Authority shall have given its written consent to such delivery and discharge.

ARTICLE IV.

CHARGES AND ESTABLISHMENT OF RATES BY AUTHORITY.

(A) The Authority will make and impose rates or charges with respect to all wastewater delivered into the Regional Sewerage System by any Participant. Such rates or charges shall, as nearly as the Authority shall deem to be practicable and equitable, be uniform



The rates or charges shall be computed as illustrated in Rates/Charges Computation attached hereto, marked Schedule E and by this reference made a part hereof, and any modification thereto which may be required by Rules and Regulations for User Charge Systems which may be issued by the U.S. Environmental Protection Agency.

throughout the District for the same type, class, amount of use or service of the Regional Sewerage System. Said rates or charges may and shall at all times be such that the receipts of the Authority shall be sufficient to pay or provide for the expenses of operation and maintenance of the Regional Sewerage System, including (without limitation of the foregoing) insurance, renewals, replacements, and a reserve for working capital not to exceed three per centum (3%) of the amount set forth as operating expenses in the annual budget of the Regional Sewerage System, and, subject to the provisions of Paragraph (b) of Article II hereof, Alterations and Extensions, and the principal of and interest on any and all bonds or other obligations of the Authority as the same become due, and to provide for any deficits of the Authority resulting from failure to receive sums payable to the Authority by any Participant or from any other cause, and to maintain such reserves or sinking funds for any of the foregoing purposes as may be required by the terms of any contract or other obligation of the Authority.

(B) Such rates or charges made and imposed by the Authority shall be computed for the service rendered the Participants for the treatment and disposal of wastewater by the Authority at rates which shall be the same for each million gallons delivered to the Regional Sewerage System and in addition, shall give effect to quality differentials which take into account Biochemical Oxygen Demand and suspended solids concentrations, chlorine demand and ~~such other factors as the Authority and the Consulting Engineer shall determine to equitably evaluate the waste.~~ The Authority, prior to the discharge and delivery of wastewater into the Regional Sewerage System, shall prescribe an initial schedule and from time to time whenever necessary after prescribing such initial schedule (but only after public hearing thereon held by the Authority at least twenty days after notice of the time and place of such hearing shall have been mailed to each Participant at its usual place of business), the Authority shall review the schedule of such rates, which shall at all times comply with the terms of any contract or other obligation of the Authority and shall be based or computed on the charge per million gallons and the quality and other characteristics of wastewater so discharged and delivered. Any revised schedule of rates shall not go into effect less than 120 days from its adoption. Any Participant aggrieved by any part of such revised schedule which fails to conform with the terms and provisions of this Agreement may institute appropriate judicial proceedings to have same revised for the purpose of obtaining correction of said part of such revised schedule.

other characteristics in the wastewater which must be removed in order to maintain the required standards of treatment or which are required to be removed by the direction of any regulatory agency, which would increase the cost of treatment.

## ARTICLE V.

## PAYMENT BY PARTICIPANTS.

Deficiency can be further defined as the charge for additional gallons of wastewater delivered by a Participant to the Authority over and above the number of gallons used in the estimate. A deficiency could be incurred for the treatment of high strength wastewater as compared to normal domestic wastewater and for additional elements in the wastewater which must be removed at additional cost to the Authority.

(A) Each Participant will pay to the Authority the charges (herein called "Annual Charge") made or imposed by the Authority with respect to the wastewater delivered and discharged into any part of the Regional Sewerage System by or on behalf of such Participant in any Fiscal Year. Such Annual Charge shall be computed and established by the Authority on the basis of the quantity and other characteristics of the wastewater so delivered as shown by the records of the Authority, at the rate or rates prescribed by the Authority in accordance with Article IV hereof applicable from time to time during such Fiscal Year with respect to the said wastewater delivered during such Fiscal Year. Each such Annual Charge shall in all events be due and payable not later than January 15 next ensuing after the close of such Fiscal Year, but provision for and payment of every such Annual Charge will be made by each Participant in accordance with the following Paragraphs of this Article.

(B) On or before January 25 of the Fiscal Year which the Authority may estimate as the year in which the Regional Sewerage System or any part thereof will be placed in operation and on or before January 25 of each Fiscal Year thereafter, ~~and in any event on or before January 25 of each Fiscal Year after the Regional Sewerage System or any part thereof shall have been placed in operation,~~ the Authority will make an estimate, based upon the estimated quantity, quality and other characteristics of wastewater to be delivered by every Participant, of the amount of the Annual Charge which will become payable from each Participant with respect to wastewater to be delivered and discharged in such Fiscal Year and, on or before February 1 next ensuing, will make and deliver to such Participant its certificate stating such estimated amount of the Annual Charge. In the event that any part of the Annual Charges computed and established in accordance with Paragraph (A), of this Article theretofore becoming due and payable to the Authority from such Participant shall not have been paid, the Authority will include in such certificate an additional provision separately stating the amount of such unpaid part (herein called "Deficiency").

(C) Each Participant will in each Fiscal Year make all budgetary and other provisions or appropriations necessary to provide for and authorize the payment by the Participant to the Authority during

On or before November 15 preceeding the Fiscal Year which the Authority may estimate as the year in which the Regional Sewerage System, or any part thereof, will be placed in operation and on of before November 15 of each Fiscal Year thereafter, the Authority will deliver to each Participant a preliminary estimate of the Annual Charge.

such Fiscal Year of the estimated amount of the Annual Charge and the amount of the Deficiency (if any) stated in the certificate delivered in such Fiscal Year to it by the Authority as aforesaid.

(D) On or before March 1 of each Fiscal Year, each Participant will pay to the Authority the amount of the Deficiency (if any) stated in the certificate delivered in such Fiscal Year to it by the Authority as aforesaid. Each Participant will pay to the Authority the estimated amount of the Annual Charge stated in the certificate delivered in such Fiscal Year to it by the Authority as aforesaid in four equal installments, on March 1, June 1, September 1 and December 1 of such Fiscal Year, provided that in the Fiscal Year which the Authority may estimate as the year in which the Regional Sewerage System or any part thereof will be placed in operation, said estimated amount shall be divided into as many installments as there are months in such Fiscal Year, beginning after the day which the Authority shall estimate as the day on which the Regional Sewerage System or any part thereof will be placed in operation and one of such installments shall be due and payable to the Authority on the first day of each such month.

(E) In the event that the amount of the Annual Charge computed and established in accordance with Paragraph (A) of this Article becoming due from any Participant with respect to wastewater delivered and discharged in a Fiscal Year shall be less than the estimated amount of such Annual Charge stated in the certificate delivered in such Fiscal Year to it by the Authority, the Authority will on or before March 1 next ensuing return to such Participant the difference between said amounts in cash or, at the option of the Participant, by credit against payments then or theretofore due to the Authority from such Participant under the provisions of Paragraph (A) or Paragraph (D) of this Article.

~~(F) The sum payable by a Municipality or a Local Authority to the Authority under the provisions of this Article are and shall be in lieu of Service Charges with regard to real property in such Municipality, or district of such Local Authority, directly or indirectly connected with the Regional Sewerage System and real property connected to the Local Sewerage System of such Municipality, or such Local Authority connected with the Regional Sewerage System in accordance with Article III hereof. So long as such Municipality or Local Authority shall not be in default in the making of any payment becoming due from it under the provisions of this Article, the Authority will suspend Ser~~

~~vice Charges with regard to such real property. For the purposes of this Paragraph, a Municipality or Local Authority shall be deemed to be in default if such Municipality or Local Authority, for a period of thirty (30) days after its due date, shall fail to make in full to the Authority any payment required to be made by it under the provisions of this Agreement.~~

The Authority and the Participant shall attempt to promptly resolve the issue.

ARTICLE VI.

METERS AND RECORDS; INSPECTION; AND LOCAL OPERATIONS.

(A) The Authority will provide, install and use meters for determining the quantity, and make tests and use other means for determining the quality and other characteristics, of all wastewater which shall be delivered and discharged into any part of the Regional Sewerage System in the District by each of the Participants, and, in accordance with sound engineering practice, shall determine such quantity, quality and characteristics. A copy of each such determination made by the Authority with respect to each Fiscal Year shall be mailed to each Participant at its usual place of business and, for all purposes of the Agreement, shall be conclusively deemed to have been made in accordance with this Article and to be correct at the expiration of sixty days after such mailing unless within said period of sixty days a Participant shall have filed with the Authority an objection thereto stating that such determination is incorrect and stating the changes therein which should be made in order to correct such determination. Any controversy or claim involving a Participant which shall have so filed an objection to such determination and arising out of or relating to such determination shall, upon notice given by such Participant to every other Participant which may be affected by any change in such determination and reasonable opportunity for such other Participant or Participants to be heard, be settled by arbitration, in accordance with the rules then obtaining of the American Arbitration Association, and judgment upon the award rendered may be entered in any Court having jurisdiction thereof. From and after the placing of the Regional Sewerage System in operation, the Authority will make and keep permanent records of the quantity, quality and other characteristics of wastewater delivered and discharged into the Regional Sewerage System by each of the Participants. For the purpose of determining the quantity, quality and other characteristics of any wastewater which shall or may be delivered and discharged into the Regional Sewerage System by a Participant, the Authority shall

receipt by t Participant

unresolved

have the right at all reasonable times to enter upon and inspect the Local Collection Sewerage System of each Participant, and to take samples under ordinary operating conditions and make tests, measurements and analyses of wastewater or other wastes in, entering or to be discharged into such system. The Authority will make and keep a record of tests, measurements and analyses of such wastewater or other wastes entering such system, and upon the written request of any Participant will make available to such Participant the results of such tests, measurements or analyses.

(B) No Participant shall construct, enlarge or operate a plant for the treatment and disposal of wastewater unless (1) required so to do by the terms of Article VII hereof or (2) the Authority shall have given its written consent thereto.

(C) No Participant shall permit any connection to or extension of its Local Collection Sewerage System for anything other than sanitary sewers. ~~Each Participant, before making any new connection to or extension of its Local Collection Sewerage System, or drainage systems, will submit the plans therefor to the Authority and, in making the same, will permit the Authority to inspect the work and will comply with all requests of the Authority with respect thereto reasonably designed to assure exclusion from the Regional Sewerage System of any storm water drainage.~~ In addition, each Participant will maintain its Local Collection Sewerage System in such a manner as to exclude any excessive infiltration into the system. If excessive infiltration exists or occurs at some future date the Participants will effect such repairs so as to reduce the infiltration to normally allowable limits, which are acceptable to those regulatory agencies having jurisdiction.

and stormwater inflow

and/or stormwater inflow

or other measures

or inflow

ARTICLE VII.

REQUIREMENTS REGARDING DELETERIOUS WASTES.

(A) Wastewater discharged into the Regional Sewerage System by or on behalf of each Participant shall comply with the requirements prescribed therefor in the Requirements as to Wastewater Discharged into the Regional Sewerage System attached hereto, marked "Schedule B" and by this reference made a part hereof.

(B) The Authority may, from time to time, make any amendment or amendments of said requirements which may be reasonably necessary to prohibit or properly regulate the delivery or discharge into the Regional Sewerage System of substances which, alone or in combina-

The final analysis for determining the method of dealing with extraneous flows in Local Collection Sewerage Systems must be based upon a cost-effective evaluation as required by the regulatory agencies.

(D) In order to satisfy the requirements of the U.S. Environmental Protection Agency, the Authority and each Participant will adopt and enforce ordinances or resolutions providing for an industrial cost recovery system, a system of user charges and regulations concerning sewer use, all subject to the approval of the U.S. Environmental Protection Agency and the New Jersey State Department of Environmental Protection.

Sewer Use Rules and Regulations

tion with other substances delivered and discharged into the Regional Sewerage System from the same source, are or may be or may reasonably be expected to be substantially injurious or deleterious to the Regional Sewerage System or to its efficient operations, and which, having regard to the public health and safety and the purposes of the Authority, does not unreasonably restrict the operations of a Participant or the use of property of or located in the area of a Participant. Every such amendment shall take effect sixty (60) days after a copy of such amendment shall have been ~~mailed to~~ each Participant at its usual <sup>received by</sup> place of business and, for all purposes of this Agreement, shall be conclusively deemed to have been made in accordance with this Article and to be fully authorized upon the expiration of said period of sixty (60) days unless within said period of sixty (60) days a Participant shall have filed with the Authority an objection thereto stating that such amendment would unreasonably restrict the operations of such Participant or the use of property of or located in the area of such Participant and stating the manner in which such amendment would so restrict such operations or such use of property. Any controversy or claim involving a Participant which shall have so filed an objection to any such amendment and arising out of or relating to the making of such amendment, or the breach of any requirement provided by such amendment, shall be settled by arbitration, in accordance with the rules then obtaining of the American Arbitration Association, and judgment upon the award rendered may be entered in any Court having jurisdiction thereof.

Schedule B attached hereto.

(C) Each Participant will cause all wastewater at any time discharged into the Regional Sewerage System by it or on its behalf to comply with ~~said requirement and the amendment thereof, if any, then in effect.~~ Each Participant will permit no new connections and will discontinue existing public connections and will require the discontinuance of existing private connections to its Local Collection Sewerage System, which allow entrance therein of such wastewater as will cause the discharge at any time into the Regional Sewerage System from such Local Collection Sewerage System of wastewater which does not comply with said requirements and the amendments thereof, if any, then in effect. Each Company will operate its plant in such manner and will provide and operate such pre-treatment in other facilities approved by the Authority as will prevent the discharge at any time into the Regional Sewerage System of any wastewater originating in its plant which does not comply with said requirements and the amendments thereof, if any,

which is a Participant



then in effect. The Authority will, from time to time, make determinations of the respects in which wastewater discharged into the Regional Sewerage System by a Participant is not in compliance with said requirements and the amendments thereof, if any, then in effect. A copy of said determination shall be mailed to such Participant at its usual place of business and for all purposes of this Agreement, shall be conclusively deemed to have been made in accordance with this Article and to be correct at the expiration of thirty (30) days after such mailing unless within said period of thirty (30) days such Participant shall have filed with the Authority an objection thereto stating that such determination is incorrect and stating the changes therein which should be made in order to correct such determination. Any controversy or claim involving a Participant which shall have so filed an objection to any such determination and arising out of or relating to such determination shall be settled by arbitration, in accordance with the rules then obtaining of the American Arbitration Association, and judgment upon the award rendered may be entered in any Court having jurisdiction thereof.

(D) In order to satisfy the requirements of the U.S. Environmental Protection Agency, the Authority and each ~~Municipality and Local Authority~~ <sup>Participant</sup> will pass ~~an~~ enforceable ordinance or resolution <sup>adopting</sup> an equitable cost recovery system for industrial wastes <sup>subject to</sup> U. S. Environmental Protection Agency approval.

ARTICLE VIII.

CONTRACTS WITH OR SERVICE TO OTHERS.

Except as otherwise provided in Paragraph (B) of Article II hereof, nothing in the Agreement contained shall restrict in any way the right and power of the Authority, in its discretion, at any time and from time to time to accept delivery and discharge into the Regional Sewerage System of wastewater from sources other than a Participant, or to enter into agreements with any municipal corporation, within or without the District or with any other public body, person, partnership, firm or corporation providing for or relating to the disposal of wastewater or with respect to the delivery or discharge into the Regional Sewerage System of wastewater originating within or without the District, provided that the charges with respect to such wastewater delivered and discharged into the Regional Sewerage Sys-

and a regulation concerning sewer use

tem made and imposed pursuant to Article IV hereof, or charged and collected pursuant to the Act shall not be computed or established at any rates less favorable to the Authority than the rates applicable with respect to wastewater delivered and discharged into the Regional Sewerage System by the Participants, and the terms and conditions of any such agreement shall not be less favorable to the Authority than the terms and conditions of this Agreement.

#### ARTICLE IX.

##### ENFORCEMENT.

(A) If any payment or part thereof due to the Authority from any Participant shall remain unpaid for thirty (30) days following its due date, such Participant shall be charged with and will pay to the Authority interest on the amount unpaid from its due date until paid at the rate of eight per centum (8%) per annum, and in the case of a Municipality or Local Authority, the Authority, in its discretion, may charge and collect Service Charges with regard to persons and real property within such municipality or Local Authority sufficient to meet any default or deficiency in any payments herein agreed to be made by such Municipality or Local Authority. If in any such case Service Charges are so collected, the amount so collected by the Authority will be credited against the amount of such default or deficiency or any payments then or theretofore due to the Authority from such Municipality or Local Authority under the provisions of Paragraph (A) or Paragraph (D) of Article V hereof, and the Authority will furnish to the Municipality or Local Authority a list of the names of the persons making payment to the Authority of such persons respectively, and the Municipality or Local Authority will give fair and proper credit to such persons for the several amounts so paid by them.

(B) Every obligation assumed by or imposed upon any Participant by this Agreement, shall be enforceable by the Authority by appropriate action, suit or proceeding at law or in equity, and the Authority may have and pursue any and all remedies provided by law for the enforcement of such obligation, including the remedies and processes provided by the Act with respect to Service Charges or other obligations.

(C) This Agreement shall be binding upon and be deemed to be executed by all subsidiary corporations of each Company and all cor-

is proposed to be made with any public body, person, partnership, firm or corporation where the wastewater is from a source within the Participant's jurisdiction shall be approved by the Participant in writing prior to being executed by the Authority and such public body, person, partnership, firm or corporation. The approval of such contract shall be at the sole discretion of the Participant.

porations controlled by it and any Company in which it may be merged or with which it may be consolidated and any Company resulting from any merger or consolidation to which it shall be a party. Before any Company shall transfer the ownership, occupancy or control of all or any part of its Plant to any other person, partnership, firm or corporation (hereinafter called "successor"), the Company will request such successor, by agreement with the Authority supplemental to this Agreement, to assume and undertake all of the obligations hereunder of the Company with respect to such Plant or part thereof and, if such successor be controlled or subject to control by the Company, the Company will cause such successor to assume, undertake and perform each and all of said obligations.

(D) Failure on the part of the Authority or of any Participant in any instance or under any circumstances to observe or fully perform any obligation assumed by or imposed upon it by this Agreement shall not make the Authority liable in damages to a Participant or relieve a Participant from making any payment to the Authority or fully performing any other obligations required of it under this Agreement, but such Participant may have and pursue any and all other remedies provided by law for compelling performance by the Authority or such other Participant of said obligation assumed by or imposed upon the Authority or such other Participant.

ARTICLE X.

REIMBURSEMENT FOR ABANDONED FACILITIES.

If, at the date of this Agreement a Participant owns and operates a plant constructed prior to July 16, 1970, and upon the making of connection to the Regional Sewerage System of its Local Collection Sewerage System pursuant to Article III hereof, operation of said plant is stopped and permanently discontinued, the Authority will, ~~within sixty (60) days after such discontinuance,~~ pay to such Participant as reimbursement for the remaining useful life of said plant, a sum of money computed in accordance with this Article. In computing said sum, the original cost of each unit of such plant shall be first determined in accordance with generally accepted accounting principles, provided that land and rights in land, shall not be items of such original cost, but the original cost of enlargements or extensions shall be such items and for the purpose of this Article each such enlargement or extension shall be

wastewater treatment

municipality or Local Authority who is a

and all major additions or modifications constructed prior to July 16, 1970,

regarded as a unit. From the original cost of each such unit so determined shall first be deducted all contributions, grants, assistance or other donations received by the Participant or applied in aid of acquiring, constructing and financing such unit and any and all other items of such original cost which were not borne by the Participant excluding, however, any such contributions, grants, assistance or other donations which must be repaid by such Participant to any other person, partnership, firm or corporation having usage rights in such unit. From the balance of the original cost of such unit then remaining shall be deducted a sum equal to two and one-half per centum (2½%) per annum on such balance for the period elapsed from the date when such unit was placed in operation until the date of the making of such connection. The aggregate of the remainders, if any, so computed as to all such units of such plant shall be the sum of money to be paid by the Authority to the Participant, as aforesaid. ~~Notwithstanding such payment, the said plant shall remain the property of the Participant.~~

in any event the sum of money to be paid by the Authority to the Participant shall not be less than the Participant outstanding indebtedness for the facility at the time of abandonment.

#### ARTICLE XI.

##### REIMBURSEMENT FOR FACILITIES TO BE ACQUIRED AS PART OF THE SYSTEM.

If, at the date of this Agreement, a Participant owns and operates a plant, trunk line or pumping station constructed prior to July 16, 1970, which the Authority intends to acquire as part of the Regional Sewerage System, except where Authority has agreed to acquire those facilities by reimbursement for the Participant's cost of the approved addition, the Authority will, within sixty (60) days after the date of this Agreement or at such later date as may be mutually agreed upon, pay to such Participant as reimbursement for such facility, a sum of money computed in accordance with this Article. In computing said sum, the cost of construction of such unit shall be determined as of the date of this Agreement by the Authority and the Consulting Engineer in accordance with sound engineering practice relying on standard engineering tables for the estimate of costs. From this construction cost shall be deducted all contributions, grants, assistance or other donations received by the Participant which were applied in aid of acquiring, constructing and financing such unit and any and all other items of cost which were not borne by the Participant, excluding, however, any such contributions, grants, assistance or other donations which are required to be repaid by such Participant to the State Department of Environmental Protection,

or any other person, partnership, firm or corporation having usage rights in such unit. From the balance of the construction cost of such unit then remaining shall be deducted a sum equal to two and one-half per centum (2½%) per annum on such balance for the period elapsed from the date when such unit was placed in operation until the date of this Agreement. This amount which shall be paid to the Participant shall be known as the reproduction cost. If the Participant will not accept the reproduction cost estimated by the Authority and their Consulting Engineer, an arbitration panel shall be appointed consisting of three members. One member shall be the Consulting Engineer, one member shall be appointed by the Participant and the third member shall be elected by the other two members of the panel. This arbitration panel shall then seek the reproduction cost and its findings shall be binding on all parties.

ARTICLE XII.

TERM OF AGREEMENT.

This Agreement shall come into effect as provided in Article XIII hereof and shall thereafter be and remain in full force and effect, unless construction has not started on any part of the Regional Sewerage System by June 30, 1975, but at any time after five years from the date of this Agreement and after the payment in full of all obligations of the Authority, including its bonds, original or refunding or both, issued to finance the construction, replacement, maintenance or operation of the Regional Sewerage System, any Participant may, upon two years' notice to the Authority and to each of the other Participants, withdraw from this Agreement and thereafter cease to be a Participant.

However,

ARTICLE XIII.

EFFECTIVE DATE.

~~This Agreement shall be in full force and effect and be legally binding upon the Authority and all of the Participants, their successors and assigns, upon its execution and delivery by the Authority and by any such selection of the Participants when the aggregate sum of design flows set opposite their names as referred to in the Estimate of Flows (1980) attached hereto, marked Schedule C and by this reference made~~

This Agreement shall be in full force and effect and be legally binding upon the Authority and each of its Participants, their successors and assigns, situate in any service area which shall then have executed the same, upon its execution and delivery by the Authority and by any such selection of the Participants situate within such service area, as, upon aggregating the estimated 1980 flow (MGD) set opposite their names in the Estimate of Flows (1980) marked Schedule C attached hereto, and by this reference made a part hereof, represents eighty percentum (80%) of the total 1980 estimated flow (MGD) for such service area: Provided, however, that the Authority shall not undertake construction of any part of the project located within any such service area until twenty (20) days after it shall have filed with each Participant a certified copy of its resolution finding and determining that it has received a firm commitment for grants-in-aid for such construction from the United States of America, the State of New Jersey or agencies of either, in an amount equal to at least seventy percentum (70%) of the eligible cost of such construction. Service Area means any one of the three service areas set forth in Subdivision 10 of Article I.

July 1, 1976 in which event this Agreement shall be null and void.

~~a part hereof, represents eighty per centum (80%) of the total of the amounts set forth in said Estimate of Flows (1980).~~

#### ARTICLE XIV.

##### AUTHORITY AND PARTICIPANT CONSENT.

(A) Whenever, under the terms of this Agreement, the Authority is authorized to give its written consent, the Authority, in its discretion, may give or refuse such written consent and, if given, may restrict, limit or condition such consent in such manner as it shall deem advisable. Acceptance by the Authority into the Regional Sewerage System from a Participant of wastewater in a volume or at a rate or with characteristics exceeding or violating any limit or restriction provided for by or pursuant to this Agreement in one or more instances or under one or more circumstances shall not constitute a waiver of such limit or restriction or of any of the provisions of this agreement and shall not in any way obligate the Authority thereafter to accept or make provision for wastewater delivered and discharged into the Regional Sewerage System in a volume or at a rate or with characteristics exceeding or violating any such limit or restriction in any other instances or under any other circumstances.

(B) Whenever, under the terms of this Agreement, a Municipality is authorized to give its written consent, such consent may be given and shall be conclusively evidenced by a copy, certified by its Clerk and under its seal of a resolution purporting to have been adopted by its Governing Body and purporting to give such consent. Whenever, under the terms of this Agreement, a Local Authority is authorized to give its written consent, such consent may be given and shall be conclusively evidenced by a copy certified by its Secretary and under its seal, of a resolution purporting to have been adopted by the Local Authority or its members and purporting to give such consent. Whenever, under the terms of this Agreement, a Company is authorized to give its written consent, such consent may be given and shall be conclusively evidenced by an instrument in writing purporting to give such consent and purporting to be signed in its name by its President or any Vice President, Assistant Vice President, Secretary, Assistant Secretary, General Manager, Assistant General Manager, Treasurer or Assistant Treasurer thereof. Whenever under the terms of this Agreement, the Authority is authorized to give its written consent, such consent may be given and

shall be conclusively evidenced by a copy, certified by its Secretary and under its seal, of a resolution purporting to have been adopted by the Authority or its members and purporting to give such consent.

#### ARTICLE XV.

##### ACCOUNTS AND AUDITS.

(A) The Authority will keep proper books of record and account in which complete and correct entries shall be made of its transactions relating to the Regional Sewerage System or any part thereof, and which, together with all other books and papers of the Authority, shall at all reasonable times be subject to public inspection. The Authority will cause its books and accounts to be audited annually by a certified public or registered municipal accountant selected by the Authority, and annually within one hundred days after the close of each Fiscal Year, copies of the reports of such audits so made shall be furnished to the Authority and to each Participant, including statements in reasonable detail, accompanied by a certificate of said accountant, of financial condition, of revenues and operating expenses, of all funds held by or for the Authority, and of the number, amount and classification of customers and services of the Regional Sewerage System and of the Annual Charges, or other revenues, if any, collected in each classification.

#### ARTICLE XVI.

##### MISCELLANEOUS.

(A) All bonds, notes or other obligations of the Authority referred to in this Agreement or to be issued by the Authority shall, for all purposes of this Agreement, be the sole obligation of the Authority, and shall not in any way be deemed a debt or liability of any Participant.

(B) This Agreement may be executed in any number of counterparts, each of which shall be executed by the Authority and any one or more of the Participants and all of which shall be regarded for all purposes as one original and shall constitute and be but one and the same.

(C) All notices as mentioned in this instrument shall be by certified mail.

IN WITNESS WHEREOF, the Authority and the Participant have caused their respective corporate seals to be hereunto affixed and attested and these presents to be signed by their respective officers thereto duly authorized and this Agreement to be dated as of the day and year first above written.

THE OCEAN COUNTY SEWERAGE AUTHORITY

(SEAL)

By *Jack Meyer*.....  
JACK MEYER Chairman

Attest:

*John J. Sweeney*  
JOHN J. SWEENEY  
Asst. Secretary

(SEAL)

By *K. B. Earnhardt*.....  
K. B. EARNHARDT, President

Attest:

*J. E. Simon*.....  
J. E. SIMON, Secretary



June 7, 1972

## SCHEDULE "A"

### List of Connection Points

#### General

##### *House Connections (Building Sewer):*

Individual house connection points will not be provided by the Authority.

##### *Connections Within Participant's Franchise Area:*

Connections to all manholes on the trunk system in the franchise area of the Participant are permitted provided the connection is upstream of an Authority operated flow metering station for the Participant and above the spring line of an interceptor. The Authority will provide precast inlets at manholes designated by the Participant as connection points. The Participant will be given an opportunity to designate the size and invert elevation of inlets on the Authority's final plans prior to construction. Inlets will not be provided for future proposed connections where the Participant cannot demonstrate an existing design or need. Connections to manholes made after activation of the Regional Sewerage System will be made according to specifications of the Authority and under the supervision of the Authority and the cost borne by the Participant. It should be borne in mind by the Participant that the location of manholes and inverts of inlets shown on the drawings may change during the course of construction due to field conditions. The Authority will endeavor whenever practical to construct in accordance with the drawings.

##### *Connections Outside Participant's Franchise Area:*

Where the Regional Sewerage System does not lie within the Participant's franchise area, the Authority will provide for one connection point to serve the franchised area. If the Participant desires additional connections, the cost will be borne by the Participant.

##### *Connections Conveying All or Part Industrial Wastewater to the Regional Sewerage System:*

Flow metering, sampling equipment suitable to the Authority as well as electricity and potable water shall be provided at the

Participant's expense at the source of the industrial wastewater. The Authority will have access at all times to the station and shall be responsible for its operation and maintenance.

**Specific**

<u>Participant</u>	<u>Connection Point</u>
<i>Northern Service Area</i>	
The Brick Township Municipal Utilities Authority	1. [REDACTED]
Howell Township	[REDACTED]
Jackson Township Municipal Utilities Authority	[REDACTED]
Lakewood Township	1. [REDACTED]
New Jersey Water Company Lakewood District	[REDACTED]
Mantoloking Borough	[REDACTED]
South Lakewood Sewer Co.	[REDACTED]
Point Pleasant Borough	[REDACTED]
Bay Head Borough	[REDACTED] Station on Bridge
Point Pleasant Beach Borough	[REDACTED] Pleasant Beach
<i>Island Beach Service Area</i>	
Berkeley Township Sewerage Authority	[REDACTED] plant in South
The Brick Township Municipal Utilities Authority	[REDACTED] to the Dover

<u>Participant</u>	<u>Connection Point</u>
Dover Sewerage Authority	1. [REDACTED]
Lavallette Borough	[REDACTED]
Seaside Heights Borough	[REDACTED]
Seaside Park Borough	[REDACTED]
Island Beach State Park	[REDACTED]
	2. [REDACTED]
<i>Forked River/Cedar Creek Portion of Central Service Area</i>	
Berkcley Township Sewerage Authority	[REDACTED]
Lacey Township	[REDACTED]
Ocean Township	[REDACTED]
Mid-Jersey Water & Sewerage Co., Inc.	[REDACTED] ent plant.
Indianola Sewerage Company	[REDACTED]
Ocean Gate Borough	[REDACTED]
Pine Beach Borough	[REDACTED]

<u>Participant</u>	<u>Connection Point</u>
Union Township	1. [REDACTED]
B. L. T. Utility Company	[REDACTED]
<i>Toms River Portion of Central Service Area</i> Beachwood Sewerage Authority	[REDACTED]
Dover Sewerage Authority	[REDACTED]
Island Heights Borough	[REDACTED]
Berkeley Township Sewerage Authority	1. [REDACTED]
	2. [REDACTED]
Lakehurst Borough	[REDACTED]
Manchester Township	[REDACTED]
Crestwood Village Sewer Company, Inc.	[REDACTED]
South Toms River Sewerage Authority	[REDACTED]
Lakehurst Naval Air Station	[REDACTED]

<u>Participant</u>	<u>Connection Point</u>
<i>Long Beach Island</i> <i>Portion of Southern</i> <i>Service Area</i>	
Barnegat Light Borough 1.	[REDACTED]
Beach Haven Sewerage Authority	[REDACTED]
Harvey Cedars Borough	[REDACTED]
Long Beach Sewerage Authority	[REDACTED]
	[REDACTED]
Ship Bottom Sewerage Authority 1.	[REDACTED]
Surf City Borough	Tr [REDACTED]
<i>Southern Mainland</i> <i>Portion of Southern</i> <i>Service Area</i>	
Eagleswood Township	[REDACTED]
Little Egg Harbor Township	[REDACTED]
Mystic Isles Sewerage Company, Inc.	[REDACTED]
Stafford Municipal Utilities Authority	[REDACTED]
	[REDACTED]
The Borough of Tuckerton Municipal Utilities Authority	[REDACTED]

**SCHEDULE "B"**

**Requirements of Wastewaters Discharged Into  
The Regional Sewerage System**

Wastewater delivered into the facilities of the Authority shall not:

1. Be of such a strength, quantity or quality as to impair the operation or lower the efficiency of the processes of wastewater treatment and sludge handling and disposal, such as excessive biochemical oxygen demand, suspended solids, or chlorine demand, substances inhibitory to the biological processes such as excessive heavy metals, phenols and their derivatives, strong oxidizing agents or strong reducing agents;

2. Be of such a nature as to prevent the effluent from the plant from meeting all present or future requirements of any governing agency having jurisdiction over the receiving waters, such as standards for biochemical oxygen demand, chemical oxygen demand, suspended solids, color, heavy metals, dissolved oxygen in both effluent and receiving waters, bacterial counts, etc.;

3. Contain any gasoline, benzene, naphtha, fuel oil, or other flammable or explosive liquid, solid, or gas which by reason of its nature or quality may cause fire or explosion or which, in any other way, may be injurious to personnel or facilities within the sewerage system;

4. Be of such a nature as to form noxious or malodorous gases or substances which either singularly or through interaction with other wastes or substances found in wastewater treatment processes create a public nuisance, hazard to life, or prevent entry into any portion of the sewerage system for operational duties, maintenance or repair;

5. Be of such a nature as to, in any manner, impair the strength, function, or durability of any portion of the sewerage facilities, such as compounds producing hydrogen sulfide or any other substances corrosive to any measurable degree to any materials used in the trunk system;

6. Be of such a nature and in such a quantity as to impair the hydraulic capacity of such facilities, normal and reasonable wear and usage excepted; such wastes would include uncomminuted garbage, animal guts, tissues or blood, paunch manure, bone, hair, hides, fleshings, entrails, feathers, sand, cinders, ashes, spent lime,

stone or marble dust, metal, glass, straw, shavings, grass clippings, rags, spent grain, waste paper, wood, plastic, gas, tar, asphalt residues, etc.;

7. Include any radioactive substance;

8. Include any garbage other than that received directly into public sewers from residences;

9. Have a pH value lower than 5.5 or higher than 9.5;

10. Have a temperature higher than one hundred fifty degrees Fahrenheit (150°F.);

11. Have a flash point lower than 235°F as determined by the Tagliabue (Tag.) closed cup method;

12. Contain fats, wax, grease, or oils, whether emulsified or not, in excess of one hundred milligrams per liter (100 MG/L) or containing substances which may solidify or become viscous at temperatures between thirty two (32°F) and one hundred fifty (150°F) degrees Fahrenheit;

13. Be discharged by tank trucks into manholes or appurtenances of the Regional Sewerage System without written consent of the Authority;

14. Be delivered in a "slug" manner by which is meant that the normal hydraulic or organic loadings shall not be exceeded by more than a 4.0 factor for any sixty (60) minute period.

All connections to the Regional Sewerage System and Local Collection Sewerage System for garages or other buildings in which grease or oil is handled must be equipped with a suitable mechanism to trap and collect all such oils and greases.

The Authority reserves the right to make whatsoever changes in its discharge requirements as may be necessary for the operation, maintenance, and protection of its Regional Sewerage System, for meeting revised standards of influent or effluent quality of regulatory agencies having jurisdiction in this regard, or for any other reason the Authority deems is desirable or necessary for performing its stated functions.

(See Revised Schedule "C" located on  
Revised Page 41)

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**SCHEDULE "C"**

<i>Participant</i>	<i>Estimated Flow MGD (1980)</i>
<i>Northern Service Area</i>	
The Brick Township Municipal Utilities Authority . . . .	5.8
Howell Township . . . . .	1.8
Jackson Township Municipal Utilities Authority . . . . .	1.7
Lakewood Township . . . . .	0.9
Mantoloking Borough . . . . .	0.1
South Lakewood Sewer Co. . . . .	0.9
New Jersey Water Co., Lakewood District . . . . .	2.0
Point Pleasant Borough . . . . .	2.4
Bay Head Borough . . . . .	0.5
Point Pleasant Beach Borough . . . . .	0.9
	<hr/>
	17.0
<i>Island Beach Service Area</i>	
Berkeley Township Sewerage Authority . . . . .	0.1
The Brick Township Municipal Utilities Authority . . . .	0.25
Dover Sewerage Authority . . . . .	0.8
Lavallette Borough . . . . .	0.8
Seaside Heights Borough . . . . .	1.0
Seaside Park Borough . . . . .	1.3
Island Beach State Park . . . . .	0.1
	<hr/>
	4.35
<i>Forked River/Cedar Creek Portion of Central Service Area</i>	
Lacey Township . . . . .	2.6
Ocean Township . . . . .	0.1
Mid-Jersey Water & Sewerage Co., Inc. . . . .	0.05
Indianola Sewerage Company . . . . .	0.7
Ocean Gate Borough . . . . .	0.2
Pine Beach Borough . . . . .	0.2
Union Township . . . . .	0.5
New Jersey Highway Authority . . . . .	0.03
Berkeley Township Sewerage Authority . . . . .	0.4
	<hr/>
	4.78



<i>Participant</i>	<i>Estimated Flow MGD (1980)</i>
<i>Toms River Portion of Central Service Area</i>	
Beachwood Borough .....	0.6
Berkeley Township Sewerage Authority .....	0.6
Dover Sewerage Authority .....	6.8
Island Heights Borough .....	0.2
Lakehurst Borough .....	0.25
Manchester Township Municipal Utilities Authority ..	1.25
Crestwood Village Sewer Company, Inc. ....	0.5
South Toms River Borough .....	0.55
Lakehurst Naval Air Station .....	0.3
	<hr/>
	11.05
	<hr/> <hr/>
Combined Central Service Area .....	15.83
<i>Long Beach Island Portion of Southern Service Area</i>	
Barnegat Light Borough .....	0.3
Beach Haven Sewerage Authority .....	0.8
Harvey Cedars Borough .....	0.2
Long Beach Sewerage Authority .....	1.5
Ship Bottom Sewerage Authority .....	0.9
Surf City Borough .....	0.9
	<hr/>
	4.6
<i>Southern Mainland Portion of Southern Service Area</i>	
Eagleswood Township .....	0.3
Little Egg Harbor Township .....	0.4
Mystic Isles Sewerage Company, Inc. ....	0.6
Stafford Municipal Utilities Authority .....	1.2
The Borough of Tuckerton Municipal Utilities Au- thority .....	0.3
	<hr/>
	2.8
	<hr/> <hr/>
Combined Southern Service Area .....	7.4

LIST OF CONNECTION POINTS

SPECIFIC

<u>Participant</u>	<u>Connection Point</u>
<u>Northern Service Area</u>	
The Brick Township Municipal Utilities Authority	[REDACTED]
Howell Township	[REDACTED]
Jackson Township Municipal Utilities Authority	[REDACTED]
Lakewood Township Municipal Utilities Authority	[REDACTED]
New Jersey Water Company	[REDACTED]
Lakewood District	[REDACTED]
South Lakewood Sewer Company	[REDACTED]
Point Pleasant Borough	[REDACTED]
Bay Head Borough	[REDACTED]
Point Pleasant Beach Borough	[REDACTED]

<u>Participant</u>	<u>Connection Point</u>
<u>Central Service Area</u>	
B.L.T. Utility	[REDACTED]
Beachwood Sewerage Authority	[REDACTED]
Berkeley Township Sewerage Authority	[REDACTED]
The Brick Township Municipal Utilities Authority	[REDACTED]
Crestwood Village Sewer Company, Inc.	[REDACTED]
Dover Sewerage Authority	[REDACTED]

At a manhole on the trunk system in the vicinity of the Central Railroad of New Jersey and Route 70.

2.

Participant

Connection Point

Indianola Sewerage Company

[Redacted]

Island Beach State Park

[Redacted]

Island Heights Borough

[Redacted]

Lacey Municipal Utilities Authority

[Redacted]

Lakehurst Borough

[Redacted]

Lakehurst Naval Air Station

[Redacted]

Government to furnish file

[Redacted]

Lavallette Borough

[Redacted]

Leisure Village West

[Redacted]

Manchester Township

[Redacted]

Mantoloking Borough

[Redacted]

Mid-Jersey Water & Sewerage Co., Inc.

[Redacted]

Ocean Gate Borough

[Redacted]

Participant

Connection Point

Ocean Township

[REDACTED]

Pine Beach Borough

[REDACTED]

Seaside Heights  
Borough

[REDACTED]

Seaside Park Borough

[REDACTED]

South Toms River  
Sewerage Authority

[REDACTED]

[REDACTED]

Union Township

[REDACTED]

Southern Service Area

Barnegat Light Borough

[REDACTED]

Beach Haven Sewerage  
Authority

[REDACTED]

Eagleswood Township

[REDACTED]

Harvey Cedars Borough

[REDACTED]

Little Egg Harbor  
Municipal Utilities  
Authority  
Long Beach Sewerage  
Authority

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

<u>Participant</u>	<u>Connection Point</u>
Mystic Isles Sewerage Company, Inc.	[REDACTED]
Ship Bottom Sewerage Authority	[REDACTED]
Stafford Municipal Utilities Authority	[REDACTED]
Surf City Borough	[REDACTED]
Borough of Tuckerton Municipal Utilities Authority	[REDACTED]

SCHEDULE B  
SEWER USE RULES AND REGULATIONS

ARTICLE I  
INTRODUCTION

The following Rules and Regulations shall be and are hereby declared to be the Sewer Use Rules and Regulations of The Ocean County Sewerage Authority regarding use of the Regional Sewerage System and nature of the wastes to be discharged to the system. These Rules and Regulations are effective by Resolution duly adopted by The Ocean County Sewerage Authority to wit:

ARTICLE II  
DEFINITIONS

Section 2.01. Unless the context specifically and clearly indicates otherwise, the meaning of terms used in these Rules and Regulations shall be as follows:

1. "Authority" means The Ocean County Sewerage Authority, a public body politic and corporate of the State of New Jersey.
2. "Municipality" means any city of any class, any borough, village, town, township, or any other municipality other than a county or a school district, located within or without the District.
3. "Government" means the United States of America or any department or agency thereof.
4. "District" means the area within the territorial boundaries of all the municipal corporations of the State of New Jersey, situate within Ocean County, the Governing Bodies of which have not adopted a resolution in accordance with Subsection (g) of Section 4 of the Act, and of all municipal corporations of the State of New Jersey, situate within Ocean County, the Governing Bodies of which shall have adopted an ordinance in accordance with Subsection (g) of Section 4 of the Act.
5. "Local Authority" means any public body corporate and politic of the State of New Jersey.
6. "Company" means any private corporation formed under the laws of the State of New Jersey or any other state.

7. "Participant" means any of the following who have executed a Service Agreement with the Authority: The Government, the State, a Municipality, Local Authority or Company.
8. "Person" shall mean any individual, firm, company, association, society, corporation, or group.
9. "Regional Sewerage System" or "Trunk System" means the facilities owned and/or constructed by the Authority consisting of all sewer conduits, pipe lines, mains, interceptor sewers, pumping stations, wastewater treatment facilities disposal systems, plants and works, connections and outfalls, and all other plants, structures, equipment, boats, conveyances and works and other real and tangible personal property acquired or constructed or to be acquired or constructed by the Authority for the purposes of the Authority under the Act, but does not include the Local Collection Sewerage System of any Participant.
9. "Act" means the Sewerage Authorities Law, constituting Chapter 138 of Pamphlet Laws of 1946, of the State of New Jersey, approved April 23, 1946, and the acts amendatory thereof and supplemental thereto.
10. "Interceptor Sewer" shall mean a sewer of the Authority which carries wastewater and to which storm, surface, and groundwaters are not intentionally admitted.
11. "Local Collection Sewerage System" or "Local Sewerage System" means all sewerage systems of Participants which are or may be connected to the Regional Sewerage System, including any extensions or enlargements of such systems.
12. "Wastewater" or "Sewage" means industrial wastes and waterborne human, animal, or vegetable wastes from water closets, buildings, residences, industrial establishments or other places, together with such groundwater infiltration, surface water, admixtures or other wastes as may be present within normal allowable limits.
13. "Industrial Wastes" shall mean the liquid wastes from industrial manufacturing processes, trade, commercial, institutional, or business concerns as distinct from sanitary sewage.
14. "B.O.D." (Biochemical Oxygen Demand) shall mean the quantity of oxygen, expressed in ppm by weight, utilized in the biochemical oxidation of organic matter under standard laboratory procedure for five (5) days at twenty (20) degrees Centigrade. The standard laboratory procedure shall be that found in the latest edition of "Standard Methods for the Examination of Water and Sewage" published by the American Public Health Association.



15. "Suspended Solids" shall mean solids that either float on the surface of or are in suspension in water, wastewater or other liquids and which are removable by laboratory filtration. The standard laboratory procedure shall be that found in the latest edition of "Standard Methods for the Examination of Water and Sewage" published by the American Public Health Association.
16. "pH" shall mean the logarithm of the reciprocal of the weight of hydrogen ions, expressed in grams per liter of solution, and indicates the degree of acidity or alkalinity of a substance.
17. "Garbage" shall mean solid wastes resulting from preparation, cooking, and dispensing of food and from handling, storage and sale of produce.
18. "Building Sewer" shall mean the extension from the building drain to the public sewer or other place of disposal.
19. "Chlorine Demand" shall mean the quantity of chlorine absorbed in water, wastewater or other liquids, allowing a residual of 0.1 ppm by weight after fifteen (15) minutes of contact. The standard laboratory procedure shall be that found in the latest edition of "Standard Methods for the Examination of Water and Sewage" published by the American Public Health Association.
20. "Toxic Substance" shall mean any poisonous substance, including copper, cyanide and chromium ions.
21. "Slug" shall mean any discharge of water, wastewater, or industrial waste which in concentration of any given constituent or in quantity of flow exceeds for any period of duration longer than fifteen (15) minutes more than five (5) times the average twenty-four (24) hour concentration of flows during normal operation.
22. "ppm" shall mean parts per million.
23. "mg/l" shall mean milligram per liter.

ARTICLE IIICONNECTIONS TO THE REGIONAL SEWERAGE SYSTEM

## Section 3.01. General Rules and Requirements:

- a. Only a Participant will be allowed to make connections and discharge to the Regional Sewerage System.
- b. No Participant shall uncover, connect with, make any opening into or use, in any matter, any sewer of the Regional Sewerage System for connecting Local Collection Sewerage Systems without first receiving the written consent of the Authority.
- c. Prior to making any connection to the Regional Sewerage System, the Participant shall have the plans and specifications for the connections reviewed and approved by the Authority. Said plans and specifications shall be reviewed by the Authority within 90 days. Upon receipt of approval from the Authority, the Participant shall give the Authority at least forty-eight (48) hours notice of the time when such connection will be made so that the Authority may supervise and inspect the work of connection.
- d. All Local Collection Sewerage System connections to the Regional Sewerage System will be made at manholes located on the interceptor sewer. Connections directly to the interceptor sewers will not generally be allowed.
- e. Individual business, commercials, house connections, etc. directly to the Authority interceptor sewer will not be generally permitted.
- f. The Authority will provide connection points in those manholes specified by the Participant.
- g. For connection points specified for manholes located in paved streets or roads, connection stubs will extend to the edge of the pavement. For connection points located for manholes located in Authority easements, knockout bulkheads will be installed.
- h. Where possible and practicable, all connections of the Local Sewerage System to the Authority interceptor sewer will be made at an invert elevation where the 0.8 depth point of both sewers are at the same elevation.
- i. All connections must be plugged at the Participant's manhole until the Authority furnishes the Participant written notification that the interceptor sewer is ready for service.

- j. All connection lines installed between the Authority's Regional Sewerage System and the Participant's Local Collection Sewerage System will become the property of the Participant and be maintained by the Participant after the Regional Sewerage System becomes operational.

Section 3.02. Procedures for Connecting Participants' Collection Sewerage Systems.

- a. Local Collection Sewerage Systems for which neither connection stubs nor knockout bulkheads have been provided and which have been installed prior to installations of the Regional Sewerage System.
  1. Connections to the Regional Sewerage System under this condition will be decided upon on an individual basis.
  2. If it is determined that the connection can be made, the work will be done by the Participant and the connection cost will be borne by the Participant.
- b. Local Collection Sewerage Systems for which either connection stubs or knockout bulkheads have been provided and have been installed prior to installation of the Regional Sewerage System.
  1. The Authority will connect the Participant's Local Collection Sewerage System to the interceptor sewer provided the Participant has indicated the plan location and invert elevation of the connection stub and the diameter of the connection pipe.
  2. The Authority will bear the cost of that portion of the connection within the Authority's easement or right-of-way. All costs for that portion of the connection outside these limits will be borne by the Participant.
- c. Local Collection Sewerage Systems for which either connection stubs or knockout bulkheads have been provided and have been installed concurrently with the Regional Sewerage System.
  1. In those situations where the Authority and the Participant are constructing concurrently, the date of pipe installations at a particular connection point will determine the party responsible to make the connection.

2. If the interceptor sewer is installed at the particular connection location prior to the Local Collection Sewerage System, the Authority will provide a connection stub to which the Participant can connect. This connection will be made by the Participant.
  3. If the interceptor sewer is installed at a particular connection point subsequent to the installation of the Local Collection Sewerage System, the connection will be made by the Authority provided the Participant has provided the information required in Section 3.02.b.1 above.
  4. The proportioning of the costs will be in accordance with Section 3.02.b.3. above.
- d. Local Collection Sewerage Systems installed either after the Regional Sewerage System is installed or is operational.
1. Connections of the Local Collection Sewerage System will be evaluated on an individual basis.
  2. The connections will be made by the Participant at the Participant's expense.

Section 4.02. No Participant shall discharge or permit to be discharged the following described substances, materials, waters or wastes, if it appears likely in the opinion of the Authority, that such wastes can impair, impede, affect, interfere with or endanger the Regional Sewerage System, or interfere with the efficiency of operation. The prohibited substances are:

- a. Any liquid or vapor having a temperature higher than 150°F or (65°C).
- b. Any water or waste containing fats, wax, grease, or oils, whether emulsified or not, in excess of 100 mg/l or containing substances which may solidify or become viscous at temperatures between 32°F and 150°F or (0°C and 65°C).
- c. Wastes containing phenolic compounds over 1.0 ppm, expressed as phenol.
- d. Any liquids having a pH exceeding a minimum value of 5.5 or a maximum value of 9.5 or found to be excessively corrosive.
- e. Any radioactive substances.
- f. Any liquid having a flash point lower than 235°F (113°C) as determined by the Tagliabue (Tag.) closed cup method.
- g. Any waters or wastes with bio-chemical oxygen demand (BOD) in excess of 300 ppm by weight.
- h. Any waters or wastes with a suspended solids content in excess of 300 ppm, or containing suspended solids of such character or quantity that unusual attention or expense is required to handle or treat such materials.
- i. All wastes containing corrosive, toxic or poisonous substances in sufficient quantity to cause injury, damage or hazard to personnel, structures or equipment, or interfere with the Regional Sewerage System or any portion of the liquid or solids treatment or handling processes, or that will pass through the treatment facilities in such condition that it will not achieve State, Federal or other existing requirements for the effluent or for the receiving waters. The following chemicals are specifically mentioned: arsenic and arsenicals; cyanides; copper and copper salts; chromium; mercury and mercurials; nickel and nickel compounds; silver and silver compounds; zinc and zinc compounds; toxic dyes (organic or mineral); sulfanamides; cresols, alcohols, aldehydes; chlorinated hydrocarbons; chlorine in excess of 100 ppm; iodine; fluorine; bromine; all strong oxidizing agents such as peroxides, chromates, dichromates, permanganates,

etc., compounds producing hydrogen sulphide or any other toxic, inflammable or explosive gases, either upon acidifications, alkalization, reduction or oxidation; strong reducing agents such as nitrates, sulfites, sulphides; strong acids or strong alkalis.

- j. Unusual volume of flow or concentration of wastes constituting "slugs" as defined herein.
- k. Waters or wastes containing substances which are not amenable to treatment or reduction by the wastewater treatment processes employed, or are amenable to treatment only to such degree that the treated effluent cannot meet the requirements of other agencies having jurisdiction over discharge to the receiving waters.

Section 4.03. If any wastewaters are discharged, or are proposed to be discharged to the Regional Sewerage System which wastewaters contain the substances or possess the characteristics enumerated in Section 4.02 of this Article, and which in the judgement of the Authority, may have a deleterious effect upon the Regional Sewerage System receiving waters, life, or constitute a public nuisance, the Authority will:

- a. Reject the wastes,
- b. Require pretreatment to an acceptable condition for discharge to the Regional Sewerage System,
- c. Require control over the quantities and rates of discharge.

If the Authority permits the pretreatment or equalization of wastes which are to be accepted in the Regional Sewerage System, the design and installation of the pretreatment facilities shall be reviewed and approved by the Authority, and are subject to the requirements of the State of New Jersey Pretreatment Standards (Senate Bill No. 234 adopted April 10, 1972) and all other applicable codes, ordinances, and laws.

Section 4.04. Where pretreatment or flow-equalizing facilities are provided for any wastewaters discharged to the Regional Sewerage System, they shall be maintained continuously in satisfactory and effective operation by the owner at his expense.

Section 4.05. No statement contained in this Article shall be construed as preventing any special agreement or arrangement between the Authority and any Participant whereby a waste with high BOD or suspended solids values, or a high chlorine demand may be accepted by the Authority for treatment, subject to payment therefore, by the Participant.

## ARTICLE V

### NOTIFICATION, INSPECTION AND TESTING FOR INDUSTRIAL WASTES

Section 5.01. All Participants shall provide the Authority with information on the physical and chemical characteristics of all industrial wastes proposed to be discharged into their Local Collection Sewerage System and the Regional Sewerage System.

Section 5.02. Any industry which is connected to a Local Collection Sewerage System, and is discharging industrial wastes thereto, which shall change its method of operation so as to alter the type of wastes previously discharged, shall notify the Participant and the Authority at least 15 days prior to such change, in order that the Participant and the Authority's representatives can sample and determine whether or not the new waste can be accepted in the Local Collection Sewerage System and the Regional Sewerage System.

Section 5.03. Duly authorized employees of the Authority bearing proper credentials and identification shall at reasonable times be permitted to enter all properties to inspect, observe, measure, sample and test in accordance with the provisions of these Rules and Regulations. The Authority or its representatives shall have no authority to inquire into any processes including metallurgical, chemical, oil, refining, ceramic, paper, or other industries beyond that point having a direct bearing on the kind and source of discharge to the sewers or waterways or facilities for waste treatment.

Section 5.04. While performing the necessary work on private properties referred to in Section 5.05, duly authorized employees of the Authority shall observe all safety rules applicable to the premises established by the company and the company shall be held harmless for injury or death to the Authority employees and the Authority shall indemnify the company against loss or damage to its property by Authority employees and against liability claims and demands for personal injury or property damage asserted against the company and growing out of the gauging and sampling operation, except as such may be caused by negligence or failure of the company to maintain safe conditions as required in Section 5.05.

Section 5.05. When required by the Participant or the Authority, the owner of any property serviced by a building sewer carrying industrial wastes shall install a suitable control manhole together with such necessary meters and other appurtenances in the building sewer to facilitate observation, sampling, and measurement of the wastes. Such manhole or other appurtenances, when required, shall be accessibly and safely located, and shall be constructed in accordance with plans approved by the Participant and the Authority. The manhole shall be installed by the owner at his expense, and shall be maintained by him so as to be safe and accessible at all times.

Section 5.06. All measurements, tests, and analyses of the characteristics of waters and wastes to which reference is made in these Rules and Regulations shall be determined in accordance with the latest edition of "Standard Methods for the Examination of Water and Wastewater," published by the American Public Health Association, and shall be determined at the control points provided. In the event that no special control point has been required, the control point shall be considered to be the nearest downstream manhole in the public sewer to the point at which the building sewer is connected. Sampling shall be carried out by customarily accepted methods to reflect the effect of constituents upon the sewage works and to determine the existence of hazards to life, limb, and property.

## ARTICLE VI

### DISCHARGE OF PROHIBITED SUBSTANCES INTO THE REGIONAL SEWERAGE SYSTEM

Section 6.01. If the Authority determines by measurements at the metering station for a particular Participant that it is in violation of any provisions of Section 4.01 and 4.02 of Article IV of these Rules and Regulations, the Authority shall serve written notice to the Participant stating the nature of the violation and provide a reasonable time limit for the satisfactory correction thereof. The Participant shall, within the period of time stated in such notice, cause the correction of all violations.

Section 6.02. Any Person or Participant violating any of the provision of these Rules and Regulations shall become liable to the Authority for any expense loss, or damage occasioned the Authority by reason of such violation.



ARTICLE VIIPROTECTION FROM DAMAGE

Section 7.01. No person shall maliciously, willfully, or negligently break, damage, destroy, uncover, deface, or tamper with any structure, appurtenance, or equipment which is a part of the Regional Sewerage System. The Authority will take appropriate action against any person violating this provision.

ARTICLE VIIIAPPLICATION FOR WASTEWATER TREATMENT FACILITIES  
AND EXTENSIONS OF LOCAL COLLECTION SEWERAGE SYSTEMS

Section 8.01. All Participants desiring to construct wastewater treatment facilities, Local Collection Sewerage Systems or extensions thereto shall file an application for same with this Authority and with the appropriate State and Federal regulatory agencies having jurisdiction in these matters. Forms and procedures for filing applications with the Authority are found in the Authority's pamphlet entitled "Rules and Regulations Governing Applications to The Ocean County Sewerage Authority for Construction of Sewerage Facilities in the County of Ocean".

Section 8.02. Applications to the Authority shall be reviewed by the Authority with the Participant notified of its' findings within 90 days of receipt of the application.

ARTICLE IXMISCELLANEOUS

Section 9.01. The Authority reserves the right to amend these Rules and Regulations or to adopt additional Rules and Regulations from time to time as it shall deem necessary for the operation, maintenance and protection of the Regional Sewerage System, for meeting revised standards of influent or effluent quality of any regulatory agencies having jurisdiction in this regard, or for any other reason the Authority deems is desirable or necessary for performing its functions.

Section 9.02. In the event that any provisions, section, sentence, clause or part of these Rules and Regulations shall be held to be invalid, such invalidity shall not effect or impair any remaining provision, section, sentence, clause or part of these Rules and Regulations, it being the intent of the Authority that such remainder shall be and shall remain in full force and effect.

Section 9.03. These Rules and Regulations shall become effective upon the availability of the Regional Sewerage System, or portion thereof.

Schedule "C"  
ESTIMATE OF FLOW (1980)

Estimated  
 Avg. Flow  
 MGD (1980)

Northern Service Area

Bay Head Borough	0.31
The Brick Township Municipal Utilities Authority	5.95
Howell Township	1.68
Jackson Township Municipal Utilities Authority	2.28
Lakewood Township Municipal Utilities Authority	0.12
New Jersey Water Company, Lakewood District	2.00
Point Pleasant Beach Borough	0.75
Point Pleasant Borough	2.10
South Lakewood Sewer Company	1.50
	16.69

Central Service Area

B.L.T. - Barnegat Village	0.50
Beachwood Sewerage Authority	0.59
Berkeley Township Sewerage Authority	4.1
The Brick Township Municipal Utilities Authority	0.19
Crestwood Village Sewer Company	0.50
Dover Sewerage Authority	7.37
Indianola Sewerage Company	0.70
Island Beach State Park	0.07
Island Heights Borough	0.17
Lacey Municipal Utilities Authority	2.97
Lakehurst Borough	0.29
Lakehurst Naval Air Station	0.28
Lavallette Borough	0.54
Leisure Village West	1.0
Manchester Township Municipal Utilities Authority	0.67
Mantoloking Borough	0.10
Mid-Jersey Water & Sewerage Company	0.05
Ocean Gate Borough	0.14
Ocean Township	0.06
Pine Beach Borough	0.16
Seaside Heights Borough	0.99
Seaside Park Borough	0.97
South Toms River Sewerage Authority	0.51
Union Township	0.15
	23.07

Southern Service Area

Barnegat Light Borough	.18
Beach Haven Sewerage Authority	.86
Eagleswood Township	.33
Harvey Cedars Borough	.18
Little Egg Harbor Municipal Utilities Authority	1.00
Long Beach Sewerage Authority	1.80
Mystic Isles Sewerage Company	.60
Ship Bottom Sewerage Authority	.29
Stafford Municipal Utilities Authority	2.80
Surf City Borough	.29
Borough of Tuckerton Municipal Utilities Authority	.25
	8.58
	48.34

SCHEDULE E  
RATES/CHARGES COMPUTATION

The rate for conveyance, treatment and disposal of wastewater in the Regional Sewerage System shall be computed as follows:

- A. For wastewater of quality that is in conformance with Article IV of the Sewer Use Rules and Regulations attached as Schedule B:

$$C = \frac{C_t}{V_t}$$

- B. When BOD, suspended solids or other pollutant concentrations from a Participant exceed the range of concentration of these pollutants as indicated in Article IV of the Sewer Use Rules and Regulations attached as Schedule B a surcharge shall be added to the charge computed in "A" above as follows:

$$C_s = B_c (\Delta B) + S_c (\Delta S) + P_c (\Delta P)$$

The symbols used in the above formula shall have the following meaning:

- $B_c$  = cost of treatment of a unit of Biochemical Oxygen Demand, expressed as dollars per part per million of BOD per million gallons.
- $B$  = Concentration of BOD, in parts per million, in excess of 300 parts per million.
- $C$  = rate charged per million gallons of wastewater received in the Regional Sewerage System.
- $C_s$  = A surcharge rate per million gallons of wastewater that is in excess of the range of concentration of pollutants as indicated in Article IV of the Sewer Use Rules and Regulations attached as Schedule B.
- $C_t$  = total actual annual cost in any Fiscal Year which is to include the costs of operations, maintenance, debt service, replacement fund and reserve fund.

Pc = cost of treatment of a unit of any pollutant expressed as dollars per unit per million gallons.

P = concentration of a pollutant in excess of the concentration of the pollutant that is allowable to the Authority or any Federal or State regulatory agency having jurisdiction, for discharge without treatment.

Sc = cost of treatment of a unit of Suspended Solids expressed as dollars per part per million of Suspended Solids per million gallons.

S = concentration of Suspended Solids, in parts per million, in excess of 300 parts per million.

Vt = total actual annual flow received in the Regional Sewerage System in any Fiscal Year, in million gallons.

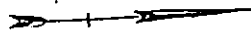
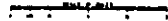
1973

# MASTER PLAN FOR WASTEWATER MANAGEMENT OCEAN COUNTY NEW JERSEY

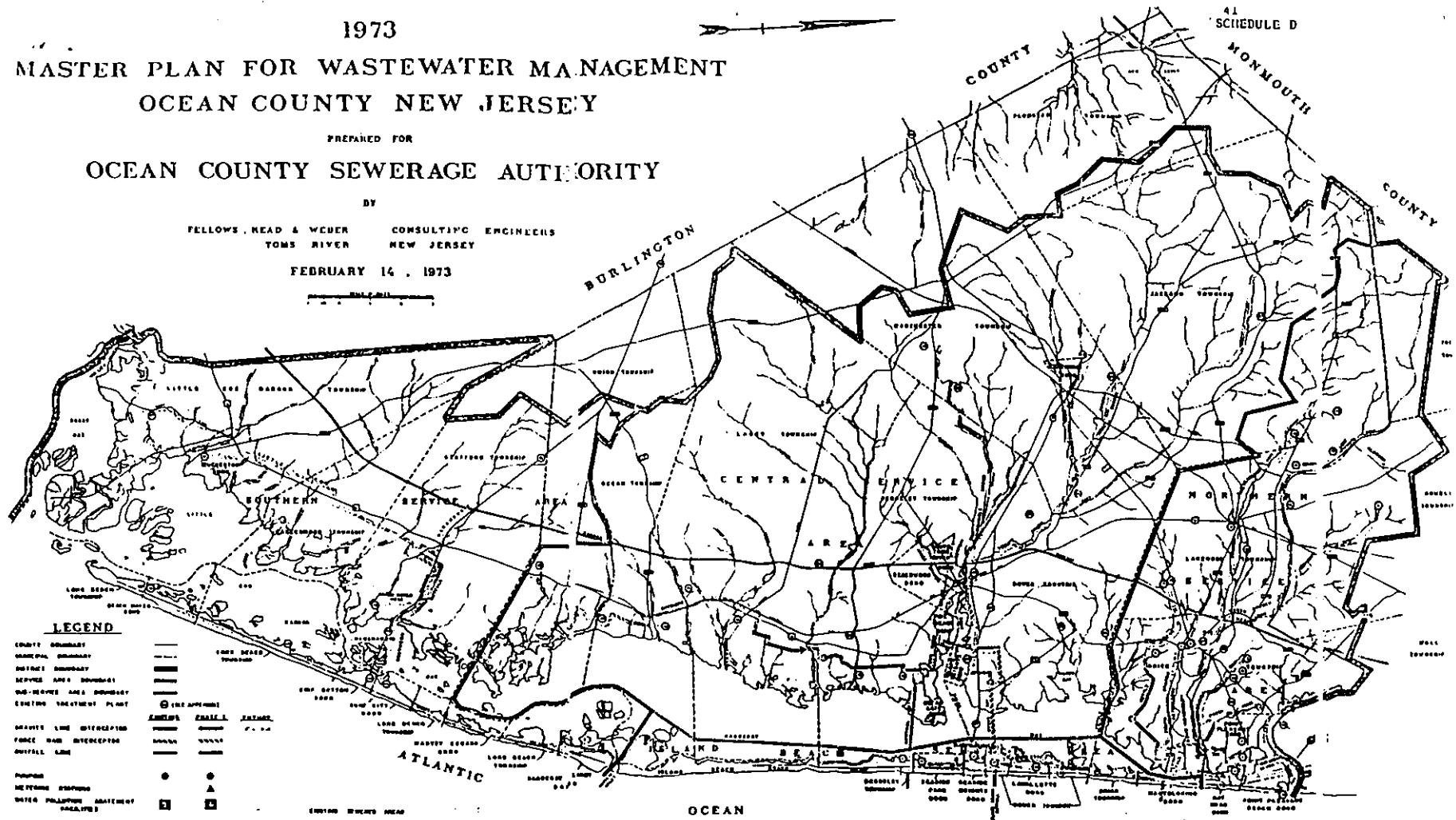
PREPARED FOR  
**OCEAN COUNTY SEWERAGE AUTHORITY**

BY  
FELLOWS, READ & WEBER CONSULTING ENGINEERS  
TOMS RIVER NEW JERSEY

FEBRUARY 14, 1973



41  
SCHEDULE D



- LEGEND**
- COUNTY BOUNDARY
  - DISTRICT BOUNDARY
  - SERVICE AREA BOUNDARY
  - UN-SERVED AREA BOUNDARY
  - EXISTING TREATMENT PLANT
  - SEWERAGE LINE INTERCEPTION
  - FORCE MAIN INTERCEPTION
  - OUTFALL LINE
  - PUMPING STATION
  - WASTEWATER TREATMENT PLANT
- (SEE APPENDIX)
- 
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USER CHARGE AGREEMENT

THIS AGREEMENT dated this first day of February, 1982, between THE OCEAN COUNTY UTILITIES AUTHORITY (formerly The Ocean County Sewerage Authority), a public body politic and corporate of the State of New Jersey, having its principal office at 501 Hickory Lane, P.O. Box "P", Bayville, Ocean County, New Jersey, hereinafter referred to as "OCUA"; and NEW JERSEY WATER COMPANY, a public utility of the State of New Jersey, organized and operating pursuant to the provisions of Title 48 of the Revised Statutes of the State of New Jersey, having its principal office at 500 Grove Street, Haddon Heights, New Jersey, 08035, hereinafter referred to as "COMPANY".

W I T N E S S E T H :

WHEREAS, Company is a participant in the OCUA's regional sewerage system, and has entered into a service agreement with the OCUA dated July 21, 1976; and

WHEREAS, Company operates pursuant to a franchise granted to it by Township of Lakewood and is subject to the rules and regulations of the Board of Public Utilities Commissioners of the State of New Jersey; and

WHEREAS, the OCUA has constructed and is presently operating a regional sewerage system, which has been funded in part by grants from the United States Environmental Protection Agency and the New Jersey Department of Environmental Protection; and

WHEREAS, the service agreement between the parties sets forth the requirement that such grants would have to be received prior to the construction of the regional facility; and

WHEREAS, The United States Environmental Protection Agency, in issuing said grants, has imposed certain restrictions and conditions for receipt of the grants and the issuance of funds thereunder; and

WHEREAS, the service agreement between the parties provides for the implementation of such conditions or restrictions by the Company and the OCUA; and

WHEREAS, it is the intent of this agreement to specify and implement certain of these conditions so that the Company and the OCUA can comply with the grant requirements and that the OCUA may receive the grant funds which could be withheld for failure to meet these requirements.

NOW, THEREFORE, IT IS HEREBY AGREED BETWEEN THE PARTIES AS FOLLOWS:

1. Company agrees to adopt a Resolution in a timely manner that it will abide by and enforce the OCUA's Sewer Use Rules and Regulations.
2. In addition to any charges imposed by Company on its user, each user which discharges any toxic pollutants that cause an increase in treatment costs or managing the effluent or sludge of the OCUA shall pay such increased treatment costs in accordance with guidelines for approved user charge systems adopted by the OCUA. The Company and the OCUA agree to take whatever steps necessary to enforce payment of such costs by the user.
3. Company agrees to notify its customers at any time it changes its rates. The notice shall state the Company's total operating cost in terms of dollars and the percentage of that cost that represents charges paid by or to be paid by the Company to OCUA.
4. Company will maintain its present system of billing which permits all customers to be proportionately charged for all flow not directly attributable to users in the same manner that Company distributes the cost of operation and maintenance of the user's wastewater flow.

5. The Company agrees to petition the Board of Public Utilities Commissioners of the State of New Jersey to change or modify its tariff schedule, if necessary, to comply with the following requirements:

- A. Company agrees to eliminate volume discounts to large users of its system. At this time, Company does not have volume discounts throughout its system.
- B. Company agrees to maintain a uniform user rate which applies to all customers.

6. Company agrees to conduct a biennial review of its charges and attempt to institute such changes as may be required in the tariff schedule as a result of said review. Company agrees during this biennial review that it will insure the proportionate distribution of operation and maintenance costs among users and that it will generate sufficient revenue from those users to pay its total operation and maintenance costs.

7. OCUA agrees to supply to Company whatever material and information which Company may require to implement or modify its user charge schedule.

8. This agreement and the obligation of the Company under this agreement are expressly subject to the continued regulation of the Board of Public Utilities.

IN WITNESS WHEREOF, the parties hereto have hereunto caused these presents to be signed by their proper officials, the day and year first above written.

ATTEST:  
By: Marcia Lenn

ATTEST:  
By: J. E. Simon  
J. E. SIMON, Secretary

THE OCEAN COUNTY UTILITIES AUTHORITY  
By: [Signature]

NEW JERSEY WATER COMPANY  
By: [Signature]  
W. R. COBB, President



SUPPLEMENTAL AGREEMENT TO USER CHARGE AGREEMENT

THIS AGREEMENT made this first day of February, 1982 between: THE OCEAN COUNTY UTILITIES AUTHORITY (formerly The Ocean County Sewerage Authority), a public body politic and corporate of the State of New Jersey, having its principal office at 501 Hickory Lane, P.O. Box "P", Bayville, Ocean County, New Jersey, hereinafter referred to as "OCUA"; and NEW JERSEY WATER COMPANY, a public utility of the State of New Jersey, organized and operating pursuant to the provisions of Title 48 of the Revised Statutes of the State of New Jersey, having its principal office at 500 Grove Street, Haddon Heights, New Jersey, 08035, hereinafter referred to as "COMPANY".

W I T N E S S E T H :

WHEREAS, OCUA and Company have entered into a User Charge Agreement dated February 1, 1982; and

WHEREAS, the parties desire to further agree between themselves as to the methods and means of implementing Paragraph Two of their User Charge Agreement.

NOW, THEREFORE, in consideration of One Dollar (\$1.00) and the mutual covenants and promises contained herein, the parties hereto agree as follows:

1. To implement said Paragraph Two the following procedures shall be utilized:

Any user who discharges toxic pollutants into Company's sewer system to be treated by the OCUA at an increased cost shall be billed directly by the OCUA. The said user shall make payment directly to the OCUA. At no time shall such charges be billed to the Company and the Company shall not be liable for the payment of any of such charges. The OCUA shall indemnify and save the Company harmless from any and all litigation, claims and costs including court costs and attorney's fees that may result from the imposing

of such charges by the OCUA. In the event litigation of any type results from the imposition of such charges to which the Company is a party, either voluntarily or involuntarily, the OCUA shall pay all the Company's costs in connection with such litigation and shall pay, satisfy and discharge any order or judgment entered against the Company that may result from such litigation.

IN WITNESS WHEREOF, the parties hereto have hereunto caused these presents to be signed by their proper officials, the day and year first above written.

ATTEST:

By: Marcia Loren

THE OCEAN COUNTY UTILITIES AUTHORITY

By: James M. Meyer

ATTEST:

By: J. E. Simon  
J. E. SIMON, Secretary

NEW JERSEY WATER COMPANY

By: W. R. Cobb  
W. R. COBB, President

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, made this 18th day of August , 1976, by and between THE CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY (hereinafter referred to as "Authority"), a public body politic and corporate of the State of New Jersey, and NEW JERSEY WATER COMPANY (hereinafter referred to as "Corporation"), a Corporation of the State of New Jersey, and the CITY OF OCEAN CITY (hereinafter referred to as "Municipality"), a body politic of the State of New Jersey.

WHEREAS, the parties have entered into a Service Agreement dated the 21st day of June , 1976; and

WHEREAS, it is the desire of the parties hereto to further clarify and delineate their respective rights, duties and obligations under the terms of the Service Agreement; and

WHEREAS, Municipality and Corporation have also entered into an Agreement of Lease-dated-October-1, 1964, covering a portion of the sewage collection and treatment system as it presently exists in Municipality, which Lease delineates certain rights, duties, and obligations of those parties; and

WHEREAS, the parties wish to determine the respective rights and obligations in a manner so as to provide Authority with a guarantee that either Corporation or Municipality will be responsible to the Authority for obligations imposed upon either Corporation or Municipality under the terms of the Service Agreement but wish to further provide that neither shall be responsible for the obligations of the other except as specifically

provided in the Service Agreement and this Supplemental Agreement;  
and

WHEREAS, Corporation is a regulated Public Utility Corporation of the State of New Jersey subject to the jurisdiction of the Board of Public Utility Commissioners of the State.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions as contained herein, the parties hereto agree as follows:

1. Authority hereby recognizes and acknowledges that Corporation is regulated by and subject to the jurisdiction of the Board of Public Utility Commissioners of the State of New Jersey and is further subject to rules and regulations as may be promulgated, from time to time, by said Board. Authority further recognizes and acknowledges that any rights, duties or obligations that Corporation may have under the terms of said Service Agreement may be subject to the aforementioned jurisdiction.

2. In the event Corporation deems it appropriate or necessary, in order to comply with the terms and conditions of the Service Agreement, it shall, as promptly as possible, make the appropriate application for approval by the Board of Public Utility Commissioners.

3. All parties recognize and acknowledge that Municipality and Corporation have executed the aforementioned Service Agreement as participants therein.

4. All parties further recognize and acknowledge that any and all financial obligations that could be imposed upon Municipality pursuant to the terms and conditions of the Service

Agreement may be the financial obligations of Corporation under the terms and conditions of the Agreement of Lease and that the aforementioned Service Agreement shall not in any way interfere with the mutual rights, duties and obligations as delineated in the Agreement of Lease which obligations shall continue in full force and affect except as modified by the terms of this Supplemental Agreement. The Authority, however, does not waive any of its rights which it may have under any statute or under the Service Agreement.

5. Under the terms of the Agreement of Lease executed by Corporation and Municipality, Corporation is under a duty to make certain lease payments to Municipality for the use and operation of wastewater treatment facilities located at 46th Street, Ocean City, New Jersey. The obligation of Corporation to make such lease payments shall be reduced by an amount exactly equal to the amount received by Municipality for such facilities from Authority under the terms and provisions of Article VII of the Service Agreement. It is understood that Corporation's obligation to pay Municipality matures on the 20th day of December in each calendar year up to and including 1994. The Authority hereby agrees that it will pay to Municipality whatever amounts qualify under Article VII of the Service Agreement on or before the 15th day of December of each year in which such payments are owed by the Authority.

6. It is further recognized that under the terms of

the current Agreement of Lease, Municipality does not operate the sewage collection system within its boundaries.

7. The parties recognize that the obligation to make payment to Authority for the treatment of sewage arising within the boundaries of Municipality and delivered into the regional system of the Authority is initially an obligation of Corporation. However, the Municipality specifically agrees and stipulates that in the event that Corporation does not make payment to Authority in accordance with the terms and provisions of the Service Agreement that Municipality will deliver to the Authority an amount equal to the amount owed to the Authority by Corporation.

8. The Authority shall provide connection points as set forth in Section 301 of the Service Agreement as hereinafter described:

Gravity points of connection between the Local Sewage System and the Regional System have been tentatively identified as being located in the vicinity of the sewage pumping stations located at 3rd Street and West Avenue, Bay Avenue at 20th Street, West Avenue near 32nd Street, and 46th Street at West Avenue. When said connection points are finally and permanently located, the location of same will not in any way be less favorable, financially or otherwise, to Corporation than those locations set forth above.

9. Nothing contained in this Supplemental Agreement shall be deemed to negate any of the rights, duties and/or obligations granted to or imposed upon the respective parties by

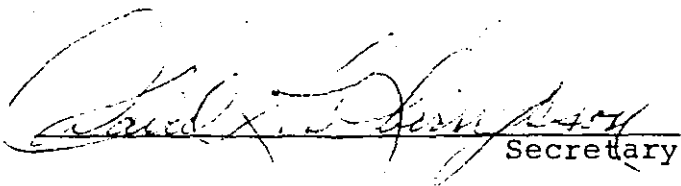
the Service Agreement.

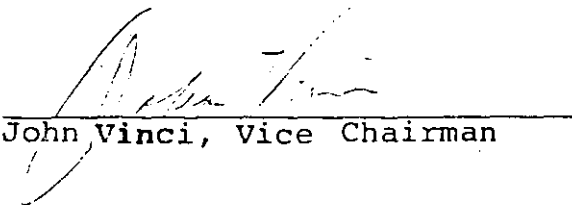
10. If any one or more of the covenants or agreements provided for in this Agreement, on the part of the Authority or the Participant to be performed should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed separable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Agreement.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day and year first above written.

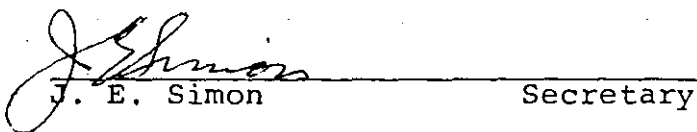
ATTEST:

THE CAPE MAY COUNTY  
MUNICIPAL UTILITIES AUTHORITY

  
Secretary

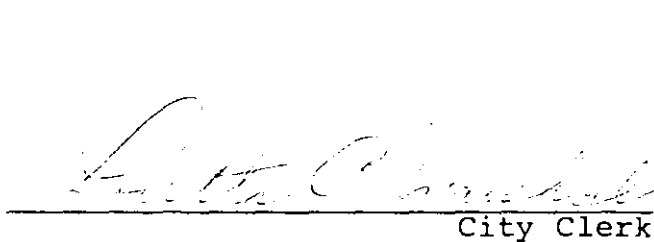
By   
John Vinci, Vice Chairman

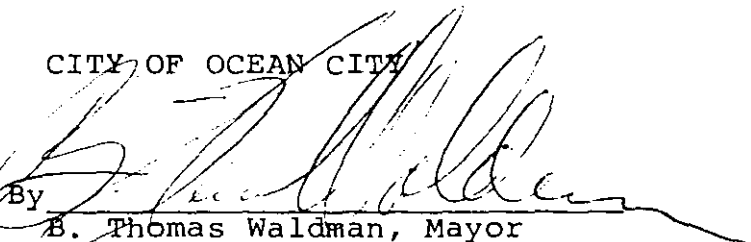
NEW JERSEY WATER COMPANY

  
J. E. Simon Secretary

By   
K. B. Earnhardt, President

CITY OF OCEAN CITY

  
City Clerk

By   
B. Thomas Waldman, Mayor

THIS AGREEMENT

made and dated as of the 21 day of JUNE, One Thousand Nine Hundred and Seventy-Six

BETWEEN

THE CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY (hereinafter referred to as "Authority"), a public body politic and corporate of the State of New Jersey,

AND

The Cities of CAPE MAY, NORTH WILDWOOD, OCEAN CITY, SEA ISLE CITY and WILDWOOD, The Boroughs of AVALON, CAPE MAY POINT, STONE HARBOR, WEST CAPE MAY, WEST WILDWOOD and WILDWOOD CREST, The Townships of LOWER and MIDDLE, The MIDDLE TOWNSHIP SEWERAGE DISTRICTS #1, #2 and #3, The LOWER TOWNSHIP MUNICIPAL UTILITIES AUTHORITY, and The NEW JERSEY WATER COMPANY, a corporation of the State of New Jersey, all situate in the County of Cape May, New Jersey, (hereinafter singularly referred to as "Participant" and jointly as "Participants"),

W I T N E S S E T H

WHEREAS, pursuant to the Municipal Utilities Authorities Law, constituting Chapter 183 of the Laws of 1957, of the State of New Jersey, the Authority was created by virtue of a resolution duly adopted by the Board of Chosen Freeholders of the County of Cape May, New Jersey, and is a public body politic and corporate of the State of New Jersey organized and existing under said Law, established as an instrumentality exercising public and essential governmental functions to provide for the public health and welfare, with



all necessary or proper powers to acquire, construct, maintain, operate and use sanitation facilities for the relief of waters in, bordering or entering the District (hereinafter defined) from pollution or threatened pollution and for improvement of conditions affecting the public health; and

WHEREAS, in partial fulfillment of its functions, the Authority is ready to design, finance, construct and put in operation an interceptor sewer system and wastewater treatment facilities for the transmission, treatment and disposal of sewage and other waste, as generally described in Schedule A, attached hereto and made a part hereof, and to enable the Authority to undertake such design, financing and construction the Participants must become legally bound to accept and pay for sewage and waste treatment service from the time such system and plant commence operation and to construct and maintain as is necessary any Local Sewerage Systems; and

WHEREAS, each Participant has been requested and is willing to have sewage originating from it or within its territory treated and disposed of by the Authority pursuant to the terms of this Agreement and has duly authorized its proper officials to enter into and execute for it this Agreement;

NOW, THEREFORE, in consideration of the premises of the mutual covenants and agreements herein set forth and

of the undertakings of each party to the others, the parties hereto, each binding itself, its successors and assigns, do mutually covenant, promise and agree as follows:

ARTICLE I  
Definitions

Section 101. Definitions. As used or referred to in this Agreement, unless a different meaning clearly appears from the context:

"Act" means the Municipal Utilities Authorities Law, constituting Chapter 183 of the Laws of 1957, of the State of New Jersey, and the acts amendatory thereof and supplemental thereto;

"Accountant" means the Division of Local Government Services in the Department of Community Affairs of the State of New Jersey or a registered municipal accountant or a certified public accountant of the State of New Jersey;

"Alteration" means any structure which is not completed in connection with the original construction of the Project or any enlargement or change of an interceptor line, which enlargement or change is not completed in connection with such original construction, but does not include an Extension, a renewal or replacement of a part of the Project, an enlargement or change of the wastewater treatment plant constructed as part of the Project, or any additional wastewater treatment plant or plants that treat sewage originating within the area originally served;

"Annual Charge" shall have the meaning given to such term in Article IV hereof;

"Authority" shall have the meaning hereinabove given to such term;

"Consulting Engineer" means the engineering firm of Pandullo, Chrisbacher and Associates, Northfield, New Jersey and such other or different independent engineer or firm of engineers of national reputation for skill and experience with respect to construction and operation of sewer systems or facilities as may from time to time be employed by the Authority;

"Corporation" shall mean the New Jersey Water Company;

"Deficiency" shall have the meaning given to such term in Article IV hereof;

"DEP" means the New Jersey Department of Environmental Protection or its successors from time to time;

"District" means the district of the Authority as it exists from time to time in accordance with the Act;

"EPA" means the United States Environmental Protection Agency or its successor from time to time;

"Extension" means any new interceptor sewer

main which is not part of the Project and which extends the Regional System into territory not theretofore drained into the Regional System;

"Fiscal Year" means the period of twelve calendar months ending with December 31 of any year, however, the first Fiscal Year of the Authority shall be deemed to be that period of time starting from the estimated initial date of operation of the Regional System, or any part thereof, and ending on December 31 of the same year;

"Governing Body" shall have the meaning given to such term by the Act;

"Industrial User" shall have the meaning given to such term under EPA Regulations;

"Local Authority" shall mean the Lower Township Municipal Utilities Authority and the Middle Township Sewerage Districts #1, #2 and #3.

"Local Sewerage System" means all collection and transmission facilities of a Participant which are or may be connected, or are or may be required under the terms of Article III hereof to be connected, with the Regional System, including any system overflows or bypasses contained in such systems and any extensions or enlargements of such systems;

"Municipality" shall mean the Cities of Cape May, North Wildwood, Ocean City, Sea Isle City and Wildwood, the Boroughs of Avalon, Cape May Point, Stone Harbor, West Cape May, West Wildwood and Wildwood Crest, and the Townships of Lower and Middle.

"Participant" shall have the meaning hereinabove given to such term;

"Pollution" shall have the meaning given to such term in the Act;

"Project" means the sewerage facilities described in Schedule A attached hereto and made a part hereof, with all necessary and incidental connections, manholes, valves, metering stations, equipment, apparatus, structures and appurtenances and all other real or tangible personal property necessary or desirable for the efficient construction and operation of such facilities;

"Regional System" means the Project and all additions, Extensions and improvements thereto or any part of the foregoing, and any renewals or replacements thereto, acquired or constructed or to be acquired or constructed by the Authority for the purposes of the Authority under the Act, but does not include the Local Sewerage System of any Participant;

"Service Charges" means rents, rates, fees or other charges for direct or indirect connection with, or the use or services of, the Regional System which the Authority, under the provisions of Section 22 of the Act, is or may

be authorized to charge and collect with regard to persons or real property;

"Sewage" or "sewage" means waterborne animal, vegetable or other degradable wastes from water closets, buildings, residences, industrial and commercial establishments or other places together with such ground and surface water infiltration or other wastes as may be present;

The term "usual place of business" shall mean such address as is designated to the Authority by the Participant for use for the purpose of any mailing required under this Agreement to the Participant;

Words importing the singular number include the plural number, and vice versa, and words importing persons include firms, associations and corporations.

Section 102. Severability of Invalid Provisions.

If any one or more of the covenants or agreements provided for in this Agreement, on the part of the Authority or the Participant to be performed should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed separable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Agreement.

## ARTICLE II

### Construction of the Project and Operation of the Regional System

Section 201. Construction, Operation and Enlargement of Project and Regional System. The Authority shall with all practicable speed prepare and complete plans for the construction and financing of the Project, and, upon completion of such financing or the making of arrangements therefor satisfactory to the Authority, shall with all practicable speed construct and complete the Project and place the same in operation. The Authority shall proceed with the preparation, construction, financing and placing into operation of each service region within the Project at such time as the Participants included in such service region enter into this Agreement with the Authority. The Authority will supply annual progress reports to the Participants for a two year period commencing July 1, 1976 and ending July 1, 1978 and thereafter every six months. This report is to include design studies, cost estimates, projected dates of construction, estimated dates of connection of the respective Local Sewerage System to the Regional System and estimated construction, operational and administration costs. The Authority will further provide the Participants with the sewer evaluation and infiltration studies when they become available and will advise the Participants of the status of its applications for Federal grants-in-aid of construction. The Authority will thereafter operate in accordance with applicable requirements of governmental authorities having jurisdiction with respect thereto, and maintain, alter, improve, renew and replace and, subject to the terms of Section 202 of this Article, enlarge and extend the Regional System so as to treat and dispose of sewage which may be



delivered into the Regional System by any Participant in accordance with Article III hereof.

Section 202. Public Hearings Prior to Extension of the Regional System. The Authority shall not construct, and nothing in this Agreement shall be deemed to require the Authority to construct, any Extension unless it shall have caused to be prepared by its Consulting Engineers a study with respect to such Extension which sets forth an estimate as of the then current year of the total cost and expense of financing, constructing and acquiring the Extension and placing it in operation, the estimated date of completion of the Extension, and an estimate of the Annual Charges payable by each Participant for or with respect to the five Fiscal Years beginning next after said estimated date of completion. The Authority shall file a copy of said study with each Participant, shall cause notice of the time and place of the hearing hereinafter mentioned to be published at least once in a newspaper of general circulation published in the County of Cape May, New Jersey, and to be mailed to each Participant, and not sooner than fifteen days after such publication and mailing or thirty days after such filing, shall hold a public hearing on said study at which any Participant may appear and, by agent or attorney, be heard with respect thereto.

Section 203. Project Plans to Conform to State and Federal Requirements. In connection with the construction of the Project or any other part of the Regional System, the Authority will comply with any and all requirements of the DEP and EPA as may be applicable from time to time.

To this end, the level of treatment to be initially provided by the Regional System to be designed will be consistent with all existing effluent requirements of the D E P and E P A. Furthermore, provision will be made in the initial design of the Regional System to make said system compatible with future additional D E P and E P A treatment requirements as said requirements presently exist.

Section 204. Insurance. The Authority will at all times maintain with responsible insurers all such insurance as is customarily maintained with respect to sewerage systems of like character against loss or damage to the Regional System and against public or other liability to the extent not less than that reasonably necessary to protect the interests of the Authority and the Participants, and will at all times maintain with responsible insurers all insurance reasonably required and obtainable within limits and at costs deemed reasonable by the Authority to indemnify and save harmless the Participants against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to person or property resulting directly or in-

directly from the construction, operation or a failure of operation of the Regional System caused by the negligence or wilful act of the Authority, its employees or agents.

Section 205. Location of Regional System and Use of Property. The Authority shall have the right to construct, maintain, operate and use such trunk, intercepting and outlet sewers, related conduits, pipe lines and mains, pumping, chlorination and ventilating stations, sewage treatment and disposal systems, plants and works at such places within or without the District and such other plants, structures, boats and conveyances for the transmission, treatment and disposal of sewage as in the judgment of the Authority are necessary to convey, treat and dispose of sewage or other wastes delivered or to be delivered into the Regional System by each Participant. To that end, the Authority may enter upon and is hereby granted an easement to use any streets owned by the Municipalities and Local Authorities to the extent that such Participants are entitled to grant the same. The Authority shall not be charged by any such Participant for any easement but shall, at its own expense, pay for the cost of construction of the Regional System or any part thereof, as well as any restoration in kind needed to be performed on roads, curbs and property used by the Authority for such construction. During the construction of the Regional System or any part thereof, the Authority shall

have an easement of 60 feet. Such easement may, at the Authority's discretion, be located on either side of the interceptor line to be constructed or, may be located partially on one side of the interceptor line to be constructed with the balance on the other side. After the completion of the construction phase, the Authority shall have for the purpose of maintenance and operation a permanent easement of 25 feet, but no permanent structure shall be placed above the grade of the vehicular-travelled right of way. The Authority shall pay all costs incident to the construction of any above-the-ground permanent structures within the remaining portion of the easement at the point or points designated by the Authority for such permanent structure. Such Participant shall have the right to designate the location of any Regional System vent at any other location, but within parameters established by the Authority, and such Participant shall be responsible to pay to the Authority all additional expenses incident thereto, and shall secure any and all licenses, easements and permits necessary to accomplish same. Any permanent easement may, at the Authority's discretion, be located on either side of any interceptor line, force mains or appurtenances thereto, or, partially on one side of the interceptor line, force mains or appurtenances thereto, with the balance on the other side. Such Participants will cooperate with the Authority in obtaining whatever consent, permission or authority may be required from any local, county,

state or federal government or agency, to allow the Authority to do or perform any of the aforementioned. Such Participants hereby agree that they will perform any and all necessary ministerial acts in order to assist the Authority in obtaining the necessary easements. Construction of the Regional System shall be coordinated with the Participants involved so as to provide as little interruption of the Participant's use of the streets as reasonably practicable.

### ARTICLE III

#### Connections to the Regional System

Section 301. Connections Required. Upon notice from the Authority, each of the Participants will permit its Local Sewerage System to be connected with the Regional System, at the point or points designated therefor in the list of connection points developed by the Authority, set forth in the list of Tentative Connection Points attached hereto as Schedule D and by this reference made a part hereof, or at such other substitute point or points upon which the Authority and the Participant may mutually agree. Each Participant will permit its Local Sewerage System to be connected to the Regional System at the designated points, but in no event shall the sewage delivered into the Regional System by each Participant pass through or be delivered into the Regional System through the Local Sewerage System of any other Participant without the written consent of such Participant. The Authority shall pay all costs of such connections at the points designated in the list of connection points or at any approved substitute point. Upon request by a Participant for an additional connection of its Local Sewerage System to the Regional System, the Authority may, but shall not be required to, permit and make such additional connection, but all costs and expenses of every such additional connection, including all sewage meters and other facilities appurtenant thereto, shall be paid by the Participant requesting the same. Every connection shall constitute, and be

operated by the Authority, as part of the Regional System and shall include such pumping and other facilities as may be necessary to cause all sewage delivered at the point or points of connection to be discharged into the Regional System and be so made and constructed as to discharge into the Regional System all sewage collected in the Local Sewerage System of the Participant and delivered at the point or points of connection. Each Participant at its own cost and expense, will construct, install and operate its Local Sewerage System, and any and all extensions thereto necessary to cause the same to reach to and deliver sewage at the said point or points of connection, and after the making of such connection or connections will keep its Local Sewerage System connected with the Regional System, and will deliver and discharge into the Regional System all sewage originating in or collected by the Participant or collected in such Local Sewerage System. The Participants will pass, in the case of Municipalities, ordinances, and in the case of Local Authorities and Corporations, resolutions, requiring the individual property owners and Industrial Users to whom the Local Sewerage System is available to discharge into the Local Sewerage System all sewage generated by such individual or Industrial User.

Section 302. Sewage Not Required to be Discharged Into Regional System. Notwithstanding the provisions of Section 301 of this Article, no Participant shall be obligated to delivery and discharge into the Regional System sewage which the Authority in its sole discretion exempts from delivery and discharge into the Regional System.

Section 303. Limitation on Flow. No Participant shall be entitled to deliver sewage to the Regional System in excess of the number of gallons of sewage set forth as the maximum flow for such Participant in Schedule B annexed hereto and made a part hereof. The Authority shall have the right to refuse to accept sewage from the Local Sewerage System of any Participant in excess of the stated maximum amount.



## ARTICLE IV

### Charges and Establishment of Rates by Authority and Payments by Participants

Section 401. Charges by the Authority. The Authority will make and impose Annual Charges with respect to all sewage or other wastes delivered into the Regional System by any Participant or any other person, partnership, firm or corporation. The Annual Charge for each Fiscal Year payable hereunder shall at all times be sufficient to pay or provide for the expenses of operation, repair and maintenance of the Regional System including (without limitation of the foregoing) insurance, renewals and replacements, and the cost of all Extensions and Alterations of the Regional System not otherwise provided for, the principal of and interest on any and all bonds or other obligations of the Authority as the same become due, and to provide for any deficits of the Authority resulting from failure to receive sums payable to the Authority by any Participant or any other person, partnership, firm or corporation, or from any other cause, and to provide and maintain such reserves or sinking funds for any of the foregoing purposes as may be required by the terms of any contract or other obligation of the Authority.

The Annual Charge made and imposed by the Authority shall be computed for the service rendered by the Regional System in the treatment and disposal of sewage by the Authority at rates which shall at all times be uniform as to all Participants for the same type, class and amount of use or services of the Regional System, and the rates applicable with respect to sewage delivered and discharged into the Regional System by any Participant shall not be more favorable to such Participant than the rates applicable with respect to sewage so delivered and discharged by any other Participant. The Authority, prior to the discharge and delivery of sewage into the Regional System, shall prescribe an initial schedule of such rates after public hearing thereon held by the Authority at least thirty days after notice of the time and place of such hearing shall have been mailed to each Participant at its usual place of business and, from time to time whenever necessary after prescribing such initial schedule (but only after public hearing thereon held by the Authority at least twenty days after notice of the time and place of such hearing shall have been mailed to each Participant at its usual place of business), the Authority shall revise the schedule of such rates, which shall at all times comply with the terms of any contract or other obligation of the Authority and shall be based or computed on the quantity, quality and other characteristics of sewage so discharged and delivered. Any

Participant aggrieved by any part of such a revised schedule which fails to conform with the terms and provisions of this Agreement may institute appropriate judicial proceedings to have the same reviewed for the purpose of obtaining correction of said part of such revised schedule. The effective date of any revised Schedule of Rates shall be no sooner than ninety days after the public hearing referred to in this section.

Section 402. Payment of Annual Charge. (A) Each Participant will pay to the Authority the Annual Charge made or imposed by the Authority with respect to the sewage delivered and discharged into the Regional System by or on behalf of such Participant in any Fiscal Year; provided however that the Annual Charge made or imposed by the Authority with respect to any Participant shall be based upon the greater of the guaranteed minimum annual flow which the Participant has agreed to and set forth in Schedule B attached hereto and made a part hereof, and hereinafter referred to as Schedule B and the amount of sewage delivered during the Fiscal Year to the Authority by the Participant. The Annual Charge shall be computed and established by the Authority on the basis of the quantity, quality and other characteristics of the sewage so delivered as shown by the records of the Authority, at the rate or rates prescribed by the Authority in accordance with this Article and applicable from time to time during such Fiscal Year with respect to said sewage delivered during such Fiscal Year. The Authority may also impose a surcharge upon those Participants who exceed the maximum flows set forth in Schedule B. Such surcharges shall be payable within 30 days after

notice thereof to the Participant by the Authority and shall be based upon a schedule to be developed by the Authority. The Annual Charge shall at all events be due and payable not later than January 15 next ensuing after the close of such Fiscal Year, but provision for and payment of every such Annual Charge will be made by each Participant in accordance with the following paragraphs of this Section.

(B) On or before January 15 of the Fiscal Year which the Authority may estimate as the year in which the Regional System or any part thereof will be placed in operation and on or before January 15 of each Fiscal Year thereafter, and in any event on or before January 15 of each Fiscal Year after the Regional System or any part thereof shall have been placed in operation, the Authority will make an estimate, based upon the estimated quantity, quality and other characteristics of sewage to be delivered by every Participant, of the amount of the Annual Charge which will become payable from each Participant with respect to sewage to be delivered and discharged in such Fiscal Year and, on or before February 1 next ensuing, will make and deliver to such Participants its certificate stating such estimated amount of the Annual Charge.

In the event that any part of the Annual Charge computed and established in accordance with paragraph (A) of this Section theretofore becoming due and payable to the Authority from such Participant shall not have been paid, the Authority will include in such certificate an additional provision separately stating the amount of such unpaid part (herein called "Deficiency"). The Authority will make a reasonable effort to collect any and all sums due and owing the Authority from each Participant.

(C) Each Participant will in each Fiscal Year make all budgetary and other provisions or appropriations necessary to provide for and authorize the payment by the Participant to the Authority during such Fiscal Year of the estimated amount of the Annual Charge and the amount of the Deficiency (if any) stated in any certificate delivered in such Fiscal Year to it by the Authority as aforesaid.

(D) On or before April 1 of each Fiscal Year, each Participant will pay to the Authority the amount of the Deficiency (if any) stated in the certificate delivered in such Fiscal Year to it by the Authority as aforesaid. Each Participant will pay to the Authority the estimated amount of the Annual Charge stated in the certificate delivered in such Fiscal Year to it by the Authority as aforesaid in four equal installments on April 1, June 1, September 1 and December 1 of such Fiscal Year, provided that in the Fiscal Year which the Authority may estimate as the year in which the Regional System or any part thereof will be placed in

operation, said estimated amount shall be divided into as many installments as there are months in such Fiscal Year beginning after the date which the Authority shall estimate as the day on which the Regional System or any part thereof will be placed in operation and one of such installments shall be due and payable to the Authority on the first day of each such month.

(E) In the event that the amount of the Annual Charge computed and established in accordance with paragraph (A) of this Section becoming due from any Participant with respect to sewage delivered and discharged in a Fiscal Year shall be less than the estimated amount of such Annual Charge stated in the certificate delivered in such Fiscal Year to it by the Authority, the Authority will on or before April 1 next ensuing return to such Participant the difference between said amounts by credit against payments due to the Authority from such Participants under the provisions of this Agreement.

(F) The sums payable by a Participant to the Authority under the provisions of this Section are and shall be in lieu of Service Charges by the Authority with regard to real property located in the area of such Participant. So long as such Participant shall not be in default in the making of any payments becoming due from it under the pro-

visions of this Section, the Authority will waive Service Charges with regard to such real property. For the purposes of this paragraph, a Participant shall be deemed to be in default if such Participant, for a period of thirty days after its due date, shall fail to make in full to the Authority any payment required to be made by it under the provisions of this Agreement.

Section 403. Computation of Charges in Initial Operation of Regional System. For the purposes of computation of the initial estimated Annual Charge and the Annual Charge until the Regional System shall have been in operation for a Fiscal Year, the volume of sewage delivered by any Participant and received into the Regional System during any such partial Fiscal Year, shall be computed at not less than the corresponding partial amount of the guaranteed minimum annual flow set forth in Schedule B, adjusted to reflect seasonal flow variation.

Section 404. Local User Charges. Each Participant represents and agrees that it will, prior to 80 percent completion of construction of the Project to serve a Participant, adopt a system of user charges and industrial cost recovery which, at minimum, complies with the rules and regulations of the DEP and EPA.

Section 405. Industrial Cost Recovery. The Participant agrees to pay to the Authority any and all moneys and payments made to or recovered by the Participant from any industrial user, person, association, corporation or business under the industrial cost recovery provisions of the EPA.

## ARTICLE V

### Meters, Records, and Local Operations

Section 501. Meters and Tests. The Authority will provide, install and use meters or other devices or methods for determining the quantity directly or by differentials or otherwise, and make tests and use other means for determining the quality and other characteristics, of all sewage, which shall be delivered and discharged into the Regional System, and, in accordance with sound engineering practice, shall determine for all purposes of this Agreement such quantity, quality and characteristics and from and after the placing of the Regional System in operation, the Authority will make and keep permanent records of the quantity, quality and other characteristics of any sewage which shall or may be delivered and discharged into the Regional System by each of the Participants and all other users of the Regional System. For the purposes of determining the quantity, quality and other characteristics of any sewage which shall or may be delivered and discharged into the Regional System by a Participant, the Authority shall have the right at all reasonable times to enter upon and inspect the Local Sewerage System and all other sewer, sanitation or drainage systems of such Participant and to take normal samples under ordinary operating conditions and make tests, measurements, and analyses of sewage or other wastes in, entering or to be discharged into such sewer, sanitation or drainage



system. The Authority will make and keep a record of tests, measurements and analyses of such sewage or other wastes entering such sanitation, sewer or drainage systems, and upon the written request of any Participant will make available to such Participant the results of such tests, measurements or analyses. The Authority will notify the Participants in advance of any such inspections. If it is so desired, the Participant may confirm such tests, measurements and analyses by conducting identical and simultaneous sampling with the Authority.

Section 502. Maintenance of Local Systems.

(A) If as a result of a sewer evaluation survey performed in accordance with EPA regulations, rehabilitation work is shown to be required upon a Local Sewerage System, the Participant, or the Authority if the parties agree or if the Participant fails to undertake such rehabilitation, will perform such work as may be necessary to rehabilitate the Local Sewerage System. The cost of rehabilitation work, less any and all State or Federal grants in aid, whether performed by the Authority or the Participant, will be the sole responsibility and obligation of the Participant. The Authority and the Participant shall cooperate to obtain all available State and Federal grants in aid of the performance of such rehabilitation work. (B) Each Participant will maintain its collection system in such a manner as to exclude any excessive infiltration and/or stormwater inflow from entering into the Local Sewerage System. If excessive infiltration and/or stormwater inflow exists or occurs after the commencement of operation of the system, the Participant will effect such repairs, or other

measures, so as to reduce the infiltration and/or stormwater inflow to normally allowable limits which are acceptable to the DEP and EPA. The procedure to accomplish rehabilitation and repairs required under 502(A) or 502(B) shall be for the Authority to give notice to the Participant within whose Local Sewerage System such excessive infiltration and/or stormwater inflow is occurring. This notice shall include all results of sewer evaluation surveys and/or other data used to determine the existence and location, where possible, of such excessive infiltration and/or stormwater inflow. The Participant shall have one hundred eighty (180) days to present for review by the Authority a workable plan to rehabilitate the Local Sewerage System and/or eliminate such infiltration and/or stormwater inflow. The Authority shall have 45 days in which to approve, modify, or reject the plan submitted by the Participant. If the Authority modifies or rejects the submitted plan, it shall submit to the Participant an alternative plan to correct the excessive infiltration and/or stormwater inflow occurring in the Local Sewerage System of the Participant. If the Participant does not initiate repair work on the Local Sewerage System in accordance with the plan submitted by the Authority within 60 days, the Authority shall have the right to make such repairs in accordance with the plan submitted by it to the Participant and charge the cost thereof to the Participant.

Section 503. Construction of Collection System - Competitive Facilities. Each Participant shall have the sole responsibility for the construction of its Local Sewerage System. After completion of the Project to serve a Participant, that Participant shall not construct, enlarge or operate a plant for the treatment and disposal of sewage unless (1) required to do so by the terms of Article VI hereof or (2) the Authority shall have given its written consent thereto.

Section 504. Prohibited Connections. No Participant shall make or permit any new connection to or extension of its Local Sewerage System or any and all other sewer, sanitation or drainage systems which is so designed as to permit entrance directly or indirectly into the Regional System of storm water drainage from ground surface, roof leaders, catch basins or any other source. Each Participant, before making any new connection to or extension of its Local Sewerage System, sewer, sanitation or drainage systems, will submit the plans therefor to the Authority and, in making the same, will permit the Authority to inspect the work and will comply with all requests of the Authority with respect thereto reasonably designed to assure exclusion from the Regional System of any such storm water drainage. The Authority shall have thirty days in which to approve any new connections to or extensions of the Local Sewerage System of the Participant. If the Authority does not notify the Participant within thirty days after receipt by the Authority of plans for any new connections or extensions, the Authority shall be deemed to have approved such plans. This section shall not be deemed to apply to lateral connections to the Local Sewerage System.

Section 505. Accounts. The Authority will keep proper books of record and account in which complete and correct entries shall be made of its transactions relating to the Regional System or any part thereof, and which, together with all other books and papers of the Authority, shall at all reasonable times be subject to public inspection. The Authority will cause its books and accounts to be audited annually by a certified public or registered municipal accountant selected by the Authority, and annually within one hundred days after the close of each Fiscal Year, copies of the reports of such audits so made shall be furnished to the Authority and to each Participant, including statements in reasonable detail, accompanied by a certificate of said accountant, of financial condition, of revenues and operating expenses, and of all funds held by or for the Authority.

Section 506. Operation, Maintenance and Reconstruction. Each Participant shall at all times operate, or cause to be operated, its Local Sewerage System properly and in a sound and economical manner and shall maintain, preserve and keep the same or cause the same to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of its Local Sewerage System

may be properly and advantageously conducted, and, if any useful part of its Local Sewerage System is damaged or destroyed, the Participant shall, as expeditiously as may be possible, commence and diligently prosecute the replacement or reconstruction of such part so as to restore the same to use.

Section 507. Sewer Use Ordinance. Each Participant, prior to the 80 percent completion of construction of the Project to serve a Participant, shall secure passage within the jurisdiction served by it of, in the case of a Municipality, a sewer use ordinance, and, in the case of a Local Authority or Corporation, a sewer use resolution, in compliance with the rules and regulations of the EPA.

## ARTICLE VI

### Requirements Regarding Deleterious Wastes

Section 601. Requirements for Sewage Discharged into Regional System. Sewage discharged into the Regional System by or on behalf of each Participant shall, at the point of connection of the Local Sewerage System of such Participant with the Regional System, comply with the requirements prescribed therefor in the Wastewater Characteristic Requirements attached hereto marked, and hereinafter called "Schedule C" and by this reference made a part hereof.

Section 602. Amendment of Discharge Requirements. The Authority may from time to time make any amendment or amendments of the requirements referred to in Section 601 of this Article which may be reasonably necessary to prohibit or properly regulate the delivery or discharge into the Regional System of oils, acids or any other substances which, alone or in combination with other substances delivered and discharged into the Regional System, are or may be or may reasonably be expected to be substantially injurious or deleterious to the Regional System or to its efficient operation.

Section 603. Determination by Authority as to Type of Discharge. Each Participant will cause all wastewater at any time discharged into the Regional System by it or on its behalf to

comply with the requirements referred to in Section 601 of this Article and the amendments thereof, if any, then in effect. Each Participant will permit no new connections and will discontinue existing public connections and will require the discontinuance of existing private connections to its Local Sewerage System, which allow entrance therein of such wastewater as will cause the discharge at any time into the Regional System from such Local Sewerage System of wastewater which does not comply with said requirements and the amendments thereof, if any, then in effect. If a violation by any Participant of the provisions of this Section 603 or of any rules or regulations issued pursuant to this Article VI shall cause any extraordinary expense to the Authority, such Participant will reimburse the Authority for such extraordinary expense as that Participant can recover from its customer within thirty days after receipt thereof.

## ARTICLE VII

### Payment for Abandoned Wastewater Treatment Facilities and Demolition.

#### Section 701. Payment of Abandoned Facilities.

If a Participant (a) owns and operates a wastewater treatment plant which has outstanding bonded indebtedness as of April 14, 1976, and/or (b) has undertaken, or plans to undertake, either temporary or permanent financing in accordance with a court order dated prior to April 14, 1976 for the construction of a wastewater treatment plant and has either developed final contract documents as of April 14, 1976 or has received DEP, EPA and/or Authority approval, and which by virtue of its entering into this Agreement for wastewater treatment, it shall, when such treatment commences hereunder be obliged to stop and will stop and permanently discontinue both wastewater treatment and the completion of any plans for construction of a wastewater treatment plant, then the Authority will make payment for such wastewater treatment plant or such temporary or permanent financing as described above in accordance with Section 702.

The Authority shall only be obligated to pay for that construction related to treatment which (1) has occurred prior to April 14, 1976; or (2) the Authority shall consent to



based upon the requirements of this section.

The Participants hereby agree that they shall give notice to the Authority within 30 days of the execution of the Service Agreement by such Participants of the total amount of bonded indebtedness related to participant-owned wastewater treatment plants and the annual debt service thereon.

Section 702. Method of Payment. The Authority hereby agrees to pay a Participant for those wastewater treatment plants or contract documents qualifying under Section 701 by delivering to such Participants the amount of money necessary to meet the annual debt service on the qualifying wastewater treatment plants and/or contract documents. However, the Authority will make no payments for any penalties, defaults, interest charges or other charges which result from the Participant's failure to keep its debt service payments current and up to date. The Participants with wastewater treatment plants or contract documents qualifying for payment under Section 701 hereby agree to keep their respective debt service payments and all other payments on such plants or plans current, up to date and free from default until the Authority becomes responsible for its first payment to each respective Participant. The Authority will make no payments to any Participant until such Participant connects its Local Sewerage System to the Regional System.

Section 703. Demolition. The Authority hereby offers to all Participants of the Authority the opportunity of having the Authority perform at Authority cost demolition work on all existing wastewater treatment plants that are not incorporated into the Regional System. In the event the Participants elect this option and the Authority demolishes such wastewater treatment facilities, the Authority will have all rights of salvage as to the contents and fixtures of the wastewater treatment plants to be demolished. Any Participant who elects this option must so notify the Authority within 120 days after the connection of its Local Sewerage System to the Regional System.

## ARTICLE VIII

### Miscellaneous

#### Section 801. Contracts with or Service to Others.

The Authority will not enter into any agreement providing for or relating to the treatment and disposal of wastewater originating within or without any Participant, but collected in sewers which at the date of this Agreement are connected with the Local Sewerage System of such Participant, unless (1) the other contracting party be such Participant or (2) such Participant shall have given its written consent thereto. In the event that the Authority enters into an agreement providing for or relating to the treatment and disposal of wastewater originating within or without any Participant, but not collected in sewers which at the date of this Agreement are connected with the Local Sewerage System of a Participant, the charges with respect to such sewage or other wastes delivered and discharged into the Regional System made and imposed with respect thereto or charged and collected pursuant to the Act shall not be computed or established at any rates less favorable to the Authority than the rates applicable with respect to sewage delivered and discharged into the Regional System by the Participants and the terms and conditions of any such agreement shall not be less favorable to the Authority than the terms and conditions of this Agreement.

Section 802. Enforcement. (1) The Authority will at all times take all reasonable measures permitted by the Act or otherwise by law to collect and enforce prompt payment to it or for it of all Service or Annual Charges and any and all other amounts prescribed, fixed, certified or charged by it in accordance with this Agreement. If any payment or part thereof due to the Authority from any Participant shall remain unpaid for thirty days following its due date, such Participant shall be charged with and will pay to the Authority interest on the amount unpaid from its due date until paid at the rate of one per centum (1%) in excess of the highest interest on any outstanding bonds of the Authority, and the Authority, in its discretion, may charge and collect Service Charges with regard to persons and real property directly or indirectly connected to the Regional System sufficient to meet any default or deficiency in any payments herein agreed to be made by such Participant. If in any such case Service Charges are so collected, the amount so collected by the Authority will be credited against the amount of such default or deficiency or any payments then or theretofore due to the Authority

from such Participant under the provisions of Article IV hereof, and the Authority will furnish to the Participant a list of the names of the persons making payment to the Authority of such Service Charges and of the several amounts so paid by such persons respectively, and the Participant will give fair and proper credit to such persons for the several amounts so paid by them.

(2) Every obligation assumed by or imposed upon the Participant or the Authority by this Agreement shall be enforceable by appropriate action, suit or proceeding at law or in equity, and the parties may have and pursue any and all remedies provided by law for the enforcement of such obligations including the remedies and processes provided by the Act with respect to Service Charges or other obligations.

(3) Failure on the part of the Authority or of any Participant in any instance or under any circumstance to observe or fully perform any obligation assumed by or imposed upon it by this Agreement shall not make the Authority liable in damages to a Participant or relieve a Participant from making any payment to the Authority or fully performing any other obligation required of it under this Agreement, but such Participant may have and pursue any and all other remedies provided by law for compelling performance by the Authority or such other Participant of said obligation assumed by or imposed upon the Authority or such other Participant.

(4) Each Participant agrees that it will make all reasonable efforts to comply with the rules and regulations of the DEP and EPA.

(5) By signing this Agreement, none of the parties shall be deemed to have waived their rights under any municipal ordinances and/or state statutes and regulations.

(6) The Participants hereby agree to cooperate with one another and with the Authority to the extent necessary to implement the terms and purposes of this Agreement.

Section 803. Certain Acts not a Waiver. Acceptance by the Authority into the Regional System from a Participant of sewage in a volume or at a rate or with characteristics exceeding or violating any limit or restriction provided for by or pursuant to this Agreement in one or more instances or under one or more circumstances shall not constitute a waiver of such limit or restriction or of any of the provisions of this Agreement and shall not in any way obligate the Authority thereafter to accept or make provision for sewage delivered and discharged into the Regional System in a volume or at a rate or with characteristics exceeding or violating any such limit or restriction in any other instance or under any other circumstance.

Section 804. Special Consents by Participants.

Whenever under the terms of this Agreement a Municipality is authorized to give its written consent, such consent may be given and shall be conclusively, evidenced by a copy, certified by its Clerk and under its seal, of a resolution purporting to have been adopted by its Governing Body and purported to give such consent. Whenever under the terms of this Agreement a Local Authority or Corporation is authorized to give its written consent, such consent may be given and shall be conclusively evidenced by a copy, certified by its Secretary and under its seal, of a resolution purporting to have been adopted by the Local Authority or Corporation and purporting to give such consent.

Section 805. Special Consents by Authority. Whenever under the terms of this Agreement the Authority is authorized to give its written consent, such consent may be given and shall be conclusively evidenced by a copy, certified by its Secretary and under its seal, of a resolution purporting to have been adopted by the Authority or its members and purporting to give such consent.

Section 806. Term of Agreement. This Agreement shall come into effect as to Participants within a Service Region as described in Schedule A upon its execution and delivery by or on behalf of those Participants and shall thereafter be and remain in full force and effect, but at any time after twenty years from the date of this Agreement and after the payment in full of all obligations of the Authority,

including its bonds, original or refunding or both, issued to finance the construction, replacement, maintenance or operation of the Regional System, any Participant may, upon two years' notice to the Authority and to each of the other Participants, withdraw from this Agreement and thereafter cease to be a Participant.

Section 807. Obligations of the Authority. All bonds, notes or other obligations of the Authority referred to in this Agreement or to be issued by the Authority shall, for all purposes of this Agreement be the sole obligation of the Authority and shall not in any way be deemed a debt or liability of any Participant.

Section 808. Pledge or Assignment. The Authority may at any time assign or pledge for the benefit and security of the holders of bonds, notes or other evidences of indebtedness heretofore or hereafter issued by the Authority any of its right under the provisions of this Agreement to receive payments from any Participant, and thereafter this Agreement shall not be terminated, modified or changed by the Authority or such Participant except in the manner (if any) and subject to the conditions (if any) permitted by the terms and provisions of such assignment or pledge.



Section 809. Effective Date. This Agreement shall be in full force and effect and be legally binding upon the Authority and upon the Participants within each Service Region as described in Schedule A and their successors and assigns, upon its execution and delivery by the Authority and such Participants.

Section 810. Execution in Counterparts. This Agreement may be executed in any number of counterparts each of which shall be executed by the Authority and any one or more of the Participants and all of which shall be regarded for all purposes as one original and shall constitute and be but one and the same.

IN WITNESS WHEREOF, the Authority and the Participants have caused their respective corporate seals to be hereunto affixed and attested and these presents to be signed by the respective officers thereunder duly authorized and this Agreement to be dated as of the day and year first above written.

THE CAPE MAY COUNTY  
MUNICIPAL UTILITIES AUTHORITY

ATTEST:

BY: *David L. Disanto*  
SECRETARY

BY: *Alvin Steedle*  
CHAIRMAN

ATTEST:

CITY OF SEA ISLE CITY

BY: *Margaretta Mazunier*  
CLERK  
*6/25/76*

BY: *Domènec E. Roffo*  
MAYOR

ATTEST:

CITY OF CAPE MAY

BY: *Clara E. Maccocchi*  
CLERK

BY: *Ernest A. Berk*  
MAYOR

ATTEST:

BOROUGH OF CAPE MAY POINT

BY: \_\_\_\_\_  
CLERK

BY: \_\_\_\_\_  
MAYOR

ATTEST:

BOROUGH OF STONE HARBOR

BY: \_\_\_\_\_  
CLERK

BY: \_\_\_\_\_  
MAYOR

ATTEST:

TOWNSHIP OF MIDDLE

BY: \_\_\_\_\_  
CLERK

BY: \_\_\_\_\_  
MAYOR

ATTEST:

CITY OF OCEAN CITY

BY: *Lucinda Marshall*  
CLERK

BY: *[Signature]*  
MAYOR

ATTEST:

BOROUGH OF WEST CAPE MAY

BY: \_\_\_\_\_  
CLERK

BY: \_\_\_\_\_  
MAYOR

ATTEST:

CITY OF NORTH WILDWOOD

BY: \_\_\_\_\_  
CLERK

BY: \_\_\_\_\_  
MAYOR

ATTEST:

BOROUGH OF WEST WILDWOOD

BY: \_\_\_\_\_  
CLERK

BY: \_\_\_\_\_  
MAYOR

ATTEST:

CITY OF WILDWOOD

BY: \_\_\_\_\_  
CLERK

BY: \_\_\_\_\_  
MAYOR

ATTEST:

BOROUGH OF WILDWOOD CREST

BY: \_\_\_\_\_  
CLERK

BY: \_\_\_\_\_  
MAYOR

ATTEST:

THE LOWER TOWNSHIP MUNICIPAL  
UTILITIES AUTHORITY

BY: \_\_\_\_\_  
SECRETARY

BY: \_\_\_\_\_  
CHAIRMAN

ATTEST:

NEW JERSEY WATER COMPANY

BY: *J. J. ...*  
SECRETARY

BY: *K. J. ...*  
PRESIDENT

SCHEDULE A

PROJECT DESCRIPTION

The "Project" consists of all facilities to be obtained or constructed to receive, transmit, adequately treat, and properly dispose of wastewater originating in, or delivered to, the Authority by Participants. All wastewater will be treated and disposed of in accordance with the requirements of the appropriate regulatory agencies. Project facilities will be constructed in four service areas after approval is obtained from the appropriate regulatory agencies, as herein after described and depicted in the Preliminary Facilities Plan and Environmental Assessment of the Proposed Plan, Cape May County Municipal Utilities Authority, Cape May County, New Jersey, dated May 10, 1974, or any revisions or additions thereto approved by the regulatory agencies having jurisdiction. This Project description and the descriptions of Service Regions are subject to amendment in accordance with the Facilities Plan as certified by the DEP.

1. Ocean City Service Region -

The northern most transmission facilities begin at the north end of Peck Beach on the Ocean City barrier island and proceed southward to the wastewater treatment facility to be located on Peck Bay. The southern most transmission facilities begin at the southern end of Peck Beach on the Ocean City barrier island and proceed northward to the wastewater treatment facility. Wastewater emanating from areas located to the west of the

intracoastal waterway will be pumped across the waterway in lines to be constructed along a fixed bridge to the treatment facility previously described. Treated effluent will be discharged by an outfall and diffuser system to the Atlantic Ocean east of Ocean City.

2. Seven Mile Beach Service Region -

Transmission facilities begin at Whale Beach on the Sea Isle City Barrier Island and proceed southward through Sea Isle City to the wastewater treatment facility to be located along the Ludlam Thorofare and Bay Water system. Wastewater emanating on the Seven Mile Beach Barrier Island in the municipalities of Stone Harbor and Avalon will be transmitted northward in the Seven Mile Beach Barrier Island, and pumped across Townsend's Inlet to the wastewater treatment facility previously mentioned. Wastewater emanating from areas located to the west of the intra-coastal waterway will be pumped across the waterway in lines to be constructed along fixed bridge to the transmission facilities to be located in the Seven Mile Beach Barrier Island previously mentioned. Treated effluent will be discharged by an outfall and

diffuser system to the Atlantic Ocean east of Ludlam Beach.

3. Five Mile Beach Service Region -

Transmission Facilities begin at Hereford Inlet on Five Mile Beach Barrier Island and proceed southward through North Wildwood and Wildwood to the wastewater treatment facility to be located along the Middle Thorofare and Grassy Sound Channel. Flows emanating in the "Cape Mays" area and in areas located to the west of the intracoastal waterway will be transmitted across the waterway to the treatment facility. Flows emanating in the Two Mile Beach area and the southern portion of the Five Mile Beach area will be transmitted northward through Wildwood Crest to the wastewater treatment facility previously mentioned. Treated effluent will be discharged by an ocean outfall and diffuser system to the Atlantic Ocean east of Five Mile Beach.

4. Middle Township Service Region -

Transmission facilities will convey wastewater emanating from unincorporated hamlets located on mainland portions of Middle Township to the wastewater treatment facility located in the

vicinity of Cape May Court House. The southern transmission facility system will extend into Lower Township in the vicinity of the area known as Sally Marshall Crossing hamlet and receive flows emanating from that area. Treated effluent will be conveyed to a land disposal site to be located on the mainland portion of Middle Township.



SCHEDULE BTABULATION OF FLOW QUANTITIES

Schedule B will be more clearly ascertained as a result of the design study conducted by the consulting engineers of the Authority.

<u>MUNICIPALITY</u>	<u>MINIMUM ANNUAL FLOW</u> <u>Mil.Gal.Per Year</u>	<u>MAXIMUM HOURLY FLOW</u> <u>Mil.Gal.Per Day</u>
Ocean City	850	23.6
Sea Isle City	178	4.9
Avalon	189	6.4
Stone Harbor	137	4.5
Middle Township Sewer District #2 (Avalon Boulevard)	7	.24
Middle Township Sewer District #3 (Stone Harbor Boulevard)	14	.32
North Wildwood	401	9.8
Wildwood City	440	11.7
West Wildwood	29	1.5
Wildwood Crest	308	7.7
Cape May City	291	8.4
West Cape May	66	2.7
Cape May Point	28	1.8
Middle Township (Grassy Sound)	19	.3
Lower Township MUA	105	2.5
Middle Township*	323	13.6
Lower Township	61	2.0
Middle Township (Sewer District #1)	73	.8
Middle Township (Del Haven)	102	3.7
Middle Township (Green Creek)	24	0.9

## SCHEDULE C

### WASTEWATER CHARACTERISTIC REQUIREMENTS

No participant shall discharge or permit to be discharged the following described substances, materials, waters or wastes into the Regional System:

- a. Any liquid or vapor having a temperature higher than 150 degrees F or 65 degrees C.
- b. Any water or waste containing fats, wax or grease, or oils, whether emulsified or not, in excess of 100 mg/l or containing substances which may solidify or become viscous at temperature between 32 degrees F and 150 degrees F or (65 degrees C).
- c. Wastes containing phenolic compounds over 1.0 ppm, expressed as phenol.
- d. Any liquids having a pH exceeding a minimum value of 5.5 or a maximum value of 9.5 or found to be excessively corrosive.
- e. Any radioactive substances.
- f. Any liquid having a flash point lower than 235 degrees F (113 degrees C) as determined by the Tagliabue closed-cup method.
- g. Any waters or wastes with a 5-Day biochemical oxygen demand (BOD<sub>5</sub>) in excess of 350 mg/l.
- h. Any waters or wastes with a suspended solids content in excess of 300 mg/l, or containing suspended solids of such character or gravity that unusual attention or expense is required to handle or treat such materials.
- i. Any wastes containing corrosive, toxic or poisonous substances in sufficient quantity to cause injury, damage or hazard to personnel, structures or equipment, or interfere with the Regional Sewerage System or any portion of the liquid or solids treatment or handling processes, or that will pass through the treatment facilities in such condition that it will not achieve State, Federal, or other existing, pending, or future requirements for the effluent or for discharge to the receiving waters. The follow-

ing list of materials presents a portion of pollutants specifically mentioned by regulatory agencies: arsenic and arsenicals; cyanides; copper and copper salts; chromium; mercury and mercurials; nickel and nickel compounds; silver and silver compounds; zinc and zinc compounds; toxic dyes (organic or mineral); sulfanamides; cresols, alcohols, aldehydes; chlorinated hydrocarbons; chlorine in excess of 100 ppm; iodine; fluorine; bromine; all strong oxidizing agents such as peroxides; chromates; dichromates; permanganates; toxic, inflammable or explosive gases, either upon acidifications, alkalization, reduction, or oxidation; strong reducing agents such as nitrates, sulfites, sulfides, strong acids or strong alkalis.

- j. Unusual volume or concentration of wastes being delivered in a "slug" manner by which it is meant that the normal concentration of loadings shall not be exceeded by more than a 4.0 factor for any sixty minute period.
- k. Any septic tank or cesspool wastes. These wastes will, however, be accepted directly at the Authority's wastewater treatment facilities at charges and during times prescribed by the Authority.
- l. Any waters or wastes having an objectionable color which is not removable in the wastewater treatment facility.
- m. All wastes discharged by tank trucks into manholes or appurtenances of the Regional Sewerage System without written consent of the Authority.

If any wastewaters are discharged or are proposed to be discharged to the Regional Sewerage System which consist of the substances or possess the characteristics enumerated above, or which may be set forth by regulatory agencies in the future, and which in the judgment of the Authority may have a deleterious effect upon the Regional Sewerage System, the receiving waters, life, public health, or constitute a public nuisance, the Authority may:

1. Reject the wastes;
2. Require pretreatment to an acceptable condition for discharge to the Regional Sewerage System;

3. Require control over the quantities and rates of discharge; and
4. Take other such action as it may deem appropriate.

It shall be incumbent upon the Participant to demonstrate to the satisfaction of the Authority that the waste proposed to be discharged shall not be in violation of this Schedule and shall not harm the facilities and/or personnel of the Authority.

The design and installation of the pretreatment facilities shall be reviewed and approved by the Authority. The facilities shall be maintained continuously in satisfactory and effective operation by the Owner at his expense.

SCHEDULE D

Tentative Connection Points  
Between  
The Cape May County Regional Collection System  
And  
Internal Municipal Collection Systems

<u>Municipality</u>	<u>Tentative Connection Point Locations</u>
Ocean City	■ [REDACTED] ■ [REDACTED] ■ [REDACTED]
Sea Isle City	■ [REDACTED] ■ [REDACTED]
Avalon	■ [REDACTED] ■ [REDACTED] ■ [REDACTED] ■ [REDACTED] ■ [REDACTED] ■ [REDACTED]
Stone Harbor	■ [REDACTED]
Middle Township Sewer District #2 (Avalon Manor)	■ [REDACTED]
Middle Township Sewer District #3 (Stone Harbor Manor)	■ [REDACTED]
North Wildwood	■ [REDACTED] ■ [REDACTED]
Wildwood City	■ [REDACTED]
West Wildwood	■ [REDACTED] ■ [REDACTED]
Wildwood Crest	■ [REDACTED]
Cape May City	■ [REDACTED] ■ [REDACTED]
West Cape May	■ [REDACTED]
Cape May Point	■ [REDACTED]
Middle Township (Grassy Sound)	■ [REDACTED]
Lower Township MUA	■ [REDACTED]

Municipality

Tentative Connection Point Locations

Middle Township

■ [REDACTED]  
■ [REDACTED]  
■ [REDACTED]

Lower Township

■ [REDACTED]  
■ [REDACTED]  
■ [REDACTED]  
■ [REDACTED]  
■ [REDACTED]

Middle Township Sewer District #1  
(Cape May Court House)

■ [REDACTED]

Middle Township  
(Del Haven)

■ [REDACTED]

Middle Township  
(Green Creek)

■ [REDACTED]

MANASQUAN RESERVOIR WATER SUPPLY SYSTEM  
CONSOLIDATED WATER PURCHASE CONTRACT

NEW JERSEY WATER SUPPLY AUTHORITY

AND

SHORELANDS WATER COMPANY

AND

NEW JERSEY AMERICAN WATER COMPANY

Dated June 16, 2015

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**THIS CONSOLIDATED WATER PURCHASE CONTRACT** made and entered into as of this 16<sup>th</sup> day of June, 2015, by and between the NEW JERSEY WATER SUPPLY AUTHORITY, a public body corporate and politic, with corporate succession, with a mailing address of Post Office Box 5196, Clinton, New Jersey 08809 (the "Authority"), and SHORELANDS WATER COMPANY, INC. a corporation existing under the laws of the State of New Jersey having its principal office at 1709 Union Avenue, Hazlet, New Jersey 07730 ("Purchaser"), and NEW JERSEY AMERICAN WATER COMPANY, a corporation existing under the laws of the State of New Jersey, having its principal office at 310 Swimming River Road, Colts Neck, New Jersey 07722 ("New Jersey American");

**WITNESSETH THAT:**

**WHEREAS** the Authority, on July 1, 1990, commenced operation of the System (as defined in Section 1 hereof, all capitalized terms used in the Agreement having, unless the context otherwise requires, the meanings set forth in said Section) as a source of surface water supply, derived from the Manasquan River, for the Authority's supply area; and

**WHEREAS** the Division had determined that there was a serious threat to ground water resources in Water Supply Critical Area No. 1, which includes the Authority's supply area, and issued the July 30, 1985 Order requiring Water Purveyors in Water Supply Critical Area No. 1 to undertake conservation measures and/or secure alternative surface water sources in order to restore and protect ground water supplies; and

**WHEREAS**, prior to the System Operation Date, the Authority and various Water Purveyors entered into Initial Water

Purchase Contracts which in the aggregate represent 16.097 MGD of Uninterruptible Service; and

**WHEREAS**, after the System Operation Date, the Authority and Water Purveyors entered into Delayed Water Purchase Contracts which in the aggregate represent 4.435 MGD of Uninterruptible Service; and

**WHEREAS**, after the System Operation Date, the Authority and a Water Purveyor entered into a Water Purchase Contract which represents .028 MGD of Uninterruptible Service where the Water Purveyor prepaid the net present value of the difference in the debt service schedules between initial water purchase contracts and delayed water purchase contracts in order for its customers to be assessed the base contract rate; and

**WHEREAS** the Department continues to study the impact of withdrawals on ground water flows and water levels in the New Jersey Coastal Plain and concludes that conservation measures continue to be necessary; and

**WHEREAS** the Purchaser is entering into this Contract renewal in order to continue using an alternative water supply in compliance with the requirements of the Order; and

**WHEREAS** the Division has approved the Purchaser's water supply plan as required by the Order and by the terms of the Division's approval of the Purchaser's water supply plan heretofore granted, the Purchaser is authorized through the Division's corresponding apportionment of System water (a copy of which is attached as Schedule 1 hereto) to obtain from the Authority the water supply provided for in this Contract; and

**WHEREAS** the water to be supplied to Purchaser pursuant to this Contract is to be delivered to New Jersey American Water for treatment and, after treatment by New Jersey

American, is to be delivered to Purchaser through New Jersey American's transmission system; and

**WHEREAS**, Purchaser entered a Water Purchase Contract with the Authority, effective April 10, 1987, wherein a supply of 1.5 MGD was delivered to New Jersey American for treatment and after treatment by New Jersey American, was delivered to Purchaser through New Jersey American's transmission system; and

**WHEREAS**, Purchaser entered a First Amendment to its April 10, 1987 Water Purchase Contract, effective on March 15, 1990, wherein total supply was increased to 1.9 MGD, delivered to New Jersey American for treatment and after treatment by New Jersey American, is delivered to Purchaser through New Jersey American's transmission system; and

**WHEREAS**, Purchaser entered a Delayed Water Purchase Contract with the Authority, effective June 20, 2006, wherein total supply was increased to 1.928 MGD, delivered to New Jersey American for treatment and after treatment by New Jersey American, is delivered to Purchaser through New Jersey American's transmission system and the net present value of the .028 Delayed Purchase Water Surcharge was calculated and prepaid by Purchaser; and

**WHEREAS**, this Consolidated Water Purchase Contract supersedes the June 20, 2006 Delayed Water Purchase Contract; and

**WHEREAS**, any Water Purchase Contract for Uninterruptible Service between the Authority and a Water Purveyor entered into on or after the System Operation Date shall be a Delayed Water Purchase Contract or Consolidated Contract containing certain provisions affecting only Delayed Water Purchases; and

**WHEREAS** the Authority and the State have entered into the State Loan Agreement pursuant to which the State has made State Loans to the Authority.

**NOW, THEREFORE,** for and in consideration of the premises and mutual covenants and agreements herein set forth, the Authority and Purchaser and New Jersey American agree as follows:

Section 1. **DEFINITIONS.** The following terms as used in this Contract shall, unless the context clearly establishes otherwise, have the following meanings:

**"Advisory Committee"** means the Advisory Committee established pursuant to Section 3 of this Agreement.

**"Adjusted Annual Payment"** means the Annual Payment for any Annual Payment Period, as adjusted in accordance with any revision of the Rate Schedule(s) in effect for such Annual Payment Period.

**"Annual Overdraft Rate"** means the Rate for Annual Overdraft Service of 115 percent as may be amended from time to time by the System Rules and Regulations.

**"Annual Overdraft Service"** means the average daily supply of raw water withdrawals from the System diverted during any calendar year, to the extent and from time to time available, in excess of aggregate uninterruptible service, for certain seasonal, non-emergent, interim, interruptible, non-guaranteed uses.

**"Annual Payment"** means the aggregate amount projected by the Authority to be payable to the Authority by the Purchaser during each Annual Payment Period for Uninterruptible Service hereunder, derived by multiplying the applicable rates and charges in the Rate Schedule(s) in effect for the relevant

Annual Payment Period by the number of MG available to Purchaser on an annual Uninterruptible Service basis (as provided in Section 2.A.(i) of this Agreement, subject to the provisions of Section 5.B. hereof) and subject to adjustment to reflect (i) any Delayed Water Purchaser Surcharges as applicable to Purchaser, (ii) any credits to allocate benefits of any Delayed Water Purchase Surcharges to Purchaser, and (iii) other charges, credits or adjustments provided for in the proviso to clause (ii) of paragraph (a) of the definition of Rate Schedule, in Section 5.F., Section 6.F. or Section 6.G. or elsewhere herein.

**"Annual Payment Period"** means the Fiscal Year, 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 all Operation and Maintenance Expenses, Debt Service Cost, Source Water Protection Fund Requirements, and Special or Reserve Fund Requirements of the System; provided, however, that the amount to be included for Debt Service Costs with respect to each Annual Payment Period, or portion thereof, shall be that accruing in the Bond Year, 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.).

**"Bonds"** means (i) all bonds or notes issued and outstanding under the Resolution and (ii) all other bonds, notes

and other evidences of indebtedness or obligations issued or incurred by the Authority 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 including but not limited to the 2005 Resolution.

**"Bond Year"** means the period commencing on August 1 of each calendar year ending on the next following July 31.

**"Consolidated Contract"** means an agreement wherein Purchaser's Uninterruptible Service contracts including Initial Water Purchase Contracts, any amendments thereto and Delayed Water Purchase Contracts have been merged into a single agreement.

**"Contract"** means this Water Purchase Contract.

**"Converted Unsold System Capacity Interest Accretion Bonds"** means, as of any date of computation, the aggregate of all Delayed Water Purchasers' Shares of Converted Unsold System Capacity Interest Accretion Bonds.

**"Coverage Charge"** has the meaning given to such term in Section 713.4 of the Resolution.

**"Current Debt Service Portion"** means that portion of the State Loan Bonds composed of (i) that principal amount of the State Loan Bonds the proceeds of which are applied to redeem the 1985 Bonds or to complete the System which bears the same relationship to the total principal amount of such Bonds as the number of MGD which on the date of issuance of such Bonds has been contracted for under Water Purchase Contracts on an Uninterruptible Service basis bears to thirty (30) MGD, (ii) that principal amount of the State Loan Bonds the proceeds of

which are deposited in the debt service reserve fund with respect to the Current Debt Service Portion of the State Loan Bonds upon the entry into additional Water Purchase Contracts; and (iii) the amount of Deferred Debt Service Portion which is converted into the Current Debt Service Portion upon entry into additional Water Purchase Contracts; and (iv) interest on the Current Debt Service Portion of the State Loan Bonds, payment of which is to be deferred and added to principal.

**"Daily Overdraft Rate"** means the Rate for Daily Overdraft Service of 120 percent as may from time to time be amended by the System Rules and Regulations.

**"Daily Overdraft Service"** means the daily supply of water withdrawn from the System to the extent and from time to time available, in excess of uninterruptible service or if an optional water use schedule has been authorized, diversions established in an optional water use schedule for certain, seasonal, non-emergent, interim, interruptible, non-guaranteed uses.

**"Daily Period"** means the period from midnight to midnight of any day.

**"Debt Service Costs"** means the aggregate amounts payable during any specified period:

(a) for (i) interest accruing during such period on the Bonds, but not including any interest accruing on the State Loan Bonds which is to be deferred and added to principal, until payment in respect of such deferred interest is to commence, (ii) that portion of each required principal payment or mandatory redemption or sinking fund payment on the Bonds (together, "Principal Installment") which would accrue during such period if such Principal Installment were deemed to accrue



during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date (or, if there shall be no such preceding Principal Installment due date, from a date one year preceding the due date of such Principal Installment or from the date of issuance of the indebtedness involved, whichever date is later), with such interest and Principal Installments to be calculated on the assumption that no Bonds outstanding at the date of calculation will cease to be outstanding except by reason of the payment of each Principal Installment on the due date thereof and (iii) such additional amount as may be required to provide any debt service coverage required by the terms of the State Loan Agreement (with excess funds generated by such coverage requirement to be applied as provided in the State Loan Agreement, the Resolution and in Section 6.G. hereof) or any other agreement entered into with respect to other Bonds; and

(b) into any debt service reserve fund established for any Bonds, other than the State Loan Bonds (the reserve fund for which is to be funded as described in the State Loan Agreement); provided, however, that there shall be excluded from any of the foregoing any amounts which are to be paid (i) from Bond proceeds, either directly or after deposit thereof in any fund securing Bonds, (ii) from investment income derived from any fund securing Bonds, (iii) from proceeds of Delayed Water Purchase Surcharges or other charges levied upon Delayed Water Purchasers, or (iv) upon optional redemption of or acceleration of the maturity of any Bonds.

**"Deferred Debt Service Portion"** means that portion of the State Loan Bonds which is not included within the Current Debt Service portion of the State Loan Bonds and interest



accrued thereon, payment of which was deferred and added to principal.

**"Delayed Water Purchase Contract"** means any Water Purchase Contract, which provides for Uninterruptible Service commencing subsequent to the System Operation Date, including any amendment to any Initial Water Purchase Contract which provides for an increase in the amount of Uninterruptible Service effective subsequent to the System Operation Date to the extent of the amount of such increase.

**"Delayed Water Purchase Surcharge"** means the amounts calculated in accordance with Section 6.E. and 6.F. hereof, which amounts represent the Debt Service Cost rate component of payments to be made under any Delayed Water Purchase Contract or Delayed Water Purchase Provisions of a Consolidated Contract, for Uninterruptible Service that exceeds the Debt Service Costs rate component payable by Initial Water Purchasers by reason of:

(a) Charges imposed to cover Debt Service Costs attributable to interest accruing during the extra three year deferral period applicable to the Deferred Debt Service Portion of the State Loan Bonds on that portion of the State Loan Bonds attributable to the portion of the originally unsold System capacity covered by Uninterruptible Service to be provided under such Delayed Water Purchase Contract or Delayed Water Purchase Provisions of a Consolidated Contract;

(b) Charges imposed otherwise to assure that other System Water Purchasers will not be required to contribute by way of Debt Service Costs included in Annual Requirements more than they would otherwise have been required to bear by reason of the delay in entry into the Delayed Water Purchase Contract or Delayed Water Purchase Provisions of a Consolidated Contract,

or will be reimbursed for such excess Costs previously borne by them; and

(c) Any other charges imposed to provide equitable treatment as between System Water Purchasers entering into Water Purchase Contracts on different dates (including but not limited to charges, and corresponding credits), designed appropriately to distribute the benefits of disproportionate contributions to reserve funds; Provided however, that in lieu of the imposition upon any one or more Delayed Water Purchasers of Delayed Water Purchase Surcharges with respect to any one or more items, such Delayed Water Purchaser(s) may, at the time of entry into such Delayed Water Purchase Contracts or Consolidated Contract, make a single lump sum payment in respect of such item(s) in a manner to be agreed upon between the Authority and such Delayed Water Purchaser(s).

**"Delayed Water Purchase"** means the Uninterruptible Service provided to Purchaser pursuant to a Delayed Water Purchase Contract or the Delayed Water Purchase Provisions of a Consolidated Water Purchase Contract.

**"Delayed Water Purchase Provisions"** means provisions of this Consolidated Contract pertaining to Uninterruptible Service commencing subsequent to the System Operation Date, including any amendment to any Initial Water Purchase Contract which provides for an increase in the amount of Uninterruptible Service effective subsequent to the System Operation Date to the extent of the amount of such increase.

**"Delayed Water Purchase Share of Converted Unsold System Capacity Interest Accretion Bonds"** means an amount equal to the product obtained by multiplying the ratio that the MG of Purchaser's Delayed Water Purchases on an Uninterruptible

Service basis bears to Unsold System Capacity (in MGD) by the principal amount of Unsold System Capacity Interest Accretion Bonds.

**"Delayed Water Purchaser"** means any System Water Purchaser entering into a Delayed Water Purchase Contract or Consolidated Water Purchase Contract containing Delayed Water Purchase Provisions.

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

**"Division"** means the Division of Water Supply and Geo Science and its predecessor agencies, the Division of Water Supply Administration and the Division of Water Resources in the Department.

**"Fiscal Year"** means the twelve-month period commencing on July 1 of each year and ending at midnight on 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 any civil or military authority, acts of terrorism, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, explosions, breakage or accidents to machinery, pipelines, dams or canals, partial or entire failure of water supply, arrests, civil disturbances, acts of any public enemy, and any other causes not reasonably within the control of the party claiming inability to comply timely with its obligations.

**"GPM"** means gallons of water per minute.

**"Initial Water Purchase Contract"** means a Water Purchase Contract providing for Uninterruptible Service commencing on the System Operation Date.

**"Initial Water Purchaser"** means a Water Purveyor party to an Initial Water Purchase Contract.

**"MG"** means million gallons of water.

**"MGD"** means million gallons of water per day.

**"MGY"** means million gallons of water per year.

**"Minimum Dependable or Safe Yield"** means that amount of water which the System is capable of supplying continuously throughout a repetition of the most severe drought of record, after compliance with any minimum passing flow requirements of the Manasquan River established by the System's water diversion permit as from time to time in effect. The Minimum Dependable or Safe Yield initially is 30 MGD, which amount may be increased as the Authority may determine based upon appropriate documentation received from the Authority's Consulting Engineers.

**"New Jersey American"** means New Jersey American Water Company a New Jersey corporation.

**"1985 Bonds"** means the \$66,200,000 principal amount of the New Jersey Water Supply Authority Bonds (Manasquan Reservoir Project), 1985 Series.

**"Operation and Maintenance Expenses"** for any period means the amount (as set forth in the Fiscal Year budget of the Authority, as from time to time amended) of all current costs, obligations and expenses of, or arising in connection with, operation, maintenance and administration of the System, and minor additions or improvements thereof or thereto, or of performance of any Water Purchase Contract, including, but not

limited to, all of the following, to the extent the same are appropriately allocable to the System and are to be incurred consistently with Prudent Water Supply Practices all as determined on the cash basis of accounting and in accordance with generally accepted accounting and cost allocation principles:

(a) 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;

(b) all taxes and payments in-lieu of taxes;

(c) all claims not covered by the Authority's insurance;

(d) all fees and expenses incurred in connection with any credit facility or the issuance of any Bonds, and fees and expenses of counsel, fiduciaries and others in connection with any such credit facility or Bonds to the extent not capitalized pursuant to the requirements of the Resolution or other documents pursuant to which Bonds are issued; and

(e) any other current costs, expenses or obligations required to be paid by the Authority under the provisions of any agreement or instrument relating to Bonds or by law; provided, however, that Operation and Maintenance Expenses shall not include (i) any of the foregoing to the extent they are to be paid from any Special or Reserve Fund, (ii) any costs, obligations or expenses for major new construction or (iii) any allowance for depreciation of the System.

**"Optional Water Use Schedule"** means the Criteria for Optional Water Use Schedule set forth in Appendix A hereto. Said Schedule is based upon a hypothetical assumption that there is available unsold System capacity of 5.0 MGD in excess of the amount (the "Contracted Uninterruptible Amount") of water which the Authority is obligated to provide to its System Water Purchasers during the year for which a water use plan (a "Plan") is submitted pursuant to said Schedule. To the extent that such excess capacity is greater, the permissible maximum and minimum monthly and daily volumes of water, which may be selected by the Purchaser in any Plan may be appropriately adjusted. At no time shall the Authority approve Plans, which in the aggregate would require it to deliver, on a daily, monthly, annual or other basis, water service in excess of the Minimum Dependable or Safe Yield of the System.

**"Order"** means the Administrative Order issued by the Division on July 30, 1985 which designates Water Supply Critical Area No. 1, and any subsequent amendments thereto.

**"Point of Delivery"** means the location where the System's delivery equipment interconnects with New Jersey American's interconnection system. Specifically, [REDACTED] [REDACTED]  
[REDACTED]

**"Projected Annual Requirement"** means the aggregate amount projected by the Authority in its Fiscal Year 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 and the Supply Area, 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 Water Purveyor party to this Contract.

**"Quarterly Water Payments"** means either (i) the amount obtained by dividing the amount of the Purchaser's Annual Payment or Adjusted Annual Payment for any Fiscal Year by four, or (ii) such other or different required quarterly payments of which the Authority gives notice to the Purchaser pursuant to Section 5.B. hereof.

**"Rate Schedule"** means the "Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir Water Supply System" to be promulgated by the Authority in accordance with applicable laws and regulations, as the same may from time to time be amended in accordance with provisions of the System Rules and Regulations with respect to procedures to be followed in connection with proposed rate changes, which establishes the rates, charges and debt service assessments (herein together called the "Rates") by the Authority for Uninterruptible, Daily Overdraft, Annual Overdraft, Standby and Short-Term Service for System water in accordance with the following:



(a) **Uninterruptible Service.** The Rates per MG set forth in such Rate Schedule for Uninterruptible Service under the Initial Water Purchase Contracts, and this Delayed Water Purchase Contract shall be established for each Fiscal Year on the basis of:

(i) the Projected Annual Requirements for such Fiscal Year, after deducting therefrom projected net revenues in connection with the ownership or operation of the System from sources other than payment for Uninterruptible Service except to the extent that such other revenues are to be applied to obligations not included in such Projected Annual Requirements such as payments, credits or rebates to System Water Purchasers (1) to effect the adjustments for the purposes of which Delayed Water Purchase Surcharges may be levied, and (2) to compensate for any amounts charged to System Water Purchasers in Prior Fiscal Years by reason of default in payment of any obligation under any Water Purchase Contract which obligation is subsequently collected by the Authority or (3) to distribute proceeds of surplus water sold as provided in Section 5.I hereof.

(ii) divided by the number of MGD of System water which are required by the terms of all Water Supply Contracts for Uninterruptible Service during the Fiscal Year involved multiplied by 365, provided, however, that the Authority may exclude for any period, for purposes of computation hereunder, the Uninterruptible Service called for under any Water Purchase Contract or Consolidated Contract if an Event of Default has occurred thereunder, without affecting the Authority's rights to enforce the provisions of such Contract against the Water Purveyor party thereto, but any payment received from such Water



Purveyor for such Uninterruptible Service with respect to such period shall be rebated or credited to the non-defaulting System Water Purchasers; provided, however, that Rates so established for any Annual Payment Period may be changed prospectively as provided in Section 5.G. hereof;

(b) **Daily Overdraft Service.** The Rates set forth in such Rate Schedule for Daily Overdraft Service established for each Fiscal Year shall apply to Purchaser's diversions in excess of its contractual Uninterruptible Service or the diversions set forth in the Optional Water Use Schedule for each day during any calendar month; Daily Overdraft Service shall be the product of the diversions in excess of Uninterruptible Service or the Optional Water Use Schedule as the case may be during any Daily Period, the Operations and Maintenance Expense rate component, the Debt Service Costs rate component for Initial Water Purchase Contracts, the Source Water Protection Fund rate component and one hundred and twenty percent (120%) as may from time to time be amended by the System rules and regulations. Payment received in any Fiscal Year with respect to Daily Overdraft Service during such Year shall not be included in actual or projected revenues for such Year for purposes of determining the Rates applicable to such year but shall be included in revenues for the Fiscal Year succeeding that in which payment is received for purposes of determination of the Rates for Uninterruptible Service in such succeeding Fiscal Year;

(c) **Annual Overdraft Service.** The Rates set forth in such Rate Schedule for Annual Overdraft Service established for each Fiscal Year shall apply each day a Purchaser's average daily diversion exceeds its daily uninterruptible supply during any calendar year; the Annual Overdraft Service Rate shall be

equal to the product of: the number of days in such calendar year, the Annual Overdraft Rate, the Operations and Maintenance Expense rate component, the Debt Service Costs rate component for Initial Water Purchase Contracts, and the Source Water Protection Fund rate component. Payments received in any Fiscal Year for Annual Overdraft Service shall be applied in the manner described in the second sentence of Paragraph (b) above;

(d) **Short-Term Service.** The Rates set forth in such Rate Schedule for Short-Term Service established for each Fiscal Year shall be an amount per MG equal to the sum of the amounts per MG charged for such Fiscal Year as the Debt Service Costs rate component for Initial Water Purchase Contracts, the Operation and Maintenance Expense rate component, and the Source Water Protection Fund rate component. The Purchaser's Rate for Short-Term Service will be prorated from the rates for Initial and Delayed Purchase Water based on the volume of water contracted for Uninterruptible Service under each. Payments received in any Fiscal Year for Short-Term Service shall be applied in the manner described in the second sentence of Paragraph (b) above;

(e) **Standby Service.** The Rates set forth in such Rate Schedule for Standby Service shall be established for each Fiscal Year on the basis of (i) a standby charge for each month during Standby Service is available equal to the capacity, in MGD, of the Purchaser's withdrawal facilities to be served by such Standby Service multiplied by the rate per MG established by the Rates for such month for Uninterruptible Service plus (ii) a charge for water actually consumed in any month at the rate per MG established by the Rates for Short-Term Service at the time of such consumption, net of the standby charge for such

month. Payments received in any Fiscal Year for Standby Service shall be applied in the manner described in the second sentence of Paragraph (b) above; and

(f) **Point of Delivery.** The Operation and Maintenance Expense component of all Rates is to be based upon the Point of Delivery being located at [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] and any System Water Purchaser taking delivery of System water at a different Point of Delivery will be assessed an additional charge to cover additional operation and maintenance expense associated with establishment of and making delivery at such Point of Delivery, including, but not limited to, in the case of any Water Purchaser establishing a Point of Delivery on the transmission line [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] an additional charge to cover the Authority's cost of pumping water to [REDACTED] [REDACTED] to replace water delivered from [REDACTED] [REDACTED] to such Purchaser, after appropriate allowance in case of [REDACTED] water also being utilized to satisfy the requirements of other System Water Purchasers.

**"Resolution"** means the Manasquan Reservoir Water Supply System Bond Resolution adopted by the Authority on April 16, 1987 as the same may be amended from time to time. "2005 Resolution" means the New Jersey Water Supply Authority Manasquan Reservoir Water Supply System Bond Resolution adopted on June 6, 2005 as the same may be amended from time to time.

**"Short-Term Service"** means the supply of System water 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 or Monmouth County Office of Emergency Management, 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 or New Jersey American's infrastructure provided on a non-guaranteed or interruptible basis.

**"Source Water Protection Fund"** means a special reserve fund for acquisitions and watershed planning activities within the Manasquan Basin, for those properties critical to the long-term protection of water quality and quantity in the System.

**"Special or Reserve Fund"** means any special or reserve fund (i) established under the Resolution or any other resolution or agreement pursuant to which any Bonds are issued, other than a debt service reserve or similar fund, or (ii) established by the Authority with respect to the System as a renewal or replacement reserve, pumping reserve, major rehabilitation reserve, self-insurance reserve, State pooled risk insurance reserve, general reserve or other reserve determined by the Authority to be necessary or desirable in accordance with Prudent Water Supply Practices.

**"Special or Reserve Fund Requirements"** means payments required or proposed to be made to any Special or Reserve Fund, appropriately reduced to reflect application to such Requirements of surplus revenues generated by debt service coverage requirements pursuant to Section 6.G hereof.

**"Standby Service"** means the supply of System water, for certain occasional uses, such as fire protection or other emergencies, natural or otherwise.

**"State"** means the State of New Jersey.

**"State Loans"** means loans made by the State to the Authority under the State Loan Agreement.

**"State Loan Agreement"** means the agreement entered into between the Authority and the State, acting on behalf of the Department, dated as of April 16, 1987, as the same may be amended from time to time.

**"State Loan Bonds"** means all Bonds issued pursuant to the Resolution and the State Loan Agreement.

**"Supply Area"** means, initially, those regions of Monmouth County identified as Demand Centers 1, 2, 3 and 5 in the Order, as the same may hereafter be modified, to which there may be added in the future all or portion of those regions in northern Ocean County identified as Demand Centers 4 and 7.

**"Supply Area"** means, initially, those regions of Monmouth County identified as Demand Centers 1, 2, 3 and 5 in the Order, as the same may hereafter be modified, to which there may be added in the future all or portion of those regions in northern Ocean County identified as Demand Centers 4 and 7.

**"System"** means the water supply system constructed by the Authority in Monmouth County, the major components of which are a 770 acre, four-billion, seven hundred million gallon reservoir facility in Howell Township, a raw water intake facility and pump station located adjacent to the Manasquan River off of Hospital Road in Wall Township, and a five and one-quarter mile transmission pipeline connecting the reservoir and the intake facility, 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, dam, dikes, intake structures. The System shall not be deemed to include any System Water Purchaser's interconnection system or any water treatment facilities whether or not located on the System property.

**"System Operation Date"** means July 1, 1990, the date upon which the Authority commenced operation of the System and began to make Uninterruptible Service available to the System Water Purchasers.

**"System Rules and Regulations"** means those rules and regulations applicable to water supply service from the System to be promulgated by the Authority in accordance with applicable laws and regulations, as from time to time amended, which shall include provisions with respect to procedures to be followed in connection with proposed rate changes similar to those currently in effect for this water supply system, the current form of which is attached hereto as Appendix B, which provisions shall also refer to the State Board of Public Utilities as an additional party entitled to notice and to participate in such procedures wherever reference is made in Appendix B to the Department of the Public Advocate, Division of Rate Counsel.

**"System Water Purchaser"** means any Water Purveyor which is party to a Water Purchase Contract with the Authority for the procurement of Uninterruptible Service.

**"2005 Bonds"** means the Manasquan Reservoir Water Supply System Revenue Bonds, Series 2005, used to prepay \$49,293,438 in Current State Loan Notes and Completion Notes.

**"Uninterruptible Service"** means the supply of System water which the Purchaser is authorized continuously to withdraw without interruption for public water supply purposes.

**"Unsold System Capacity"** means the difference between the Minimum Dependable or Safe Yield, currently calculated to be thirty (30) MGD and the total MGD of Uninterruptible Service System Water Purchase Contracts for all Water Purchasers.

**"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 "Water Supply Management Act Rules" (N.J.A.C. 7:19-1 et. seq.) promulgated thereunder.

**"Water Purchase Contracts"** means the contracts providing for Uninterruptible Service to one or more System Water Purchasers.

**"Water Purveyor"** means any person or entity, public or private, including, but not limited to, a corporation, partnership, municipality or county, or a political subdivision thereof, which owns, operates and maintains a public water system.

**"Water Supply Plan Approval"** means any approval by the Division of the purchase of System water by a Water Purveyor whether in the form of a water supply allocation permit, an interim approval of a water supply plan submitted by a Water Purveyor as required by the Order pending issuance by the Division of water supply allocation permit, or otherwise.

## Section 2. **WATER SERVICE TO BE PROVIDED.**

A. The Authority shall supply and make available for delivery to the Purchaser, through New Jersey American's interconnection system, and the Purchaser shall be entitled to utilize, the following water services:



- (i) Uninterruptible Service of 2.007 MGD which number of MG is also the maximum amount to be withdrawn in any twenty-four (24) hour period except as otherwise permissible under the Optional Water Use Schedule; and
- (ii) Overdraft Service of that number of MGD and/or MGY necessary to meet Purchaser's diversionary needs in excess of Uninterruptible Service; and
- (iii) Short-Term Service of that number of MGD and/or MGY which shall be established by separate agreement supplemental hereto between the Authority and the Purchaser entered into on an annual basis, with the number of MGD so established to be the maximum amount which may be withdrawn in any twenty-four (24) hour period during the year covered by such supplemental agreement;

all subject to the other terms and conditions of this Contract and, to the extent not inconsistent, herewith, the System Rules and Regulations.

B. Purchaser shall not, without the consent of the Authority, withdraw any water under the Short-Term Service hereunder without first giving notice to the Authority of its proposed utilization of the Short-Term Service, and receiving approval thereof from the Authority, in accordance with the procedures established in the System Rules and Regulations.

C. Purchaser shall not, without the consent of the Authority, withdraw water at rates greater, in the aggregate for all Services provided hereunder, than 2,007,000 gallons in any



Daily Period (732.5 MGY), which amount shall be appropriately adjusted to reflect fluctuations in water use permissible under the Optional Water Use Schedule as applicable.

D. When required by the Authority, the Purchaser shall submit in writing to the Authority a schedule of normal withdrawal of water from the System, presented in terms of instantaneous withdrawals of water at specified gallons per minute and gallons per Daily Period. If Purchaser elects to utilize the Optional Water Use Schedule, it shall submit to the Authority the water use plan required by Paragraph 3(a) of that Schedule. The Purchaser agrees to notify the Authority forty-eight (48) hours in advance of any proposed departure from said schedule or plan. If an unanticipated emergency, natural or otherwise, necessitates the withdrawal of more water than contemplated by said schedule or plan, Purchaser agrees promptly to (i) notify, and to the extent feasible secure prior approval of the Authority and (ii) notify the Authority of its proposed time of resumption of normal consumption. If the Purchaser fails to notify the Authority, Purchaser agrees to reimburse the Authority for any loss or expense occasioned thereby.

E. If the Authority determines that rationing of System water is necessary, by reason of drought conditions (the existence of which shall be determined in compliance with all applicable provisions of law) or a System emergency, it shall allocate all available water first to providing Uninterruptible Service under all Water Purchase Contracts, without any preference or priority based on date of entry into the Water Purchase Contract or commencement of service thereunder, at the Authority's election, either (i) pro rata in accordance with the

volume of water available to each System Water Purchaser under the Uninterruptible Service provided for in the relevant Water Purchase Contract; or (ii) pro rata in accordance with the volume of water actually provided each System Water Purchaser 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 equitably among all System Water Purchasers the burden of such rationing. In the event that rationing is to be imposed by reason of a System emergency for more than a seven day period, the Authority shall consult with and give appropriate effect to recommendations of the Department. If such rationing is instituted, or if in fact the Authority does not provide the amount of water called for hereunder, or advises the Purchaser that it will be unable to do so, the Purchaser may procure replacement water from other sources but shall nevertheless at all times be required to pay for all water available for delivery to the Purchaser from the System on an Uninterruptible Service basis, except to the extent that Purchaser is required, in order to obtain replacement water, to contract for more replacement water than the amount of the curtailment imposed by the Authority. Purchaser shall notify the Authority of the terms upon which it arranges for such alternate supply of water.

### Section 3. **ADVISORY COMMITTEE.**

The Purchaser and the other System Water Purchasers may establish the Advisory Committee upon such terms as they shall determine, for the purpose of, among other things, reviewing (i) the proposed budget of the Authority with respect to the System

and the proposed Rate Schedule for any Fiscal, and (ii) any other matters affecting the System or the Water Supply Contracts. The Advisory Committee shall appoint one or more representatives, not to exceed six (the "Representatives") who shall be the sole representatives of the Committee in all of its dealings with the Authority and who shall be selected on a basis such that they shall represent the varying interests of the Water Purchasers as nearly as may be. The Representatives shall communicate to the Authority any recommendations which the Advisory Committee shall determine appropriate. The Authority will give appropriate consideration to all recommendations of the Advisory Committee but the Authority shall not be obligated to comply with any recommendation and the manner or extent of its consideration and evaluation of each recommendation shall be such as the Authority in its sole discretion shall determine to be appropriate under all of the circumstances. The Authority agrees to provide to the Advisory Committee such information relating to the System as may be reasonably requested by the Committee, including information with respect to the allocation of costs as between the supply of untreated water under Water Purchase Contracts and other services or activities of the Authority.

Section 4. **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 of the water supplied. The Authority does not represent that such water will have been stored in the

System reservoir or held in the System settling basin for any period of time.

B. The Authority agrees to establish and maintain a system, of such design as the Authority shall, in its sole discretion, deem appropriate, to monitor the water quality of ground water and surface water from which System water is derived and to provide the information derived from such system to the Purchaser. The Authority and the Purchaser agree that in the event that, at the request of the Purchaser, they shall jointly conclude on the basis of such information that there is any trend towards degradation as a result of contamination in the quality of the waters monitored by the system which threatens adversely to affect the treatment of System water, they, together with other System Water Purchasers concerned, will jointly request appropriate action by the Department to require that corrective measures be taken with respect to such contamination. Nothing in this paragraph B shall prevent the Purchaser from taking action independently of the Authority with respect to water quality problems before the Department or otherwise.

Section 5. **PAYMENT FOR WATER SERVICES.**

A. **General.** Purchaser agrees to make all payments for each of the respective water services available hereunder in the amounts, at the time and place and in the manner provided herein or in the Rate Schedule. Such Rates which are set forth in the Rate Schedule shall be established by the Authority in an amount at least sufficient so that all payments in the aggregate

received by the Authority in respect of the System will provide for all Annual Requirements.

B. **Uninterruptible Service.** Purchaser agrees to make Quarterly Water Payments for the Uninterruptible Service referenced herein not later than the 10<sup>th</sup> day of January, April, July and October in each year with respect to the calendar quarter ending on the last day of the immediately preceding month.

C. **Daily Overdraft Service.** Purchaser shall pay the Authority monthly, the Daily Overdraft Rate pursuant to N.J.A.C. 7:11-4.9, consisting of one hundred and twenty (120) percent of the product of the Operations and Maintenance Expense rate component (N.J.A.C. 7:11-4.3), the Debt Service Costs rate component (N.J.A.C. 7:11-4.4(b)), the Source Water Protection Fund rate component (N.J.A.C. 7:11-4.5), the New Jersey Environmental Infrastructure Financing Program debt component (N.J.A.C. 7:11-4.6), and any rate components and such modifications to the Daily Overdraft Rate adopted by the Authority, for Purchaser's diversions each day during any calendar month in which Purchaser's diversions exceed (i) the diversions set forth in an authorized Optional Water Use Schedule or (ii) in the absence of an authorized Optional Water Use Schedule, the amount identified in Section 2.A.(i) of this Contract. Purchaser agrees to make monthly water payments for the Daily Overdraft Service referenced herein not later than 30 days of receipt of an Authority invoice for said month.

D. **Annual Overdraft Service.** Purchaser shall pay the Authority on February 1st of each year the Annual Overdraft Rate

(N.J.A.C. 7:11-4.10) for each day during each calendar year in which Purchaser's average daily diversion exceeds the amount identified in Section 2.A.(i) of this Contract. The Annual Overdraft Rate shall equal one hundred and fifteen (115) percent of the product of: the Operations and Maintenance Expense rate component (N.J.A.C. 7:11-4.3), the Debt Service Costs rate component (N.J.A.C. 7:11-4.4(b), the Source Water Protection Fund rate component (N.J.A.C. 7:11-4.5), the New Jersey Environmental Infrastructure Financing Program debt component (N.J.A.C. 7:11-4.6), and any rate components and such modifications to the Annual Overdraft Rate adopted by the Authority. Purchaser agrees to make annual water payments for Annual Overdraft Service referenced herein not later than the 10<sup>th</sup> day of February each year with respect to the calendar year ending on the last day of the immediately preceding December.

E. Except as hereinafter provided, payments for Uninterruptible Service made with respect to all quarters of the same Fiscal Year shall be equal whether or not (i) the Purchaser shall have elected to utilize the Optional Water Use Schedule or (ii) the Purchaser actually withdraws the full amount of water available pursuant to the Uninterruptible Service hereunder; provided, however, that Purchaser shall not be required to make payment to the extent that the Authority does not make water available under such Uninterruptible Service (whether by reason of rationing as provided in Section 2.E hereof or otherwise) except as provided in Section 11.A hereof. Otherwise, Purchaser's obligations hereunder shall be absolute and unconditional, and shall not, except as expressly provided herein, be affected by fluctuations in consumptive use by Purchaser's customers or by any failure by the Authority to

perform its obligations hereunder 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 any Rate Schedule or in the System Rules and Regulations. 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 hereunder and, if the Authority determines that the Quarterly Water Payments under this Contract and other Water Purchase Contracts should be made on a basis other than in equal installments, in order to permit the Authority to meet its Annual Requirements as they become due, it shall, concurrently with such notice, provide the Purchaser with a schedule of the amounts of each of the Quarterly Water Payments to be made by the Purchaser.

F. **Other Service.** Payment for water provided to Purchaser pursuant to either the Short-Term Service or the Standby Service hereunder, as well as for any other charges payable by reason of excessive withdrawals or otherwise, shall be made within thirty (30) days following receipt of the Authority's invoice therefore and shall be based upon System water actually consumed, or in the case of Standby Service, the demand charge referred to in Paragraph (e) of the definition of "Rate Schedule."

G. **Rate Adjustments and Procedures.** The Authority reserves the right from time to time to adopt adjustments to the Rate Schedule in accordance with applicable laws and regulations, including the six months prior public notice and hearing requirements and other requirements set forth in the



System Rules and Regulations at N.J.A.C. 7:11-4.17, Procedures for rate adjustments, or as amended from time to time. If as a result of any such adjustments the Annual Payment for Uninterruptible Service hereunder is adjusted by the Authority subsequent to the notice given as provided in Paragraph E above, the Authority shall notify the Purchaser of the adjustment and of any revised schedule of Quarterly Water Payments required to reflect such adjustment.

H. **Other Payment Provisions.** Payments hereunder shall be made at the address of the Authority listed in Section 12 below. All amounts not paid when due shall be subject to a late payment charge at two (2) percent above the prime rate of the bank holding short-term deposits of the Authority, prevailing on the due date, but not to exceed eighteen (18) percent per annum, from the date when due until paid.

I. **Sale of Excess Water.** The Purchaser may notify the Authority that for a period of not less than 60 days nor more than one year (the "Surplus Period") specified amounts of water available to it under the Uninterruptible Service provided for in this Agreement (the "Surplus Water") will be surplus to the needs of the Purchaser, which notice shall be given not less than 30 days nor more than 90 days prior to commencement of the Surplus Period. Following receipt of such notice, the Authority shall notify each other System Water Purchaser of the availability for purchase of the Surplus Water (and any Surplus Water under any other Water Purchase Contract) on the same basis as provided for Short-Term Service in the Rate Schedule currently in force. To the extent that the Authority shall receive purchase requests from System Water Purchasers for



Surplus Water (which are in addition to and not in substitution for purchases of water on a Short-Term Service or Standby Service basis under existing Water Purchase Contracts) it will use its best commercially reasonable efforts to provide such Surplus Water (on a pro-rated basis if other Surplus Water is also available) to such System Water Purchasers. The Authority shall pay over to the Purchaser, or credit against the amounts due or to become due from the Purchaser, under this Agreement, the amounts received from the sale of the Surplus Water arising under this Agreement after first deducting therefrom all costs and expenses (pro-rated as appropriate) incurred by the Authority in carrying out the provisions of this Paragraph I. Nothing in this Paragraph I shall prevent the Purchaser from disposing of Surplus Water in any other manner.

Section 6. **CERTAIN COVENANTS.**

A. The Authority agrees that it will not make any material addition to the presently planned scope of the System's facilities for the purpose of increasing the System's raw water supply capacity or creating facilities other than raw water supply facilities unless, in the reasonable judgment of the Authority at the time such addition or other facilities are authorized (including reasonable projections of demand), such addition or other facilities will not increase the costs to be borne by the Initial Water Purchasers.

B. 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 that is actually available

to the System from the Manasquan River is insufficient to permit the Authority to comply with its obligations hereunder or is environmentally deficient.

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

D. The Authority agrees that it will borrow the amount available to it under the State Loan Agreement and apply the proceeds as provided therein. The Authority agrees that it will not refinance the State Loan Bonds on any basis which will increase the amount of the Debt Service Costs per MG required to be borne by the Initial Water Purchasers in any Fiscal Year during which the Bonds being refinanced were to have been outstanding.

E. Delayed Water Purchase Contracts and Consolidated Water Purchase Contracts containing Delayed Water Purchase Surcharges shall contain provisions requiring the payment of Delayed Water Purchase Surcharges by Water Purveyors parties to such contracts in amounts and on such terms as shall be determined by the Authority as hereinafter set forth. The Authority agrees that it will impose Delayed Water Purchase Surcharges with respect to the matters described in paragraph (a) of the definition of Delayed Water Purchase Surcharge and by Section 6.F hereof, unless other methods of affecting the